

NOTICE TO LESSEE

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

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

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

**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 modifications 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, 16 USC § 1531 et seq., as amended, including completion of any required procedure for conference or consultation.

CULTURAL RESOURCES AND TRIBAL CONSULTATION

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations (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.

**CULTURAL, NATIVE AMERICAN RELIGIOUS CONCERNS, AND PALEONTOLOGICAL RESOURCES FOR
SPECIFIC PARCELS WITHIN LEASE SALE AREAS**

The following No Surface Occupancy Stipulation will be applied to the parcels listed below.

No Surface Occupancy Stipulation – Surface occupancy will not be allowed within National Register of Historic Properties (listed or eligible).

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-002	T.0290N, R.0350E, 21 MDM, NV Sec. 004, LOTS 1,2.
NV-10-09-007	T.0300N, R.0350E, 21 MDM, NV Sec. 013, ALL.

NSO-020-2

NATIVE AMERICAN RELIGIOUS CONCERNS

No Surface Occupancy: Surface occupancy will not be allowed within the setting of National Register eligible or listed Traditional Cultural Properties (TCPs) where integrity of the setting is critical to their eligibility.

Controlled or Limited Surface Use (avoidance and/or mitigation measures to be developed): For development and production phases, surface occupancy may be limited to a specific distance or precluded at hot springs, sacred sites, or TCPs pending conclusion of the Native American consultation process. All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments proposed and the resources potentially affected, Native American consultation and mitigation measures to avoid significant impacts could significantly extend time frames for processing authorizations for development activities and change the ways in which developments are implemented.

Native Americans shall be allowed to access to sacred sites and Traditional Cultural Properties on and through oil and gas leases. Access to Native American sacred sites and Traditional Cultural Properties shall not be precluded by oil and gas exploration and development activities.

Should previously unidentified human remains or funerary objects be discovered during surface disturbing activities, all surface disturbing activities in the immediate vicinity of the discovery shall cease and BLM shall be notified. Surface disturbing activities shall not be reinitiated in the immediate vicinity of the discovery until authorized by the BLM.

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The 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.

As surface disturbing activities occur, the BLM will require that the operator monitor the water temperature and outflow of water from local hot springs and existing wells. This may require the operator to make a good faith effort to obtain access across private property. If the temperature and outflow of the water from the spring or well are impacted, the BLM will require the operator to take corrective actions. Failure of the operator to take the corrective measures as directed could result in BLM's terminating the operation

PARCEL

DESCRIPTION OF LANDS

NV-10-09-001
THRU
NV-10-09-007

ALL LANDS

NV-10-09-009
THRU
NV-10-09-016

ALL LANDS

NSO-020-4
2 OF 2

WETLANDS AND RIPARIAN AREAS

The following parcels have been identified to contain riparian habitat. the following No Surface Occupancy stipulation would be applied to these parcels as described:

No Surface Occupancy: Surface occupancy will not be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas or 100-year floodplains to protect the integrity of these resources (as indicated by the presence of riparian vegetation and not actual water). Exceptions to this restriction may be considered on a case-by-case basis if the BLM determines at least one of the following conditions apply: 1) additional development is proposed in an area where current development has shown no adverse impacts, 2) suitable off-site mitigation will be provided if habitat loss is expected, or 3) BLM determines development proposed under any plan of operations ensures adequate protection of the resources. This buffer may be greater as determined by the WFO, in order to sufficiently protect riparian areas against adverse impacts such as increased sedimentation, impacts to water quality and quantity and loss of riparian vegetation.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-002	T.0290N, R.0350E, 21 MDM, NV Sec. 004, LOTS 1,2; Sec. 004, S2NE,S2.
NV-10-09-004	T.0290N, R.0350E, 21 MDM, NV Sec. 030, LOTS 1-4; Sec. 030, E2,E2W2; Sec. 031, LOTS 1-3; Sec. 031, E2,E2NW,NESW; Sec. 032, ALL.

NSO-020-5

SAGE GROUSE PMU - NSO

No surface occupancy in occupied sage-grouse Population Management Units.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-003	T.0290N, R.0350E, 21 MDM, NV Sec. 006, LOTS 3-7; Sec. 006, SENW,E2SW; Sec. 018, LOTS 1-4; Sec. 018, E2W2.
NV-10-09-004	T.0290N, R.0350E, 21 MDM, NV Sec. 030, LOTS 1-4; Sec. 030, E2W2; Sec. 031, LOTS 1-3; Sec. 031, E2NW,NESW, SE.
NV-10-09-014	T.0300N, R.0360E, 21 MDM, NV Sec. 006, LOTS 1-5; Sec. 006, S2NE,SE,SENW,SE; Sec. 008, LOTS 1,2; Sec. 008, E2, E2NW.
NV-10-09-015	T.0300N, R.0360E, 21 MDM, NV Sec. 016, N2; Sec. 022, NE.

NSO-020-7

RIPARIAN AREAS

No surface occupancy with 500 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Exceptions to this restriction may be considered on a case-by-case basis if the BLM determines at least one of the following conditions apply: 1) additional development is proposed in an area where current development has shown no adverse impacts, 2) suitable off-site mitigation will provided if habitat loss is expected, or 3) BLM determines development proposed under any plan of operations ensures adequate protection of the resources.

PARCEL

DESCRIPTION OF LANDS

NV-10-09-008

ALL LANDS

NSO-030-2

NATIVE AMERICAN CONSULTATION

All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of the concerns to tribes potentially affected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented.

PARCEL

DESCRIPTION OF LANDS

NV-10-09-008

ALL LANDS

NSO-030-NA-1

LEASE TIMING STIPULATION

Resource: Big Game Calving/Fawning/Kidding/Lambing Grounds

Stipulation: Timing Limitation. No surface activity would be allowed within big game calving/fawning/kidding/lambing grounds from April 15 through June 30.

Objective: To protect elk, mule deer, pronghorn antelope, and Rocky Mountain bighorn sheep from disturbance during calving, fawning, kidding, and lambing to maintain wildlife populations.

Exception: An exception to this stipulation may be granted by the authorized officer, in consultation with Nevada Department of Wildlife, if the operator submits a plan that demonstrates that impacts from the proposed action are minimal or can be adequately mitigated.

Modification: The boundaries of the stipulated area may be modified if the authorized officer, in consultation with Nevada Department of Wildlife, determines that portions of the area can be occupied without adversely affecting big game calving, fawning, kidding, and lambing. The dates for the timing restriction may be modified if new information indicates the dates are not valid for the leasehold.

Waiver: The stipulation may be waived if the authorized officer, in consultation with Nevada Department of Wildlife determines that the entire leasehold no longer contains big game calving/fawning/kidding/lambing grounds.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-050	T.0060N, R.0640E, 21 MDM, NV Sec. 003, LOT 4; Sec. 003, SWNW; Sec. 004, LOTS 1-4; Sec. 004, S2N2,S2.
NV-10-09-051	T.0060N, R.0640E, 21 MDM, NV Sec. 009, N2,SW,W2SE.
NV-10-09-052	T.0060N, R.0640E, 21 MDM, NV Sec. 016, W2.
NV-10-09-053	T.0060N, R.0650E, 21 MDM, NV Sec. 003, PROT ALL; Sec. 004, PROT ALL.
NV-10-09-054	T.0060N, R.0650E, 21 MDM, NV Sec. 009, PROT ALL; Sec. 010, PROT ALL; Sec. 011, PROT ALL.
NV-10-09-055	T.0060N, R.0650E, 21 MDM, NV Sec. 014, PROT W2,W2SE; Sec. 023, PROT ALL; Sec. 024, PROT W2SW.

NV-040-002-004

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NV-10-09-056	T.0060N, R.0650E, 21 MDM, NV Sec. 015, PROT ALL; Sec. 016, PROT ALL; Sec. 021, PROT ALL; Sec. 022, PROT ALL.
NV-10-09-057	T.0060N, R.0650E, 21 MDM, NV Sec. 017, PROT W2; Sec. 020, PROT E2.
NV-10-09-058	T.0060N, R.0650E, 21 MDM, NV Sec. 025, PROT NW; Sec. 026, PROT W2; Sec. 035, PROT W2NW; Sec. 036, PROT ALL.
NV-10-09-059	T.0060N, R.0650E, 21 MDM, NV Sec. 027, PROT ALL; Sec. 028, PROT ALL; Sec. 033, PROT ALL; Sec. 034, PROT ALL.

LEASE TIMING STIPULATION

Resource: Big Game Crucial Winter Habitat

Stipulation: Timing Limitation. No surface activity would be allowed within big game crucial winter range from November 1 through March 31.

Objective: To protect elk, mule deer, and pronghorn antelope from disturbance during the crucial winter period to maintain wildlife populations.

Exception: An exception to this stipulation may be granted by the authorized officer, in consultation with Nevada Department of Wildlife, if the operator submits a plan that demonstrates that impacts from the proposed action are minimal or can be adequately mitigated.

Modification: The boundaries of the stipulated area may be modified if the authorized officer, in consultation with Nevada Department of Wildlife, determines that portions of the area no longer contain winter habitat. The dates for the timing restriction may be modified if new information indicates the dates are not valid for the leasehold.

Waiver: The stipulation may be waived if the authorized officer, in consultation with Nevada Department of Wildlife determines that the entire leasehold no longer contains crucial winter range for big game.

PARCEL

DESCRIPTION OF LANDS

NV-10-09-048

T.0210N, R.0590E, 21 MDM, NV
Sec. 004, LOT 3;
Sec. 004, S2NW,SW.

NV-10-09-058

T.0060N, R.0650E, 21 MDM, NV
Sec. 025, PROT SW,S2NW;
Sec. 026, PROT E2,E2W2;
Sec. 035, PROT ALL;
Sec. 036, PROT W2.

NV-10-09-060

T.0060N, R.0650E, 21 MDM, NV
Sec. 029, PROT E2;
Sec. 031, PROT S2SE;
Sec. 032, PROT ALL.

NV-040-002-005

CONTINGENCY RIGHTS STIPULATION

The Bureau of Land Management has reviewed existing information and planning documents and, except as noted in other attached stipulations, knows of no reason why normal development—subject to the controls of applicable laws and regulations and the lease terms and conditions—cannot proceed on the leased lands. However, specific development activities could not be identified prior to lease issuance since the nature and extent of oil and gas resources were not known and specific operations have not been proposed. The lessee is hereby made aware that all post lease operations will be subject to appropriate environmental review and may be limited or denied by no surface occupancy stipulations.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-001 THRU NV-10-09-007	ALL LANDS
NV-10-09-009 THRU NV-10-09-016	ALL LANDS

MIGRATORY BIRDS

Surface disturbing activities during the migratory bird nesting season (March to July) may be restricted in order to avoid potential violation of the Migratory Bird Act. Appropriate inventories of migratory birds shall be conducted during analysis of actual site development. If active nests are located, or if other evidence of nesting is observed (mating pairs, territorial defense, carrying of nesting material, transporting of food), the proponent shall coordinate with BLM to establish appropriate protection measures for the nesting sites. Protection measures may include avoidance or restricting or excluding development in certain areas until nests and nesting birds will not be disturbed. After July 31, no further avian survey, will be conducted until the following year.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-001 THRU NV-10-09-007	ALL LANDS
NV-10-09-009 THRU NV-10-09-016	ALL LANDS

PALEONTOLOGICAL RESOURCES

Where significant paleontological resources are identified, mitigating measures such as data recovery, restrictions on development, and deletion of some areas from development may be required on a case by case basis.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-001 THRU NV-10-09-007	ALL LANDS
NV-10-09-009 THRU NV-10-09-016	ALL LANDS

THREATENED, ENDANGERED, OR SPECIAL STATUS SPECIES

Controlled Or Limited Surface Use: (avoidance and/or mitigation measures to be developed)

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 modifications 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, 16 U.S.C. 1531, as amended, including completion of any required procedure for conference or consultation.

Exploratory endeavors on the public lands will require a Special Status Species review, and may require a field survey for the presence of Special Status Species. Potential impacts to Special Status Species will be analyzed on a case-by-case basis. Mitigation measures will be developed on an individual project basis depending upon the results of the survey.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-001 THRU NV-10-09-007	ALL LANDS
NV-10-09-009 THRU NV-10-09-016	ALL LANDS

WATER QUALITY (SURFACE AND GROUND)

As exploration and development activities commence, the operator shall institute a hydrologic monitoring program. The details of the monitoring programs will be site specific and the intensity shall be commensurate with the level of exploration. For example, if the proponent will be conducting seismic studies the monitoring will be limited to the identification of water resources to be monitored as activities continue; if a drilling program were to be undertaken the number of aquifers encountered, their properties, their quality, and their saturated thickness will be documented. The information collected will be submitted to the Bureau of Land Management and will be used to support future NEPA documentation as development progresses. Adverse impacts to surface expressions of the geothermal reservoir (hot springs), and Threatened and Endangered Species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot or cold springs or other water resource within the project area whenever they are conducting activities which have the potential to impact those resources. This may require the operator to make a good faith effort to obtain access across private property. If adverse impacts do occur, BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are in addition to the other stipulations. The information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-001 THRU NV-10-09-007	ALL LANDS
NV-10-09-009 THRU NV-10-09-016	ALL LANDS

WILDLIFE

Controlled Or Limited Surface Use: (avoidance and/or required mitigation measures to be developed) – Are applicable for all leases proposed in mule deer, antelope, and big horn sheep winter habitats, critical fawning and kidding areas and critical migration routes.

<u>PARCEL</u>	<u>DESCRIPTION OF LANDS</u>
NV-10-09-003	T.0290N, R.0350E, 21 MDM, NV Sec. 006, LOTS 1-7; Sec. 006, S2NE,SE,SW,SE; Sec. 008, W2; Sec. 018, LOTS 1-4; Sec. 018, E2,E2W2.
NV-10-09-004	T.0290N, R.0350E, 21 MDM, NV Sec. 030, LOTS 1-4; Sec. 030, E2,E2W2; Sec. 031, LOTS 1-3; Sec. 031, E2,E2NW,NESW; Sec. 032, ALL.
NV-10-09-014	T.0300N, R.0360E, 21 MDM, NV Sec. 006, LOTS 1-7; Sec. 006, S2NE,SE,SW,SE; Sec. 008, ALL.
NV-10-09-015	T.0300N, R.0360E, 21 MDM, NV Sec. 016, ALL; Sec. 022, ALL.

MATERIAL SITE

The lessee accepts this lease subject to the right of the State of Nevada to remove road building material from the land embraced in Material Site No. (see below) and agrees that its operations will not interfere with the material operations of the Department of Transportation.

PARCEL

DESCRIPTION OF LANDS

NV-10-09-016
N-78359

T.0300N, R.0360E, 21 MDM, NV
Sec. 030, LOT 4 (within).

NV-10-09-040
CC018155

T.0100N, R.0570E, 21 MDM, NV
Sec. 034, N2,SW (within).