



U.S. Army Corps of Engineers
Omaha District

STANDARD STIPULATION

CONSTRUCTION OF FACILITIES

Centralize Facilities-- It is required that all new disturbances (i.e. roads, pipelines, electrical lines, etc.) shall stay within the corridor of exiting disturbances. Pipelines should run from wellheads to centralized production facilities to help reduce truck traffic, minimize areas of spill occurrence and reduce the footprint of the well location. Natural gas should also be piped to processing facilities if a nearby infrastructure exists.

Closed Loop Systems—The use of a completely closed loop system including all muds, fluids and cuttings will be required on all wells located on USACE property. No reserve pits shall be allowed on the well location. All waste will be properly disposed of in a State-approved disposal facility. Operators are not allowed to dispose of waste in commercial waste pits. The Lessee must provide documentation of all closed loops system to USACE.

Containment Systems—After construction of the well pad and prior to any fill or subsequent pad construction materials being placed on the pad location, the entire well pad will be covered with an impervious geomembrane liner. In addition, a separate lined trenched containment shall be designed so that runoff of fluids are prevented from leaving the well pad and will be collected in the catch trench. The Lessee is responsible for the pumping and maintenance of the catch trench as needed. No fluids shall be allowed to flow off a well location into a drainage system.

Dikes—If production facilities are constructed, each and every vessel containing production fluids of any kind must be surrounded on all four sides by an impermeable dike/berm of sufficient capacity to adequately contain 110% of the contents of the largest vessels within the dike plus one day's production. Dikes shall be constructed with 12-gauge galvanized 35" high steel secondary containment systems with 10-gauge galvanized steel posts. Vessel containing facilities include but are not limited to individual tanks, tank batteries, heater-treaters, separators, line heaters, etc.

Fences, Gates and Cattle Guards—The entire well location shall be fenced with a four-strand barbed wire fence prior to any drilling equipment entering the well pad location. The fence must be built according to USACE guidelines and standards. The Lessee shall maintain the integrity of the fence for the life of the well. Wires shall be tightened if loosened, broken strands of wire, damaged and/or broken posts and damaged and/or broken braces shall be replaced. Woven wire is prohibited. Once vegetation has been re-established under interim reclamation and determined to be satisfactory by USACE, the fenced area shall be reduced to the maximum extent possible to complete product retrieval operations.



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A by-pass gate shall be installed alongside each cattle guard (a minimum width of 8 feet on either side of the gate). Smooth wire will be used for all braces, as well as the loop for opening the gate. Gate sticks will be wooden, round (a minimum of 2 inches on the small end). Hinges and latches shall be repaired if not operating properly. Swing gates and hinges shall be lubricated and swing easily. All gates shall be kept closed and unlocked. Locked gates shall not be allowed without approval of USACE.

Cattle guards will be a minimum HS-20 load rating if the cattle guard is part of an existing range fence or if access roads will pass through the well pad requiring two cattle guards. If the cattle guard is located at the entrances of the pad, only the company can determine the standard. If a future road passes through the pad than the company standard cattle guard shall be replaced with a HS-20 cattle guard and “Cattle Guard Ahead” warning signs shall be installed. All cattle guards shall be maintained and cleaned as necessary, tie-in fences shall be sound and secured to the wings and loose rails shall be welded or bolted into place. Excess material from the cattle guard shall be removed when drainage is blocked or when it reaches six (6) inches from the bottom of the cattle guard frame. Drainage to and from the cattle guard shall be kept open. A by-pass gate will be installed as specified under gates with all cattle guards.

Signs—The Lessee shall immediately install a durable well sign that is legible under normal conditions at a minimum distance of 50 feet. The sign will be posted at the cattle guard entering the well site and maintained for the life of the well site. Well name/number, name of operator, lease serial number and/or CA number, surveyed location and “No Trespassing” shall be information included on the sign.

Lights—If electrical lighting is needed for project construction, the Lessee will use spotlights with appropriate light shrouding. Non-focused lighting, such as that provided by metal halides, will not be allowed.

Rig Release and Staking—The drilling rig shall be removed from the well pad within 30 calendar days upon drilling completion. The Lessee shall notify USACE of the drilling rig release date within two (2) working days of that date.