

STIPULATIONS

DRAINAGE STIPULATION FOR FEDERAL LANDS

All or part of the lands contained in this lease are subject to drainage by well(s) located adjacent to this lease. The lessee shall be required within 6 months of lease issuance to submit to the AO plans for protecting the lease from drainage. Compensatory royalty will be assessed effective the expiration of this 6-month period if no plan is submitted. The plan must include either an Application for Permit to Drill (APD) a protective well, or an application to communitize the lease so that it is allocated production from a protective well off the lease. Either of these options may include obtaining a variance to State-spacing for the area. In lieu of this plan, the lessee shall be required to demonstrate that a protective well would have little or no chance of encountering oil and gas in quantities sufficient to pay in excess the costs of protecting the lease from drainage or an acceptable justification why a protective well would be uneconomical, the lessee shall be obligated to pay compensatory royalty to the Minerals Management Service at a rate to be determined by the AO.

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 STIPULATION
TORREJON FOSSIL ACEC

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

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

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

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

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

All or portion of the lease are located in a potential cave or karst occurrence area. Within this area, caves or karst features such as sinkholes, passages, and large rooms may be encountered from the surface to a depth of as much as 2,000 feet, within surface areas ranging from a few acres to hundreds of acres. Due to the sensitive nature of the cave or karst systems of this area, special protective measures may be developed during environmental analyses and be required as part of approvals for drilling or other operations on this lease. These measures could include: changes in drilling operations; special casing and cementing programs; modifications in surface activities; or other reasonable measures to mitigate impacts to cave or karst values. These measures may be imposed in accordance with 43 CFR 3101.1-2; 43 CFR 3162.5-1; Onshore Oil and Gas Order No. 1; and Section 6 of the lease terms.

LEASE NOTICE
PROTECTION OF THE SAND DUNE LIZARD

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

NO SURFACE OCCUPANCY STIPULATION
POTASH

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

For the purpose of:

- a. preventing hazards to oil and gas operations due to drilling through open potash mine workings, cavities or voids over which the lands are situated.
- b. preventing open potash mine workings from becoming gassey thereby creating a hazard to human health and safety during underground mining.
- c. protecting critical, economically important potash resources within the Secretary's Potash Area as discussed in the Carlsbad Resource Management Plan.

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**

CONTROLLED SURFACE USE
STREAMS, RIVERS, AND FLOODPLAINS

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

Surface disturbance will not be allowed within up to 200 meters of the outer edge of 100-year floodplains, to protect the integrity of those floodplains. On a case-by-case basis, an exception to this requirement may be considered based on one or more of the criteria listed below. The first three criteria would not be applied in areas of identified critical or occupied habitat for federally listed threatened or endangered species.

--Additional development in areas with existing developments that have shown no adverse impacts to the riparian areas as determined by the Authorized Officer, following a case-by-case review at the time of permitting.

--Suitable off-site mitigation if habitat loss has been identified.

--An approved plan of operations ensures the protection of water or soil resources, or both.

--Installation of habitat, rangeland or recreation projects designed to enhance or protect renewable natural resources.

For the purpose of: **Protecting Streams, Rivers and Floodplains**

On the lands described below:

CONTROLLED SURFACE USE
PLAYAS AND ALKALI LAKES

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

Surface disturbance will not be allowed within up to 200 meters of PLAYAS of Alkali Lakes. Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources. An exception for oil and gas development will be considered if Playa lake loss was mitigated by the protection and development of another playa exhibiting the potential for improvement.

Mitigation could include:

installing fencing; developing a supplemental water supply; planting trees and shrubs for shelter belts; conducting playas basin excavation; constructing erosion control structures or cross dikes; or by improving the habitat in another area.

On the lands described below:

For the purpose of: Protecting Playas and Alkali Lakes

CONTROLLED SURFACE USE
SPRINGS, SEEPS AND TANKS

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

Surface disturbance will not be allowed within up to 200 meters of the source of a spring or seep, or within downstream riparian areas created by flows from the source or resulting from riparian area management. Surface disturbance will not be allowed within up to 200 meters of earthen tanks or the adjacent riparian areas created as a result of the presence of the tanks. Exceptions to this requirement will be considered for the installation of habitat or rangeland projects designed to enhance the spring or seep, or downstream flows.

For the purpose of: Protecting Springs, Seeps and Tanks

CONTROLLED SURFACE USE
CAVES AND KARST

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

Surface disturbance will not be allowed within up to 200 meters of known cave entrances, passages or aspects of significant caves, or significant karst features. Waiver of this requirement will be considered for projects that enhance or protect renewable natural resource values, or when an approved plan of operations ensures the protection of cave and karst resources.

For the purpose of: Protecting Caves and Karst Features

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

NO SURFACE OCCUPANCY
POTASH AREA

All or portion of the lease is over known potash deposits. The drilling of oil and gas wells which would penetrate these deposits is prohibited. For this purpose, and in addition to the conditions imposed by Stipulation SENM-S-1, no surface occupancy (NSO) will be allowed on the lands described below. These NSO lands are leased with the requirement that they are to be explored and/or developed by wells directionally drilled from surface locations on adjacent lands. The well bore of any directionally drilled well shall be drilled vertically until it penetrates USGS Marker Bed 126 or, if not present, its stratigraphic position, both as determined by the BLM authorized officer.

No surface occupancy is allowed on the lands described below:

For the purpose of: To prevent the drilling of wells for oil or gas which would result in an undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

LEASE RECLAMATION

The subject properties contain wells, roads and/or facilities that were not plugged and/or reclaimed to current standards. Unless the facilities (well, pad and road) are put to a beneficial and direct use under the new lease, the lessee shall plug, remediate and reclaim the facilities within two years of lease issuance. If an extension is requested, the lessee must submit a detailed plan (including dates) prior to the two year deadline. All plugging, remediation and reclamation shall be performed in accordance with BLM requirements and be approved in advance by the Authorized Officer.

The well(s) to be plugged and reclaimed are as follows:

- 1) Yates Benson Deep Federal FS Com 1: 1830' FNL & 660' FEL, Section 04; Township 19 South, Range 30 East.
- 2) Turkey Tract 3 Federal 1: 1793' FNL & 1790' FWL, Section 03; Township 19 South, Range 30 East.
- 3) Yates Federal #001: 660' FNL & 660' FWL, Section 03; Township 19 South, Range 30 East.

The facilities to be reclaimed are as follows:

- 1) Yates Benson Deep Federal FS Com 1: 1830' FNL & 660' FEL, Section 04; Township 19 South, Range 30 East.
- 2) Turkey Tract 3 Federal 1: 1793' FNL & 1790' FWL, Section 03; Township 19 South, Range 30 East.
- 3) Yates Federal #001: 660' FNL & 660' FWL, Section 03; Township 19 South, Range 30 East.

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.

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

In conducting operations associated with this lease, the lessee/operator 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, occupancy, and management of the National Forest System (NFS) when not inconsistent with existing lease 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
Cibola National Forest
At: Federal Bldg
2113 Osuna Rd., NE Suite A
Albuquerque, NM 87113-1001

Telephone No: (505) 346-3804

Who is the authorized representative of the Secretary of Agriculture.

CULTURAL RESOURCES (National Historic Preservation Act of 1966 (NHPA), P.L. 89-665 as amended by P.L. 94-422, P.L. 94-458, and P.L. 96-515):

The Forest Service authorized officer is responsible for ensuring that the leased lands are examined prior to the undertaking of any ground-disturbing activities to determine whether or not cultural resources are present, and to specify mitigation measures for effects on cultural resources that are found to be present.

The lessee or operator shall contact the Forest Service to determine if a site-specific cultural resource inventory is required prior to undertaking any surface-disturbing activities on Forest Service lands covered by this lease.

The lessee or operator may engage the services of a cultural resource specialist acceptable to the Forest Service to conduct any necessary cultural resource inventory of the area of proposed surface disturbance. In consultation with the Forest Service authorized officer, the lessee or operator may elect to conduct an inventory of a larger area to allow for a alternative or additional areas of disturbance that may be needed to accommodate other resource needs or operations.

The lessee or operator shall implement mitigation measures required by the Forest Service to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures.

During the course of actual surface operations on Forest Service lands associated with this lease, the lessee or operator shall immediately bring to the attention of the Forest Service the discovery of any cultural or paleontological resources. The lessee or operator shall leave such discoveries intact until directed to proceed by Forest Service.

THREATENED OR ENDANGERED SPECIES (The Endangered Species Act. (ESA), P.L. 93-205 (1973), P.L. 94-359 (1974), P.L. 95-212 (1977), P.L. 95-632 (1978), P.L. 96-159 (1979), P.L. 97-304 (1982), P.L. 100-653 (1988).

The Forest Service authorized officer is responsible for compliance with the Endangered Species Act. This includes meeting ESA Section 7 consultation requirements with the U.S. Fish and Wildlife Service prior to any surface disturbing activities associated with this lease with potential effects to species and/or habitats protected by the ESA. The results of consultation may indicate a need for modification of or restrictions on proposed surface disturbing activities.

The lessee or operator may choose to conduct the examination at their cost. Results of the examination will be used in any necessary ESA consultation procedures. This examination and any associated reports, including Biological Assessments, must be done by or under the supervision of a qualified resource specialist approved by the Forest Service. Any reports must also be formally approved by the USDA Forest Service biologist or responsible official.

CONTROLLED SURFACE USE STIPULATION
(Prevention of soil erosion and to prevent riparian areas

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

Facilities will be located at least 300 feet away from all riparian corridors (i.e. 300 feet away from the edge of vegetation zones associated with riparian areas whether they are perennial, intermittent or ephemeral).

Activities associated with drilling and production will be limited or special actions may be required in areas with high potential for wind or water erosion.

New road access will be limited to areas of less than 30% slopes. New road access in or near drainage (watercourses) will be limited to essential crossings with the least environmental impact. All Soil and Water Conservation Practices described in FSH 2509.22 will be followed for each site-specific case of road construction.

On the lands described below:

For the purpose of:

Prevention of soil erosion and to protect riparian areas.

Any changes 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

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

The lessee is given notice that a closed circulation system will be used for all oil and gas drilling. No open pits will be allowed.

On the lands described below:

For the purpose of:

Avoiding potential ground and surface water contamination and surface disturbance associated with open pits.

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

NO SURFACE OCCUPANCY STIPULATION

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

Developed and dispersed recreation sites in CNFMP Management Area 4 as follows:

Dead Indian Lake on Grassland Unit 85

One the lands described below:

For the purpose of:

Meeting Forest Land Management Plan standards for these areas by preserving the character of the area and therefore maintaining opportunities for developed and dispersed recreation experiences.

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

NO SURFACE OCCUPANCY STIPULATION

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

(U.S. Forest Service Administrative Site (Unit 102) and Federal minerals in and adjacent to the city limits of Cheyenne, OK.)

For the purpose of:

Protection of the Black Kettle District Administrative site and lands in and adjacent to the city limits of Cheyenne, OK.

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

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

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

All matters related to this stipulation are to be addressed

To : Forest Service
National Forests in Texas
At : 415 South First Street, Suite 110
Lufkin, TX 75901
Telephone No : (936) 639-8501

Who is the authorized representative of the Secretary of Agriculture.

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS
(Protect streamside management zones)

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

Portions of this lease contain streamside management zones (floodplains, wetlands). As a minimum, these areas are established within the 100 year flood plain of all intermittent streams and perennial streams, and 100 feet from the normal pool level contour of lakes. Site- specific proposals for surface-disturbing activities (such as pipelines and seismic surveys) within these areas will be analyzed and will normally result in establishment of protective requirements or limitations for the affected site. Surface occupancy for oil and gas wells will not be allowed within the streamside management zone. (MA-4-63) (MA-5-31)

On the lands described below:

For the purpose of:

To meet visual quality objectives and protect streamside management zones in accordance with the National Forest and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

CONTROLLED SURFACE USE STIPULATION
NATIONAL GRASSLANDS IN TEXAS
(Protect Streamside Management Zone Areas)

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

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

On the lands described below:

For the purpose of:

To meet visual quality objectives and protect streamside management zone areas in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

CONTROLLED SURFACE USE STIPULATION
NATIONAL 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 uninventoried clusters are present. (MA-2-80-4.6)

On the lands described below:

For the purpose of:

To protect red-cockaded woodpecker clusters foraging and habitat areas in accordance with the National Forest and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS
(Soil erosion, water quality or flood prevention)

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

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

On the lands described below:

For the purpose of:

To meet soil erosion, water quality, or flood prevention goals in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

LEASE NOTICE
NATIONAL FORESTS IN TEXAS
**(Proposals for surface occupancy
below the 172' MSL contour)**

Proposals for surface occupancy, other than foot travel, below the 172' MSL contour will require concurrence of the United States Corps of Engineers prior to issuance of a Forest Service decision on that proposal. In addition, the Sabine River Authority of Texas will be requested to comment on such proposals.

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

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

Chicken Lake within Tract 851

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

For the purpose of:

To meet visual quality objectives and to protect recreational values in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

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

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

**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
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.

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.

LEASE NOTICE
OKLAHOMA DEPARTMENT OF WILDLIFE
CONSERVATION (ODWC) OWNED AND
MANAGED LANDS

The ODWC owns and manages the surface above all, or a portion, of this Federal lease. The lessee needs to be aware of the surface use requirements as presented in ODWC documents G-12-82 and A-12 which address regulations and a surface damage agreement to govern oil, gas and other mineral exploration and production on ODWC owned and managed lands.

BUREAU OF LAND MANAGEMENT
TULSA DISTRICT OFFICE

ORA-LN-2
JANUARY 1994

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.

CORPS OF ENGINEERS
BENBROOK LAKE PROJECT, TEXAS

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

This stipulation applies to all Corps of Engineers (COE) fee ownership within 3000 horizontal feet of prime facilities critical to the operation of Benbrook Lake, Texas. 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 - No Surface Occupancy, Open for Directional Drilling

This stipulation applies to all designated parks, recreation areas, public use areas, wildlife management areas, archeological and historical sites, trails and roads, and the lake surface at the conservation pool elevation of 694.0 feet National Geodetic Vertical Datum (NGVD) Directional drilling is permitted from outside the identified areas where occupancy is allowed.

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

This stipulation 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 Benbrook Lake, the spillway crest is at elevation 724.0 feet NGVD. If no alternative surface ownership is available, in no case will surface occupancy be permitted below the 25-year frequency pool (as calculated by COE hydraulics engineering staff) or within 1000 horizontal feet from the lake surface at the conservation pool elevation of 694.0 feet NGVD. The purpose of this stipulation is to protect the integrity of Benbrook Lake land and water resources.

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

Lake surface at conservation pool.....	3,769
Designated Parks/Recreation Areas.....	3,033
Wildlife Management Areas.....	193
Lake Operations.....	176
Areas Below 25-year frequency pool.....	To Be Determined
Archeological/Historical Sites.....	To Be Determined

CORPS OF ENGINEERS
FORT WORTH DISTRICT
STIPULATION

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

This stipulation applies to all Corps of Engineers (COE) fee ownership within 3,000 horizontal feet of prime facilities critical to the operation of Whitney 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 - No Surface Occupancy, Open for Directional Drilling

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

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

This stipulation "No Surface Occupancy Based on Elevation," prohibits surface occupancy on all lands lying at or below the elevation of the spillway crest or taints gate sill where alternative surface ownership is available within the same drilling unit. At Whitney Lake, the spillway crest is at elevation 571.0' N.G.V.D. If no alternative surface ownership is available, in no case will surface occupancy be permitted below the 25-year frequency pool (as calculated by COE hydraulics engineering staff) or within 1,000 horizontal feet from the lake surface at the conservation pool elevation of 533.0' N.G.V.D. The purpose of this stipulation is to protect the integrity of Whitney Lake land and water resources.

STATEMENT OF AVAILABILITY
PROPOSED OIL AND GAS LEASING
WHITNEY 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 noncompetitive terms. BLM is the lead agency for mineral leasing actions.
3. The lands requested are safe for nonmilitary purposes.
4. The area requested includes 598.50 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 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 noncompetitively 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.**

U. S. ARMY CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
EUFAULA LAKE

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.

9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee

11. That no structure or appurtenance thereto shall be of a material or construction determined to create floatable debris.

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside the property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas,

including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation **604.96** feet for Eufaula Lake, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited. **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.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
Fort Gibson 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 582.0 feet, for Fort Gibson 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 lease area.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
FORT SUPPLY LAKE

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.
9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others

who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other Governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers in direct charge of the project and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

11. That no structure or appurtenance thereto shall be of a material or construction determined to create floatable debris.

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside the property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation **2,028.0** feet, 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.

CORPS OF ENGINEERS
SPECIAL STIPULATIONS 1-A
Heyburn 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 784.00 feet, for Heyburn 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

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.