

“STIPULATIONS”

NAVAJO AREA, BUREAU OF INDIAN AFFAIRS
SURFACE MANAGEMENT AGENCY LEASE STIPULATIONS
FOR FEDERAL OIL AND GAS LEASE OFFERING

1. Lessee shall carry on all operations in a good and workmanlike manner in accordance with approved methods and practices.
2. Lessees shall abide by and conform to appropriate provisions of Titles 25, 36, and 43, Code of Federal Regulations, and any and all other applicable regulations and manuals of the Secretary now or hereafter in force relative to surface leasing rights-of-way and as amended, and National Area Environmental Protection guidelines; the National Historic Preservation Act of 1966, as amended, Archaeological Resources Protection Act, and American Indian Religious Freedom Act and other applicable laws, 30 BIA, 36 CFR 800 and 43 CFR 7.
 - a. Prior to issuing any cultural clearances, the Lessee shall provide the necessary cultural clearances to the Bureau of Land Management after consultation with the Navajo Nation Historic Preservation Department, P. O. Box 2898, Window Rock, AZ 86515, and provide copies of all historic preservation related documents associated with an undertaking. The Navajo Nation contracted under Public Law 93-638 the Navajo Area Archaeology Office.
 - b. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, Lessee shall submit a development plan for surface use to the Area Manager, Farmington Resource Area, Bureau of Land Management, 1235 La Plata Highway, Farmington, NM 87401. An Environmental Analysis will be made by the Bureau of Land Management in consultation with the BIA Navajo Area Office for the purpose of ensuring proper protection of the surface, the natural resources, the environment and existing improvements and for assuring timely reclamation of disturbed lands. Upon completion of said environmental analysis, the Oil and Gas Field Manager shall notify Lessee of the conditions to which the proposed surface disturbing operations will be subject. (Note: Prior to operations beginning; Lessee shall furnish a copy of its development plan and Bureau of Land Management conditions to the BIA. The BIA reserves the right to require site specific archaeological surveys and environmental reviews on tracts selected for development prior to giving concurrence to proposed actions(s). The BIA will consult with the Navajo Nation prior to concurring in such actions.)
3. The Lessee shall not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever. Lessee will not use or permit to be used any part of said leased land for the manufacture, sale, gift, transportation, or storage of intoxicating liquors, beverages or drugs. In the event any representative of Lessee or its contractor or subcontractor, employed in connection with the operations on the lease premises shall be responsible for

any of the unlawful acts described in this clause, Bureau of Land Management shall give Lessee information as to such violation(s) with a copy of the notice to BIA and Navajo Nation. Lessee shall immediately take steps to cure the violations, including the termination or transfer of such employee. (25 CFR 162.5(g) (3); 18 U.S.C. Sections 1151, 1154, and 1156, as amended.)

4. Except as otherwise stated herein, copies of correspondence and notices shall be mailed to the Bureau of Indian Affairs in care of the Area Director, Navajo Area Office, Attention: Branch of Real Property Management, Bureau of Indian Affairs, P. O. Box 1060, Gallup, NM 87305-1060; and to the Navajo Nation in care of the President, Navajo Nation, Attention: Navajo Tribal Minerals Department, P. O. Box 146, Window Rock, AZ 86515.

THE NAVAJO NATION STIPULATIONS

1. The surface ownership of lands contained in this lease may be all or partly managed by the Navajo Tribe. Site specific rights-of-way clearances and/or inventories may be required prior to entry upon the surface for operation of the lease holdings. Prior contact with the Navajo Nation will be required prior to operations beginning. All applicable laws of the Navajo Nation (including tax laws, water codes, requirements of Environmental Protection Administration, etc.) shall be complied with by the Lessee.

2. The Navajo Nation requires a copy of complete exploration and development data (drilling logs, seismic data, etc.) obtained by the Lessee on the subject lands will be provided to the Navajo Nation at no cost. All materials data will be held confidential as described in 43 CFR 3162.8.

3. Navajo grazing rights to the surface of the lands so leased shall be protected, and the Nation's rights respecting the use of water shall be unimpaired.

4. Lessee shall not obtain water for use in drilling from Indian-owned wells, tanks, springs, or stockwater reservoirs without prior written permission from the Navajo Nation. Lessee shall not drill any water wells for its use without prior written consent of the Navajo Nation and the Area Director.

5. Lessee shall compensate the Navajo Nation and its grazing permittees (if any), for all surface use(s) as well as damages to crops, buildings, and other improvements of surface landowner, including loss of grazing lands, occasioned by the Lessee's operations except the Lessee's control. Compensation for surface use shall be negotiated by Lessee and the Navajo Nation and will be based upon the duration of activity on the land.

6. Lessee shall not drill any well within 500 feet of any house, structure, or reservoir of water without the Navajo Nation's written consent.

7. Lessee shall bury all pipelines crossing tillable lands below plow depth unless other arrangements are made with the Navajo Nation.

8. Upon the request of the Navajo Nation or if so required by the Area Director or his authorized representative, and under the direction of the Field Manager, Bureau of Land Management, the Lessee shall condition any well drilled which does not produce oil or gas in paying quantities, but which is capable of producing water satisfactorily for domestic, agricultural, or livestock use by the Navajo Nation. Otherwise, after the expiration or termination of the lease, the Lessee shall remove all pumping equipment installed by Lessee at any well.

GENERAL STIPULATIONS

**UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION**

**CHOKO CANYON DAM AND RESERVOIR
NUECES RIVER PROJECT, TEXAS**

All rights under this lease/license are subordinate to the right of the United States to flood and submerge the lands, permanently or intermittently, in connection with the construction and operation and maintenance of the Choke Canyon Dam and Reservoir, Nueces River Project, Texas (Project lands).

All surface work performed by the Lessee/Licensee its contractors and assigns on the Choke Canyon Reservoir lands shall be under the general supervision of the Area Manager, Bureau of Reclamation in direct charge of the project, and shall be subject to such conditions and regulations as he/she may prescribe. Detailed plans and location for all structures, appurtenances thereto, and surface disturbance work on project lands shall be submitted to the said Area Manager for approval in advance of commencement of any surface work on the said project lands. At least 60 days or more lead time is preferred. Authorized representatives of Reclamation shall have the right to enter on the leased premises at any time to inspect both the installation and operational activities of the Lessee/Licensee.

A. Pre-drilling Conditions:

1. No exploratory drilling, flow line trenching or site clearing will occur until approval is granted by the appropriate Reclamation representatives in consultation with the local managing agency(s).
2. No wellhead shall be below the top of conservation pool elevation of 220.5 feet, mean sea level. (This elevation restriction does not apply to areas downstream of the dam.) No drilling will be allowed within 400 feet of any developed recreation area.
3. All storage tanks shall be constructed outside the flood plain above elevation 222.5 feet msl. This elevation restriction does not apply to areas downstream of the dam. Berms shall be constructed around storage batteries, tanks, and separators to contain their entire volume plus 20% free-board should an accidental spill or rupture occur.

- 4. Drilling a well for oil and gas is prohibited within 2,000 feet of any dam, dike, or other major structure, unless otherwise approved by the Area Manager in consultation with the local managing agency(s).**
- 5. No well shall be drilled within 1/8 mile (660 feet) of a river, channel, permanent stream, tributary, or marsh site unless otherwise approved by the Area Manager in consultation with the local managing agency(s). To protect watersheds, slopes in excess of 40 percent (2.5:1) should be avoided where possible.**
- 6. All drilling operations shall be conducted in accordance with the applicable State laws relative to municipal water supplies.**
- 7. No surface disturbance shall occur until completion of an environmental analysis the proposed drilling activity by Reclamation and all coordination matters are completed. This analysis will include review of federally listed threatened and endangered plant and animal species, protection of wetlands, cultural resources, and water quality concerns. Certain data needs may be requested from the applicant proposing a surface disturbance action.**
- 8. Where surface operations and facilities could reasonably be expected to discharge petroleum products into navigable waters and should oil or petroleum products be stored on site and facilities have an aggregate storage of 1,320 gallons or more or single containers with capacity of 660 gallons or more, a "Spill Prevention Control and Countermeasure Plan" shall be prepared and must be maintained and kept available for inspection on site (if manned) or at the nearest field office if unmanned. In the event of a spill or leakage, the Lessee/Licensee assumes all responsibility for cleanup and damages.**
- 9. At Lessee/Licensee's expense, a cultural resource survey of lands that may be disturbed must be completed prior to any surface disturbance. If during construction, operation, and/or maintenance of any facility authorized by Reclamation Lessee/Licensee or any person working in its behalf discovers any historic or prehistoric grave, ruin, monument, or any object subject to the National Historic Preservation Act of 1966, the Archeological Resource Protection Act of 1979, or the Native American Graves Protection Act of 1992 and/or, Reclamation Instructions 376.11, work shall be suspended immediately and the discovery reported to Reclamation. When directed by Reclamation, the Lessee/Licensee shall obtain, at his expense, a qualified archeologist to examine and evaluate, and if necessary, excavate the discovery.**

- 10. Lessee/Licensee shall use a closed drilling system that will contain all drilling fluids, muds, and other drilling materials. All drilling materials shall be held in closed containers and shall be removed for disposal at an authorized disposal facility off the Project lands. Water or discharge of any kind shall not be allowed to enter any drainage. All unattended containers containing liquids shall be fenced with deer-proof fencing and minimum 24-inch high hail screen at the bottom of the fence to exclude small wildlife.**
- 11. The derrick shall not be located closer than one and one-half times its height from any electrical power transmission lines unless prior approval is obtained from the owner of the power company. Signs shall be posted warning the public to prevent entry to the job site. Also, adequate blowout preventers shall be properly maintained.**
- 12. All aboveground structures shall be painted to blend with the natural surroundings, except as applicable safety requirements may provide. The paint used shall be lusterless, non-reflective, flat, or semi-gloss color that blends with the area.**

B. Roads

- 1. The Lessee/Licensee shall observe the following restrictions during exploration:**
 - a. Wherever possible, existing roads and trails are to be used as access to the drilling site. New road construction will be kept to a minimum and new construction will not begin until the location is approved by the local managing agency(s).**
 - b. If existing roads are used, Licensee/Lessee agrees to maintain such roads in a condition equal to or greater than the existing condition. If any existing roads are open to public use, such public use will be allowed to continue and not be adversely affected by the activities of the Licensee/Lessee. Any new roads constructed by the Licensee/Lessee shall be closed to the public.**
 - c. All new road construction shall be in accordance with TPWD policy. New access roads shall normally be a maximum of 30 feet wide including drainage ditches and culverts. Road surface shall be graveled to a thickness identified as suitable for the existing ground. Access roads shall be constructed to widths suitable for the safe operation of the vehicles and equipment at proposed speeds. The road shall be posted with signs and maximum speed limit signs. Speeds shall be limited to twenty (20) miles per hour, and if needed, further limited on curves to permit a vehicle to be stopped within one-half the minimum sight distance. The road shall be maintained in safe condition.**

- d. Cleared trees and shrubs will be removed and/or mulched as designated by the local managing agency(s). Available topsoil will be removed from the road right-of-way and stored in a topsoil stockpile.
- e. If the local managing agency(s) requests, Lessee/Licensee shall construct cattle guards or install gates with locks on new access roads which will be maintained by the Lessee/Licensee during drilling operations and all such times thereafter as production continues. Fencing of roads may be required.
- f. Roads shall be maintained in suitable condition for 2-wheel drive vehicle passage during the duration of drilling activities with special consideration given to erosion control during wet and muddy periods.
- g. Existing roads shall be returned to original or equivalent condition after drilling equipment has been removed.
- h. All roads shall be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts, and/or any other measures deemed necessary by Reclamation representatives. The following is a general guide for the spacing of water bars:

Present Slope

| | |
|---------------------------|----------|
| Less than 2 percent | 200 feet |
| 2 to 4 percent..... | 100 feet |
| 4 to 5 percent..... | 75 feet |
| more than 5 percent..... | 50 feet |

- i. Each existing fence to be crossed by Lessee/Licensee shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be gated during construction and/or well operation. Upon abandonment of the site, the gate shall be repaired to the original standard of the existing fence.
2. Lessee/Licensee shall observe the following stipulations should oil or gas be found and production activities occur:
- a. If existing roads are used, Licensee/Lessee agrees to maintain such roads in a condition equal to or greater than the existing condition. If any existing roads are open to public use, such public use will be allowed to continue and not be adversely affected by the activities of the Licensee/Lessee. Any new roads constructed by the Licensee/Lessee shall be closed to the public.

- b. Should the local managing agency deem it necessary to control vehicle traffic into the area during any season of the year, the production company will provide a metal gate and lock.
3. Upon abandonment of the site, any new road construction sites will be re-vegetated, by the drilling company, with native and/or adapted grasses, forbs, and shrubs as approved by Reclamation, unless the local managing agency(s) indicates in writing that the road is to remain. Re-vegetation is to be accomplished by ripping the area 24 inches deep before restoring topsoil, seeding, and fertilizing the area within 1 year of completion at recommended seeding rates and dates.

C. Drilling Pad:

1. Area cleared for the drilling pad site and reserve pit shall be the absolute minimum required for operations.
2. All trees and shrubs removed from the pad site shall be removed from the site or mulched as designated by the local managing agency(s).
3. Available topsoil shall be removed from the drilling pad and pit site and stored in a topsoil stockpile.
4. Diesel fuel tanks and other potential pollution sources will be surrounded by an earthen berm of sufficient height to contain their entire volume plus 20% free-board in the event of an accidental leak or rupture.
5. The area will be kept well policed and free of trash and litter at all times, including access roads used solely by the Lessee/Licensee. Litter blown out of the work area must be picked up. All waste associated with the drilling operations shall be removed and deposited in an approved sanitary landfill within 1 month after removal of the drilling rig. The Lessee/Licensee shall comply with all State laws and regulations pertaining to the disposal of human waste.
6. The entire operation area shall be fenced with a deer-proof fence that shall include a 24-inch high hail screen fence along the bottom to exclude small wildlife.
7. The Lessee/Licensee will remove fluids and trash from the Project lands and dispose of them at an authorized disposal facility. After drilling activities are completed the site shall be reshaped to original contours, ripped to a minimum 24 inches deep and covered with topsoil. This restoration must be accomplished within 90 days of completion of drilling. The area must then be re-vegetated as required by Reclamation.

D. Actions with a Producing Well:

1. A minimum service area will be developed around the well head. No permanent material storage will be allowed on the lease. The remainder of the drilling pad will be covered with topsoil from the stockpile and restored to vegetation by tilling, fertilizing, and seeding. Specific seed types will be determined on a case-by-case basis by Reclamation in consultation with the local managing agency(s). Re-vegetated areas that do not have a 70% survival rate of planted or desirable species after two years shall be re-seeded.
2. The Lessee/Licensee may be required to utilize electric or submersible Pumps, where feasible, rather than fuel-powered pumps (or other machinery). All electric lines must be buried to a depth of 15-18 inches and their location appropriately marked.
3. All transfer lines from well site to tank battery, saltwater disposal well, or the like must be buried 4 feet below the surface and a minimum depth of 4 feet at stream, creek, and river channel crossings.
4. When possible, a common point of collection shall be established to minimize the number of tank batteries.

E. Actions with a Non-producing Well:

1. All disturbed areas will be re-contoured, covered with topsoil, and re-vegetated as approved by Reclamation. All trash will be removed from Project land. Re-vegetated areas that do not have a 70% survival rate of planted or desirable species after two years shall be re-seeded.
2. Gates and cattle guards shall be removed where requested by the local managing agency(s). Any openings in fences will be restored to original condition.

F. General:

1. The Lessee/Licensee shall limit access to well and storage locations on Project lands to authorized personnel.
2. The Lessee/Licensee agrees to cease all operations and make all necessary corrections to the satisfaction of the representative of Reclamation in consultation with the local managing agency(s) before resuming any operations should any violations of the terms of this license occur.
3. The Lessee/Licensee shall not permit any nuisance to be maintained on the premises and shall not use said premises for any purposes other than those authorized in the licenses. Before abandoning any well, the

Lessee/Licensee shall securely plug the same so as to effectually shut off water from the oil-bearing stratum.

4. The Lessee/Licensee shall carry on the development and/or operation of the premises in a workmanlike manner and shall not commit or suffer to be committed waste upon the lands in his occupancy and use. In drilling operations, the Lessee/Licensee shall only use so much of the land as is necessary; shall safeguard the lakes and streams from any pollution; and shall not permit oil, saltwater, drilling mud, or other deleterious substances to escape onto the land, but the same shall be retained in proper tanks, receptacles, or in pits prepared for such purposes; and after the termination of drilling operations, the land will be properly restored to its original condition, and only so much thereof shall be used in the production of the leased premises as is reasonably necessary to operate any well or wells thereon.
5. Lessee/Licensee shall provide all subcontractors and assigns, especially the dirt contractor with a copy of the above stipulations prior to construction of the road, pad, or associated developments.

G. Hunting:

1. Lessee/Licensee activities should not prevent hunters and other consumptive and non-consumptive users of the wildlife resources from freely pursuing their activities in the wildlife management area. Lessee/Licensee activities should be conducted to minimize conflict with public users of recreational areas.
2. Lessee/Licensee will not be permitted to carry firearms or other hunting or trapping equipment unless the equipment is appropriate to a season open on the designated areas at the time and the individual(s) are authorized to hunt.
3. During deer and turkey season, delivery and trucking to and from well sites in the wildlife management area will be avoided to the maximum extent possible for the 2-hour period immediately after sunrise and for the 2-hour period immediately before sunset. Additionally, no new exploration work or exploratory drilling may be initiated during the deer and turkey season unless special approval is obtained from Reclamation in consultation with the surface managing agency. Other timing restrictions may be established as needed to protect the Project.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
CANTON LAKE

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.

9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

11. That no structure or appurtenance thereto shall be of a material or construction determined to create floatable debris.

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation 1638.00 feet, for Canton Lake, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited.

18. The operator will immediately stop work and advise the District Engineer or his authorized representative if contamination is found in the operating area.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
KAW LAKE (3)

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.

9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

11. That no structure or appurtenance thereto shall be constructed on said property.

12. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

13. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

14. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

15. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation 1044.5 feet, for Kaw Lake, National Geodetic Vertical Datum.

16. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited.

17. The operator will immediately stop work and advise the District Engineer or his authorized representative if contamination is found in the lease area.

Visual Resource Management Class III Objectives
Special Stipulation

Surface occupancy or use is subject to the following operational constraints:

Surface activities in this parcel are subject to Visual Resource Management (VRM) Class III restrictions as set forth in BLM Manual 8400 – Visual Resource Management.

The lease holder is required in any surface activity to partially retain the existing character of the landscape. Activities may attract attention, but should not dominate the view. This may require additional mitigation methods such as special painting stipulations, site placement, and/or any other measures necessary to meet VRM Class III objectives.

The need for additional mitigation to meet VRM Class III will be determined on a case-by-case basis for each proposed well.

For the purpose of: Protecting Visual Resources

LEASE NOTICE
BIOLOGICAL SURVEY

A biological survey may be required prior to any surface disturbing activity on BLM managed lands. Proposed activities may be subject to seasonal closures within sensitive species habitat.

STIPULATION FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed

To : Forest Service
National Forests in Texas
At : 2221 North Raguet Street
Lufkin, TX 75904
Telephone No : (936) 639-8501

Who is the authorized representative of the Secretary of Agriculture.

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS
(Protect streamside management zones)

Surface occupancy or use is subject to the following special operating constraints.

Portions of this lease contain streamside management zones (floodplains, wetlands). As a minimum, these areas are established within the 100 year flood plain of all intermittent streams and perennial streams, and 100 feet from the normal pool level contour of lakes. Site- specific proposals for surface-disturbing activities (such as pipelines and seismic surveys) within these areas will be analyzed and will normally result in establishment of protective requirements or limitations for the affected site. Surface occupancy for oil and gas wells will not be allowed within the streamside management zone. (MA-4-63) (MA-5-31)

On the lands described below:

For the purpose of:

To meet visual quality objectives and protect streamside management zones in accordance with the National Forest and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the Land Use Plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS
(Protect Lakeshores – Toledo Bend Reservoir)

Surface occupancy or use is subject to the following special operating constraints:

Proposals for a structure, facility, or motorized uses on Toledo Bend Reservoir lands between the 172' and 175' MSL contours, or on a strip of land extending inland 200 meters from the 175' contour, may be subject to special requirements or limitations, such to be determined on a case-by-case basis.

On the lands described below:

For the purpose of:

To meet visual quality objectives and protect lakeshores in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS
(Unique Plants or Plant Communities)

Surface occupancy or use is subject to the following special operating constraints.

Portions of this lease may contain large (greater than 40 acres) areas identified under the Texas Natural Heritage Program's Sensitive Plant and Natural Community Inventory. These areas may contain bogs and seeps or sensitive plants and plant communities. Site-specific proposals for surface-disturbing activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements, limitations for the affected site, or possibly require relocation of the activities.

On the lands described below:

For the purpose of:

To meet requirements of the National Forest Management Act of 1976, and regulation, 36 CFR 219.26. Also to protect and promote sustainable populations of unique plants or plant communities as per the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101, or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION 11-2
NATIONAL FORESTS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints.

Portions of the land in this lease are, or may be, occupied by clusters of the endangered red-cockaded woodpeckers (RCWs). Exploration and development proposals may be modified and/or limited, in accordance with the *Recovery Plan for the Red-cockaded Woodpecker*, second revision approved January 27, 2003. Protective measures include, but are not limited to, the following requirements of the recovery plan:

Protection of Cavity Tree Clusters During Nesting Season

The protected area includes all cavity trees used by the RCWs and a 200 ft. buffer zone. This area usually doesn't exceed 10 acres. During the nesting season, which generally runs from March 1 through July 31, human disturbance within and adjacent to the clusters will be reduced as much as possible, for example, use of motorized vehicles will be restricted to existing roads, other potentially disturbing activities will be limited to daylight hours, avoiding activities within at least one or two hours of dawn and dusk. New road construction through these areas wouldn't be allowed during nesting season.

Foraging Habitat:

120 acres of good quality foraging habitat should be provided within 0.5 miles of the center of each cluster, as described in Section 8I of the recovery plan, preferably 50% or more within 0.25 miles of the cluster center. In areas that have multiple clusters the foraging habitat will overlap so that the 120 acres of habitat may support more than one cluster.

Upon receipt of a site-specific proposal, the Forest Service will provide current inventory records of cluster locations and may require that localized surveys be performed to assure no uninventoried clusters are present.

On the lands described below:

For the purpose of: To protect red-cockaded woodpecker clusters foraging and habitat areas in accordance with the National Forest and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the Land Use Plan and/or the regulatory provisions for such changes.

LEASE NOTICE
NATIONAL FORESTS IN TEXAS
(Sabine River Authority)

Other than foot travel, any proposals for surface occupancy involving those lands below the 172' MSL contour, which have been exchanged to the Sabine River Authority (SRA), will require coordination with the United States Corps of Engineers (COE) as the Forest Service is not the responsible surface management agency for the transferred lands. In addition, the Sabine River Authority of Texas will be requested to comment on such proposals. Proposals for surface occupancy involving both FS administered and COE administered lands will require joint approval from both agencies.

NO SURFACE OCCUPANCY STIPULATION
NATIONAL FORESTS IN TEXAS
(Protect Scenic Area Values)

No surface occupancy or use is allowed on the lands described below:

Areas of the following parcels/tracts, except hand-laying of electronic gear or apparatus could be further considered unless restricted by other mitigation factors. Vehicle traffic may be restricted in this area. Seismic work requiring use of explosives will not be allowed. (MA-9a-72-Cagle Rec Area; Scotts Ridge Rec Area) (MA-9b-72-Kelly's Pond) (MA-7-Wilderness)

Select one of the following for stipulation:

Mill Creek Cove Scenic Area

For the purpose of:

To meet visual quality objectives and to protect various values in accordance with (MA-8c-62) (MA-9a-72)(MA-9b-72)(MA-7) of the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101, or FS Manual 1950 and 2820.)

TIMING LIMITATION STIPULATION
NATIONAL FORESTS AND GRASSLANDS IN TEXAS
(Probable bald eagle nesting locations)

Surface use may be deferred during the following time period(s). This stipulation does not apply to operation and maintenance of production facilities.

Part or all of this lease is within one (1) mile of a bald eagle nesting site. During nesting periods, seismic exploration, new clearing of vegetation, and exploratory drilling or any other site-specific proposals for activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements or limitations for the affected site and activities may be restricted if, in the opinion of the responsible agency biologist, restrictions are necessary to assure nesting success. (FW-221)

Approximately October 1 through May 15 per year

On the lands described below:

For the purpose of:

To avoid disturbance of actual or probable bald eagle nesting locations in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulations, see BLM Manual 1624 and 3101, or FS Manual 1950 and 2820.)

STIPULATION
OFF-ROAD VEHICULAR USE
RESTRICTION

Vehicular use on all or portions of the lands contained in this lease is limited to existing roads and trails in order to prevent damage to cultural resources (in accordance with the Federal Register Notice of July 31, 1980 - Rattlesnake Hill limited ORV Designation). Exceptions may be granted when the lessee/operator submits a surface use and operations plan which is satisfactory to the authorized officer of the Bureau of Land Management, for the protection of cultural resources.

NO SURFACE OCCUPANCY
STIPULATION
RECREATIONAL OPPORTUNITIES

No occupancy or other activity on the surface of the following described lands is allowed

in order to protect recreational opportunities along the Tularosa River:

STIPULATION
THREATENED/ENDANGERED SPECIES HABITAT

The lessee is given notice that all or part of the lease area contains special values, are needed for special purposes or requires special attention to prevent damage to surface resources. Any surface use or occupancy within such areas will be strictly controlled. Use or occupancy will be authorized only when the lessee/operator demonstrates that the area is essential for operations and when the lessee/operator submits a surface use and operations plan which is satisfactory to the Bureau of Land Management for the protection of these special values and existing or planned uses. Appropriate modifications to the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the Bureau of Land Management has been advised of the proposed surface use or occupancy on these lands, and on request of the lessee/operator, the Bureau of Land Management will furnish further data on such areas.

Reason for Restriction: To protect the threatened and endangered species habitat.

Duration of Restriction: Year-round

Prior to acceptance of this stipulation the prospective lessee is encouraged to contact the Bureau of Land Management for further information regarding the restrictive nature of this stipulation.

Traditional Cultural Properties (TCP) Stipulation

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O.13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

Waiver:

Exceptions:

Modifications:

CONTROLLED SURFACE USE
PLAYAS AND ALKALI LAKES

This Stipulation is currently under development. Once it is final an addendum to the Sale Notice will be published. At this time a summary of the stipulation is as follows:

No surface disturbance within up to 200 meters of the outer edge of playas and or alkali lakes.

CONTROLLED SURFACE USE
FLOODPLAINS

This Stipulation is currently under development. Once it is final an addendum to the Sale Notice will be published. At this time a summary of the stipulation is as follows:

No surface disturbance within up to 200 meters of the outer edge of 100-year floodplains to protect the integrity of these features.

**CONTROLLED SURFACE USE
FARMLAND STIPULATION**

This Stipulation is currently under development. Once it is final an addendum to the Sale Notice will be published. At this time a summary of the stipulation is as follows:

All or a portion of this lease contains private surface used for cultivation. Any surface-disturbing activities associated with oil and gas development will be excluded from the surface area used for cultivation. The BLM may consider on an individual application basis, an exception to this stipulation if the surface owner signs an agreement with the lessee or operator allowing the proposed surface-disturbing activity within the cultivated area. Each application submitted to the BLM must include a copy of any agreement signed by the surface owner.

LEASE NOTICE
OCCURRENCE OF RANGELAND MONITORING PLOTS

This Notice is currently under development. Once it is final an addendum to the Sale Notice will be published. At this time a summary of the notice is as follows:

This lease contains one or more rangeland monitoring plot which may require avoidance from any surface disturbing activities.

SPECIAL CULTURAL RESOURCE
LEASE NOTICE

All development activities proposed under the authority of this lease are subject to compliance with Section 106 of the NHPA and Executive Order 13007. The lease area may contain historic properties, traditional cultural properties (TCP's), and/or sacred sites currently unknown to the BLM that were not identified in the Resource Management Plan or during the lease parcel review process. Depending on the nature of the lease developments being proposed and the cultural resources potentially affected, compliance with Section 106 of the National Historic Preservation Act and Executive Order 13007 could require intensive cultural resource inventories, Native American consultation, and mitigation measures to avoid adverse effects—the costs for which will be borne by the lessee. The BLM may require modifications to or disapprove proposed activities that are likely to adversely affect TCP's or sacred sites for which no mitigation measures are possible. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

NO SURFACE OCCUPANCY
OCCUPIED STRUCTURES AND DWELLINGS

All or a portion of the lease contains dwellings or structures occupied by one or more persons. No Surface Occupancy is allowed on the portion of the lease described below. These restricted lands may be developed by directional drilling from outside the restricted area.

No Surface Occupancy on the lands described below:

Waiver:

This No Surface Occupancy restriction may be waived if written consent of such waiver is received from the owner/occupant of the structure or dwelling.

For the Purpose of: Lessening the impacts caused by mineral resource development on a place of residence and the occupants within.

CONTROLLED SURFACE USE
FLOODPLAIN PROTECTION STIPULATION

All or portions of the lands under this lease lie in and/or adjacent to a major watercourse and are subject to periodic flooding. Surface occupancy of these areas will not be allowed without specific approval, in writing, of the Bureau of Land Management.

For the following described land(s):

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Oklahoma Field Office

ORA-1 CSU
November 1991

CONTROLLED SURFACE USE
WETLAND/RIPARIAN STIPULATION

All or portions of the lands under this lease contain wetland and/or riparian areas. Surface occupancy of these areas will not be allowed without the specific approval, in writing, of the Bureau of Land Management. Impacts or disturbance to wetlands and riparian habitats which occur on this lease must be avoided, or mitigated. The mitigation shall be developed during the application for permit to drill process.

For the following described land(s)

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Oklahoma Field Office

ORA-2 CSU
November 1991

SEASON OF USE STIPULATION

Surface occupancy of this lease will not be allowed from February 15 to May 15, as well as all applicable hunting seasons without the specific approval, in writing, from the authorized officer of the Bureau of Land Management. This stipulation does not apply to operation and maintenance of production facilities.

On the land(s) described below:

For the Purpose of: Wildlife seasonal use requirements or recreation use conflicts with drilling activities.

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

Bureau of Land Management
Oklahoma Field Office

ORA-3 SS
November 1991

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below:

Note: The lands may be drilled directionally from an off-site location where occupancy is allowed.

For the purpose of: Protection of a resource or use not compatible with oil and gas development.

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

LEASE NOTICE
FLOODPLAIN MANAGEMENT

All or portions of the lands under this lease lie in and/or adjacent to a major watercourse and may be subject to periodic flooding. In accordance with E.O. 11988 – Floodplain Management 5/24/1977, as amended, and the Clean Water Act of 1972, as amended, impacts or disturbances to this area must be avoided or mitigated. Surface occupancy of these areas and surface disturbance within up to 200 meters of the outer edge of the floodplain may not be allowed in order to protect the integrity and functionality of the floodplain and associated watercourse. Controlled surface use requiring special mitigation measures may be required and will be developed during the application for permit to drill. These would be required as part of the environmental analysis, approval for drilling or any other operation on this lease. These measures could include modifications or relocation of proposed well locations; burial of linear facilities such as pipelines; modifications in surface activities; minimizing surface disturbance by co-locating roads, utilities and pipelines in common rights-of-ways; interim reclamation of all surface disturbance initiated immediately after construction; reduction of long term noise producing activities; suitable off-site mitigation or other reasonable measures to mitigate impacts to floodplains. These measures may be imposed in accordance with Section 6 of the lease terms, Onshore Oil and Gas Order No. 1, 43 CFR 3162.5-1 and 43 CFR 3101.1-2.

For the purpose of:

To protect the unique biological and hydrological features associated with rivers, streams, riparian/wetland areas, and areas within the 100-year floodplain demarcation.

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

All or a portion of the lease is located in a potential cave or karst occurrence area. Within this area, caves or karst features such as sinkholes, passages, and large rooms may be encountered from the surface to a depth of as much as 2,000 feet, within surface areas ranging from a few acres to hundreds of acres. Due to the sensitive nature of the cave or karst systems of this area, special protective measures may be developed during environmental analyses and be required as part of approvals for drilling or other operations on this lease. These measures could include: changes in drilling operations; special casing and cementing programs; modifications in surface activities; or other reasonable measures to mitigate impacts to cave or karst values. These measures may be imposed in accordance with 43 CFR 3101.1-2; 43 CFR 3162.5-1; Onshore Oil and Gas Order No. 1; and Section 6 of the lease terms.

LEASE NOTICE
PROTECTION OF THE DUNES SAGEBRUSH LIZARD

This lease may encompass suitable and occupied habitat of the dunes sagebrush lizard (Sceloporus arenicolus). The lizard can be found in active or semi-active sand dunes with shinnery oak vegetation. All or portions of the lease may contain suitable or occupied habitat of this special status species.

The Bureau of Land Management through its NEPA process, is responsible for assuring that the leased lands are examined prior to any surface disturbing activities on the lands covered by this lease to determine potential impacts to the lizard and it's habitat.

In accordance with Section 6 of the lease terms, the lessee may be required to conduct an examination of the lands to determine the occurrence of the lizard (peak activity is May – August). Protocol for these surveys can be found in the 2008 Pecos District Special Status Species Resource Management Plan Amendment. The survey would be conducted by a qualified biologist or herpetologist approved by the Bureau of Land Management. A report of the findings would be submitted to the authorized officer.

Exploration and lease development activities may be limited to areas outside of suitable or occupied habitat within the lease. If the surface management agency determines that lease development activities may adversely impact suitable or occupied habitat, restrictions to the lessee's proposal or denial of any beneficial use of the lease may result.

Conditions of Approval for Applications for Permit to Drill or Sundry Notices may be developed to protect habitat for the dunes sagebrush lizard. The lessee will take such measures as may be required by the authorized officer to protect the lizard and it's habitat.

LEASE NOTICE
HACKBERRY LAKE OHV AREA

All or a portion of the lease is located in the Hackberry Lake Off-Highway Vehicle (OHV) area. This OHV-use area consists of 55,800 acres of stabilized dune lands and cliffs. This area features intensively used OHV trails and campgrounds. The area is used annually for competitive enduro events and other OHV use. The area is also heavily developed for oil and gas related activities. Special protective measures would be developed to protect existing OHV trails and camping areas. These would be required as part of the environmental analysis, approval for drilling or any other operation on this lease. These measures could include modifications or relocation of proposed well locations; burial of linear facilities such as pipelines at lease road and OHV trail intersections; additional sign placement; modifications in surface activities; or other reasonable measures to mitigate impacts to recreational activities. These measures may be imposed in accordance with 43 CFR 3101.1-2; 43 CFR 3162.5-1; Onshore Oil and Gas Order No. 1; and Form 3100-11 (Offer to Lease and Lease for Oil and Gas) section 6 of page 3.

POTASH STIPULATION

Stipulations to be made part of any oil and gas lease involving lands described in Secretarial Order, 51 Federal Register 39425 (October 28, 1986).

The lessee further agrees that:

- (1) Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the Authorized Officer, Bureau of Land Management, that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States will best be served by permitting such drilling.
- (2) No wells shall be drilled for oil or gas at a location which, in the opinion of the Authorized Officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.
- (3) When it is determined by the Authorized Officer, that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the Authorized Officer.
- (4) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations (43 CFR 3160), including such requirements as the Authorized Officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

On the land(s) described below:

CONTROLLED SURFACE USE
WILDLIFE HABITAT PROJECTS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of existing or planned wildlife habitat improvement projects. Large-scale vegetation manipulation projects such as prescribed burns will be excepted. This requirement will be considered for waiver with appropriate off-site mitigation, as determined by the Authorized Officer.

For the purpose of: Protecting Wildlife Habitat Projects

CONTROLLED SURFACE USE
RAPTOR NESTS AND HERONRIES

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of active heronries or by delaying activity for up to 120 days, or a combination of both. Raptor nests on special, natural habitat features, such as trees, large brush, cliff faces and escarpments, will be protected by not allowing surface disturbance within up to 200 meters of nests or by delaying activity for up to 90 days, or a combination of both. Exceptions to this requirement for raptor nests will be considered if the nests expected to be disturbed are inactive, the proposed activity is of short duration (e.g. habitat enhancement projects, fences, pipelines), and will not result in continuing activity in proximity to the nest.

For the purpose of: Protecting Raptor Nests and Heronries.

CONTROLLED SURFACE USE
SLOPES OR FRAGILE SOILS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed on slopes over 30 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installation of projects designed to enhance or protect renewable natural resources, or if a plan of operating and development which provides for adequate mitigation of impacts was approved by the Authorized Officer. Occupancy or use of fragile soils will be considered on a case-by-case basis.

On the lands described below:

For the purpose of: Protecting Slopes or Fragile Soils

CONTROLLED SURFACE USE
STREAMS, RIVERS, AND FLOODPLAINS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of the outer edge of 100-year floodplains, to protect the integrity of those floodplains. On a case-by-case basis, an exception to this requirement may be considered based on one or more of the criteria listed below. The first three criteria would not be applied in areas of identified critical or occupied habitat for federally listed threatened or endangered species.

--Additional development in areas with existing developments that have shown no adverse impacts to the riparian areas as determined by the Authorized Officer, following a case-by-case review at the time of permitting.

--Suitable off-site mitigation if habitat loss has been identified.

--An approved plan of operations ensures the protection of water or soil resources, or both.

--Installation of habitat, rangeland or recreation projects designed to enhance or protect renewable natural resources.

For the purpose of: Protecting Streams, Rivers and Floodplains

On the lands described below:

CONTROLLED SURFACE USE
PLAYAS AND ALKALI LAKES

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of playas or alkali lakes. Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources. An exception for oil and gas development will be considered if playa or lake loss was mitigated by the protection and development of another playa exhibiting the potential for improvement.

Mitigation could include:

installing fencing; developing a supplemental water supply; planting trees and shrubs for shelter belts; conducting playa basin excavation; constructing erosion control structures or cross dikes; or by improving the habitat in another area.

On the lands described below:

For the purpose of: Protecting playas and alkali lakes

CONTROLLED SURFACE USE
SPRINGS, SEEPS AND TANKS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of the source of a spring or seep, or within downstream riparian areas created by flows from the source or resulting from riparian area management. Surface disturbance will not be allowed within up to 200 meters of earthen tanks or the adjacent riparian areas created as a result of the presence of the tanks. Exceptions to this requirement will be considered for the installation of habitat or rangeland projects designed to enhance the spring or seep, or downstream flows.

For the purpose of: Protecting Springs, Seeps and Tanks

CONTROLLED SURFACE USE
CAVES AND KARST

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of known cave entrances, passages or aspects of significant caves, or significant karst features. Waiver of this requirement will be considered for projects that enhance or protect renewable natural resource values, or when an approved plan of operations ensures the protection of cave and karst resources.

For the purpose of: Protecting Caves and Karst Features

CONTROLLED SURFACE USE
LESSER PRAIRIE-CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to the operation and maintenance of production facilities.

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in lesser prairie-chicken habitat during the period of March 1 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise. Exceptions to these requirements will be considered for areas of no or low lesser prairie-chicken booming activity, or unoccupied habitat, including leks, as determined at the time of permitting, or in emergency situations.

For the purpose of: Protecting Lesser Prairie-Chickens

CONTROLLED SURFACE USE
SAND DUNE LIZARD

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed in documented occupied habitat areas, or within up to 200 meters of suitable habitat associated with occupied habitat areas identified through field review. An exception to this restriction will be considered when an on-site evaluation of habitat extent, available species occurrence data, the proposed surface use, and proposed mitigations indicate the proposal will not adversely affect the local population.

For the purpose of: Protecting Sand Dune Lizards

VISUAL RESOURCE MANAGEMENT

Surface occupancy or use is subject to the following special operating constraints:

Painting of oil field equipment and structures to minimize visual impacts is to be conducted according to the requirements of Notice to Lessees (NTL) 87-1, New Mexico. Low profile facilities also may be required, when needed to reduce the contrast of a project with the dominant color, line, texture, and form of the surrounding landscape. Other surface facilities or equipment approved by the BLM, such as large-scale range improvements or pipelines, will be painted, when needed, to conform to the requirements of visual resource management to minimize visual impacts. Paint colors will be selected from the environmental color chart approved by the Rocky Mountain Coordinating Committee. The selected paint color will match as closely as possible the predominant soil or vegetation color of the area. Upon completion of the well and installation of the production facilities (if the well is a producer) the pad will be reclaimed back to a size necessary for production operations only. The edges will be recontoured and the extra caliche and pad material (excluding top soil) will be hauled off-site. The BLM may require additional reclamation depending upon vegetation recovery. The reclaimed area will be recontoured and reseeded according to vegetation and soil type.

For the purpose of: Protecting Visual Resources Management

SHINNERY OAK SAND DUNE HABITAT COMPLEX
PLAN OF DEVELOPMENT

A plan of development (POD) for the entire lease must be submitted for review and approval, including NEPA analysis, by the BLM, prior to approval of development actions (APD, Sundry Notices). The POD must indicate planned access to well facilities (roads, pipelines, power lines), and the approximate location of well sites. Should it become necessary to amend the POD, the amendment must be approved prior to approval of subsequent development actions. Deviations from a current POD are not authorized until an amended POD has been approved by BLM.

For the purpose of:

Managing habitat suitable for the lesser prairie-chicken (LPC), and sand dune lizard (SDL). The lease contains isolated blocks of unfragmented habitat suitable for LPC or SDL. Habitat parameters within this area are needed for the life cycle of the species (e.g., edge) or, with habitat manipulation, the area could become suitable habitat. To the extent possible, buffer zones around active LPC leks will be utilized to provide resource protection.

PLAN OF DEVELOPMENT (POD) STIPULATION

A plan of development (POD) for the entire lease must be submitted for review and approval, including NEPA analysis, by the Bureau of Land Management (BLM) authorized officer, prior to approval of development (APD, Sundry Notices) actions. The POD must indicate planned access to well facilities (roads, pipelines, power lines), and the approximate location of well sites. Should it become necessary to amend the POD, the amendment must be approved prior to the approval of subsequent development action. Deviations from a current POD are not authorized until an amended POD has been approved by BLM.

For the Purpose of: Plans of Development will be required to help direct development to reduce surface impacts.

RECLAMATION

The subject properties contain facilities (well, pad, road, powerline, pipeline, etc.) that were not plugged, removed and/or reclaimed to current standards. Unless the facilities are put to a beneficial and direct use under the new lease, the lessee shall plug, remediate and reclaim the facilities within two years of lease issuance. If an extension is requested, the lessee must submit a detailed plan (including dates) prior to the two year deadline. All plugging, remediation and reclamation shall be performed in accordance with Bureau of Land Management requirements and be approved in advance by the Authorized Officer.

The well(s) to be plugged and reclaimed are as follows:

- 1) Hackberry Federal # 1 approximately; 2300' FSL and 1460' FWL, Azotea Federal # 1; 330' FSL and 660' FWL, Section 03; Township 22 South, Range 25 East.
- 2) Cottonwood Draw U # 1 – Enfield Robert N.; approximately 2250' FSL and 950' FWL, Section 20; Township 25 South, Range 27 East.
- 3) Federal H # 1 – Cosden Petroleum Corp. - 425' FNL and 880' FEL, Cosden # 1 – Kersey and Company; approximately 440' FNL and 1996' FEL, Section 26; Township 19 South, Range 30 East.
- 4) Julia AJL Federal # 004 – Yates; 2180' FNL and 1980' FEL, Sections 27, 33, 34; Township 21 South, Range 30 East.
- 5) Federal Leonard B # 1 approximately 2365' FNL and 965' FWL, Leonard Federal # 2 approximately 840' FNL and 600' FEL, Tenneco Federal # 3; 1980' FSL and 1980' FEL, Pre-ongard well # 2; 1650' FSL and 2310' FWL, Tenneco Federal # 1; 990' FSL and 2310' FWL, Federal Leonard # 1 approximately 330' FSL and 330' FEL, Sections 11, 12; Township 26 South, Range 37 East.

The facilities to be reclaimed are as follows:

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

CULTURAL RESOURCES AND TRIBAL CONSULTATION STIPULATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, Executive Order 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations (e.g., State Historic Preservation Officer (SHPO) and tribal consultation) under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized, or mitigated.