

BLM

New Mexico
Oklahoma
Texas & Kansas

Competitive Oil and Gas Lease Sale

April 20, 2016

Bureau of Land Management
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508

www.blm.gov/nm

BLM



NOTICE

IMPORTANT SALE INFORMATION

The April 20, 2016 Oil & Gas Competitive Lease Sale will be held at:

**Location: Hyatt Place
4320 Cerrillos Road
Santa Fe, NM 87507
505-474-7777**

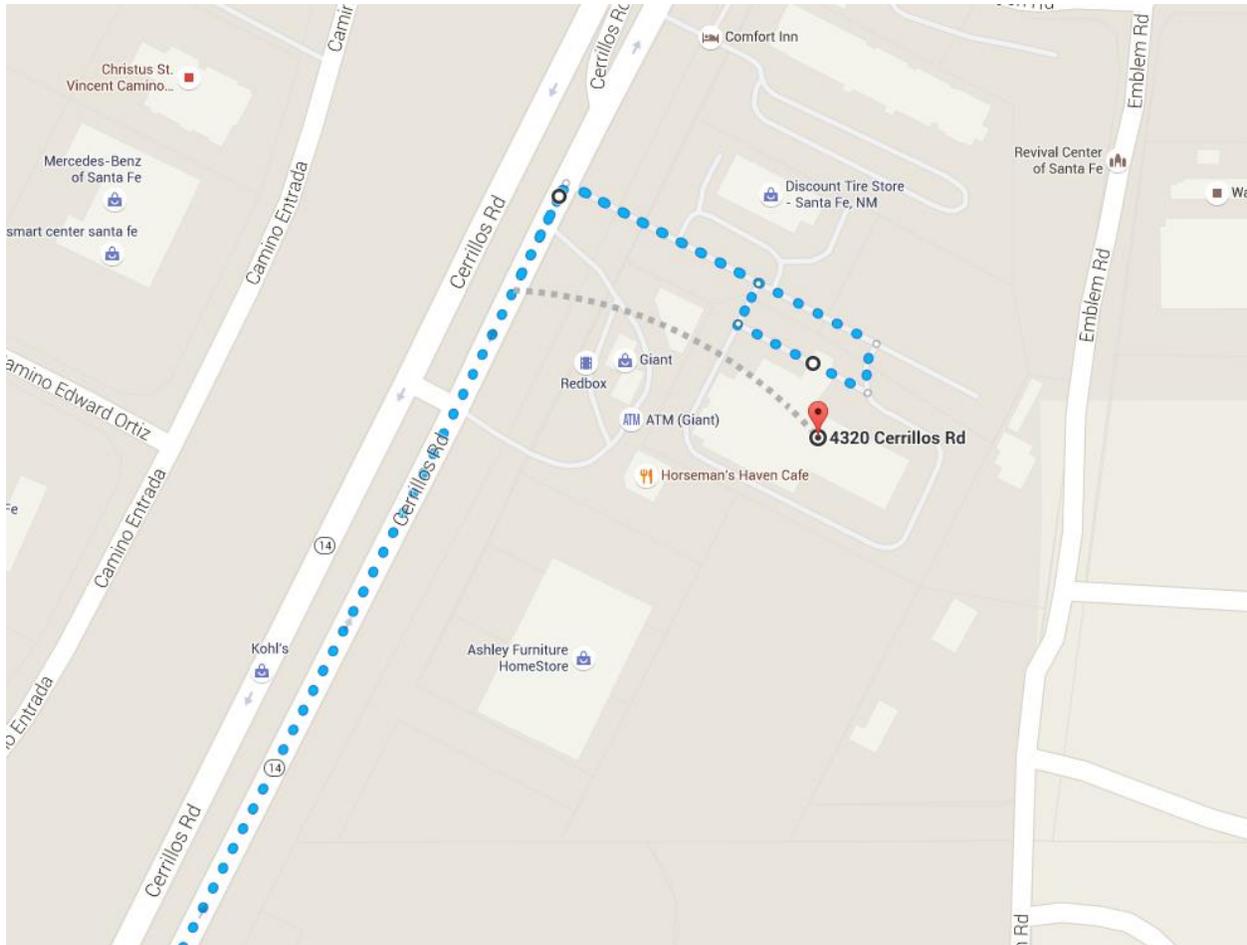
Hotel Rate is \$79.00 per night

(Please see attached map for Hotel Location)

**Bidder Registration: 8:00 am in the Hotel Lobby Area
Sale will begin at 9:00 am**

Payments Due on the day of sale: All payments must be paid to the BLM Accounts Staff at the Bureau of Land Management, New Mexico State Office immediately after the conclusion of the sale. (NO EXCEPTIONS)

HYATT PLACE 4320 CERRILLOS RD



The Hyatt Place is about 2.7 miles from the Bureau of Land Management. Go North on Cerrillos Rd. Turn Right just past the Giant Gas Station.



In Reply
Refer To:

3120 (NM922-js)

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
P.O. Box 27115
Santa Fe, New Mexico 87502-0115
www.blm.gov/nm



January 20, 2016

NOTICE OF COMPETITIVE LEASE SALE
OIL AND GAS

We are pleased to announce that we will offer for competitive sale certain Federal lands in the State of for oil and gas leasing. This notice describes:

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

Beginning on page 1, is a list of the lands we are offering. The lands are described by parcel number and legal land description. They are listed in Range and Township order by state and land type and will be offered in that sequence. Below each parcel we have included any stipulations, lease notices, special conditions, or restrictions that will be made a part of the lease at the time we issue it. We have also identified those parcels where the United States owns less than 100 percent interest in the oil and gas mineral rights, have pending pre-sale noncompetitive offers to lease, and are not available for noncompetitive offers to lease if they receive no bid at this sale. For your convenience, we are also including copies of the stipulations, lease notices, etc. affecting the parcels in this sale notice.

When and where will the sale take place?

When: The competitive sale will begin at **9:00 a.m.** on **Wednesday, April 20, 2016.** **Bidder Registration** will start at 8:00 a.m. through 9:00 a.m. in the Hotel Lobby Area so that you can obtain your bidding number.

Where: We will hold the sale at the **Hyatt Place, 4320 Cerrillos Road, Santa Fe, New Mexico 87507,**

Access: The sale room is accessible to persons with disabilities. If you need an auxiliary aid or service to participate in the sale, such as sign language interpreter or material in an alternate format, contact the New Mexico State Office, Carlos Martinez at (505) 954-2096 by **April 8, 2016.**

How will the sale be conducted?

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

How do I participate in the bidding process?

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

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

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

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

What is the sale process?

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

- The auctioneer will offer the parcels in the order they are shown in this Notice;
- All bids are on a per-acre basis for the entire acreage in the parcel;
- The winning bid is the highest oral bid;
- The decision of the auctioneer is final. However, if you believe the auctioneer has made an error or not acknowledged your bid, you must immediately make your concerns known to the auctioneer. Once the auctioneer has opened the bidding on the next parcel available for an oil and gas lease, the decisions made on the previous parcels offered are final.

The minimum bid BLM can accept is \$2.00 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.51 acres requires a minimum bid of \$202 (\$2 x101 acres).

How long will the sale last?

We begin the sale at 9:00 a.m. and it continues until all of the parcels in this Notice have been offered. The length of the sale depends on the number of parcels we are offering and the pace of the bidding. Normally, the sale is done before noon.

What conditions apply to the lease sale?

-Parcel withdrawal or sale cancellation: We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel(s), we will post a notice in the New Mexico State Office Information Access Center (Public Room) before the day of the sale. We will announce withdrawn parcels before beginning the sale. If we cancel the sale, we will notify you as soon as possible.

-Fractional interests: If the United States owns less than 100 percent of the oil and gas mineral interest for the land in a parcel, we will show that information with the parcel. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must calculate your bonus bid and advance rental payment on the gross acreage in the parcel, not the United States net interest. For example, if a parcel contains 200 acres and the United States owns 50 percent of the oil and gas mineral interest, the minimum bonus bid will be \$400 (\$2 X 200 acres) and the advance annual rental will be \$300 (\$1.50 X 200 acres) for the first 5-years and \$400 (\$2 X 200 acres) for the remainder of the lease term. Royalty on production will be calculated on the United States net oil and gas mineral interest.

Payment due on the day of the sale: You cannot withdraw a bid. For **each parcel** you win, you must pay the minimum bonus bid of \$2.00 per acre or fraction of an acre; the first year's advance rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of **\$160**. **You must make this payment to our Accounts Office at the BLM, New Mexico State Office either during, or immediately following the sale.**

The minimum monies owed the day of the sale for a winning bid are monies owed to the United States, whether or not a lease is issued. (Title 43 CFR 3120.5-2(b) and Title 43 CFR 3120.5-3(a)). If payment of the minimum monies owed the day of the sale is not received by the date and time above, the Bureau of Land Management will issue a bill for the monies owed. If payment then is not received by the bill due date, the United States will pursue collection by all available methods, and when appropriate issue late fees, civil penalties, interest, administrative charges and penalties on past due amounts. "All available methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus, salary or administrative offset, federal and state payments, including goods or services, federal and state tax refunds, and retirement payments. The debt may be sent to the Internal Revenue Service for inclusion as income to you on form 1099C, Cancellation of Debt. (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR 285).

Remaining payments: If your bonus bid was more than \$2.00 per acre or fraction of an acre and you didn't pay the full amount on the day of the sale, you must pay the remaining balance of your bonus bid by **4:00 p.m. on May 4, 2016**, which is the 10th working day following the sale. Send the remaining balance payment to: **Attn: Accounts Staff - Bureau of Land Management, New Mexico State Office, 301 Dinosaur Trail, Santa Fe, New Mexico 87508.**

If you do not pay in full by this date, you lose the right to the lease and you will forfeit the money you paid on the day of the sale. If you forfeit a parcel, we may offer it at a later sale.

-Method of payment: You can pay by personal check, cashier's check, money order, or credit card (Visa, MasterCard, American Express or Discover Card only). Make checks payable to: "Department of the Interior - BLM." We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a money order. **Note for customers planning to pay with Credit Card, effective June 1, 2015, BLM will not accept credit or debit card payments to the Bureau for any amount greater than \$24,999.99. Payments of \$25,000 or more should be made by Automated Clearing House (ACH) or Federal Wire Transfer. We suggest that no one plan to make a payment of \$25,000 or more by credit card.** If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. **However, we cannot grant you any extension of time to pay the money that is due the day of the sale.**

Bid Form: On the day of the sale, if you are a successful bidder you must give us a properly completed and signed competitive bid form (Form 3000-2, August 2007), or earlier edition, copy included with your payment. This form constitutes a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, you cannot change it. ***We will not accept any bid form that has information crossed out or is otherwise altered. Fillable bid forms are available online at:***

<https://www.blm.gov/FormsCentral/show-form.do?nodeld=672>

We recommend you get a copy of the bid form and complete all, but the money part, before the sale. You can fill out the money part at the sale. Your completed bid form certifies that:

- (1) You and the prospective lessee are qualified to hold an oil and gas lease under our regulations at Title 43 CFR 3102.5-2; and
- (2) Both of you have complied with 18 U.S. C. 1860, a law that prohibits unlawful combinations, intimidation of and collusion among bidders.

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

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

-Lease terms: A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas is produced in paying quantities on or for the benefit of the lease. Advance rental at \$1.50 per acre or fraction of an acre for the first 5

years (\$2.00 per acre after that) is due on or before the anniversary date each year until production begins. Once a lease is producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, October 2008) or later edition, copy included.

-Stipulations: Some parcels have special requirements or restrictions which are called stipulations. These are noted with each of the parcels. Stipulations are part of the lease and supersede any inconsistent provisions of the lease form.

-Lease Issuance: After we receive the bid form and all the money due, and, **if applicable**, your unit joinder information and required bond, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.

-Legal Land Descriptions: We prepared this Notice with land status information from our Legacy Rehost 2000 (LR2000) case recordation system. We are providing you with the following information to assist you in understanding the legal descriptions given for each parcel:

- The township and range contains additional zeros. For example, T. 28 N., R. 32 E., is shown as T 0280 N, R 0320 E (additional zeros Underlined).

-The section numbers contain additional leading zeros. For example, section 4 is shown as sec. 004.

-Lands are described separately by lots, aliquot parts, tracts, and exceptions to survey for each section.

-LR2000 will code a ½ township as a 2 in the database. This 2 will appear as the last digit in the number. For example, T 14 ½ N, will appear as T 0142 N.

-Cellular Phone Usage: You are restricted from using cellular phones in the sale room during the oral auction. You must confine your cellular phone usage to the hallway or area outside the saleroom when the auction is taking place.

-Other Conditions of the Sale: At the time the sale begins, we will make any rules regarding sale procedures that we feel are necessary for the proper conduct of the sale.

NON-COMPETITIVE OFFERS TO LEASE

What parcels are available for noncompetitive offers to lease?

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

How do I file a noncompetitive offer after the sale?

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

-Three copies of Form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. **(Note: We will accept copies of the official form, including**

computer generated forms, that are legible and have no additions, omissions, other changes, or advertising.) You must describe the lands in your offer as specified in our regulations at Title 43 CFR 3110.5; and

-Your payment for the total of the **\$410** filing fee and the first year's advance rental computed at (\$1.50 per acre or fraction of an acre). Remember to round up any fractional acreage when you calculate the rental amount.

For your convenience, you may leave your noncompetitive offers for any parcel which has received no bid with the Accounts Staff. We consider all offers filed the day of the sale and the first business day after it, for any of the unsold parcels, to be filed as of 9:00 a.m. the first business day following the day of the sale. If a parcel receives more than one offer, we will hold a drawing to select the winner (see Title 43 CFR 1822.17). We have identified those parcels that have pending presale offers. A noncompetitive presale offer to lease has priority over any other noncompetitive offer to lease filed after the sale.

How do I file a noncompetitive presale offer?

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

- Are available, and;
- Have not been under lease during the previous one-year period, or;
- Have not been included in a competitive lease sale within the previous two-year period.

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

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

The July 2016 Lease sale is scheduled for **July 20, 2016..**

Please send nominations for the **April 19, 2017**, Lease Sale by **June 3, 2016**. **This sale will be for areas in the Oklahoma Field Office only.**

How can I find out the results of this sale?

We will post the sale results in the New Mexico State Office Information Access Center (Public Room). You can buy (\$5) a printed copy of the results by contacting our Accounts Staff, at (505) 954-2111. The results list is also available on our public internet website: www.blm.gov/nm/ (click on Programs, then click on Energy).

May I protest BLM's Decision to offer the lands in this notice for lease?

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

- We must receive a protest no later than close of business on **February 19, 2016**. If our office is not open on that day a protest received the next day our office is open to the

public will be considered timely filed. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.

- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail in hardcopy form or by telefax. You may not file a protest by electronic mail. A protest filed by fax must be sent to (505) 954-2010. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

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

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

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

We will make every effort to resolve the protest prior to the date of the lease sale. If a protest cannot be resolved prior to the lease sale, we will then attempt to resolve the protest within 60 days after the sale. We will not issue a lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

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

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

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

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

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

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

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

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

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

***Inclement Weather Conditions**

On occasion the Santa Fe area will have an abundance of snow or other weather conditions that prohibit the staff to make it to work safely at regular scheduled business hours. In the event of hazardous weather, please tune in to KOAT-TV, Channel 7 out of Albuquerque, and they will post the information for the Bureau of Land Management, New Mexico State Office, on their listing of closures or delays or you may call for recorded information on delays or closures at (505) 954-2000.

The procedure for future Oil and Gas Lease Sales scheduled on a business day with a 2-hour delay or the Office is Closed for Business the BLM will proceed as follows:

1. In the event of a 2-hour delay, the Oil and Gas Lease Sale will begin at 11:00 a.m. with registration starting at 10:00 a.m.
2. In the event that the BLM office is Closed for Business on the day of an Oil and Gas Lease Sale, the Sale will be cancelled and rescheduled at a later date.

Every effort will be made to post the information on delays of Closed for Business on the main entrance exterior doors of the building.

Your safety and the safety of our BLM employees is our major concern.

Whom should I contact if I have a question?

For general information, please contact our Information Access Center at (505) 954-2098 or for information or questions about the sale, contact: **JulieAnn Serrano** at (505) 954-2149.

/s/JulieAnn Serrano
JulieAnn Serrano
Lead Land Law Examiner
Branch of Adjudication

Hotels close to the BLM
NMSO Office

Hyatt Place Santa Fe
4320 Cerrillos Rd.
505-474-7777

Inn at Santa Fe
8376 Cerrillos Road
(505) 474-9500
(Next to the Outlet Stores Mall)

La Quinta Inn
4298 Cerrillos Road
(505) 471-1142
(Next to Santa Fe Place Mall)

Fairfield Inn
4150 Cerrillos Road
(505) 474-7569
(Next to Santa Fe Place Mall)

Comfort Inn
4312 Cerrillos Road
(505) 474-7330

Courtyard by Marriott
3347 Cerrillos Road
(505) 473-2800

Holiday Inn Express
3450 Cerrillos Road
(505) 474-7570

Double Tree
4048 Cerrillos Rd
505-473-4646

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
**COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID**

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

State

Date of Sale

PARCEL NUMBER	AMOUNT OF BID <i>(see instructions below)</i>	
	TOTAL BID	PAYMENT SUBMITTED WITH BID
THE BID IS FOR <i>(check one)</i>: <input type="checkbox"/> Oil and Gas Serial/Parcel No. _____		
<input type="checkbox"/> Geothermal Serial/Parcel No. _____		

The appropriate regulations applicable to this bid are: (1) for oil and gas leases--43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases--43 CFR 3132; and (3) for Geothermal resources leases--43 CFR 3203.17. *(See details concerning lease qualifications on next page.)*

I CERTIFY THAT I have read and am in compliance with; and not in violation of the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

IMPORTANT NOTICE: Execution of this form where the offer is the high bid, constitutes a binding lease offer including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made will result in rejection of the bid and forfeiture of all monies submitted.

Print or Type Name of Lessee

Signature of Lessee or Bidder

Address of Lessee

(City) (State) (Zip Code)

INSTRUCTIONS

INSTRUCTIONS FOR OIL AND GAS OR GEOTHERMAL BID
(Except NPR-A)

1. Separate bid form for each lease/parcel is required. Identify by the serial/parcel number assigned in the *Notice of Competitive Lease Sale*.
2. Bid must be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance must be in the form specified: (1) for oil and gas leases in 43 CFR 3103.1-1; and (2) for geothermal resources leases in 43 CFR 3203.17. The remainder of the bonus bid, if any, must be submitted to the proper Bureau of Land Management (BLM) office within 10 working days for oil and gas, and 15 working days for geothermal, after the last day of the oral auction.
Failure to submit the remainder of the bonus bond within the statutory timeframe (or regulatory) will result in rejection or revocation, as appropriate, of the bid offer and forfeiture of all monies paid.
3. If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM.
4. This bid may be executed (*signed*) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again.
5. In view of the above requirement (4), the bidder may wish to leave the AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the BLM at the oral auction.

INSTRUCTIONS FOR NPR-A OIL AND GAS BID

1. Separate bid form for each parcel is required. Identify the parcel by the number assigned to a tract.
2. Bid must be accompanied by one-fifth of the amount of the bid. The remittance must be in the form specified in 43 CFR 3132.2 for a NPR-A lease bid.
3. Mark the envelope "Bid for NPR-A Lease". Be sure correct parcel number of tract on which the bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
5. If the bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the BLM.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

QUALIFICATIONS

For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must: (1) Be a citizen of the United States; an association (*including partnerships and trusts*) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)2(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authority cited herein.

For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must: (1) Be a citizen of the United States who is at least 18 years of age; an association of such citizens; a municipality; a corporation organized under the laws of the United States or of any State or Territory thereof; or a domestic governmental unit; and (2) Be in compliance with the acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres, and (3) Certify that all parties in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must: (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations; and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authority cited herein.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resource Lease.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

PRINCIPAL PURPOSE: The information is to be used to process your bid.

ROUTINE USES: (1) The adjudication of the bidder's rights to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial Number

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (page 2) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Lands Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), or _____ (other).

READ INSTRUCTIONS BEFORE COMPLETING

1. Name

Street

City, State, Zip Code

2. This application/offer/lease is for: (Check Only One) PUBLIC DOMAIN LANDS ACQUIRED LANDS (percent U.S. interest _____)

Surface managing agency if other than Bureau of Land Management (BLM): _____ Unit/Project _____

Legal description of land requested: *Parcel No.: _____ *Sale Date (mm/dd/yyyy): _____

***See Item 2 in Instructions below prior to completing Parcel Number and Sale Date.**

T. R. Meridian State County

Amount remitted: Filing fee \$ _____ Rental fee \$ _____ Total \$ _____
Total acres applied for _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. R. Meridian State County

Total acres in lease _____

Rental retained \$ _____

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid form submitted under 43 CFR 3120 and is subject to the provisions of that bid and those specified on this form.

Type and primary term:

Noncompetitive lease (ten years)

Competitive lease (ten years)

Other _____

THE UNITED STATES OF AMERICA

by _____
(BLM)

(Title)

(Date)

EFFECTIVE DATE OF LEASE _____

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options); (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located; (5) offeror is in compliance with qualifications concerning Federal coal lease holdings provided in sec. 2(a)2(A) of the Mineral Leasing Act; (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (7) offeror is not in violation of sec. 41 of the Act. (b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments.

Duly executed this _____ day of _____, 20_____
(Signature of Lessee or Attorney-in-fact)

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or Agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

LEASE TERMS

Sec. 1. Rentals--Rentals must be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:
(a) Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
(b) Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
(c) Other, see attachment, or
as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties must be paid on the production allocated to this lease. However, annual rentals must continue to be due at the rate specified in (a), (b), or (c) rentals for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) must automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties--Royalties must be paid to proper office of lessor. Royalties must be computed in accordance with regulations on production removed or sold. Royalty rates are:

(a) Noncompetitive lease, 12 1/2%;
(b) Competitive lease, 12 1/2 %;
(c) Other, see attachment; or
as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties must be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production must be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee must not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor must lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year must be payable at the end of each lease year beginning on or after a discovery in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge will be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee must be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds - A bond must be filed and maintained for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage - Lessee must exercise reasonable diligence in developing and producing, and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee must drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection - Lessee must file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee must furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee must keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee must keep open at all reasonable times for inspection by any representative of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee must maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports costs claimed as manufacturing, preparation, and/or transportation costs. All such records must be maintained in lessee's accounting offices for future audit by lessor. Lessee must maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section will be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations - Lessee must conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee must take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses must be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee must contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessee must cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations - To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium - Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee must include in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property - Lessee must pay lessor for damage to lessor's improvements, and must save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunity - Lessee must pay, when due, all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee must comply with section 28 of the Mineral Leasing Act of 1920.

Lessee must comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors must maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease - As required by regulations, lessee must file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which will be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises - At such time as all or portions of this lease are returned to lessor, lessee must place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default - If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver will not prevent later cancellation for the same default occurring at any other time. Lessee will be subject to applicable provisions and penalties of FOGPMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors-in-interest - Each obligation of this lease will extend to and be binding upon, and every benefit hereof will inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

A. General:

1. Page 1 of this form is to be completed only by parties filing for a noncompetitive lease. The BLM will complete page 1 of the form for all other types of leases.
2. Entries must be typed or printed plainly in ink. Offeror must sign Item 4 in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.2-1 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Special:

Item 1 - Enter offeror's name and billing address.

Item 2 - Identify the mineral status and, if acquired lands, percentage of Federal ownership of applied for minerals. Indicate the agency controlling the surface of the land and the name of the unit or project which the land is a part. The same offer may not include both Public

Domain and Acquired lands. Offeror also may provide other information that will assist in establishing title for minerals. The description of land must conform to 43 CFR 3110. A single parcel number and Sale Date will be the only acceptable description during the period from the first day following the end of a competitive process until the end of that same month, using the parcel number on the List of Lands Available for Competitive Nominations or the Notice of Competitive Lease Sale, whichever is appropriate.

Payments: The amount remitted must include the filing fee and the first year's rental at the rate of \$1.50 per acre or fraction thereof. The full rental based on the total acreage applied for must accompany an offer even if the mineral interest of the United States is less than 100 percent. The filing fee will be retained as a service charge even if the offer is completely rejected or withdrawn. To protect priority, it is important that the rental submitted be sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-quarter sections, the exact area of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 40 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the rental remitted for the parts withdrawn or rejected will be returned.

Item 3 - This space will be completed by the United States.

NOTICES

The Privacy Act of 1974 and the regulations in 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information required by this oil and gas lease offer.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C 351-359.

PRINCIPAL PURPOSE: The information is to be used to process oil and gas offers and leases.

ROUTINE USES: (1) The adjudication of the lessee's rights to the land or resources. (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when consent or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: If all the information is not provided, the offer may be rejected. See regulations at 43 CFR 3100.

Bidder Registration Form
Competitive Oil and Gas Lease Sale

By completing this form, I certify that the undersigned, or the principal party whom the undersigned is acting on behalf of, is in compliance with the applicable regulations and leasing authorities governing a bid and subsequent lease. I certify that any bid submitted by the undersigned or on behalf of the principal party is a good faith statement of intention by the undersigned or the principal party to acquire an oil and gas lease on the offered lands. Further, I acknowledge that if a bid is declared the high bid, it will constitute a legally binding commitment to execute the Bureau of Land Management's Form 3000-2, Competitive Oil and Gas or Geothermal Resources Lease Bid, and to accept the lease.

In addition, if a bid is declared the high bid, the undersigned or the principal party will pay to the Bureau of Land Management (BLM) by the close of official business hours on the day of the auction, or such other time as may be specified by the authorized officer, an amount at least equal to minimum monies owed the day of sale for that bid, as set out in applicable regulations. The undersigned and the principal party acknowledge that these monies are due to the Bureau of Land Management as a result of winning the auction. Further, the undersigned and the principal party understand that if payment is not received by the due date, the BLM will issue a bill for monies owed, and if payment is not received, the United States will pursue collection by all appropriate methods, and as appropriate, will assess late fees, civil penalties, interest, administrative charges, and penalties on past due amounts (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR part 285).

I certify that neither I nor the principal party whom I represent owes the United States any monies that were due the day of sale from any oil and gas lease auction conducted by any Bureau of Land Management office.

It is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 for any person to knowingly and willfully make any false, fictitious or fraudulent statements or representations as to any matter within the jurisdiction of the government. Any such offense may result in a fine or imprisonment for not more than 5 years, or both.

It is a crime under 30 U.S.C. 195(a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations or for any person to obtain money or property by means of false statements regarding a person's ability to obtain a lease. Any person who knowingly violates this provision shall be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

A separate registration is required for each company or individual you are representing. Please fill in the company/individual name and address as it would appear on any issued lease. We will send a copy of the lease and billing notices to the name and address as shown below. (NOTE: Please use the same lessee name and address information on BLM Form 3000-2.)

Lessee Name: _____ Bidder No. (leave blank) _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Bidder Name: _____ Phone Number: _____
(including area code)

Relationship to Lessee: _____
(Self, Agent, Attorney-in-Fact, President, etc.)

Signature Date
For BLM Use Only: Type of identification: _____

BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
April 20, 2016, Lease Sale Statistics by State
Parcels With and Without Pre-sale Noncompetitive Priority Offers

STATE	PARCELS WITH PRESALE OFFERS	PARCELS WITHOUT PRESALE OFFERS	TOTAL PARCELS	ACRES WITH PRESALE OFFERS	ACRES WITHOUT PRESALE OFFERS	TOTAL ACRES
KS	0	6	6	0.00	880	880
OK	0	5	5	0.00	1426.29	1426.29
TX	0	32	32	0.00	34534.74	34534.74
TOTAL	0	43	43	0.00	36841.03	36841.03

KANSAS PUBLIC DOMAIN

NM-201604-001 240.000 Acres

T.0160S, R.0280W, 06 PM, KS

Sec. 027 W2NE,NW;

Lane County

Tulsa FO

KSNM 109377

Stipulations:

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-002 40.000 Acres

T.0150S, R.0320W, 06 PM, KS

Sec. 001 NESW;

Logan County

Tulsa FO

KSW 68132

Stipulations:

ORA-1: Floodplain Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-003 40.000 Acres

T.0150S, R.0320W, 06 PM, KS

Sec. 009 NESE;

Logan County

Tulsa FO

KSW 68132

Stipulations:

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-004 40.000 Acres

T.0150S, R.0320W, 06 PM, KS

Sec. 010 SENW;

Logan County

Tulsa FO

KSW 68132

Stipulations:

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-005 40.000 Acres

T.0020S, R.0420W, 06 PM, KS
Sec. 010 SWNW;

Cheyenne County

Tulsa FO

KSNM 107305

Stipulations:

ORA-1: Floodplain Protection Stipulation

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

KANSAS ACQUIRED

NM-201604-006 480.000 Acres

T.0060S, R.0370W, 06 PM, KS
Sec. 033 E2,SW;

Sherman County

Tulsa FO

KSNM 75793

US MINERAL INTEREST - 50%

Stipulations:

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

OKLAHOMA PUBLIC DOMAIN

NM-201604-007 15.960 Acres

T.0010S, R.0220E, 11 PM, OK
Sec. 004 LOTS 1,2;

Beaver County

Tulsa FO

OKNM 111512

Stipulations:

ORA-3: Lesser Prairie Chicken Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-008 40.030 Acres

T.0210N, R.0120W, 17 PM, OK
Sec. 001 LOTS 3;

Major County

Tulsa FO

OKNM 97210

Stipulations:

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-009 36.250 Acres

T.0170N, R.0220W, 17 PM, OK

Sec. 034 ACCR & RIP TO LOT 2;

034 LYING IN SEC 27;

035 ACCR & RIP TO LOT 1;

035 LYING IN SEC 27;

035 SEE EXH A FOR M&B W/MAP;

Roger Mills County

Tulsa FO

NO PRIOR LEASES

Stipulations:

ORA-2: Wetland/Riparian Protection Stipulation

ORA-3: Lesser Prairie Chicken Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

OKLAHOMA ACQUIRED

NM-201604-010 160.000 Acres

T.0180N, R.0100E, 17 PM, OK

Sec. 031 S2NE,E2SE;

Creek County

Tulsa FO

CORP OF ENGINEERS

HEYBURN LAKE

US MIN INT - 25%

OKNM 32631

Stipulations:

CE-SS 1-A Heyburn Lake

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-011 1174.050 Acres

T.0190N, R.0150W, 17 PM, OK

Sec. 001 LOTS 1-17;

001 SENE,SWSW,NESE;

002 LOTS 1-14;

002 SWNW,SESW,SWSE,E2SE;

Dewey County

Tulsa FO

CORP OF ENGINEERS

CANTON LAKE

OKNM 108482

Stipulations:

CE-SS 1-A Canton Lake

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

TEXAS ACQUIRED

NM-201604-012 976.800 Acres

TX TR NR-34-1 THRU NR-34-8;
 TR NR-39-2;

Live Oak County

Tulsa FO

BOR NUECES RIVER PROJECT

Quad 2898134

NO PRIOR LEASES

US MINERAL INTEREST:

TRACT NR-34-1: 38.67%

TRACT NR-34-2: 37.50%

TRACT NR-34-3: 50.00%

TRACT NR-34-4: 100.00%

TRACT NR-34-5 TO NR-34-8: 50%

TRACT NR-39-2: 100.00%

Stipulations:

BOR-Interim Stip Nueces River Project

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

Note: This tract may have an outstanding non-participating royalty interest(NPRI), which are separate royalty payments in addition to the royalty paid to the United States under the terms of any BLM lease issued and are paid by the lessee directly to the NPRI owners.

These tracts should also be communitized with existing leases TXNM 118772 or TXNM 119826.

NM-201604-013 634.740 Acres

TX TR NR-17-1;
 TR NR-44;
 TR NR-43-1 THRU NR-43-3;
 TR NR-47-3;
 TR NR-58;

Live Oak/McMullen Counties

Tulsa FO

BOR NUECES RIVER PROJECT

Quad 2898134

NO PRIOR LEASES

Stipulations:

BOR-Interim Stip Nueces River Project

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

Note: This tract may have an outstanding non-participating royalty interest(NPRI), which are separate royalty payments in addition to the royalty paid to the United States under the terms of any BLM lease issued and are paid by the lessee directly to the NPRI owners.

These tracts should also be communitized with one of the following existing leases:

TXNM 117629, TXNM 117631, TXNM 118772, OR TXNM 119826.

NM-201604-014 481.000 Acres

TX TR SAF-S40-0001;
 SEE EXH B for M&B W/MAP;

San Augustine County

Tulsa FO

SABINE NATIONAL FOREST

Quad 3194411

TXNM 110366

Stipulations:

SAF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-CSU-16-08: Texas Natural Heritage Program Area

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-015 2298.160 Acres

TX TR SHF-J1I-0001;
 SEE EXH C FOR M&B W/MAP;

Walker County

Tulsa FO

SAM HOUSTON NATIONAL FOREST

Quad 3095311

TXNM 110868

Stipulations:

SHF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-NSO-14-01: Recreation Areas

TXFG1996-NSO-14-03: Lake Conroe

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-CSU-16-02: Trails

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-016 2336.550 Acres

TX TR DCF-K2III-0001;
 SEE EXH D FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quead 3195113

TXNM 61092

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-017 1413.970 Acres

TX TR DCF-K2III-0002;
 SEE EXH E FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195113

TXNM 61092

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-018 547.460 Acres

TX TR DCF-K2III-0003;
 SEE EXH F FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195112 & 3195113

TXNM 61093

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-019 1763.390 Acres

TX TR DCF-K2III-0004;
 SEE EXH G FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195113

TXNM 61093

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-020 2369.170 Acres

TX TR DCF-K2III-0005;
 SEE EXH H FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195112 & 3195113

TXNM 61115

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-021 2002.310 Acres

TX TR DCF-K2III-0006;
 SEE EXH I FOR M&B W/MAP;

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

QUAD 3195111, 3195112, 3195113

TXNM 61115

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-022 1910.970 Acres

TX TR DCF-K2III-0007;
 SEE EXH J FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195111 & 3195112

TXNM 61095

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-023 1514.740 Acres

TX TR DCF-K2III-0008;
 SEE EXH K FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195112

TXNM 61095

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

TXFG1996-LN-17-09 Trinity County Airport Extension

NM-201604-024 2344.930 Acres

TX TR DCF-K2AI-0004;
 SEE EXH L FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3194223

TXNM 111513

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-CSU-16-07: River Bottom Areas

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

TXFG1996-LN-17-08: Bald Eagles

NM-201604-025 1095.780 Acres

TX TR DCF-K2AI-0001;
 SEE EXH M FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3194223

TXNM 61094

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-TL-15-01: Turkey Nesting Area

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-026 2352.470 Acres

TX TR DCF-K2AI-0002;
 SEE EXH N FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3194223

TXNM 61094

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-TL-15-01: Turkey Nesting Area

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-027 2256.210 Acres

TX TR DCF-K2AI-0003;
 SEE EXH O FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3194223

TXNM 61094

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-TL-15-01: Turkey Nesting Area

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-028 580.000 Acres

TX TR DCF-K2ACI-0001;
 TR DCF-K2AC-0001;
 TR DCF-K1R-0001;
 TR DCF-K10I-0001;
 TR DCF-K2ABI-0001;
 TR DCF-K2AB-0001;
 SEE EXH P FOR M&B

Houston County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195113 & 3195142

TXNM 116626, TXNM 116627

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-CSU-16-02: Trails

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-029 30.000 Acres

TX TR DCF-K2AJ-0001;
 SEE EXH Q FOR M&B

Trinity and Houston Counties

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195113

TXNM 117624

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-TL-15-01: Turkey Nesting Area

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-030 48.000 Acres

TX TR DCF-K32-0001;
 SEE EXH R FOR M&B

Houston County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195412

TXNM 118201

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-TL-15-01: Turkey Nesting Area

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-07: Red-Cockaded Woodpecker Habitat Management Foraging Areas

NM-201604-031 1620.770 Acres

TX TR DCF-K2II-0001;
 SEE EXH S FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195114

TXNM 60896

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-032 2492.590 Acres

TX TR DCF-K2II-0002;
 SEE EXH T FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195114

TXNM 60896

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-033 1547.300 Acres

TX TR DCF-K2II-0003;
 SEE EXH U FOR M&B

Trinity County

Tulsa FO

DAVY CROCKETT NATIONAL FOREST

Quad 3195114

TXNM 60896

Stipulations:

DCF-WO-10/05/2006: Secretary of Agriculture Rules and Regulations Compliance

TXFG1996-CSU-16-01: Streamside Management Zone

TXFG1996-LN-17-01: Standard Red-Cockaded Woodpecker

NM-201604-034 26.780 Acres

TX TR DCF-K50A-0001;
 SEE EXH V FOR M&B

Trinity County

Tulsa FO

Quad 3195113

TXNM 100990

Stipulations:

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-035 54.000 Acres

TX TR DCF-KIF-0001;
 SEE EXH W FOR M&B

Houston County

Tulsa FO

Quad 3195141 & 3195142

TXNM 118209

Stipulations:

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-036 82.640 Acres

TX TR DCF-K50-0001;
 TR DCF-K2III-0009;
 SEE EXH X M&B

Trinity County

Tulsa FO

Quad 3195112

NO PREVIOUS LEASES

Stipulations:

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-037 **161.250 Acres**

TX TR 301;
 TR 303;
 TR 304;
 TR 305;

Washington County

Tulsa FO

CORP OF ENGINEERS

SOMERVILLE LAKE

TXNM 92794, TXNM 108487

Stipulations:

COE-NSO-SOMERVILLE LAKE

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-038 **405.600 Acres**

TX TR 307;
 TR 308;

Washington County

Tulsa FO

CORP OF ENGINEERS

SOMERVILLE LAKE

TXNM 38411, TXNM 105609

Stipulations:

COE-NSO-SOMERVILLE LAKE

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-039 **269.100 Acres**

TX TR 206;
 TR 232;

Washington County

Tulsa FO

CORP OF ENGINEERS

SOMERVILLE LAKE

TXNM 92794, TXNM 108487

Stipulations:

COE-NSO-SOMERVILLE LAKE

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

NM-201604-040 **229.530 Acres**

TX TR 205;
 TR 208;
 TR 209;
 TR 211;
 TR 214;
 TR 215;
 TR 220;

Burleson County

Tulsa FO
CORP OF ENGINEERS
SOMERVILLE LAKE
TXNM 107313

Stipulations:

COE-NSO-SOMERVILLE LAKE
ORA-2: Wetland/Riparian Protection Stipulation
WO-ESA-7: Threatened and Endangered Species Stipulation
WO-NHPA: Cultural Resources Stipulation

NM-201604-041 **173.930 Acres**

TX TR 404;
 TR 405;
 TR 407;
 TR 408;
 TR 411;
 TR 412;
 TR 413-1;
 TR 413-2;

Burleson County

Tulsa FO
CORP OF ENGINEERS
SOMERVILLE LAKE
TXNM 94146

Stipulations:

COE-NSO-SOMERVILLE LAKE
ORA-2: Wetland/Riparian Protection Stipulation
WO-ESA-7: Threatened and Endangered Species Stipulation
WO-NHPA: Cultural Resources Stipulation

NM-201604-042 **167.770 Acres**

TX TR 600;
 TR 602;
 TR 606;
 TR 608;

Washington County

Tulsa FO
CORP OF ENGINEERS
SOMERVILLE LAKE
TXNM 74920, TXNM 88270

Stipulations:

COE-NSO-SOMERVILLE LAKE
ORA-2: Wetland/Riparian Protection Stipulation
WO-ESA-7: Threatened and Endangered Species Stipulation
WO-NHPA: Cultural Resources Stipulation

NM-201604-043 **258.90 Acres**

TX TR F-519;
 TR F-520A;
 TR F-520B;
 TR F-524;

Denton County

Tulsa FO

CORP OF ENGINEERS

LAKE LEWISVILLE PROJECT

NO PRIOR LEASES

Stipulations:

COE-NSO-LEWISVILLE LAKE

ORA-2: Wetland/Riparian Protection Stipulation

WO-ESA-7: Threatened and Endangered Species Stipulation

WO-NHPA: Cultural Resources Stipulation

Number of Parcels - 43

Total Acreage - 36841.03

Total number of Parcels with Presale Offers - 0

Parcel Number of Parcels with Presale Offers - 000

Total Acreage With Presale Offers - 0

Any portion of the listed lands may be deleted upon determination that such lands are not available for leasing.

STIPULATIONS

NOTICE 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 National Forest System (NFS) lands when not inconsistent with existing lease rights granted by the Secretary of Interior.

All matters related to this notice are to be addressed to:

Forest Supervisor, National Forests and Grasslands in Texas
2221 North Raguet Street
Lufkin, Texas 75904
Telephone: 936-639-8501

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
(Streamside Management Zone/Riparian Areas)

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

MA-4-63-Federal oil and gas leases shall contain stream protection stipulation requiring oil and gas well sites and containment facilities be located out-side the SMZ of perennial or intermittent streams and buffer zones of wetlands or lakeshores.

- a. Further setback may be required as determined necessary through site-specific environmental analysis***
- b. Pipelines and seismic survey projects may cross streamside zones subject to mitigation requirements determined through site-specific environmental analysis. Obtain U S Corps of Engineers clearance for impacted jurisdictional wetlands and other waters of the United States***

On the lands described below: Surface occupancy restricted to a minimum of 100 feet outside main stream floodplain break or bench of Piney Creek, Caney Creek and White Rock Creek. Surface occupancy restricted to minimum of 300 feet outside of either bank of Caney Branch. Standard protection for other streamside management zones.

SAF-S40-0001

SHF-J11-0001

DCF-K2II-0001 (K-2-II Parcel #1) – Piney Creek

DCF-K1R-0001 (K-1r)

DCF-K2II-0002 (K-2-II Parcel #2) – Piney Creek Parcel #2)

DCF-K2AI-0001 (K2aI

DCF-K2II-0003 (K-2-II Parcel #3) – Piney Creek Parcel #3)

DCF-K2AI-0002 (K2aI

DCF-K2III-0001 (K-2-III Parcel #1) Parcel #4)

DCF-K2AI-0003 (K2aI

DCF-K2III-0002 (K-2-III Parcel #2) – Caney Creek

DCF-K2AB-0001 (K-2Ab)

DCF-K2III-0003 (K-2-III Parcel #3) – White Rock Creek

DCF-K2ABI-0001 (K-2Ab-I)

DCF-K2III-0004 (K-2-III Parcel #4) – Caney Creek

DCF-K2AC-0001 (K-2Ac)

DCF-K2III-0005 (K-2-III Parcel #5) – Caney Creek

DCF-K2ACI-0001 (K-2Ac-I)

DCF-K2III-0006 (K-2-III Parcel #6) – Caney Creek

DCF-K2AJ-0001 (K-2Aj)

DCF-K2III-0007 (K-2-III Parcel #7)

DCF-K10i-0001 (K-10i)

DCF-K2III-0008 (K-2-III Parcel #8) – Caney Branch

DCF-K32-0001 (K-32)

DCF-K2AI-0004 (K-2a-I Parcel #1)

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. Portions of this lease contain streamside management zones (floodplains, wetlands). As a minimum, these areas are established

within the 100 year floodplain 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.

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.)

CONTROLLED SURFACE USE STIPULATION
(Trails)

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

FW-158d- Designated trails will have a management zone corridor up to 300 feet as/or appropriate for type of trail use, these corridors are to enhance the recreational experience and will be determined through site specific analysis.

On the lands described below:

Lone Star Hiking Trail or ORV trails within Parcel SHF-J11-0001
DCF-K1R-0001 (K-1r)
DCF-K2AB-0001 (K-2Ab)
DCF-K2ABI-0001 (K-2Ab-I)
DCF-K2AC-0001 (K-2Ac)
DCF-K2ACI-0001 (K-2Ac-I)
DCF-K10i-0001 (K-10i)

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. 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.

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).

CONTROLLED SURFACE USE STIPULATION
(River Bottom Areas)

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

MA-8b-62 – Allow oil and gas leasing with controlled surface use Stipulations where production facilities can be screened from the river.

The total screening requirement need not apply to the drilling rig during the drilling phase of the operation, nor to temporary occupancy for seismic operations. Mineral activity must be conducted in a manner that minimizes surface disturbance, sedimentation and pollution, and scenery impairment.

MA-8b-63 – Locate drilling and production facility sites at least 100 feet from the river.

On the lands described below:

DCF-K2AI-0004 – Neches River

For the purpose of:

To meet visual quality objective and protect rivers and associated bottom land areas in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996. Areas within the bottom land associated with this River may be subject to special requirements or limitations, such to be determined on a case by case basis. Drilling and production facilities will be located at least 100 feet from the river.

Any changes to this stipulation will be made in accordance with the land use plan/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
(Texas Natural Heritage Program Area)
(Plants Primary/Secondary Zones)

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

MA-8d-62 – U.S. oil and gas mineral rights may be leased with a no surface occupancy stipulation. Hand laying of geo-phones for seismic data collections may be permitted pending site-specific evaluation for any adverse effects.

On the lands described below:

SAF-S40-0001 Identified as Cypress Creek and Crooked Creek

For the purpose of:

To meet requirements of the National Forest Management Act of 1976 and regulation, 36 CFR 219.26. Also to protect and promote sustainable populations of unique plants or plant communities as per the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996. Portions of this lease may contain large (greater than 40 acres) areas identified under the Texas Natural Heritage Program's Sensitive Plant and Natural community Inventory. These areas may contain bogs and seeps or sensitive plants and plant communities. Site-specific proposals for surface-disturbing activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements, limitations for the affected site, or possibly require relocation of the activities.

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
(Standard Red-Cockaded Woodpecker)

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 ¼ mile of an active red-cockaded woodpecker cluster. In addition, if foraging habitat is limited, no surface occupancy may occur within ½ mile of an active red-cockaded woodpecker cluster. Upon receipts 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 – Permanent clearings for non-timber purposes may not occur if the loss of habitat would reduce the capability of the HMA to support its identified RCW population objective.

In MILs 3 and 4 clearings are not allowed within ¼ mile of RCW groups.

Clearings are not allowed if foraging habitat is limited, or if the clearings completely severs a cluster or recruitment stand from its foraging habitat.

On the lands described below:

DCF-K2II-0001 (K-2-II Parcel #1)
DCF-K2II-0002 (K-2-II Parcel #2)
DCF-K2II-0003 (K-2-II Parcel #3)
DCF-K2III-0001 (K-2-III Parcel #1)
DCF-K2III-0002 (K-2-III Parcel #2)
DCF-K2III-0003 (K-2-III Parcel #3)
DCF-K2III-0004 (K-2-III Parcel #4)
DCF-K2III-0005 (K-2-III Parcel #5)
DCF-K2III-0006 (K-2-III Parcel #6)
DCF-K2III-0007 (K-2-III Parcel #7)
DCF-K2III-0008 (K-2-III Parcel #8)

Lease Notice

(Red-Cockaded Woodpecker with Habitat Management Foraging Areas)

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. (MA-2-80-4.6)

MA-2-80-4.6 – Permanent clearings for non-timber purposes may not occur if the loss of habitat would reduce the capability of the HMA to support its Identified RCW population objective.

In MILs 3 and 4 clearings are not allowed within ¼ mile of RCW groups.

Clearings are not allowed if foraging habitat is limited, or if the clearing completely severs a cluster or recruitment stand from its foraging habitat.

On the lands described below:

DCF-K1R-0001 (K-1r)
DCF-K2AI-0001 (K2al Parcel #2)
DCF-K2AI-0002 (K2al Parcel #3)
DCF-K2AI-0003 (K2al Parcel #4)
DCF-K2AI-0004 (K2al Parcel #1)
DCF-K2AB-0001 (K-2Ab)

DCF-K2AC-0001 (K-2Ac)
DCF-K2ACI-0001 (K-2Ac-I)
DCF-K2AJ-0001 (K-2Aj)
DCF-K10i-0001 (K-10i)
DCF-K32-0001 (K-32)
DCF-K2ABI-0001 (K-2Ab-I)

Lease Notice
(Bald Eagles)

Part or all of this lease is within one (1) mile of a bald eagle nesting site. During nesting periods, seismic exploration, new clearing of vegetation, and exploratory drilling or any other site-specific proposals for activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements or limitations for the affected site and activities may be restricted if, in the opinion of the responsible agency biologist, restrictions are necessary to assure nesting success.

FW-221 – Manage bald eagle nest and roost sites as described In the United States Fish and Wildlife Service (USFWS) Habitat Management Guidelines for the Southeast.

- a. Management for each site should be designed on a site-specific basis, directing stand size of 10 acres or larger for specific habitat needs.***
- b. Limitations on certain management activities may be needed within a one mile radius of active nest sites during the breeding season.***

LEASE NOTICE
(Special Use Permit Sites)

A glide path safety zone for Groveton/Trinity County Airport as a special use permit site lies within the parcel known as DCF-K2III-0008 (K-2-III-Parcel #8) portion of Tract K-2-III.

MA-10b-52 – Permit surface occupancy where such occupancy does not Unreasonably interfere with the privileges granted by the existing special use authorization.

NO SURFACE OCCUPANCE STIPULATION
(Recreation Areas)

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

Cagle Recreation Area

For the purpose of:

To meet visual quality objectives and to protect recreation area values in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996. Cagle Recreation Area, of which northern half lies within this parcel/tract, 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.

MA-9a-72 – Mineral leases will contain a “No Surface Occupancy” stipulation for the developed areas. Hand laying of geo-phone lines may be allowed.

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.)

NO SURFACE OCCUPANCY STIPULATION
(Lake Conroe)

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

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. Areas on Lake Conroe and along its lakeshore where visual resources would be severely impacted by drilling facilities.

MA-5-31 – Leases for oil and gas shall prohibit surface occupancy within this management area. (Applicable to Sam Rayburn and Lake Conroe also.)

Exceptions to this standard may be made for (1) Laying of geophone phones, and (2) mineral exploration and development in Toledo Bend Reservoir when there is no practical alternative, when appropriate mitigation measures and environmental protection precautions are employed.

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.)

TIMING LIMITATION STIPULATION
(Turkey Nesting Areas)

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

Nesting season – February 15 through May 15

On the lands described below:

DCF-K2AI-0001 (K2aI Parcel #2)
DCF-K2AI-0002 (K2aI Parcel #3)
DCF-K2AI-0003 (K2aI Parcel #4)
DCF-K2AJ-0001 (K-2Aj)
DCF-K32-0001 (K-32)

For the purpose of:

To avoid disturbance of actual or probable turkey nesting locations in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996. Site-specific proposals for activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements or limitations for the affected site.

Forest Wide Standards and Guidelines

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).

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

CULTURAL RESOURCES AND TRIBAL CONSULTATION STIPULATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, Executive Order 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations (e.g., State Historic Preservation Officer (SHPO) and tribal consultation) under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized, or mitigated.

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.

SEASON OF USE STIPULATION

Surface occupancy of this lease will not be allowed from February 15 to May 15, as well as all applicable hunting seasons without the specific approval, in writing, from the authorized officer of the Bureau of Land Management. This stipulation does not apply to operation and maintenance of production facilities.

On the land(s) described below:

For the Purpose of: Wildlife seasonal use requirements or recreation use conflicts with drilling activities.

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-3 SS
November 1991

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 3,000 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.

19. Exploration activities take place during low use times of year (from May 7 – September 30) to minimize conflicts with the hunting public.

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
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 Somerville 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.

Tracts 106, 113, 116, 119, 125, 148, and 400-1 and the eastern part of Tract 400-2 contain acreage available for inclusion in a lease hold only. No Surface Occupancy, No Drilling.

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.

Portions of Tract 400-2 are defined as above and are open for directional drilling without surface occupancy. No Surface Occupancy, Open for Directional Drilling.

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 tainted gate sill where alternative surface ownership is available within the same drilling unit. At Somerville Lake, the spillway crest is at elevation 258.0 feet 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 1000 horizontal feet from the lake surface at the conservation pool elevation of 238.0 feet N.G.V.D. The purpose of this stipulation is to protect the integrity of Somerville Lake water resources.

Portions of Tract 400-2 are below 258.00 N.G.V.D. and are open for directional drilling without surface occupancy. No surface Occupancy, based on Elevation, Open for Directional Drilling.

Tract 400-2 also contains portions that are above 258.0' N.G.V.D. Where applicable, these tracts are open for surface occupancy and drilling under the conditions and stipulations contained in Notice to Oil and Gas Lessees and Operators.

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

Lake surface at conservation pool.....	11,464.00
Designated Parks/Recreation Areas.....	3,599
Wildlife Management Areas.....	8,180
Lake Operations.....	1,525
Areas below 25-year frequency pool	To Be Determined
Archeological/Historical Sites.....	To Be Determined

CORPS OF ENGINEERS
LEWISVILLE LAKE

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 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... 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 522 feet National Geodetic Vertical Datum (N.G.V.D.) 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 Lewisville Lake, the spillway crest is at elevation 532 feet 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 1000 horizontal feet from the lake surface at the conservation pool elevation of 522 feet N.G.V.D. The purpose of this stipulation is to protect the integrity of Lewisville Lake land and water resources.

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

Lake surface at conservation pool.....	29,592
Designated Parks/Recreation Areas.....	9,359
Wildlife Management Areas.....	7,034
Lake Operations.....	1,170
Areas Below 25-year frequency pool	To be Determined
Archeological/Historical Sites	To be Determined

Bureau of Reclamation
Oklahoma-Texas Area Office
Interim Stipulations – Federal Minerals
Nueces River Project

1. This is a no surface access or surface occupancy lease.
2. Drilling beneath Choke Canyon Reservoir as defined by the published maximum water surface elevation of 233 feet msl is prohibited unless otherwise approved by the Reclamation Great Plains Regional Director. Such approval will be contingent upon completion of a risk analysis by the Bureau of Reclamation or its designee which demonstrates that the proposed drilling and production will not result in any significant increase in risk to Choke Canyon Dam or Reservoir. This risk analysis shall be funded by the Lessee.
3. 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.
4. The Secretary of the Interior or designee reserves the right to require cessation of operations if a national emergency arises or if the Bureau of Reclamation needs the leased property for Project purposes incompatible with lease operations. On approval from higher authority, the Area Manager, Bureau of Reclamation, will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
5. If the Reclamation Area Manager or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order any or all oil and gas drilling and production operations stopped immediately. The BLM District Manager will be notified immediately, will review the order, and will determine the need for further remedial action.
6. Lessee liability for damage to improvements shall include improvements of the Department of the Interior. 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 users.

- 7. 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.**
- 8. A license to conduct geophysical testing on the leased area must be obtained separately from the Reclamation Area Manager.**
- 9. 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.**
- 10. The United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the lessee's oil and gas drilling and production operations, 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 affected by the lessee's oil and gas drilling and production operations, and the lessee shall hold the United States harmless from any and all such claims.**
- 11. The lessee's oil and gas drilling and production operations shall be of such a nature as not to cause pollution of the soils and the waters of the Project.**
- 12. The United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Federal 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.**
- 13. All areas within 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 or subsurface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.**

- 14. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to maximum water surface elevation 233.00 feet, for Choke Canyon Reservoir, National Geodetic Vertical Datum.**
- 15. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited.**
- 16. The operator will immediately stop work and advise the Reclamation Area Manager or his authorized representative if contamination is found in the operating area.**