

“STIPULATIONS”

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.

TIMING LIMITATION STIPULATION
IMPORTANT SEASONAL WILDLIFE HABITAT

No surface use is allowed during the following time period. This stipulation does not apply to operation and maintenance of production facilities.

December 1 through March 31.

On the lands described below:

For the purpose of: Protection of important wildlife habitat (big game winter range).

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-4-TLS
September 2003

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.

CONTROLLED SURFACE USE
WILDLIFE SPECIAL DESIGNATED AREA

Controlled surface use is required on the lands described below:

Crow Mesa Wildlife Area

The above Wildlife Special Designated Areas (SDAs) possess quality habitat for mule deer, antelope, black bear, elk, Merriam's turkey, and peregrine falcons. Considerable effort has been expended to improve this habitat. As a consequence, the unique habitat contained within these areas is subject to, but may not be limited to the following controlled surface use provisions (see Farmington RMP, December 2003):

- Utilization of existing oil and gas related surface disturbance will be required for all new well, road and related infrastructure proposals. Proposals in previously undisturbed areas or areas where two track roads have been retired will only be considered if mitigation, such as directional or horizontal drilling, gated enclosures, and water or forage development, as evaluated by the BLM through the NEPA analysis, can adequately offset disturbance.
- Directional or horizontal drilling will be considered as a method of development, and analyzed in the environmental assessment as the proposed action or an alternative to the proposed action. Proposals utilizing vertical drilling will only be approved if mitigation, such as gated enclosures and water or forage development, as evaluated by the BLM through the NEPA analysis, can adequately offset disturbance.

- **Operators are encouraged to incorporate Best Management Practices, such as direction or horizontal drilling, erosion control, reclamation practices, into the design features of the Surface Use Plan of Operations to minimize impacts to the wildlife habitat. However, additional mitigation, based on the environmental analysis, will most likely be required and attached to the proposed action as Conditions of Approval.**

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. A waiver, exception, or modification of this stipulation will require NEPA analysis. 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.

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 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.

Multi-use Trails: 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 travel way. 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 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.

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.)

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

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

The areas listed above, except hand-laying of electronic gear or apparatus could be further considered. Vehicle traffic may be restricted in this area. Seismic work requiring use of explosives will not be allowed.

For the purpose of:

To meet visual quality objectives and to protect recreational values 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.)

NO SURFACE OCCUPANCY STIPULATION
NATIONAL FORESTS IN TEXAS
(Protect Lakeshore Areas)

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

Areas along lakeshores and under lake where visual resources would be severely impacted by drilling facilities.

For the purpose of:

To meet visual quality objectives and to protect lakeshore 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.)

NO SURFACE OCCUPANY
STIPULATION
STUDY PLOTS

No occupancy or other activity on the surface of the following described lands is allowed in order to protect their value as ecological study plots and demonstration areas:

NO SURFACE OCCUPANCY
STIPULATION
STATE REGISTER OF HISTORIC
PLACES AND SITES

No occupancy of other activity on the surface of the following described lands is allowed in order to protect sites listed on the State Register of Historic Places and sites nominated to the National Register of Historic Places:

STIPULATION
STATE REGISTER OF HISTORIC
PLACES AND SITES

No drilling or storage facilities will be allowed within 500 feet of sites on the leased lands which are listed on the State Register of Historic Places and Sites proposed for nomination to the National Register of Historic Places. This distance may be modified when specifically approved in writing by the authorized officer of the Bureau of Land Management, with the concurrence of the State Historic Preservation officer.

Bureau of Land Management
Las Cruces District Office

LC-6

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 of 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: None

Exceptions: None

Modifications: None

Justification: See page 26-27 of Record of Decision document dated January 24, 2005.

**New Mexico State Office
Las Cruces District Office**

**LC-48
May 2005**

CONTROLLED SURFACE USE STIPULATION
SPECIAL STATUS SPECIES HABITATS

(Including those not protected by the Endangered Special Act; species proposed for Federal listing, Federal candidates, BLM sensitive Species and State-listed Species)

Operations will be designed to avoid known populations of special status species. Upon submission of an APD or other proposal for surface disturbance, a survey will be required to determine the presence of the subject special status species. Species specific survey protocols will be required should they exist. Should individual specimens or populations be discovered, surface-disturbing activities may be relocated beyond 0.125 miles but not more than 0.25 miles from occupied habitat, depending on the species requirements. This stipulation shall apply throughout the year and for the duration of the lease

Location: Species-specific. Stipulation applies to all known and later discovered locations of special status species throughout the lease. This will apply to habitats for the following known species:

Plants: Desert night-blooming cereus; Sand prickly pear cactus.

Objective: To avoid adverse impacts on individual species and their associated habitats.

Waiver: None

Modification: None

Justification: Stipulating controlled surface use is deemed necessary to minimize adverse impacts on special status species and their habitats, as required by BLM guidance. Closing these areas to leasing or stipulating no surface occupancy is deemed overly restrictive since BLM allows other surface-disturbing activities within the area. Under standard lease terms and conditions, the requirements described above would be the same; however, the stipulation for controlled surface use informs the lessee of the resource concern at the time the lease is acquired.

New Mexico State Office
Las Cruces Field Office

LC-49 CSU
April 2009

CONTROLLED SURFACE USE STIPULATION
CHIHUAHUA SCURFPEA HABITAT

Operations will be designed to avoid known populations of Chihuahua scurfpea. Upon submission of an APD or other proposal for surface disturbance, a survey will be required to determine presence. Species specific survey protocols will be required. Timing of surveys will be to match favorable growing conditions to ensure plants are above ground and visible. Survey timing will be determined based on growth of plants in the known population area and will only occur when those plants are actively growing. It may require several years for weather conditions that result in active growth to occur.

Should individual specimens or populations be discovered, surface-disturbing activities may be relocated beyond 0.125 miles but not more than 0.25 miles from occupied habitat, depending on the species requirements. This stipulation shall apply throughout the year and for the duration of the lease.

Location: Species-specific. Stipulation applies to all known and later discovered locations throughout the lease.

Plants: Chihuahua scurfpea.

Objective: To avoid adverse impacts to the species and associated habitat.

Waiver: None

Modification: None

Justification: Stipulating controlled surface use is deemed necessary to minimize adverse impacts on special status species and their habitats, as required by BLM guidance. Closing these areas to leasing or stipulating no surface occupancy is deemed overly restrictive since BLM allows other surface-disturbing activities within the area. Under standard lease terms and conditions, the requirements described above would be the same; however, the stipulation for controlled surface use informs the lessee of the resource concern at the time the lease is acquired.

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.

Bureau of Land Management
New Mexico State Office

NM-11-LN
February 9, 2004

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

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.

Bureau of Land Management
Pecos District Office

SENM-LN-1
Revised July 2010

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 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.

Bureau of Land Management
Pecos District Office

SENM-LN-2
Revised July 2010

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:

Bureau of Land Management
Carlsbad Field Office

SENM-S-1
Revised December 1996

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

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-15
December 1997

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

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-17
December 1997

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
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

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.

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Pecos District

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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.

LEASE 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:

NM-201207-003 **800.00 Acres**
T. 20 S., R. 33 E., NMPM
Sec. 24: SW;
Sec. 25: All;
Lea County, NM

- 1. Rio Grande 25 Federal #001 Well: 400' FNL and 2190' FWL of Sec. 25;
Need to reclaim both the well pad and access road to the well location.**
- 2. Federal 25 #1 Well: 1980' FNL and 660' FEL of Sec. 25;
Need to reclaim both the well pad and access road to the well location.**
- 3. Treat L1 Federal #1 Well: 990' FSL and 1650' FWL of Sec. 25;
Need to reclaim both the well pad and access road to the well location.**

The facilities to be reclaimed are as follows:

Need to reclaim both the well pad and access road to the well locations.

**Bureau of Land Management
Pecos District**

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SABINE RIVER AUTHORITY
LEASE NOTICE

Other than any requirements of the Texas Railroad Commission, the Texas Commission on Environmental Quality, and the U.S. Corps of Engineers, the Sabine River Authority of Texas, as surface owner and co-owner of the Toledo Bend Reservoir, would request to be advised of any exploration and/or drilling on any tract referenced prior to actual exploration and/or drilling. If any actual drilling, surface use, production, or right-of-way are necessary on SRA lands, then a “Surface Use Agreement” and/or a “Right-of-Way” Easement may be required.

CONTROLLED SURFACE USE STIPULATION
(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.

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.