

period (July 1, 2009, through June 30, 2010). Annual reporting relief will begin January 1, 2011, with the annual report and payment due February 28, 2012; or March 31, 2012, if an estimated payment is on file. To qualify for the

second relief option (other requested relief), the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less

than 15 BOE per well per day calculated under 30 CFR 1204.4(c).

The following table shows the states that have qualifying marginal properties and the states' decisions to allow one or both forms of relief.

State	Notification-based relief (less than 1,000 BOE per year)	Request-based relief (less than 15 BOE per well per day)
Alabama .....	No	No
Arkansas .....	Yes	Yes
California .....	No	No
Colorado .....	No	No
Kansas .....	No	No
Louisiana .....	Yes	Yes
Michigan .....	No	No
Mississippi .....	No	No
Montana .....	No	No
Nebraska .....	No	No
Nevada .....	Yes	Yes
New Mexico .....	No	Yes
North Dakota .....	Yes	Yes
Oklahoma .....	No	No
South Dakota .....	No	No
Texas .....	No	No
Utah .....	No	No
Wyoming .....	Yes	No

Federal oil and gas properties located in all other states where a portion of Federal royalties is not shared with the state are eligible for relief if they qualify as marginal under the regulations. The ONRR believes this covers any exceptions under section 117(c) of RSFA (30 U.S.C. 1726(c)). For information on how to obtain relief, please refer to 30 CFR 1204.205 or to the published rule, which you may view on our Web site at [http://www.onrr.gov/Laws\\_R\\_D/FRNotices/AC30.htm](http://www.onrr.gov/Laws_R_D/FRNotices/AC30.htm).

Unless the information received is proprietary data, all correspondence, records, or information that we receive in response to this notice may be subject to disclosure under the Freedom of Information Act (FOIA) (5 U.S.C. 552 *et seq.*). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the pages that contain proprietary data. Proprietary information is protected by the Trade Secrets Act (18 U.S.C. 1905); FOIA, Exemption 4; and Department regulations (43 CFR part 2).

Dated: February 3, 2011.

**Gregory J. Gould,**

*Director, Office of Natural Resources  
Revenue.*

[FR Doc. 2011-2745 Filed 2-7-11; 8:45 am]

**BILLING CODE 4310-MR-P**

## DEPARTMENT OF THE INTERIOR

### Bureau of Reclamation

#### **Contract for Hydroelectric Power Development at the C-Drop, a Feature of the Klamath Project, Klamath Falls, OR**

**AGENCY:** Bureau of Reclamation, Interior.

**ACTION:** Notice of intent to accept proposals, select one lessee, and contract for hydroelectric power development at the Klamath Project, C-Drop.

**SUMMARY:** On March 24, 2010, the Department of the Interior (DOI), through the Bureau of Reclamation (Reclamation), U.S. Department of Energy, and Department of the Army through the U.S. Army Corps of Engineers, signed a Memorandum of Understanding (MOU) between the Federal agencies to promote the development of hydropower. Pursuant to this MOU and the current Federal policy encouraging non-Federal development of electrical power resource potential on Federal water resource projects, Reclamation will consider proposals for non-Federal development of hydroelectric power at C-Drop of the Klamath Project, Oregon. This Notice presents background information, proposal content guidelines, and information concerning selection of one or more non-Federal entities to develop hydroelectric power

at C-Drop, and power purchasing and/or marketing considerations. Interested entities are invited to submit a proposal on this project.

**DATES:** A written proposal and seven copies must be submitted on or before 12 p.m. (PST), on March 31, 2011.

**ADDRESSES:** Send written proposals and seven copies to Mr. Paul Landry, Lease of Power Privilege Coordinator, Bureau of Reclamation, Mid-Pacific Region, Central Valley Operations Office (CVO-600), 3310 El Camino Ave, Suite 300, Sacramento, CA 95821. For additional information on:

(1) Western Area Power Administration's (Western) purchasing and/or marketing the power, contact Ms. Sonja Anderson, Power Marketing Manager, Western Area Power Administration, Sierra Nevada Region, 114 Parkshore Drive, Folsom, CA 95630, *Telephone:* 916-353-4421.

(2) Operation and maintenance of Link River Dam and Upper Klamath Lake, contact Mr. Cecil Lesley, Special Assistant to the Area Manager, Bureau of Reclamation, Mid Pacific Region, Klamath Project Office (KO-100), 6600 Washburn Way, Klamath Falls, OR 97603, *Telephone:* 541-880-2546.

(3) Operation and maintenance of the C-Canal, contact Mr. Mark Stuntebeck, Manager, Klamath Irrigation District, 6640 KID Lane, Klamath Falls, OR 97603, *Telephone:* 541-882-6661.

**FOR FURTHER INFORMATION CONTACT:** Mr. Paul Landry at 916-979-0255, or [plandry@usbr.gov](mailto:plandry@usbr.gov).

**SUPPLEMENTARY INFORMATION:** The Secretary of the Interior authorized development of the Klamath Project on May 15, 1905, pursuant to the Reclamation Act of 1902. As part of the Klamath Project, the United States constructed A, B, and C-Canals, which carry water south from the Link River Dam to the vicinity of Henley, OR. The Klamath Irrigation District (District), under its contracts with the United States, has certain operation, maintenance, replacement, and repayment responsibilities and obligations concerning the C-Drop, which includes such responsibility for and the supply water for the C-Canal. The C-Drop is a transition structure between the A-Canal and the C-Canal. It is a drop structure which produces the head needed to drive a powerplant. There has been previous development of hydropower resources by a Klamath Project water district at the C-Drop.

Reclamation is considering hydroelectric power development at the Klamath Project through a lease of power privilege. A lease of power privilege is a congressionally authorized alternative to Federal hydroelectric power development. A lease of power privilege grants to a non-Federal entity the right to utilize, consistent with Klamath Project purposes, water power head or storage at and/or operationally in conjunction with the C-Drop, for non-Federal electric power generation and sale by the entity. Leases of power privilege have terms not to exceed 40 years. The general authority for lease of power privilege under Reclamation law includes, among others, the Town Sites and Power Development Act of 1906 (43 U.S.C. 522) and the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) (1939 Act).

Reclamation will be the lead Federal agency for ensuring compliance with the National Environmental Policy Act (NEPA) of any lease of power privilege considered in response to this Notice. Leases of power privilege may be issued only when, upon completion of the NEPA process, Reclamation determines that the affected hydroelectric power sites are environmentally acceptable.

Any lease of power privilege at the Klamath Project must accommodate existing contractual commitments related to operation and maintenance of such existing facilities. Western would have the first opportunity to purchase and/or market the power that would be generated under any lease of power privilege. Under this process, Western would both purchase and market the power independently by first offering it to preference entities and secondly to non-preference entities. All costs

incurred by the United States related to development and operation and maintenance under a lease of power privilege, including but not limited to NEPA compliance, development of the lease of power privilege, design reviews, construction oversight, and any other associated documents, would be the expense of the lessee. In addition, the lessee would be required to make annual lease payments to the United States for the use of a Federal facility. This payment will be equivalent to the current graduated flat rate Government Dams Charge, charged by the Federal Energy Regulatory Commission (FERC) under Federal Power Act Section 11.3, which states: "Annual charges for the use of Government dams or other structures owned by the United States are 1 mill per kilowatt-hour for the first 40 gigawatt-hours of energy a project produces, 1½ mills per kilowatt-hour for over 40 up to and including 80 gigawatt-hours, and 2 mills per kilowatt-hour for any energy the project produces over 80 gigawatt-hours."

Additional information regarding the annual lease payment will be made available upon formal request through the Lease of Power Privilege Coordinator at the above address.

*Proposal Content Guidelines:* Interested parties should submit one or more proposals explaining, in as precise detail as is practicable, how the hydropower potential at each site would be developed. Proposals should consider and address, but are not limited to, the following:

a. Provide all information relevant to the qualifications of the proposing entity to plan and implement such a project, including, but not limited to, information about preference status, type of organization, length of time in business, experience in funding, design and construction of similar projects, industry rating(s) that indicate financial soundness and/or technical and managerial capability, experience of key management personnel, history of any reorganizations or mergers with other companies, safety record, and any other information that demonstrates the interested entity's organizational, and technical and financial ability to perform all aspects of the work. Include a discussion of past experience in operating and maintaining similar facilities and provide references as appropriate. The term "preference entity," as applied to a lease of power privilege, means an entity qualifying for preference under Section 9c of the 1939 Act, as a municipality, public corporation or agency, or cooperative or other nonprofit organization financed in whole or in part by loans made pursuant

to the Rural Electrification Act of 1936, as amended.

b. Provide geographical locations and describe principal structures and other important features of the proposed development including roads and transmission lines. Estimate and describe installed capacity and the capacity of the power facilities under dry, average, and wet hydrological conditions. Also describe seasonal or annual generation patterns. Include estimates of the amount of electrical energy that would be produced from each facility for each month of average, dry, and wet water years. If capacity and energy could be delivered to another location, either by the proposing entity or by potential wheeling agents, specify where capacity and energy could be delivered. Include concepts for power sales and contractual arrangements, involved parties, and the proposed approach to wheeling, if required.

c. Indicate title arrangements and the ability to acquire title to or the right to occupy and use lands necessary for the proposed development, including such additional lands as may be required during construction.

d. Identify water rights applicable to the operation of the proposed development, the holder of such rights, and how these rights would be acquired or perfected.

e. Discuss any studies necessary to adequately define impacts on the Klamath Project and the surrounding environment required by the development. Describe any significant environmental issues associated with the development and the proposing entity's approach for gathering relevant data and resolving such issues to protect and enhance the quality of the environment. Explain any proposed use of the hydropower development for conservation and utilization of the available water resources in the public interest.

f. Describe anticipated contractual arrangements with the entity or entities having operation and maintenance responsibility for the C-Drop feature(s) that are proposed for utilization in the hydropower development under consideration. Define how the hydropower development would operate in harmony with the Klamath Project, not impact Klamath Project operations, existing applicable contracts related to operation and maintenance of C-Drop feature(s) that are proposed for utilization in the hydropower development under consideration, and any other applicable water-related contracts.

g. Identify the organizational structure planned for the long-term operation and

maintenance of any proposed hydropower development.

h. Provide a management plan to accomplish such activities as planning, NEPA compliance, lease of power privilege development, design, construction, facility testing, and start of hydropower production. Prepare schedules of these activities as applicable. Describe what studies are necessary to accomplish the hydroelectric power development and how the studies would be implemented.

i. Estimate development cost. This cost should include all investment costs, such as feasibility studies, NEPA compliance, design, construction, associated bonding and financing, as well as the amortized annual cost of the investment; annual operation, maintenance, and replacement expense for the hydropower development; lease payments to the United States; and expenses that may be associated with the C-Drop project. Additionally, transmission or wheeling expenses associated with the development of the hydropower development, if any, should be included. Identify proposed methods of financing and hydropower development. Present an economic analysis that compares the present worth of all benefits and costs of the hydropower development.

*Selection of Lessee:* Reclamation will evaluate proposals received in response to this published notice. Reclamation will give more favorable consideration to proposals that (1) are well-adapted to developing, conserving, and utilizing the water and natural resources, (2) clearly demonstrate that the offeror is qualified to develop the hydropower facility and provide for long-term operation and maintenance, and (3) economically develop the hydropower potential. A proposal will be deemed unacceptable if it is inconsistent with Klamath Project purposes, as determined by Reclamation.

Reclamation will give preference to those entities that qualify as preference entities as defined under Proposal Content Guidelines, item A, provided that their proposal is at least as well-adapted to developing, conserving, and utilizing the water and natural resources as other submitted proposals and that the preference entity is well qualified. Preference entities would be allowed 90 days to improve their proposals, if necessary, to be made at least equal to a proposal that may have been submitted by a nonpreference entity.

*Power Purchasing and/or Marketing Considerations:* Western would have the first opportunity to purchase and/or market the power that would be generated by the project under a lease of

power privilege. Western will consult with Reclamation on such power purchasing and/or marketing considerations. In the event Western elects to not purchase and/or market the power generated by the hydropower development, or such a decision cannot be made prior to execution of the lease of power privilege, the lessee would be responsible for marketing the power generated by the project with priority given to preference entities as heretofore defined in Proposal Content Guidelines, item A.

*Notice and Time Period to Enter into Lease of Power Privilege:* Reclamation will notify, in writing, all entities submitting proposals of Reclamation's decision regarding selection of the potential lessee. The selected potential lessee will have two (2) years from the date of such notification to enter into a lease of power privilege for the site or sites identified in the proposal. Such leases of power privilege will state whether and how Western will be involved in purchasing and/or marketing the power. Any excessive delay resulting from compliance with the provisions of Federal environment laws or administrative review by a Federal agency, pertaining to the project, may extend the two (2) year time period for a period equal to that of the delay. In the event of litigation related to the proposed project, the two (2) year time period will be extended for a period equal to that of the delay, provided such litigation was initiated by parties other than the selected potential lessee or its employees, officers, agents, assigns, shareholders, customers, or persons or groups served by or in privity with the potential lessee.

*Reclamation Up Front Expenses:* The Lessee will provide, in advance of expenditures, the necessary funding to cover all Reclamation costs related to the development, construction, and security of the Lessee's power facilities and any related administrative costs. Reclamation will give the Lessee an estimate of these costs and the Lessee will pay in advance. Any unused funds will be returned.

*Specific Guidelines for Hydropower Development under a Lease of Power Privilege:* This section outlines the specific Reclamation process for developing a lease of power privilege agreement on an existing Region dam or canal. It is to be used as a guide for Reclamation personnel and prospective lease of power privilege applicants during the application, selection, and agreement phases of a lease.

*The following factors will be considered when entering into a Lease:*

a. Title to the existing Federal facility remains with the United States. Title to the proposed powerplant facilities is with the Lessee unless contracted otherwise. Title to any modifications to the Federal facility will remain with the United States. Leases may not be transferred or facilities sold without written approval of Reclamation. The Lease will include language giving the Government the first right to purchase or take over the Lease should the Lessee need to sell the facilities.

b. Title to existing Federal Lands under Lessee's completed Facilities will remain with the United States. Land easements on Federal Lands will be addressed giving particular attention to current access, as well as identifying needed access. Land easements for non-Federal lands will be the responsibility of the Lessee.

c. The structural and operational integrity of existing Reclamation facilities or associated Federal projects must not be impaired by construction, operation, or maintenance of the Lessee's powerplant facilities. Powerplant construction and operation must not interfere with the existing or future project operations, jeopardize existing water rights, alter compliance with environmental requirements or commitments, impair the efficiency of the project for irrigation purposes, impair the efficiency of other hydroelectric facilities on the project, impair security, or create any dam safety related deficiency, recreation hazards, or other safety problems.

d. Access to and operation of the existing Reclamation facilities must be sustained during construction and operation of the Lessee's powerplant facilities.

e. Reclamation will review and approve all analyses, designs, plans, specifications, and related material associated with the proposed powerplant facilities. Such reviews will be to the level of detail deemed necessary by Reclamation to ensure that the structural, operational, safety and security of the Reclamation project is not impaired by construction, operation, or maintenance of the proposed powerplant facilities.

f. Reclamation will maintain the right to approve in advance any third party contracts prior to execution by the Lessee.

g. The purpose of Reclamation's review of analyses, designs, plans, and specifications for the proposed development and related materials will be to ensure the continued, safe operation of the Reclamation facilities, the integrity of Reclamation's structures, and compliance with environmental

commitments. Any modifications required for construction of the powerplant that may affect the safe operation of Reclamation facilities, such as installation of penstocks, excavation into dam embankments and foundations, *etc.*, will be reviewed by, approved, and performed under the direct oversight of Reclamation and all costs of those modifications and related expenses will be paid by the Lessee. Construction of such modifications may be contracted by either the Lessee or Reclamation. If contracted by the Lessee, Reclamation will have advance prior approval of such contract.

h. The Lessee will be responsible for the designs, construction, operation, maintenance, safety, and security of the powerplant facilities. Reclamation will review the designs, provide inspection during construction and testing, and review the operation and maintenance of the facility. Any discrepancies found during any review will be corrected by the Lessee.

i. Reclamation will inspect powerplant and related facilities to the extent necessary to ensure the continued safe operation and structural integrity of Reclamation facilities and to ensure compliance with environmental commitments. Reclamation's inspections will be in addition to inspections performed by the Lessee. The Lease will contain provisions requiring the developer to immediately address any recommendations issued by Reclamation. These recommendations will be tracked by the Lessee according to the time frames established in the Lease. Any costs incurred will be the responsibility of the Lessee.

j. All Lessee powerplant operations must be consistent with operations of the Reclamation project for project purposes.

k. Under circumstances where a water or power user organization that is also the project/program beneficiary is not a participant in the power development, the Lease must include their involvement, as appropriate.

l. Reclamation can deny the issuance of a Lease or withdraw a previously issued Lease at any time prior to the start of construction based on inadequate design information, unsatisfactory environmental impacts, or detrimental impact to the Reclamation project, as determined by Reclamation.

m. Reclamation will be reimbursed by the Lessee for all costs of Reclamation activities related to the development, reviews of studies, designs, plans, specifications, activities required for NEPA, National Historic Preservation Act (NHPA), and Endangered Species

Act (ESA) compliance, construction inspections, operation, inspection, and maintenance of the powerplant and any related administrative costs.

n. Physical security of existing facilities will be maintained by Reclamation, or its designee, during construction, operation, and maintenance activities. The Lessee will not interfere with Reclamation security activities and will be subject to search, background checks, *etc.*, as deemed necessary by Reclamation to protect the physical and information technology security of Reclamation facilities. The Lessee will be responsible for any incremental security costs incurred by Reclamation that result from the construction of the Lessee's proposed powerplant and associated facilities. The Lessee will be required to have security procedures and practices commensurate with Reclamation security requirements.

*Process Guidelines:* The following paragraphs describe major steps associated with the development of hydroelectric powerplants under a Lease of Power Privilege with Reclamation. The steps are generally in sequence but may require preparation well in advance to ensure completion in a timely manner. Additional requirements may be necessary, depending upon the nature and impacts of the proposed hydroelectric project. If water user organization involvement occurs, the following paragraphs would be modified as appropriate to accommodate their involvement.

a. After determining jurisdiction, Reclamation will advertise a formal notice of intent to enter into a Preliminary Permit through an appropriate public process, such as the **Federal Register** and local newspapers. Such notice will also be provided to Western and the representatives of the current project/program beneficiaries responsible for repayment of the project.

b. Reclamation will accept competing proposals for a period of 180 days. Reclamation will evaluate all reasonable proposals for development, select the potential Lessee, and issue a Preliminary Permit. Preference will be granted according to Section A in Proposal Content Guidelines above. Where developers have an equal standing with respect to preference, priority of the proposals submitted will be based on the date and time that Reclamation receives the application (the applicant that submitted the earliest dated application will be given preference). A proposal will be considered timely only if it is received in the office of the Lease of Power Privilege Coordinator by or before 12

p.m. (PST) on the designated date. Interested entities are cautioned that delayed delivery to this office due to failures or misunderstandings of the entity and/or of mail, overnight, or courier services will not excuse lateness and are advised to provide sufficient time for delivery. Late proposals will not be considered. Reclamation will be available to meet with interested entities only upon written request to the Lease of Power Privilege Coordinator at the above address. Reclamation reserves the right to schedule a single meeting and/or visit to address at one time the questions of all entities that have submitted questions or requested site visits.

c. Reclamation and the Preliminary Permit holder (Permittee) will enter into a letter agreement, memorandum of understanding, or other acceptable agreement to identify roles and responsibilities of the parties, activities to be addressed prior to the execution of a formal contract and to establish a reimbursable account to provide/cover Reclamation's costs. The Permittee will make advances sufficient to maintain a positive balance for ongoing and required work.

d. The Permittee must coordinate with Western to determine Western's interest in marketing the power generated under the Lease. Western will be given first right of refusal to purchase power from the non-Federal Lessee. The power price charged by the Lessee will be equivalent to the cost of production plus a reasonable rate of return. Western will have the responsibility for negotiating power prices with the Lessee. Western will have the responsibility for consulting with the firm power contractors in advance of negotiations regarding such right of first refusal and the pricing of any such power to be purchased. If Western refuses to purchase power from the Permittee, the Permittee must coordinate with another appropriate transmission provider.

e. The Permittee, Reclamation, and project water beneficiary (if not the Permittee) enter into contracts. Subject to negotiation, the contract(s) would be structured to address two phases of development and leasing as follows:

#### Phase 1 Guidelines

a. A preliminary permit would be issued to the proposed Lessee and provide for contractor completion of investigations, studies, plans, preliminary/conceptual designs, estimates, and for making financial arrangements (in general this includes, but is not limited to, steps (ii) through (x) below.)

b. An evaluation of environmental impacts, as required under NEPA, National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA), would be included in this phase. Reclamation will be the lead Federal agency for NEPA and NHPA compliance.

c. NEPA, NHPA, and ESA compliance activities will be the financial responsibility of the Permittee and will be completed prior to execution of the Lease. Terms and conditions resulting from these compliance activities will be incorporated by reference in the Lease.

d. The Permittee would have a maximum of two (2) years from the date of issuance of the permit to complete the requirements set forth in the permit.

e. The Preliminary Permit will not be transferable, and may be canceled by order of Reclamation upon failure of the Permittee to comply with the conditions of the permit (per the notification requirements, response timeframes, *etc.*, established under the Preliminary Permit).

f. Reclamation and Permittee, or developer, representatives will be named.

g. The Permittee and Reclamation discuss plans for development and identify needed studies. The Permittee (or their consultant) performs studies; Reclamation reviews and offers comments. Alternatively, the Permittee may elect to fund Reclamation to perform the studies. Studies should include, but are not limited to, the following topics: Safety of Dam Impacts/Modifications, Site Characteristics and Existing Facilities, Land Acquisition and Easements, Hydraulics and Hydrology, Water Rights, Project Features and Design, Power Production, Transmission, Interconnection and Wheeling, Project Costs, Financial Alternatives and Energy Cost, Power Value and Marketing, Benefit/Cost Evaluation (Reclamation Benefit/Cost procedure not applicable), Environmental Analysis Suitable for Reclamation's Use in the NEPA, NHPA, and ESA Compliance, Safety Assessment, Project Development Plan and Construction Schedule, and Operation and Maintenance Plan.

Proposed modifications to existing Reclamation facilities must be described in detail. Examples include changes in penstock transient pressures, impacts construction of the project will have on the performance of Reclamation's facilities during normal, hydrologic (flooding) and seismic (earthquake) loading conditions, drainage, increased noise, vibration or heat above the Occupational Safety & Health Administration (OSHA) standards,

operator safety, effects on discharge capacity, impacts construction and operation of the proposed project will have on current operational and maintenance plans and practices, *etc.*

Structural changes must be shown in detail. Examples include excavation requirements, new pipe alignments, flanging details, valving requirements, pressure ratings, thrust blocking plans, clearance problems, dewatering plans, venting requirements, concrete removal requirements, fill material requirements, *etc.*

The need for electrical and hydraulic surge protection must be evaluated.

Any modifications required for construction of the powerplant that may affect the safe operation of Reclamation facilities, such as installation of penstocks, excavation into dam embankments and foundations, *etc.*, will be scoped, planned, and estimated at this point. Should facility modification be necessary to address concerns identified, such modifications will be required to be completed prior to Reclamation authorizing the start of construction on the proposed power project.

a. Permittee coordinates project planning with the U.S. Fish and Wildlife Service in compliance with the Fish and Wildlife Coordination Act.

b. Permittee submits cultural resources survey to Reclamation for approval.

c. Permittee submits water rights documentation to Reclamation.

d. Permittee submits evidence of power sales contract/wheeling agreement to Reclamation.

e. Permittee submits NEPA, NHPA, and ESA documentation, including the Record of Decision or Finding of No Significant Impact to Reclamation for approval and signature.

f. Reclamation, Permittee, and project water beneficiaries, as appropriate, supplement Lease with Environmental Commitment Plan and Environmental Commitment Checklist.

g. Reclamation issues the Lease. Leases may not be transferred or facilities sold without written approval of Reclamation.

#### Phase 2 Guidelines

In general this includes, but is not limited to steps (i) through (xvi) below.

Subsequent to Reclamation's review and approval of the requirements identified in the permit, a Lease would be issued to the Lessee that would provide for final designs, specifications, construction, operation, and maintenance of the facility by the Lessee. Reclamation will not be held responsible for the economic and

technical feasibility of the powerplant and associated facilities. The Lessee must agree to indemnify the United States for any injury, loss, or damage incurred, resulting from actions under the Lease and any negligent act or omission of the Lessee in connection with the Lessee's performance under the Lease. The Lessee will have no claim against the United States for loss of generation caused by normal or extraordinary operation or maintenance of the Reclamation project including, but not limited to, the quantity or quality of water delivery by the Reclamation project.

The potential Lessee would have a maximum of two (2) years from the date of issuance of the Preliminary Permit to complete the requirements set forth in the permit. The Lessee would have a maximum of two (2) years from the date of the execution of the Lease to develop contract and complete final designs, specifications, *etc.*, and an additional year (1) to begin construction. The Lessee would have an additional two (2) years to complete construction. A maximum of seven (7) years is allowed, from the date of Preliminary Permit execution to construction completion. Such timeframes may be adjusted for just cause resulting from actions and/or circumstances that are beyond the control of the Lessee.

a. Lessee will prepare technical specifications and drawings (typically 30 percent design, 60 percent design, 90 percent design, and final stages are required). Reclamation will review the specification, drawings and provides comments. Reclamation will have the responsibility of approving modifications to Reclamation features.

b. Lessee will finalize technical specifications and drawings for submittal to Reclamation. Lessee will submit construction schedule and operations and maintenance agreement to Reclamation.

c. Reclamation is responsible for approving technical specifications, drawings, construction schedule, and operations and maintenance Agreement.

d. Lessee will submit certificate of liability insurance to Reclamation. Project size will determine the need for extended (property damage) coverage. Reclamation will determine the insurance, bonding limits, and other related requirements.

e. Performance bond will be submitted by Lessee to Reclamation.

f. Lessee will notify Reclamation of construction start date in advance of onsite construction and provide a copy of the construction schedule.

g. Pre-construction meeting will be held with Lessee, Reclamation, and contractor.

h. Lessee is responsible for obtaining required Federal, State, and local permits.

i. Lessee will prepare Designers' Operating Criteria (DOC), Standard Operating Procedure (SOP), and Emergency Action Plan (EAP) and submit to Reclamation for review and approval, as appropriate.

j. Interim and final construction inspections will be conducted by Reclamation and Lessee.

k. Lessee will submit Start-Up Testing Plan to Reclamation. The plan will include new system fault study. Reclamation may require the Lessee to perform additional testing to ensure the integrity of the Reclamation project.

l. Lessee will conduct powerplant testing; Reclamation personnel will witness.

m. Testing documentation and results will be submitted to Reclamation by Lessee; Reclamation approval required on results that are pertinent to the Reclamation project.

n. Lessee will furnish as-built drawings to Reclamation.

o. Reclamation will grant permission for commercial operation after satisfactory testing is complete and documentation submitted to Reclamation. Lessee will submit first annual lease payment to Reclamation one (1) year from date of approval for commercial operation.

p. Reclamation will coordinate with Lessee to update Reclamation project SOPs, DOC, EAP, Continuity of Operations Plan, Security Plan, *etc.*

Dated: November 10, 2010.

**Barry S. Mortimeyer,**  
Chief, Power Operations Division, Mid-Pacific Region.

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**BILLING CODE 4310-MN-P**

## DEPARTMENT OF THE INTERIOR

### Office of Surface Mining Reclamation and Enforcement

#### Notice of Receipt of a Petition To Designate Lands Unsuitable for Mining and To Prepare a Petition Evaluation Document and Environmental Impact Statement

**AGENCY:** Office of Surface Mining Reclamation and Enforcement, Interior.

**ACTION:** Notice of intent to prepare a combined petition evaluation document/environmental impact statement, and notice of scoping

meeting and scoping comment period for the petition.

**SUMMARY:** Notice is hereby given that the Office of Surface Mining Reclamation and Enforcement (OSM) intends to prepare a combined petition evaluation document/environmental impact statement (PED/EIS) for the decision on a petition to designate certain lands within the North Cumberland Wildlife Management Area and the Emory River Tracts Conservation Easement in Anderson, Campbell, Morgan, and Scott Counties, Tennessee, as unsuitable for surface coal mining and reclamation operations in accordance with Section 522 of the Surface Mining Control and Reclamation Act (SMCRA) of 1977. OSM has identified three alternatives that the combined PED/EIS would evaluate as described in the supplementary information of this notice. OSM requests that other Federal and state agencies and the public submit written comments or statements on the need for an EIS on the petition and the scope of the issues which should be analyzed in the combined document.

**DATES:** Written comments must be received by 5 p.m. (EDT), April 14, 2011. Oral and written comments may be presented at one of the three scoping meetings. The scoping meetings will be held at: Huntsville Middle School at 6:30 p.m. (EDT) on March 8, 2011; LaFollette Middle School, at 6:30 p.m. (EDT) on March 10, 2011; and Oak Ridge High School at 6:30 p.m. (EDT) on March 15, 2011.

**ADDRESSES:** Written comments may be submitted via e-mail to [TNLUM@osmre.gov](mailto:TNLUM@osmre.gov) or mailed or hand delivered to the Office of Surface Mining, Field Office Director, Attn: Earl D. Bandy Jr., John J. Duncan Federal Building, 710 Locust Street, Second Floor, Knoxville, Tennessee 37902.

Copies of the petition are available upon request from the OSM at the above address. Copies of the petition are also available via the internet at <http://tn.gov/environment/lumpetition.shtml>.

The public record on the petition is available for review during normal working hours (8 a.m. to 4:30 p.m.) at the OSM office listed above. The March 8 scoping meeting will be held at the Huntsville Middle School, 3101 Baker Highway, Huntsville, Tennessee. The March 10 scoping meeting will be held at the LaFollette Middle School, 1309 East Central Avenue, LaFollette, Tennessee. The March 15 scoping meeting will be held at the Oak Ridge High School, 1450 Oak Ridge Turnpike, Oak Ridge, Tennessee.

**FOR FURTHER INFORMATION CONTACT:** Earl D. Bandy Jr., at the OSM office listed above (*telephone:* 865-545-4103 ex.186).

**SUPPLEMENTARY INFORMATION:** On October 1, 2010, the State of Tennessee petitioned the Office of Surface Mining Reclamation and Enforcement (OSM), United States Department of the Interior, to designate certain lands within the North Cumberland Wildlife Management Area and the Emory River Tracts Conservation Easement in Anderson, Campbell, Morgan, and Scott Counties, Tennessee as unsuitable for surface coal mining operations pursuant to the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 *et seq.*). The petition was amended on November 5, 2010, and deemed administratively complete and accepted for processing on November 23, 2010. The petition as accepted is a 28-page document with a one-page exhibit. The amendment consisted of a three-page cover letter, two exhibits totaling nine pages and four CD's containing various reference documents in support of their position. The Federal Program for Tennessee, as administered by OSM, applies to all surface coal mining operations in Tennessee including the processing of lands unsuitable for mining petitions (30 CFR part 942).

The petition area occupies approximately 67,326 acres in Scott, Campbell, Anderson, and Morgan Counties, Tennessee and is identified as the land within 600 feet on each side (1,200 feet total) of all ridge lines lying within the North Cumberland Wildlife Management Area (WMA) which is comprised of the Royal Blue WMA, the Sundquist WMA, and the New River WMA (also known as the Brimstone Tract Conservation Easement) and the Emory River Tracts Conservation Easement.

The major allegations of the petition can be summarized as follows:

1. Surface mining operations in the petition area would be incompatible with the conservation goals of Tennessee's "Connecting the Cumberland's" project, as well as with various state land use plans, programs and strategies that govern and set goals for the lands within and downstream of the petition area.

2. Surface mining operations in the petition area would significantly damage the natural systems and esthetic, recreational, cultural, and historic values of the ridge lines and their viewsheds that exist within these fragile lands.