



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

California State Office
2800 Cottage Way, W1623
Sacramento, CA 95825
www.blm.gov/ca

September 13, 2012

NOTICE OF COMPETITIVE LEASE SALE OIL AND GAS

In accordance with 43 CFR Part 3120, the California State Office is offering for competitive oil and gas lease sale, **15** parcels containing **17,645.94** acres of Federal lands in Fresno, Monterey and San Benito counties, California. This notice provides,

- The time and place of the sale;
- How the sale will be conducted;
- How to participate in the bidding process;
- The sale process;
- The conditions of the sale;
- How to file a noncompetitive offer after the sale;
- How to file a presale noncompetitive offer; and
- How to file a protest to our offering the lands in this Notice.

Attached to this notice is a list of the lands being offered by parcel number and legal land description. They are listed in Township and Range order and will be offered in that sequence. Below each parcel, we have listed the notices and stipulations that apply to the parcel. These notices and stipulations will be made part of the lease at the time we issue the lease. For your convenience, oil and gas forms are available on the Internet at;

<http://www.blm.gov/noc/st/en/business/eForms.html>.

Information regarding leasing of Federal minerals overlain with private surface, referred to as "Split Estate," is available at the BLM website;

http://www.blm.gov/wo/st/en/prog/energy/oil_and_gas/best_management_practices/split_estate.html .

A Split Estate brochure available at this site outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/ development, and operations/production phases of the oil and gas program.

When and where will the sale take place?

When: The competitive oral sale will begin at 9:00 a.m. on **December 12, 2012**. The sale room will open at 8:00 a.m. to allow you to register and obtain your bid number.

Where: The sale will be held at **Bureau of Land Management, California State Office, 2800 Cottage Way, Sacramento, CA 95825**. Parking is available.

Access:

1. **A government-issued photo I.D. will be required for admittance to the Federal Building**
2. The sale room is accessible to persons with disabilities. If assistance is needed for the hearing or visually impaired, contact **Laurie Moore at (916) 978-4377, or by email at lmoore@ca.blm.gov, by November 23, 2012.**

How will the sale be conducted?

The sale will be conducted by oral auction. You must make your bids verbally. The winning bid is the highest verbal bid equal to or exceeding the national minimum acceptable bid.

How do I participate in the bidding process?

To participate in the Bureau of Land Management (BLM) bidding process, you must register and obtain a bidder number. If you are bidding for more than one party, you must register and obtain a separate bidder number for each company or individual you represent. The BLM will begin registering bidders at 8:00 a.m. on the day of the sale.

When you register to bid, you will be required to show valid government-issued photo identification (ID) to verify your identity. If you do not provide a valid photo ID, you will not be allowed to register as a bidder and participate in the auction.

You will also be asked to sign a statement to confirm that any bid you cast will represent a good-faith intention to acquire oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the lease and pay monies owed. Further, you will acknowledge that you understand that it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious, or fraudulent statements or representations regarding your qualifications; bidder registration and intent to bid; acceptance of a lease; or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), you will not be allowed to register to bid at this lease sale. The Mineral Leasing Act requires that leases be issued to a “responsible qualified bidder” (30 U.S.C. 226(b)(1)(A)). Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a “responsible qualified bidder” and will be barred from participating in any oil and gas lease auction nationwide until that debt to the United States is settled. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale,

- The auctioneer will offer the parcels in the order they are shown in the attached notice;
- All bids are on a per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- The winning bid is the highest oral bid equal to or exceeding the minimum acceptable bid; and
- The decision of the auctioneer is final.

The minimum acceptable bid is \$2.00 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.501 acres requires a minimum bid of \$202 (\$2 x 101 acres). After all the parcels have been offered, you may ask the auctioneer to reoffer any unsold parcel.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the California State Office Information Access Center (Public Room). If we cancel the sale, we will try to notify all interested parties early enough to stop them from traveling to the sale site.
- **Fractional interests:** If the United States owns less than 100 percent of the oil and gas mineral interest for the land in a parcel we will show that information with the parcel. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must calculate your bonus bid and advance rental payment on the gross acreage in the parcel, not the United States net interest. For example, if a parcel contains 200 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 (\$2 x 200 acres) and the advance annual rental will be \$300 (\$1.50 x 200 acres) for the first 5 years and \$400 (\$2 x 200 acres) for the remainder of the lease term.
- **Payment due on the day of the sale:** Payment is due on the day of the sale. You cannot withdraw a bid. Your bid is a legally binding contract. For each parcel you win, you must pay the minimum bonus bid of \$2 per acre or fraction of an acre, the first year's advance rental of \$1.50 per acre or fraction of an acre, and a non-refundable administrative fee of **\$150**. You must pay these monies on **December 12, 2012** at the sale site.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States (43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a)). If payment of the minimum monies owed the day of the sale is not received by the date and time above, the BLM will issue a bill for the monies owed. If payment is not received by the bill due date, a demand letter will be sent to you that will include additional fees. If payment is not received as requested by the demand letter, the U.S. will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and on past-due amounts assess civil penalties. "All appropriate methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus; salary or administrative offset; offset of Federal and state payments, including goods or services; Federal and state tax refund offset; and retirement payment offset. Debts may be sent to the Internal Revenue Service and charged as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR part 285).

- **Remaining payment due:** If your bonus bid was more than \$2 per acre or fraction of an acre and you didn't pay the full amount on the day of the sale, you must pay the balance of your bonus bid by **4:30 p.m. on December 26, 2012**, which is the 10th working day following the sale. If you do not pay the balance due by this date, you forfeit the right to the lease and all money paid the day of the sale. If you forfeit a parcel, we may offer it at a later sale. Send payments to:

Bureau of Land Management
2800 Cottage Way, Suite W-1623
Sacramento, CA 95825.

- **Form of payment:** You can pay by personal check, certified check, money order, or credit card (Visa, MasterCard, American Express, and Discover cards only). If you plan to make your payment using a credit card, you should contact your bank prior to the sale and let them know you will be making a substantial charge against your account. ***Please note, we will not accept credit or debit card payments for an amount equal to or greater than \$49,999.99.*** We also will not accept aggregated smaller amounts to bypass this requirement. If you pay by check, please make checks payable to, **Department of the Interior—BLM.** We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may require a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. ***However, we cannot grant you any extension of time to pay the money that is due the day of the sale.***

Bid form: For each parcel, the successful bidder is required to submit a properly completed and signed competitive bid form (Form 3000-2, January 2007) with the required payment. This oil and gas form is available on the Internet at;

<http://www.blm.gov/noc/st/en/business/eForms.html>.

This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once this form is signed, you cannot change it. ***We will not accept any bid form that has information crossed out or is otherwise altered.***

We recommend you get a copy of the bid form and complete all but the parcel number and money part before the sale. Your completed bid form certifies that:

(1) that you and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and

(2) that both of you have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of and collusion among bidders

- **Federal oil and gas lease acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain land and 246,080 acres of acquired land (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control and acreage in leases for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes.

The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

- **Lease terms:** A lease issued as a result of this sale has a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. Rental at \$1.50 per acre or fraction of an acre for the first 5 years (\$2 per acre after that) is due on or before the lease anniversary date each year until production begins. Once a lease becomes producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form. The most current oil and gas forms are available on the Internet at; <http://www.blm.gov/noc/st/en/business/eForms.html>
- **Stipulations:** Some parcels have requirements and/or restrictions. Stipulations are included in the parcel descriptions. These stipulations become part of the lease and supersede any inconsistent provisions of the lease form.
- **Lease issuance:** After we receive the bid form, all monies due, and, if appropriate, your unit joinder information, the lease can be issued. The lease effective date is the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.
- **Cellular Phone Usage:** Cellular phones are not allowed to be used in the sale room. Please remember to silence your phones before the sale begins.

What parcels are available for noncompetitive offer to lease?

- Unless stated in this Notice, parcels that do not receive a bid at the competitive sale are available for noncompetitive offers to lease beginning the first business day following the day of the sale. If not withdrawn, these parcels are available for a period of two years, following the date of the sale, for noncompetitive offers to lease.

How do I file a noncompetitive day-after-sale offer after the sale?

If you want to file a noncompetitive offer to lease on an unsold parcel, you must give us,

- Three copies of Form 3100-11, (July 2006 or later edition), *Offer to Lease and Lease for Oil and Gas* properly completed and signed. You must describe the lands in your offer as specified in our regulations at 43 CFR 3110.5; and
- Your payment for the total of the **\$380** filing fee and the advanced first year's advance rental computed at \$1.50 per acre. Remember to round up any fractional acreage when you calculate the amount of rental.

All offers filed the first business day after the sale are considered filed simultaneously. When a parcel receives more than one filing by 4:30 p.m. on the day after the sale, a drawing is held to determine the winner. A presale offer has priority over any offer filed after the sale. Thereafter, any parcels remaining are available for a period of two-years. Offers receive priority as of the date and time of filing in the California State Office.

How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that,

- are available;
- have not been under lease during the previous one-year period; or
- have not been included in a competitive lease sale within the previous two-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this Sale Notice. If your presale offer was timely filed, was complete and we do not receive a bid for the parcel that contains the lands in your offer, it has priority over any other noncompetitive offer to lease for that parcel filed after the sale. Your presale offer to lease is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer, follow the guidance listed above for filing a noncompetitive offer after the sale and the regulations at 43 CFR 3110.1(a).

May I protest BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements,

- We must receive a protest no later than close of business on the 30th calendar day after the posting of the sale notice. If our office is not open on the 30th day after the posting of the sale notice, a protest received on the next day our office is open to the public will be considered timely filed. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.
- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail in hardcopy form or by fax. You may not file a protest by electronic mail. A protest filed by fax must be sent to **(916) 978-4388**. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership, or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

If BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?

We will make every effort to decide the protest within 60 days after the sale. We will issue no lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3) you may not withdraw your bid.

If BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year's rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and we will refund your first year's rental, bonus bid, and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid, rentals, and administrative fee if—

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it, and;
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid, and administrative fee.

When is the next competitive oil and gas lease sale scheduled?

We have tentatively scheduled our next competitive sale for **May 8, 2013 in Bakersfield, CA.**

How can I find out the results of this sale?

We will post the sale results in our Public Room. You can buy (\$5) a printed copy of the results list by contacting our Public Room at (916) 978-4400. Both this Sale Notice and the results list will be available at our public internet site listed below:

www.blm.gov/ca/st/en/prog/energy/og/instructions/leasesale.html.

NOTE: The posting of this notice serves to withdraw the lands listed herein from filings under 43 CFR 3110.1(a) (1) (ii).

Who should I contact if I have a question?

For general information, please contact our **Information Access Center at (916) 978-4400**.
For information or questions about the sale, contact, **Laurie Moore at (916) 978-4377**.

/S/ Debra Marsh
Supervisor, Branch of Adjudication
Division of Energy and Mineral Resources

THE FOLLOWING PUBLIC DOMAIN LANDS ARE SUBJECT TO FILINGS IN THE MANNER SPECIFIED IN THE APPLICABLE PORTIONS OF THE REGULATIONS IN 43 CFR, SUBPART 3120.

PARCEL CA 12-12-1

T. 22S., R.09E., Mount Diablo Mer.
Sec. 6, Lot 7, SESW;
Sec. 8, Lots 1, 3-7, 9, 10, 11, NWNW,
S2NE;
Sec. 15, Lot 3, SW;
Sec. 17, Lots 1-4, SENE, SENW, N2S2;
Sec. 18, NENE.

Monterey County 1,222.94 Acres
Split Estate Lands

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-2

T. 22S., R. 09E., Mount Diablo Mer.
Sec. 19, Lots 3, 4, E2SW;
Sec. 20, S2NE, N2SE, SESE;
Sec. 21, E2NE, NWNW, S2NW, SW;
Sec. 22, Lot 1, E2NE, NWNW, NESW,
SWSW;
Sec. 23, NW;
Sec. 28, NE, SENW, NESW;
Sec. 29, SENW, N2SW, SWSE;
Sec. 30, Lots 1, 2, NWNW, E2NW,
E2SW, NESE, SESE;
Sec. 31, Lots 3, 6, E2NE, NESW,
NWSE;
Sec. 32, NE, E2NW;
Sec. 34, N2SW.

Monterey County 2,319.38 Acres
Split Estate Lands except;
Sec. 30, Lot 2.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-3

T. 23S., R. 09E., Mount Diablo Mer.
Sec. 1, Lots 1-4, S2NE, S2NW, SW,
SWSE;
Sec. 2, Lots 1-4, S2N2, SWSW, E2SE;
Sec. 10, ALL;
Sec. 11, NWNW, W2SW, E2SE;
Sec. 12, SENE, N2NW, SWNW, E2SE;
Sec. 13, NENE;
Sec. 14, NWNW.

Monterey County 2,125.24 Acres
Split Estate Lands except;
Sec. 2, Lots 1-4, S2N2;
Sec. 10, ALL;
Sec. 11, NWNW, W2SW, E2SE.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-4

T. 23S., R. 09E., Mount Diablo Mer.
Sec. 5, Lots 1, 2, 3, S2NE, SENW;
Sec. 9, SWSW.

Monterey County 281.48 Acres
Split Estate Lands

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-5

T. 16S., R. 10E., Mount Diablo Mer.
Sec. 15, ALL;
Sec. 21, NWNW, NWSE;
Sec. 22, N2, N2S2.

San Benito County 1,200.00 Acres
Split Estate Lands except;
Sec. 15, NWNE, N2NW, SWNW,
S2SE;
Sec. 22, NENE.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-6

T. 16S., R. 11E., Mount Diablo Mer.
Sec. 19, NE, E2SE;
Sec. 20, ALL;
Sec. 29, SWNE.

San Benito County 920.00 Acres
Split Estate Lands except;
Sec. 19, S2NE;
Sec. 20, NWNW, S2NW, N2SW.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-7

T. 16S., R. 11E., Mount Diablo Mer.
Sec. 25, S2;
Sec. 26, S2SW, SE;
Sec. 27, NENW;
Sec. 34, NE, N2NW, SENW;
Sec. 35, N2NE, SW.

San Benito County 1,120.00 Acres
Split Estate Lands except;
Sec. 25, NESW, S2SW, SE;
Sec. 26, S2SW, SE.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-8

T. 17S., R. 11E., Mount Diablo Mer.
Sec. 7, Lots 3-10, 14-23;
Sec. 8, NW, SE;
Sec. 9, NW;
Sec. 17, Lots 2-9, 11-16.

San Benito County 1,779.78 Acres
Split Estate Lands

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-9

T. 17S., R. 11E., Mount Diablo Mer.
Sec. 22, Lots 1-15;
Sec. 23, Lots 5, 6, 8;
Sec. 24, Lots 8-16.

San Benito County 1,243.73 Acres
Split Estate Lands

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-10

T. 16S., R. 12E., Mount Diablo Mer.
Sec. 33, NE, N2NW;
Sec. 34, N2;
Sec. 35, W2SW.

San Benito County 640.00 Acres
BLM Lands

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-11

T. 17S., R. 12E., Mount Diablo Mer.
Sec. 3, Lots 1-8, S2;
Sec. 10, E2, E2W2;
Sec. 15, ALL;
Sec. 22, W2NE, NW, NWSE.

San Benito County 1,057.91 Acres
Split Estate Lands except;
Sec. 15, SESE.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-12

T. 17S., R. 12E., Mount Diablo Mer.
Sec. 18, Lots 1, 12;
Sec. 19, Lots 1-20;
Sec. 20, Lots 11-15;
Sec. 21, Lots 5.

San Benito County 2,183.60 Acres
Split Estate Lands except;
Sec. 18, NWSE.

Hollister FO
Subject to Special Stipulations 1 & 2

PARCEL CA 12-12-13

T. 22S., R. 15E., Mount Diablo Mer.
Sec. 24, Lots 1, 2, W2NE, NW.

Fresno County 320.70 Acres
Split Estate Lands

Hollister FO
Subject to Special Stipulations 1, 2 & 3

PARCEL CA 12-12-14

T. 22S., R. 16E., Mount Diablo Mer.
Sec. 18, Lots 1, 2, 3, 9, 10, SENE,
NESE, S2SE;
Sec. 20, NENE, S2NE, SW;
Sec. 30, Lots 1-6, 11, SENE;
Sec. 32, SWNW.

Fresno County 1,111.18 Acres
Split Estate Lands except;
Sec. 18, Lots 1, 2, 3, 9, 10;
Sec. 30, Lots 1-6, 11;
Sec. 32, SWNW;

Hollister FO
Subject to Special Stipulations 1, 2 & 3

PARCEL CA 12-12-15

T. 22S., R. 16E., Mount Diablo Mer.
Sec. 24, E2SW;
Sec. 34, NENW.

Fresno County 120.00 Acres
BLM Lands

Hollister FO
Subject to Special Stipulations 1, 2 & 3

The following notice will be attached to all issued leases,

**NOTICE TO LESSEE
MLA Section 2(a)(2)(A)**

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if, (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A), or (2) because of a denial or approval by a State Office on a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

Special Lease Stipulations

Special Stipulation No. 1 (All Parcels)

Endangered Species Stipulation - All or part of the lands within the 273,724 acres of BLM managed lands and 588,197 acres of split estate are within the range of one or more of the taxa identified and/or endangered species listed in the US Fish and Wildlife Service (FWS) Biological Opinion (1-8-07-F-19) for the Hollister RMP/EIS (2007). The BLM manager, through an environmental review process, and the USFWS, through an ESA Section 7 comprehensive biological opinion, have determined that the action is not likely to jeopardize the continued existence of T&E species or result in the destruction or adverse modification of T&E critical habitat.

Therefore, prior to any surface disturbance activities, or even the use of vehicles off existing roads on a lease, BLM approval is required. This restriction also applies to geophysical activities for which a permit is required. The approval is contingent upon the results of site-specific inventories of the listed T&E species in the critical areas of concern. The lessee is hereby notified that the process is likely to take longer than the normal review process and that surface activity approval may be delayed.

If no T&E species are found during the inventories, then no formal Section 7 consultation with the USFWS would be necessary and the action will be processed using the standard Onshore Oil and Gas Order Number 1 Approval of Operations (43 CRF Part 3160, W0-610-411H12-24 1A) procedures [48 FR 48916 as amended in 48 FR 56226 (1983) and proposed rule in 70 FR 43349, July 27, 2005]. However, the lessee is hereby notified that, if T&E species are found during the inventories, the surface disturbing activities may be prohibited on portions of, or even all of the lease, unless an alternative is available that meets all of the following criteria: (a) the proposed action is not likely to jeopardize the continued existence of the T&E species, (b) the proposed action is not likely to destroy or adversely modify critical habitat for the T&E species, and (c) the proposed actions are consistent with USFWS recovery plans and/or BLM resource management plans. This denial authority will also apply to directional drilling proposals which require federal approval to drill into the leased mineral estate from adjacent lands.

Special Stipulation No. 2 (All Parcels)

Cultural Resource 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 operator is required to minimize impacts to cultural resources, take reasonable measures required by the BLM to protect resources, conduct minor inventories or short term special studies, contact the BLM if objects of historic or scientific interest are observed, and cease operations that would result in destruction of historic objects. Reasonable measures are defined in 43 Code of Federal Regulations 3101.1-2 as consistent with lease rights if, at a minimum, they do not require relocation of operations more than 200 meters or require siting of facilities off the lease.

A cultural resource inventory would be required prior to authorization of any surface disturbing activity. Proposed activities would be moved up to 200 meters to avoid adverse impacts to all potentially significant archaeological sites. For sites that could not be avoided, an appropriate data recovery plan would be developed in consultation with the State Historic Preservation Officer and the National Advisory Council on Historic Preservation. Implementation of the data recovery plan would be a condition of approval of the proposed activity.

Special Stipulation No. 3 (Parcels CA 12-12-13, CA 12-12-14 & CA 12-12-15)

All the parcels in western Fresno County are within the Panoche-Coalinga Area of Critical Environmental Concern (ACEC). In conformance with the existing land use plan decision ENER-G-C1 (ref. 2007 ROD), all oil and gas leases for parcels in ACEC's would stipulate "No Surface Occupancy" in special status species habitat.

No surface occupancy -This lease is within an area that contains habitat of special status species. To prevent disturbance of this habitat No Surface Occupancy is allowed on the lease.

Resource: Special status species habitat

Objective: To protect habitat of the special status species.

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