

STIPULATIONS

SPECIAL STIPULATION
BUREAU OF RECLAMATION

To avoid interference with recreation development and/or impacts to fish and wildlife habitat and to assist in preventing damage to any Bureau of Reclamation dams, reservoirs, canals, ditches, laterals, tunnels, and related facilities, and contamination of the water supply therein, the lessee agrees that the following conditions shall apply to all exploration and developmental activities and other operation of the works thereafter on lands covered by this lease hereinafter referred to as the “leased area”:

1. Prior to commencement of any surface-disturbing work including drilling, access road work, and well location construction, a surface use and operations plan will be filed with the appropriate officials. A copy of this plan will be furnished to the Area Manager Oklahoma-Texas Area Office, Great Plains Region, Bureau of Reclamation, 5924 NW 2nd Street, Suite 200, Oklahoma City, Oklahoma 73127, for review and consent prior to approval of the plan. Such approval will be conditioned on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damages to the surface vegetation and other resources, including cultural resources, of the United States, its lessees, permittees, or licensees, and to provide for the restoration of the land surface use and vegetation. The plan shall contain provisions as the Bureau of Reclamation may deem necessary to maintain proper management of the water, recreation, lands, structures, and resources, including cultural resources, within the prospecting, drilling, or construction area.

Drilling sites for all wells and associated investigations such as seismograph work shall be included in the above-mentioned surface use and operation plan.

If later explorations require departure from, or additions to the approved plan, these revisions or amendments, together with a justification statement for proposed revisions, will be submitted for approval to the Area Manager, Oklahoma-Texas Area Office, Bureau of Reclamation, or his/her authorized representative.

Any operations conducted in advance of approval of an original, revised, or amended prospecting plan, or which are not in accordance with an approved plan, constitute a violation of the terms of this lease. The Bureau of Reclamation reserves the right to close down operations until such corrective action, as is deemed necessary, is taken by the lessee.

2. No occupancy of the surface of the following excluded areas is authorized by this lease. It is understood and agreed that protection of these areas is necessary for the operation and maintenance of Congressionally authorized Bureau of Reclamation projects. The excluded areas are:

- a. Within 500 feet on either side of the centerline of any and all roads or highways within the leased area.**
- b. Within 200 feet on either side of the centerline of any and all trails within the leased area.**
- c. Within 500 feet of the normal high-water line of any and all live streams in the leased area.**
- d. Within 400 feet of any and all recreation developments within the leased area.**
- e. Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the Bureau of Reclamation within the leased area.**
- f. Within 200 feet of established crop fields, food plots, and tree/shrub plantings within the leased area.**
- g. Within 200 feet of slopes steeper than a 2:1 gradient within the leased area.**
- h. Within established rights-of-way of canals, laterals, and drainage ditches within the leased area.**
- i. Within a minimum of 500 feet horizontal from the centerline of the facility or 50 feet from the outside toe of the canal, lateral, or drain embankment, whichever distance is greater, for irrigation facilities without clearly marked rights-of-way within the leased area.**

3. No occupancy of the surface or surface drilling will be allowed in the following areas. In addition, no directional drilling will be allowed that would intersect the subsurface zones delineated by a vertical plane in these areas. The areas are:

- a. At or below the top of the flood control pool as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area.**
- b. Within 2,000 feet of dam embankments and appurtenance structures such as spillway structures, outlet works, etc.**
- c. Within one-half (1/2) mile horizontal from the centerline of any tunnel within the leased area.**
- d. Within the surcharge pool as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area. This restriction only applies to mineral tracts where the United States owns 100% of the fee mineral interest.**

4. The distances stated in items 2 and 3 above are intended to be general indicators only. The Bureau of Reclamation reserves the right to revise these distances as needed to protect Bureau of Reclamation facilities, land, and water areas.

5. Mineral activities at all Great Plains Region projects under the jurisdiction of the Oklahoma-Texas Area Office (OTAO) are, also, subject to additional "General Stipulations" for each OTAO project. Whenever there is a conflict between this "Special Stipulation" and an OTAO project's "General Stipulations", the stronger stipulation shall apply.

6. The use of explosives in any manner shall be so controlled that the works and facilities of the United States, its successors and assigns, will in no way be endangered or damaged. In this connection, an explosives use plan shall be submitted, to and approved by, the Area Manager, Oklahoma-Texas Office, Bureau of Reclamation, or his authorized representative.

7. The lessee shall be liable for all damage to the property of the United States, its successors and assigns, resulting from the exploration, development, or operation of the works contemplated by this lease, and shall further hold the United States, its successors and assigns, and its officers, agents, and employees, harmless from all claims of third parties for injury or damage sustained, or in any way resulting from, the exercise of the rights and privileges conferred by this lease.

8. In addition to any other bond required under the provisions of this lease, the lessee shall provide such bond as the United States may at any time require for damages which may arise under the liability provisions of sections six (6) and seven (7) above.

GENERAL STIPULATIONS
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
FORT COBB DAM AND RESERVOIR
FORT COBB DIVISION, WASHITA BASIN PROJECT, OKLAHOMA

1. All rights under this lease/license are subordinate to the right of the United States to flood and submerge the lands, permanently or intermittently, in connection with the construction, operation, and maintenance of the Ft. Cobb Dam and Reservoir, Ft. Cobb Division, Washita Basin Project, Oklahoma (Project lands).

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

A. Pre-drilling Conditions:

1. No exploratory drilling, flow line trenching or site clearing will occur until approval is granted by the appropriate Reclamation representatives in consultation with the local managing agency(s).

2. No wellhead shall be below the top of flood control pool elevation of 1354.8 feet, mean sea level. (This elevation restriction does not apply to areas downstream of the dam). No drilling will be allowed within 400 feet of any developed recreation area.

3. All storage tanks shall be constructed elevation 1374.4 feet, mean sea level (maximum water surface). This elevation restriction does not apply to areas downstream of the dam. Berms shall be constructed around storage batteries, tanks, and separators to contain their entire volume should an accidental spill or rupture occur.

4. Drilling a well for oil and gas is prohibited within 2,000 feet of any dam, dike, or other major structure, unless otherwise approved by the Area Manager in consultation with the local managing agency(s).

5. No well shall be drilled within 1/8 mile (660 feet) of a river, channel, permanent stream, tributary, or marsh site unless otherwise approved by the Area Manager in consultation with the local managing agency(s). To protect watersheds, slopes in excess of 40 percent (2.5:1) should be avoided where possible.

6. All drilling operations shall be conducted in accordance with applicable State laws relative to municipal water supplies.

7. No surface disturbance shall occur until completion of an environmental analysis of the proposed drilling activity by Reclamation and all coordination matters are completed. This analysis will include review of federally listed threatened and endangered plant and animal species, protection of wetlands, cultural resources, and water quality concerns. Certain data needs may be requested from the applicant proposing a surface disturbance action.

8. Where surface operations and facilities could reasonably be expected to discharge petroleum products into navigable waters and should oil or petroleum products be stored on site and facilities have an aggregate storage of 1,320 gallons or more or single containers with capacity of 660 gallons or more, a "Spill Prevention Control and Counter Measure Plan" shall be prepared and must be maintained and kept available for inspection on site (if manned) or at the nearest field office, if unmanned. In the event of a spill or leakage, the Lessee/Licensee assumes all responsibility for cleanup and damages.

9. At Lessee/Licensee's expense, a cultural resource survey of lands that may be disturbed must be completed prior to any surface disturbance. If during construction, operation, and/or maintenance of any facility authorized by the Reclamation, Lessee/Licensee, or any person working in its behalf discovers any historic or prehistoric grave, ruin, monument, or any object subject to the National Historic Preservation Act of 1966, the Archeological Resource Protection Act of 1979, or the Native American Graves Protection Act of 1992 and/or, Reclamation Instructions 376.11, work shall be suspended immediately and the discovery reported to Reclamation. When directed by Reclamation, the Lessee Licensee shall obtain, at his expense, a qualified archeologist to examine and evaluate, and if necessary, excavate the discovery.

10. No "mud pits" shall be constructed on Federally-owned land. A closed mud system is required with containerization of drill cuttings. Water or discharge of any kind shall not be allowed to enter any drainage. All unattended containers containing liquids shall be fenced.

11. The derrick shall not be located closer than one and one-half times its height from any electrical power transmission lines unless prior approval is obtained from the owner of the power company. Signs shall be posted warning the public to prevent entry to the job site. Also, adequate blowout preventers shall be properly maintained.

12. All aboveground structures, not subject to applicable safety requirements, shall be painted to blend with the natural surroundings. The paint used shall be lusterless, non-reflective, flat, or semi-gloss color that blends with the area.

B. Roads:

1. The Lessee/Licensee shall observe the following restrictions during exploration:

a. Wherever possible, existing roads and trails are to be used as access as to the drilling site. New road construction will be kept to a minimum and new construction will not begin until the location is approved by the local managing agency(s).

b. If existing roads are used, Lessee/Licensee agrees to maintain such roads in a condition equal to or greater than the existing condition. If any existing roads are open to public use, such public use will be allowed to continue and not be adversely affected by the activities of the Lessee/Licensee. Any new roads constructed by the Lessee/Licensee shall be closed to the public.

c. New access roads shall normally be a maximum of 30 feet wide including drainage ditches and culverts. Road surface shall be graveled to a thickness identified as suitable for the existing ground. Access roads shall be constructed to widths suitable for the safe operation of the vehicles and equipment at proposed speeds. The road speeds shall be posted with signs and maximum speed limits signs. Speeds shall be limited on curves and posted to speeds that will permit a vehicle to be stopped within one-half the minimum sight distance. The road shall be maintained in safe condition.

c. Cleared trees and shrubs will be removed and/or piled as brush piles for wildlife shelter as designated by the local managing agency(s)

Available top soil will be removed from the road right-of-way and stored in a topsoil stockpile.

e. If the local managing agency(s), requests Lessee/Licensee shall construct cattle guards, or install gates with locks on new access roads which will be maintained by the Lessee/Licensee during drilling operations and all such times thereafter as production continues. Fencing of roads may be required.

f. Roads shall be maintained in suitable condition for vehicle passage during the duration of drilling activities with special consideration given to erosion control during wet and muddy periods.

g. Existing roads shall be returned to original or equivalent condition after drilling equipment has been removed.

h. All roads shall be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts, and/or any other measures deemed necessary by Reclamation representatives. The following is a general guide for the spacing of water bars:

<u>Present Slope</u>	
less than 2 percent	200 feet
2 to 4 percent	100 feet
4 to 5 percent	75 feet
more than 5 percent	50 feet

i. Each existing fence to be crossed by Lessee/Licensee shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be gated during construction and/or well operation. Upon abandonment of the site, the gate shall be moved and the fence restored to its original condition.

2. Lessee/Licensee shall observe the following stipulations should oil or gas be found and production activities occur:

a. If existing roads are used, Lessee/Licensee agrees to maintain such roads in a condition equal to or greater than the existing condition. If any existing roads are open to public use, such public use will be allowed to continue and not be adversely affected by the activities of the Lessee/Licensee. Any new roads constructed by the Lessee/Licensee shall be closed to the public.

b. Should the local managing agency deem it necessary to control vehicle traffic into the area during any season of the year, the production company will provide a metal gate and lock.

3. Upon abandonment of the site, any new road construction sites will be re-vegetated, by the drilling company, with native and/or adapted grasses, forbs, and shrubs as approved by Reclamation, unless the local managing agency(s) indicates in writing that the road is to remain. Re-vegetation is to be accomplished by seeding and fertilizing the area within 1 year of completion at recommended seeding rates and dates.

C. Drilling Pad and Reserve Pit, IF APPROVED BY RECLAMATION:

1. Area cleared for the drilling pad site and reserve pit shall be the absolute minimum required for operations.

2. All trees and shrubs removed from the pad site shall be piled near the site at places designated by the local managing agency(s) for use as wildlife shelters.

3. Available topsoil shall be removed from the drilling pad and pit site and stored in a topsoil stockpile.

4. Diesel fuel tanks and other potential pollution sources will be surrounded by an earthen berm of sufficient height to contain their entire volume in the event of an accidental leak or rupture.

5. The area will be kept well policed and free of trash and litter at all times, including access roads used solely by the Lessee/Licensee. Litter blown out of the work area must be picked up. All waste associated with the drilling operations shall be removed and deposited in an approved sanitary landfill within 1 month after removal of the drilling rig. The Lessee/Licensee shall comply with all State laws and regulations pertaining to the disposal of human waste.

6. For the protection of livestock and wildlife, all containers containing toxic liquids shall be fenced and open containers shall be covered with a fine mesh netting (i.e., hardware cloth) with openings being of one-half inch or less.

7. The Lessee/Licensee will remove fluids and trash from the site. After drilling activities are completed the site shall be reshaped to original contours and covered with topsoil. This restoration must be accomplished within 90 days of completion of drilling. The area must then be re-vegetated as required by Reclamation.

D. Actions with a Producing Well:

1. A minimum service area will be developed around the well head. No permanent material storage will be allowed on the lease. The remainder of the drilling pad will be covered with topsoil from the stockpile and restored to vegetation by tilling, fertilizing, and seeding. Specific seed types will be determined on a case-by-case basis by Reclamation in consultation with the local managing agency(s).

2. The Lessee/Licensee may be required to utilize electric or submersible pumps, where feasible, rather than fuel-powered pumps (or other machinery). All electric lines must be buried to a depth of 15-18 inches.

3. All transfer lines from well site to tank battery, saltwater disposal well, or the like, must be buried 4 feet below the surface and a minimum depth of 4 feet at stream, creek, and river channel crossings.

4. When possible, a common point of collection shall be established to minimize the number of tank batteries.

E. Actions with a Non-producing Well:

1. All disturbed areas will be re-contoured, covered with topsoil, and re-vegetated as approved by Reclamation. All trash will be removed from the lease site.

2. Gates and cattle guards shall be removed where requested by the local managing agency(s). Any openings in fences will be restored to original condition.

F. General:

1. The Lessee/Licensee shall limit access to well and storage locations on project lands to authorized personnel.

2. The Lessee/Licensee agrees to cease all operations and make all necessary corrections to the satisfaction of the representative of Reclamation in consultation with the local managing agency(s) before resuming any operations should any violations of the terms of this license occur.

2. The Lessee/Licensee shall not permit any nuisance to be maintained on the premises and shall not use said premises for any purposes other than those authorized in the lease. Before abandoning any well, the Lessee shall securely plug the same so as to effectually shut off water from the oil-bearing stratum.

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

5. Lessee/Licensee shall provide all subcontractors and assigns, especially the dirt contractor, with a copy of the above stipulations prior to construction of the road, pad, or associated developments.

G. Hunting:

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

BUREAU OF RECLAMATION
SPECIAL STIPULATIONS

The following stipulations apply to drilling within the Altus-Lugert Wildlife Management Area, Altus Reservoir, Oklahoma:

A. Leasing for pooling purposes only (i.e., no surface occupancy) will be allowed within the Federal boundaries of the Altus Reservoir in:

1. Township 6 North, Range 20 West, Sections 4,5,8,9,17,18,19,20, the N¹/₂NE¹/₄ and N¹/₂NW¹/₄ of Section 30, and the N¹/₂NW¹/₄NW¹/₄ of Section 29 - This is a critical turkey roosting habitat.

2. The following stipulations apply to drilling with Quartz Mountain State Park, Altus Reservoir, Oklahoma:

A. Leasing for pooling purposes only (i.e., no surface occupancy) will be allowed within the Federal boundaries of Altus Reservoir in:

1. Township 5 North, Range 20 West, Section 22 and the SW¹/₄ of Section 15 - This is a highly developed recreation area.

2. Township 5 North, Range 20 West, the NE¹/₄NE¹/₄ of Section 16, and the S¹/₂ of SE¹/₄ of Section 9 - This is a bald eagle roosting and feeding area.

B. Any production well within 1,500 feet of any campsite or sleeping quarters must be powered with an electric motor.

C. A 5-foot cyclone fence with two strands of barbed wire on top must be constructed around any well in production.

3. The following stipulations apply to lands with the projects canal system right-of-way:

A. The lessee agrees that there will be no drilling operations conducted on the right-of-way. The lessee further agrees that no improvements or structures will be constructed on the right-of-way.

B. The lessee agrees that existing operating roads on the right-of-way are not to be used for transportation of drilling or service equipment.

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.

CORPS OF ENGINEERS
SURFACE MANAGEMENT AGENCY STIPULATIONS
LEWISVILLE LAKE

1. NSO/ND - The stipulation “No Surface Occupancy and No Drilling,” applies to all Corps of Engineers (COE) fee ownership within 3000 horizontal feet of prime facilities critical to the operation of Lewisville 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.

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

All of Tract F-535 falls within the stipulations NSO/DD because the land is designated in the Lewisville Lake Master Plan as an area allocated for Fish and Wildlife. Directional Drilling is permitted from areas outside the requested lease area when surface occupancy is not allowed.

3. NSO/ELEV - The stipulation “No Surface Occupancy Based on Elevation,” prohibits surface occupancy on all lands lying at or below the elevation of the spillway crest or tainter gate sill where alternative surface ownership is available within the same drilling unit. At Lewisville Lake, the spillway crest is at elevation 560.0’ N.G.V.D. If 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 522.0 feet N.G.V.D. The purpose of this stipulation is to protect the integrity of Lewisville Lake land and water resources.

Most of the area requested for lease falls near the conservation pool elevation of 522.0 feet NGVD. Directional Drilling is permitted from areas outside the requested lease area when surface occupancy is not allowed.

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.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
KAW 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 1044.5 feet, for Kaw Lake, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited. There will be no surface or subsurface entry within 2,000 feet of the dam structure. A portion of the lease includes the Dam and Public Use Area, therefore, stipulations 14 and 15 are applicable. Stipulation 6 also applies to portions of the lease area.

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

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
Robert S. Kerr Lock and Dam

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 784.00 feet, for Robert S. Kerr Lock and Dam, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited. There will be no surface or subsurface entry within 2,000 feet of the dam structure. A portion of the lease includes the Public Use Area, therefore, stipulation is applicable. Stipulation also applies to portions of the lease area.

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

Visual Resource Management Class IV 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 IV restrictions as set forth in BLM Manual 8400 – Visual Resource Management.

Provide for management activities which require major modification of the existing character of the landscape. Activities may attract attention, may dominate the view, but are still mitigated. This may require additional mitigation methods such as special painting stipulations, site placement, and/or any other measures necessary for VRM Class IV objectives.

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

For the purpose of: Protecting Visual Resources

LEASE NOTICE
BIOLOGICAL SURVEY

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

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

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

All matters related to this stipulation are to be addressed

To : Forest Service
National Forests in Texas
At : 15 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.

(Select Trail pertaining to your stipulation)

4-C National Recreation Hiking Trail

Piney Creek Horse Trail

Lone Star Hiking Trail

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
(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 un-inventoried 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 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.

Covering Tracts SJ-1-III #4, J-1-III #6, J-1-III #7, J-1-IV #A, J-1-IV #1, J-23 & J-274

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.)

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.

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

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

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

Select one of the following for stipulation:

Kelly's Pond Primitive Camping Area

Scotts Ridge Recreation Area

Little Lake Creek Wilderness

Cagle Recreation Area

Mill Creek Cove Scenic Area

Harvey Creek Recreation Area lies within Tr. A-22e

For the purpose of:

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

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

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

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

**Areas along lakeshores and under lake where visual resources would be severely impacted by drilling facilities.
MA-5 – Lake Conroe)**

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.)

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

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.

Bureau of Land Management
Oklahoma Field Office

ORA-2-CSU
November 1991

NO SURFACE OCCUPANCY STIPULATION

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

(the lands may be drilled directionally from an off-site location where occupancy is allowed).

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

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

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
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 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

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
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
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
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

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

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 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 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:

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.