

STIPULATIONS

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 1638.0 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.

U. S. ARMY CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
EUFAULA 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 the 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 602 feet for Eufaula 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
FORT WORTH DISTRICT
STIPULATION

1. NSO/ND - No Surface Occupancy and No Drilling

This stipulation applies to all Corps of Engineers (COE) fee ownership within 3,000 horizontal feet of prime facilities critical to the operation of Somerville Lake. These facilities include the dam, spillway, outlet structure, levees and related structures. This stipulation allows the identified area to be included in a lease for the purpose of becoming a part of a drilling unit so that the United States will share in the royalty.

Tracts 106, 113, 116, 119, 125, 148, and 400-1 and the eastern part of Tract 400-2 contain acreage available for inclusion in a leasehold only. No Surface Occupancy, No Drilling.

2. NSO/DD - No Surface Occupancy, Open for Directional Drilling

This stipulation applies to all designated parks, recreation areas, public use areas, wildlife management areas, archeological and historical sites, trails and roads, and the lake surface at the conservation pool elevation as determined by the District Engineer. Directional drilling is permitted from outside the identified areas where occupancy is allowed.

Portions of Tract 400-2 are defined as above and are open for directional drilling without surface occupancy. No Surface Occupancy, Open for Directional Drilling.

3. NSO/ELEV - No Surface Occupancy, Based on Elevation

This stipulation "No Surface Occupancy Based on Elevation," prohibits surface occupancy on all lands lying at or below the elevation of the spillway crest or tainted gate sill where alternative surface ownership is available within the same drilling unit. At Somerville Lake, the spillway crest is at elevation 258.0 feet N.G.V.D. If no alternative surface ownership is available, in no case will surface occupancy be permitted below the 25-year frequency pool (as calculated by COE hydraulics engineering staff) or within 1000 horizontal feet from the lake surface at the conservation pool elevation of 238.0 feet N.G.V.D. The purpose of this stipulation is to protect the integrity of Somerville Lake water resources.

Portions of Tract 400-2 are below 258.00 N.G.V.D. and are open for directional drilling without surface occupancy. No surface Occupancy, based on Elevation, Open for Directional Drilling.

Tract 400-2 also contains portions that are above 258.0' N.G.V.D. Where applicable, these tracts are open for surface occupancy and drilling under the conditions and stipulations contained in Notice to Oil and Gas Lessees and Operators.

Note: The surface acreage affected by the above stipulations is provided as follows:

Lake surface at conservation pool.....	11,464.00
Designated Parks/Recreation Areas.....	3,599
Wildlife Management Areas.....	8,180
Lake Operations.....	1,525
Areas below 25-year frequency pool	To Be Determined
Archeological/Historical Sites.....	To Be Determined

STATEMENT OF AVAILABILITY
PROPOSED OIL AND GAS LEASING
LEWISVILLE LAKE, TEXAS

1. It is the policy of Department of Defense to make lands available to the maximum extent possible for mineral exploration and extraction, consistent with military operations, national defense activities, and Army civil works activities. The lands requested are not situated within incorporated cities, towns, or villages. There are no known legal policy or military considerations that adversely affect the proposed oil and gas leasing.
2. A lease application for the lands requested was submitted to the Bureau of Land Management (BLM) under competitive terms. BLM is the lead agency for mineral leasing actions.
3. The lands requested are safe for nonmilitary purposes.
4. The area requested includes 11.5 acres of project lands. There are no improvements included in the proposed lease.
5. The land is not being made available for a public road.
6. There are no buildings or other improvements included in the proposed lease.
7. The land requested for oil and gas leasing is necessary for project purposes and cannot be reported excess. The multiple-use contemplated by the proposed oil and gas leasing will not adversely affect use of project lands for project purposes.
8. In accordance with AR 405-30 (para 7.g.) BLM will prepare the necessary environmental and cultural documents before deciding to lease the proposed area.
9. A subsurface estate is being requested. The requested areas are not included in the National Register or Historic Places. Surface occupancy requests will include an evaluation of the proposed area considering the requirements of Executive Order 11593 and the National Historic Preservation Act of 1966.
10. Portions of the area may be subject to flooding. Surface occupancy pursuant to exploration activity will include evaluations and appropriate action regarding potential flooding. The use of any existing structures is not included in the proposed oil and gas lease.

11. The proposed leasing activity will not require or include destruction, relocation or replacement of Government structures.
12. The proposed oil and gas leasing or revocation of such should not prove embarrassing to the Department of the Army.
13. Surface use activities pursuant to the proposed oil and gas lease will be conducted in conformity with authorized project purposes and in accordance with lease terms and conditions and surface use conditions included in the BLM Application of Permit to Drill, at such time as it is approved or later modified.
14. The requested area is available for the primary term of the lease and any subsequent extension resulting from production in paying quantities.
15. An estimate of fair market value is not considered applicable since the rental amount is set by law and regulation.
16. The property is not to be used for vehicle speed contests.
17. The proposed leasing does not jeopardize the known habitat of any endangered or threatened species. Any surface use pursuant to exploration and production on the leased area will be considered in light of the potential to adversely effect such habitat.
18. The proposed leasing activity does not affect any approved State Coastal Zone Management Plan.
19. A waiver of competition is recommended. The proposed lease was offered competitively according to the Mineral Leasing Act for Acquired Lands, 30 USC 351 et. seq.
20. There are no other conditions of significance known at this time.

CONTROLLED SURFACE USE STIPULATION
PALEONTOLOGY

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

- Restrict vehicles to existing roads and trails.
- Require a paleontological clearance on surface disturbing activities.

On the lands described below:

For the purpose of: To protect the area for scientific study.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, if such action is consistent with the provisions of the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized Officer determines that the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington Field Office

F-9-CSU
September 2003

LEASE NOTICE
MOUNTAIN PLOVER

All development activities proposed under the authority of this lease are subject to compliance with mitigation measures described in the Biological Assessment prepared as part of the Endangered Species Act Section 7 consultation for the Farmington RMP. Specifically, the lease is within potential habitat for mountain plover. Surface disturbance activities proposed for the breeding season (April 1 through July 31) will require surveys for mountain plover. If the species is detected in the project area, construction will be restricted to the period of August 1 through March 31. Permanent facilities such as compressor stations may require site-specific mitigation such as noise remediation or maintenance construction timing restrictions. The BLM may require modifications to or disapprove proposed activities that would adversely affect nesting mountain plovers or their habitat. 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.

Bureau of Land Management
Farmington Field Office

F-33-LN
September 2003

NO SURFACE OCCUPANCY
Special Cultural Values and/or Traditional Cultural Properties

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

For the purpose of: Protection of known cultural resource values and/or traditional cultural properties in areas not already within ACECs.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, if such action is consistent with the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized Officer determines that the waiver, exception, or modification involves an issue of major public concern, the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington District Office

F-39-NSO
November 2006

CONTROLLED SURFACE USE
SPECIAL CULTURAL VALUES and/or TRADITIONAL
CULTURAL PROPERTIES

Controlled surface use is allowed on the lands described below:

For the purpose of: Protection of known cultural resource values and/or traditional cultural properties in areas not already within ACECs.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, if such action is consistent with the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized Officer determines that the waiver, exception, or modification involves an issue of major public concern, the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington District Office

F-40-CSU
January 2008

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 : 415 South First Street, Suite 110
Lufkin, TX 75901
Telephone No : (936) 639-8580

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 GRASSLANDS IN TEXAS
(Protect Streamside Management Zone Areas)

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

Portions of this lease contain segments of either perennial or intermittent streams as defined by the Forest Service. Areas within 100' of perennial streams or 66' of intermittent streams will be subject to special requirements or limitations for surface use or occupancy. Specific requirements or limitations will be determined as Surface Use Plans of Operations (SUPOs) are submitted and will normally result in establishment of protective requirements or limitations for the affected site.

On the lands described below:

For the purpose of:

To meet visual quality objectives and protect streamside management zone areas 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 FOREST IN TEXAS
(Protect Trails)

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

Trail between Lakes Hiking Trail. Proposals for drilling sites located 150 feet or less from the trail may be subject to special requirements or limitations, such to be determined on a case-by-case basis.

Trail may be crossed by vehicles but may not be used as a travelway. Vehicles may not parallel the trail closer than 25 feet. When crossing the trail with vehicles any brush pushed into the trail must be totally removed from the trail. Shot holes will be placed no closer than 25 feet from the trail's edge to meet public safety requirements. If necessary, the shot holes may be required to be located farther than 25 feet from the trail. (FW-158)

On the lands described below:

For the purpose of: To protect the trail and meet visual quality objectives as per 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
(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

NATIONAL FORESTS IN TEXAS
(Protect Red-Cockaded Woodpecker Clusters)

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 woodpecker. Exploration and development proposals may be modified and/or limited, including no surface occupancy, within $\frac{1}{4}$ mile of an active red-cockaded woodpecker cluster. In addition, if foraging habitat is limited, no surface occupancy may occur within $\frac{1}{2}$ mile of an active red-cockaded woodpecker 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. (MA-2-80-4.6)

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. (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
(Soil erosion, water quality or flood prevention)

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

Extensive areas within this lease are considered critical areas for flood prevention and/or erosion control. Control structures and erosion damage rehabilitation work either exist now or may be added during the period of the lease. Surface occupancy may be restricted or limited in order to assure minimum conflict with erosion control or flood prevention goals. Restrictions or limitations will be identified by a site-specific analysis of a proposal for lease activities. (MA-3)

On the lands described below:

For the purpose of:

To meet soil erosion, water quality, or flood prevention goals 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.)

FS8(TX)LN-3B1

LEASE NOTICE
NATIONAL FORESTS IN TEXAS

The Sabine District Ranger's Office lies within the Eastern portion of Tract S-2d-II.

LEASE NOTICE
NATIONSL 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.

LEASE NOTICE #5
NATIONAL FORESTS IN TEXAS
(Wilderness)

This lease does not, nor is it intended to, include any lands within Indian Mounds Wilderness. Additional information concerning the identification of the boundary of this Special Management Area can be obtained from the:

Forest Supervisor
415 South First Street, Suite 110,
Lufkin, TX 75901

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.)

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.

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.

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.

LESSER PRAIRIE CHICKEN STIPULATION

These leased federal minerals occur in an area known to contain populations of lesser prairie chickens (LPC). The exact locations of habitats utilized by this special status species are not known.

No pad or access road construction, drilling, completion, and/or stimulation (fracturing) activities associated with this federal lease will be allowed in LPC habitat between the dates of March 1 and May 31 (of every year). During that period (March 1 through May 31 of each year) other activities which produce noise or involve human activity, such as the maintenance of O&G facilities, or construction activities associated with pipelines, access roads and/or well pads, will be allowed except between the hours of 3:00 A.M. and 9:00 A.M., every day within that period. The 3:00 A.M. to 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. Normal vehicle use on existing roads will not be restricted. Noise from pump jack engines must be muffled or otherwise controlled to no more than 75 db measured at 30 ft from the source of the noise and/or timers must be placed on the pump jacks so as to eliminate pump noise during the hours of 3:00 A.M. to 9:00 A.M.

The following best management practices (BMPs) will be required:

- a. A 2,640 foot (one-half mile) buffer zone will be maintained between any known active LPC leks and the construction, drilling and/or completion activities conducted on this lease.
- b. The operator will be expected to drill multiple wells, planned for this lease, from each approved pad. Strategically located larger pads will be considered drilling islands from which the lease operator will directionally drill as many wells as possible. The lease operator(s) must consider using fewer but larger pads to drill multiple wells from one pad location, rather than many, scattered small pads with one well per pad. The reduction in access roads, flow/pipelines and utility corridors will reduce habitat fragmentation for the LPC.

c. Well pad sites will be selected so as to avoid clumps or motts of previous seasons' grasses (those grasses at 3-10ft height). Every effort must be made to minimize disturbance to, or removal of, such grasses that may exist along the perimeter of the well pad areas. These measures will help to provide nesting sites for LPC hens.

d. Well pad sites will be selected so as to avoid the removal of scrub oaks. Every effort must be made to minimize disturbance to, or removal of, any and all species of oaks (*Quercus* sp.) that may exist in association with any proposed well pad site.

e. The height of all vertical structures, relative to the horizons, must be reduced . This will be accomplished by an actual reduction in size or by using natural occurring geographic features, such as hills and bluffs, as a background for the vertical structures. Vertical structures include, but are not limited to, tank batteries, pump jacks, utility poles and livestock fences (fences around drilling and/or production facilities). Utility/power lines will be installed underground (buried by trenching or boring).

Please Note: Current biological information will need to be obtained in order to waive all, or portions, of the LPC requirements listed above. This updated information may/can be in the form of breeding season lek surveys, or habitat suitability evaluations.

CONTROLLED SURFACE USE STIPULATION
TORREJON FOSSIL ACEC

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

A pedestrian survey must be conducted for paleontological material, using a qualified paleontologist, prior to any surface disturbing activity. (Qualification identified in BLM Handbook 8270). The survey will be used to determine appropriate level of mitigation during construction activities and production stages of the lease. A report on the results of the paleontological survey must be submitted to BLM as part of the permit application for the proposed lease activity.

For the purpose of: Protection of paleontology values in Torrejon Fossil Fauna ACEC.

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 stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820).

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

All or portion of the lease are 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 SAND DUNE LIZARD

This lease may encompass suitable and occupied habitat of the sand dune lizard (SDL) (Sceloporus arenicolous). The lizard can be found in active or semi-active sand dunes with shinny 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 its 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. Protocol for these surveys can be found in the 2008 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 its habitat.

Bureau of Land Management
Pecos District Office

SENM-LN-2
May 2008

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

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-17
December 1997

CONTROLLED SURFACE USE
SLOPES OR FRAGILE SOILS WITHIN
ROSWELL FIELD OFFICE AREA

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

Surface disturbance will not be allowed on slopes over 20 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installment of projects designed to enhance or protect renewable resources, or if the BLM Authorized Officer has approved a plan of operations and development providing for mitigation of impacts. Occupancy or use of areas with fragile soils will be considered on a case-by-case basis.

On the lands described below:

For the purpose of: Protecting fragile soils and preventing damage on steep slopes.

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 of 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 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 playas 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

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-21
December 1997

CONTROLLED SURFACE USE
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 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 Prairie Chickens

Bureau of Land Management
Roswell/Carlsbad Field Offices

SENM-S-22
May 2008

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 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 with the requirements of visual resource management to minimize visual impacts. Paint colors will be selected from the ten standard environmental colors 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.

For the purpose of: Protecting Visual Resources Management

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-25
December 1997

NO SURFACE OCCUPANCY
SAND DUNE LIZARD HABITAT AREAS

All or a portion of the lease is within habitat suitable for Sand Dune Lizard (SDL), special status species of concern. In accordance with the 2008 Special Status Species Resource Management Plan amendment, BLM will not lease Federal minerals under dune complexes within the Sand Dune Lizard Habitat Area. This lease is issued with the intention that it be developed by directional drilling from or prorationing within the lease boundaries or from an existing lease on the periphery of the designated NSO portion of the lease. Plans of development may be requested by the BLM in these habitats.

No Surface Occupancy on the lands described below:

LEASE NOTICE
SENSITIVE SPECIES

The Lessee/operator is given notice that the lands in this parcel have been identified as containing historic habitat for named species on the New Mexico Sensitive Species List. Modifications to the Surface Use Plan of Operations may be required in order to protect these resources from surface disturbing activities in accordance with Section 6 of the lease terms, Endangered Species Act, and 43 CFR 3101.1-2.

CONTROLLED SURFACE USE
PROTECTION OF RAPTOR AND PRAIRIE DOG HABITAT

Prior to survey/flagging locations for pads, routes for roads, and any other preliminary activity, the project area will be surveyed for raptor nests. Surveys will be conducted by professional biologists approved by the Authorized Officer. All raptor nests, bald eagle wintering areas and prairie dog colonies, will be avoided by the distances and periods listed below.

Distance:

- Eagle – 0.5 mile, February 1 – July 15
- Prairie Falcon – 0.5 mile, March 1 – August 1
- Ferruginous Hawk – 0.5 mile, February 1 – July 15
- Aplomado Falcon – 0.5 mile, January 1 – July 31
- Gunnison Prairie Dog – 0.25 mile, April 1 – September 15
- Black Tailed Prairie Dog – 0.25 mile, January 1 – June 15
- All other raptor species – 0.25 mile, during observed nest establishment through fledgling.

Long-term surface use activities will not be allowed within the species-specific spatial buffer zone of active nests or occupied prairie dog towns listed above. Short-term activities will be avoided within the species-specific spatial buffer zones during the dates listed above. All other raptor species nests will be avoided by the spatial buffer zone only during the period listed above, regardless of the duration of the activity. Before surface use activities may commence a raptor and prairie dog survey must be completed.

A short-term activity is defined as an activity, which would begin outside of a given breeding season and end prior to initiation of a given breeding season. A long-term activity is defined as an activity which would continue into or beyond a given nesting/breeding season. An activities nest is defined as any nest that has been occupied in the last seven years. A nest will be determined active or inactive by the Authorized Officer.

For the purpose of: Protection of raptor and prairie dog habitat.

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.