

NM-8

LEASE NOTICE
COAL PROTECTION

Federal coal resources exist on this lease. Operations authorized by this lease may be altered or modified by the authorized officer (at the address shown below) in order to conserve and protect the mineral resources and provide for simultaneous operations.

Address:

**Tulsa Field Office
Ste. 101, 7906 E 33Rd St
Tulsa, OK 74145
(918) 621-4100**

**Bureau of Land Management
New Mexico State Office**

**NM-8
April 2, 1991**

FLOODPLAIN PROTECTION STIPULATION
CONTROLLED SURFACE USE

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.

**Bureau of Land Management
Oklahoma Field Office**

**ORA-1
November 1991**

WETLAND/RIPARIAN STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease contain wetland and/or riparian areas. Surface occupancy of these areas will not be allowed without the specific approval, in writing, of the Bureau of Land Management. Impacts or disturbance to wetlands and riparian habitats which occur on this lease must be avoided, or mitigated. The mitigation shall be developed during the application for permit to drill process.

For the following described land(s):

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

Bureau of Land Management
Oklahoma Field Office

ORA-2
November 1991

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.

One 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.

LEASE NOTICE
THREATENED AND ENDANGERED SPECIES

According to preliminary information all or portions of this lease area could contain Federal and/or State-listed threatened or endangered species and/or their habitats. Any proposed surface disturbing activity may require an inventory and consultation with the U.S. Fish and Wildlife Service and/or the State Wildlife agency. The consultation could take up to 180 days to complete. Surface occupancy could be restricted or not allowed as a result of the consultation. Appropriate modifications of the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

ORA(LN-2)

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

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

**BUREAU OF LAND MANAGEMENT
TULSA DISTRICT OFFICE
OKLAHOMA RESOURCE AREA OFFICE**

**ORA(LN-2)
JANUARY 1994**

**STIPULATIONS FOR OIL AND GAS LEASES
United States Department of the Interior
Bureau of Land Management**

**LANDS UNDER JURISDICTION OF
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS (WATER RESOURCE PROJECTS)**

The lands embraced in this lease pursuant to the Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.) or the Mineral Leasing Act for Acquired Lands of 1947 (30 U.S.C. 351 et seq.) are under the jurisdiction of the Department of the Army, Corps of Engineers, as the Surface Managing Agency, hereinafter referred to as the "SMA", and are subject to further controls established by the Engle Act (43 U.S.C. 155 et seq.).

The lands described are a part of a water resource multipurpose project, authorized by Congress for flood control, water supply, navigation, recreation, wildlife, and other purposes. Rights under this lease are subordinate to the rights of the United States for the management, operation and maintenance of the Project including public use and the right to flood and submerge the lands intermittently, and to remove materials therefrom.

1. 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.

2. 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 (if an individual), or for damages to the property or 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.

3. That the work performed by the lessee on the lands shall be under the general supervision of the District Commander, Corps of Engineers, in direct charge of the project and subject to such conditions and regulations as may be prescribed by him. Prior to lessee developing plan of operation involving any surface disturbing activity, including routes to be used for vehicular access and plans and locations for all structures and appurtenances thereto, the lessee shall contact the SMA for information to develop such surface use

program. There shall be no surface disturbance prior to compliance by lessee with applicable BLM Onshore Oil and Gas Operation Procedures (43 C.F.R., Part 3160), including Oil and Gas Orders and Notices to Lessees (NTL'S). The lessee must obtain permission (through BLM) of the SMA and subordinate holders of interest (or third parties having contractual responsibility) and approval of the plan of operation from the SMA prior to any surface disturbing activity. The District Commander shall have the right to enter on the premises at any time, to inspect both the installation and operational activities of the lessee.

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

5. 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.

6. 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 by the Government at and in connection with the project, including work performed on lands outside the property included in the lease, is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in an amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

7. No drill related structures (rigs, collector lines, reserve pits, access roads, storage tanks, etc.) will be allowed for placement in the following restricted areas:

a. within 2,000 feet of any major structure, including, but not limited to the dam, spillway or embankment areas. The lessee, his operators, agents, or employees shall not utilize the surface of such areas for any purpose. Drilling operations in, on, or under these areas, including drilling outside of such areas which would cause a bore hole to be under these areas, will not be permitted. These areas are included in the lease for the sole purpose of becoming a part of a drilling unit so that the United States will share in the royalty of the unit. The lessee shall be fully responsible for any damaging subsidence from extraction thereunder.

b. within the boundaries of designated Corps or state operated public use areas, and special recreation areas (hiking trails, horseback trails, etc.).

- c. within areas leased to cities, townships, or quasi-public groups for park and recreational purposes,
- d. below elevation, 1507.0 ft. m.s.l., contain land that fall below this elevation,
- e. within incorporated town, village or city limits,
- f. within unique ecological areas,
- g. historical sites,
- h. wildlife and waterfowl refuges,
- i. within 100 feet of public roadways or 300 feet of occupied buildings.

The lessee, his operators, agents or employees will be prohibited from use or entry upon the surface of restricted areas for any purpose. With the exception of lands covered in paragraph 7.a. above, directional drilling from non-restricted areas is permitted.

8. The Secretary of the Army or his designee reserves the right to require cessation of operations in a national emergency or if the Army needs the premises for a use incompatible with lease operations. On approval by higher authority, the Commander will notify the lessee in writing or, if time permits, request the BLM to notify the lessee. The lessee understands that rights granted by this lease do not include the period of any such cessation, and the United States has no obligation to compensate the lessee for damages or contractual losses resulting from exercise of this stipulation. The lessee shall include this stipulation in contracts with third parties to supply oil and gas. This stipulation shall not affect the lessee's right to seek suspension of the lease term from BLM.

9. If the Commander or the Commander's authorized representative discovers an imminent danger to safety or security which allows no time to consult BLM, that person may order such activities stopped immediately. The state BLM director will be notified immediately, will review the order, and will determine the need for further remedial action.

10. If contamination is found in the operating area, either from mineral lessee's operations or existing conditions, the operator will immediately stop work and consult with the District Commander, or his authorized representative in analyzing the problem and developing a remedial plan.

11. In furtherance of Section 9 of the lease, lessee liability for damage to improvements and all natural resources and waters of the project shall include improvements of the Department of Defense and any surface users authorized by the Department of Defense.

12. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the leased area and must take into consideration programs for which third parties have contractual responsibility.

13. A license to conduct geophysical tests on the leased area must be obtained separately from the Commander or his authorized representative.

14. Prior to beginning operations, the lessee will appoint and retain a local agent who may be served notice concerning matters in these stipulations and who will notify the SMA instantly in the event of pollution, potential spills or other hazards encountered.

15. The lessee will be liable for pollution or other damages, as a result of their operations, to Government-owned lands and property and to the property of the Government's authorized surface user.

16. That it is understood that this instrument is effective only insofar as the rights of the United States in the said property are concerned; and that the lessee shall obtain such permission as may be necessary on account of any other existing rights whether or not granted by the Government. It is further understood that the Government does not warrant title or the accuracy of the descriptions provided in the lease.

17. Land and water areas included under a fish and wildlife management license agreement with a State agency, or allocated in the Master Plan for Fish and Wildlife Management, will be subject to the special Kansas City District Corps of Engineers Lease Stipulations for Wildlife Lands.

Kanopolis Lake Project, Kansas**KANSAS CITY DISTRICT CORPS OF ENGINEERS
STIPULATION FOR LANDS DESIGNATED FOR THE
MANAGEMENT OF WILDLIFE**

Lands and water areas of the Project are managed for multipurposes and may be included under a fish and wildlife management license with a State agency, permitted to the USF&WLS, or allocated in the Master Plan for Fish and Wildlife Management, and will be subject to special stipulations to insure the mitigation, protection and/or enhancement of wildlife and wildlife habitat. Surface disturbance will be restricted to those areas with insignificant impact to wildlife resources, and will be prohibited in areas providing habitat for threatened or endangered species, refuges, critical habitat of the key management species, and/or unique breeding grounds. The time period or location where construction, drilling, production or restoration activity can occur (or is required to be accomplished) may be specified to avoid impact to seasonal hunting, breeding, migration or fire hazard, to include seasonal occupancy, controlled access, limits on noise generation, lighting and use of explosives. Vegetation must be preserved, sludge or flare pits covered, erosion repaired, and scars revegetated. Access roads must be maintained for collateral use with the public where hunting or fishing is authorized, and when no longer required by the lessee shall be brought to usable standards for continued public access, or obliterated and revegetated, at the option of the lessor. Ancillary equipment will be removed immediately when no longer needed for production.

STIPULATIONS FOR OIL AND GAS LEASES
United States Department of the Interior
Bureau of Land Management
Lands Under Jurisdiction of Department of the Army
Corps of Engineers (Water Resource Projects)
Kanopolis Lake Project, Kansas

The lands embraced in this lease pursuant to the Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.) or the Mineral Leasing Act for Acquired Lands of 1947 (30 U.S.C. 351 et seq.) are under the jurisdiction of the Department of the Army, Corps of Engineers, as the Surface Managing Agency, hereinafter referred to as the "SMA," and are subject to further controls established by the Engle Act (43 U.S.C. 155 et seq.).

The lands described are a part of a water resource multipurpose project, authorized by Congress for flood control, water supply, navigation, recreation, wildlife, and other purposes. Rights under this lease are subordinate to the rights of the United States for the management, operations and maintenance of the Project including public use and the right to flood and submerge the lands intermittently, and to remove material therefrom.

1. 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.
2. 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 (if an individual), or for damages to the property or 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.
3. That the work performed by the lessee on the lands shall be under the general supervision of the District Commander, Corps of Engineers, in direct charge of the project and subject to such conditions and regulations as may be prescribed by him. Prior to lessee developing plan of operation involving any surface disturbing activity, including routes to be used for vehicular access and plans and locations for all structures and appurtenances thereto, the lessee shall contact the SMA for information to develop such surface use program. There shall be no surface disturbance prior to compliance by lessee with

applicable BLM Onshore Oil and Gas Operation Procedures (43 C.F.R., Part 3160), including Oil and Gas Orders and Notices to Lessees (NTL's).

The lessee must obtain permission (through BLM) of the SMA and subordinate holders of interest (or third parties having contractual responsibility) and approval of the plan of operation from the SMA prior to any surface disturbing activity. The District commander shall have the right to enter on the premises at any time, to inspect both the installation and operational activities of the lessee.

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

5. 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.

6. 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 by the Government at and in connection with the project, including work performed on lands outside the property included in the lease, is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in an amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

7. No drill related structures (rigs, collector lines, reserve pits, access roads, storage tanks, etc.) will be allowed for placement in the following restricted areas:

a. within 2,000 feet of any major structure, including, but not limited to the dam, spillway or embankment areas. The lessee, his operator, agents, or employees shall not utilize the surface of such areas for any purpose. Drilling operation in, on, or under these areas, including drilling outside of such areas which would cause a bore hole to be under these areas, will not be permitted. These areas are included in the lease for the sole purpose of becoming a part of a drilling unit so that the United States will share in the royalty of the unit. The lessee shall be fully responsible for any damaging subsidence from extraction thereunder.

- b. within the boundaries of designated Corps or state operated public use areas, and special recreation areas (hiking trails, horseback trails, etc.).
- c. within areas leased to cities, townships, or quasi-public groups for park and recreational purposes,
- d. below elevation, 1507.0 ft. m.s.l., contain land that fall below this elevation,
- e. within incorporated town, village or city limits.
- f. within unique ecological areas,
- g. historical sites,
- h. wildlife and waterfowl refuges,
- i. within 100 feet of public roadways or 300 feet of occupied buildings.

The lessee, his operators, agents or employees will be prohibited from use or entry upon the surface of restricted areas for any purpose. With the exception of lands covered in paragraph 7.a above, directional drilling from non-restricted areas is permitted.

8. The Secretary of the Army or his designee reserves the right to require cessation of operations in a national emergency or if the Army needs the premises for a use incompatible with lease operations. On approval by higher authority, the Commander will notify the lessee in writing or, if time permits, request the BLM to notify the lessee. The lessee understands that rights granted by this lease do not include the period of any such cessation, and the United States has no obligation to compensate the lessee for damages or contractual losses resulting from exercise of this stipulation. The lessee shall include this stipulation in contracts with third parties to supply oil and gas. This stipulation shall not affect the lessee's right to seek suspension of the lease term from BLM.

9. If the Commander or the Commander's authorized representative discovers an imminent danger to safety or security which allows no time to consult BLM, that person may order such activities stopped immediately. The State BLM Director will be notified immediately, will review the order, and will determine the need for further remedial action.

10. If contamination is found in the operating area, either from mineral lessee's operations or existing conditions, the operator will immediately stop work and consult with the District Commander, or his authorized representative in analyzing the problem and developing a remedial plan.

11. In furtherance of Section 9 of the lease, lessee liability for damage to improvements and all natural resources and waters of the project shall include improvements of the Department of Defense and any surface users authorized by the Department of Defense.

12. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the leased area and must take into consideration programs for which third parties have contractual responsibility.

13. A license to conduct geophysical tests on the leased area must be obtained separately from the Commander or his authorized representative.

14. Prior to beginning operations, the lessee will appoint and retain a local agent who may be served notice concerning matters in these stipulations and who will notify the SMA instantly in the event of pollution, potential spills or other hazards encountered.

15. The lessee will be liable for pollution or other damages, as a result of their operations, to Government-owned lands and property and to the property of the Government's authorized surface user.

16. That it is understood that this instrument is effective only insofar as the rights of the United States in the said property are concerned; and that the lessee shall obtain such permission as may be necessary on account of any other existing rights whether or not granted by the Government. It is further understood that the Government does not warrant title or the accuracy of the descriptions provided in the lease.

17. Land and water areas included under a fish and wildlife management license agreement with a State agency, or allocated in the Master Plan for Fish and Wildlife Management, will be subject to the special Kansas City District Corps of Engineers Lease Stipulations for Wildlife Lands.

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.

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 238.0 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 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 1,000 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.

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.....	8,310.50
Wildlife Management Areas.....	3,799.92
Lake Operations.....	830.00
Areas below 25-year frequency pool	To Be Determined
Archeological/Historical Sites.....	To Be Determined

**STATEMENT OF AVAILABILITY
PROPOSED OIL AND GAS LEASING
SOMERVILLE LAKE, TEXAS**

- 1. It is the policy of Department of Defense to make lands available to the maximum extent possible for mineral exploration and extraction, consistent with military operations, national defense activities, and Army civil works activities. The lands requested are not situated within incorporated cities, towns, or villages. There are no known legal policy or military considerations that adversely affect the proposed oil and gas leasing.**
- 2. A lease application for the lands requested was submitted to the Bureau of Land Management (BLM) under noncompetitive terms. BLM is the lead agency for mineral leasing actions.**
- 3. The lands requested are safe for nonmilitary purposes.**
- 4. The area requested includes 1323.1 acres of project lands. There are no improvements included in the proposed lease.**
- 5. The land is not being made available for a public road.**
- 6. There are no buildings or other improvements included in the proposed lease.**
- 7. The land requested for oil and gas leasing is necessary for project purposes and cannot be reported excess. The multiple-use contemplated by the proposed oil and gas leasing will not adversely affect use of project lands for project purposes.**
- 8. In accordance with AR 405-30 (para 7.g.) BLM will prepare the necessary environmental and cultural documents before deciding to lease the proposed area.**
- 9. A subsurface estate is being requested. The requested areas are not included in the National Register or Historic Places. Surface occupancy requests will include an evaluation of the proposed area considering the requirements of Executive Order 11593 and the National Historic Preservation Act of 1966.**
- 10. Portions of the area may be subject to flooding. Surface occupancy pursuant to exploration activity will include evaluations and appropriate action regarding potential flooding. The use of any existing structures is not included in the proposed oil and gas lease.**

11. The proposed leasing activity will not require or include destruction, relocation or replacement of Government structures.
12. The proposed oil and gas leasing or revocation of such should not prove embarrassing to the Department of the Army.
13. Surface use activities pursuant to the proposed oil and gas lease will be conducted in conformity with authorized project purposes and in accordance with lease terms and conditions and surface use conditions included in the BLM Application or Permit to Drill, at such time as it is approved or later modified.
14. The requested area is available for the primary term of the lease and any subsequent extension resulting from production in paying quantities.
15. An estimate of fair market value is not considered applicable since the rental amount is set by law and regulation.
16. The property is not to be used for vehicle speed contests.
17. The proposed leasing does not jeopardize the habitat of any endangered or threatened species. Any surface use pursuant to exploration and production on the leased area will be considered in light of the potential to adversely effect such habitat.
18. The proposed leasing activity does not affect any approved State Coastal Zone Management Plan.
19. A waiver of competition is recommended. The proposed lease was offered noncompetitively according to the Mineral Leasing Act for Acquired Lands, 30 USC 351 et. seq.
20. There are no other conditions of significance known at this time.

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

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

All matters related to this stipulation are to be addressed

To : Forest Supervisor
National Forests in Texas
At : 701 North First St.
Lufkin, TX 75901
Telephone No : (409) 639-8501

Who is the authorized representative of the Secretary of Agriculture.

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

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

Portions of this lease contain streamside management zones (floodplains, wetlands). As a minimum, these areas are established within the 100 year 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. (MA-4-63)

On the lands described below:

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

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

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

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

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

On the lands described below:

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

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

CONTROLLED SURFACE USE STIPULATION

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

Portions of the land in this lease are, or may be, occupied by clusters of the endangered red-cockaded woodpecker. Exploration and development proposals may be modified and/or limited, including no surface occupancy, within 1/4 mile of an active red-cockaded woodpecker cluster. In addition, if foraging habitat is limited, no surface occupancy may occur within 1/2 mile of an active red-cockaded woodpecker cluster. Upon receipt of a site-specific proposal, the Forest Service will provide current inventory records of cluster locations and may require that localized surveys be performed to assure no uninventoried clusters are present. (MA-2-80-4.6)

On the lands described below:

For the purpose of:

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

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

CONTROLLED SURFACE USE STIPULATION
NATIONAL GRASSLANDS IN TEXAS

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

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

On the lands described below:

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

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

FS8(TX)(LN#3B)

LEASE NOTICE
NATIONAL FORESTS IN TEXAS

National Forests and grasslands in Texas, Caddo/Lyndon B Johnson Center lies within the southern portion of Tract 261.

NO SURFACE OCCUPANCY STIPULATION
NATIONAL GRASSLANDS IN TEXAS

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description):

For the purpose of: To meet visual quality objectives and to protect scenic area values in accordance with MA-8c-62, page 215 of the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

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

NO SURFACE OCCUPANCY STIPULATION
NATIONAL FORESTS IN TEXAS

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

Areas along lakeshore where visual resources would be severely impacted by drilling facilities.

For the purpose of:

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

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

NAVAJO AREA, BUREAU OF INDIAN AFFAIRS
SURFACE MANAGEMENT AGENCY LEASE STIPULATIONS
FOR FEDERAL OIL AND GAS LEASE OFFERING

1. Lessee shall carry on all operations in a good and workmanlike manner in accordance with approved methods and practices.

2. Lessees shall abide by and conform to appropriate provisions of Titles 25, 36, and 43, Code of Federal Regulations, and any and all other applicable regulations and manuals of the Secretary now or hereafter in force relative to surface leasing rights-of-way and as amended, and National Area Environmental Protection guidelines; the National Historic Preservation Act of 1966, as amended, Archaeological Resources Protection Act, and American Indian Religious Freedom Act and other applicable laws, 30 BIAM, 36 CFR 800 and 43 CFR 7.
 - a. Prior to issuing any cultural clearances, the Lessee shall provide the necessary cultural clearances to the Bureau of Land Management after consultation with the Navajo Nation Historic Preservation Department, P. O. Box 2898, Window Rock, AZ 86515, and provide copies of all historic preservation related documents associated with an undertaking. The Navajo Nation contracted under Public Law 93-638 the Navajo Area Archaeology Office.

 - b. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, Lessee shall submit a development plan for surface use to the Area Manager, Farmington Resource Area, Bureau of Land Management, 1235 La Plata Highway, Farmington, NM 87401. An Environmental Analysis will be made by the Bureau of Land Management in consultation with the BIA Navajo Area Office for the purpose of ensuring proper protection of the surface, the natural resources, the environment and existing improvements and for assuring timely reclamation of disturbed lands. Upon completion of said environmental analysis, the Oil and Gas Field Manager shall notify Lessee of the conditions to which the proposed surface disturbing operations will be subject. (Note: Prior to operations beginning; Lessee shall furnish a copy of its development plan and Bureau of Land Management conditions to the BIA. The BIA reserves the right to require site specific archaeological surveys and environmental reviews on tracts selected for development prior to giving concurrence to proposed actions(s). The BIA will consult with the Navajo Nation prior to concurring in such actions.)

3. The Lessee shall not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever. Lessee will not use or permit to be used any part of said leased land for the manufacture, sale, gift, transportation, or storage of intoxicating

liquors, beverages or drugs. In the event any representative of Lessee or its contractor or subcontractor,

employed in connection with the operations on the lease premises shall be responsible for any of the unlawful acts described in this clause, Bureau of Land Management shall give Lessee information as to such violation(s) with a copy of the notice to BIA and Navajo Nation. Lessee shall immediately take steps to cure the violations, including the termination or transfer of such employee. (25 CFR 162.5(g) (3); 18 U.S.C. Sections 1151, 1154, and 1156, as amended.)

4. Except as otherwise stated herein, copies of correspondence and notices shall be mailed to the Bureau of Indian Affairs in care of the Area Director, Navajo Area Office, Attention: Branch of Real Property Management, Bureau of Indian Affairs, P. O. Box 1060, Gallup, NM 87305-1060; and to the Navajo Nation in care of the President, Navajo Nation, Attention: Navajo Tribal Minerals Department, P. O. Box 146, Window Rock, AZ 86515.

THE NAVAJO NATION STIPULATIONS

1. The surface ownership of lands contained in this lease may be all or partly managed by the Navajo Tribe. Site specific rights-of-way clearances and/or inventories may be required prior to entry upon the surface for operation of the lease holdings. Prior contact with the Navajo Nation will be required prior to operations beginning. All applicable laws of the Navajo Nation (including tax laws, water codes, requirements of Environmental Protection Administration, etc.) shall be complied with by the Lessee.

2. The Navajo Nation requires a copy of complete exploration and development data (drilling logs, seismic data, etc.) obtained by the Lessee on the subject lands will be provided to the Navajo Nation at no cost. All materials data will be held confidential as described in 43 CFR 3162.8.

3. Navajo grazing rights to the surface of the lands so leased shall be protected, and the Nation's rights respecting the use of water shall be unimpaired.

4. Lessee shall not obtain water for use in drilling from Indian-owned wells, tanks, springs, or stockwater reservoirs without prior written permission from the Navajo Nation. Lessee shall not drill any water wells for its use without prior written consent of the Navajo Nation and the Area Director.

5. Lessee shall compensate the Navajo Nation and its grazing permittees (if any), for all surface use(s) as well as damages to crops, buildings, and other improvements of surface landowner, including loss of grazing lands, occasioned by the Lessee's operations except that the Lessee shall not be held responsible for casualties occasioned by caused beyond the Lessee's control. Compensation for surface use shall be negotiated by Lessee and the Navajo Nation and will be based upon the duration of activity on the land.

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Page 3 of 3

6. Lessee shall not drill any well within 500 feet of any house, structure, or reservoir of water without the Navajo Nation's written consent.

7. Lessee shall bury all pipelines crossing tillable lands below plow depth unless other arrangements are made with the Navajo Nation.

8. Upon the request of the Navajo Nation or if so required by the Area Director or his authorized representative, and under the direction of the Field Manager, Bureau of Land Management, the Lessee shall

condition any well drilled which does not produce oil or gas in paying quantities, but which is capable of producing water satisfactorily for domestic, agricultural, or livestock use by the Navajo Nation. Otherwise, after the expiration or termination of the lease, the Lessee shall remove all pumping equipment installed by Lessee at any well.

BIA-4

LEASE NOTICE

A. The lessee is advised that the lease area may contain essential habitat for threatened and endangered species. Surveys will be required to be conducted during the appropriate season for species of concern as determined by the Navajo Nation Fish and Wildlife Department.

B. The lessee is advised that all settling and evaporation pits used for production purposes will be lined and covered.

**BIA-4
April 8, 1993**

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

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

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-LN-1
February 1991

POTASH STIPULATION

Stipulations to be made part of any oil and gas lease involving lands described in Secretarial Order, 51 Federal Register 39425 (October 28, 1986).

The lessee further agrees that:

- (1) Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the Authorized Officer, Bureau of Land Management, that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States will best be served by permitting such drilling.
- (2) No wells shall be drilled for oil or gas at a location which, in the opinion of the Authorized Officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.
- (3) When it is determined by the Authorized Officer, that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the Authorized Officer.
- (4) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations (43 CFR 3160), including such requirements as the Authorized Officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

On the land(s) described below:

Bureau of Land Management
Carlsbad Field Office

SENM-S-1
Revised December 1996

STIPULATION
(NO SURFACE OCCUPANCY)

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

For the purpose of:

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

**Bureau of Land Management
Carlsbad Field Office**

**SENM-S-12
May 1989**

SENM-S-14

MAINTENANCE OF STATE WELL-SPACING REQUIREMENTS
NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of: The lease or portion of a lease for the area described above is issued for the sole purpose of assisting in the orderly development of the Federal mineral estate. This lease will be used to maintain state well-spacing requirements on the lands described above. This lease absolutely does not grant surface occupancy or use, and that requirement cannot be waived unless changes are made in a land use plan or plan amendment.

**Bureau of Land Management
Roswell/Carlsbad Field Office**

**SENM-S-14
October 10, 1997**

SLOPES OR FRAGILE SOILS

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

Surface disturbance will not be allowed on slopes over 30 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installation of projects designed to enhance or protect renewable natural resources, or if a plan of operating and development which provides for adequate mitigation of impacts was approved by the Authorized Officer. Occupancy or use of fragile soils will be considered on a case-by-case basis.

For the purpose of: Protecting Slopes or Fragile Soils

**Bureau of Land Management
Roswell/Carlsbad Field Office**

**SENM-S-17
December 1997**

STREAMS, RIVERS, AND FLOODPLAINS

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

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

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

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

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

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

For the purpose of: Protecting Streams, Rivers and Floodplains

PLAYAS AND ALKALI LAKES

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

Surface disturbance will not be allowed within up to 200 meters of PLAYAS of alkali lakes. Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources. An exception for oil and gas development will be considered if Playa lake loss was mitigated by the protection and development of another playa exhibiting the potential for improvement. mitigation could include: installing fencing; developing a supplemental water supply; planting trees and shrubs for shelter belts; conducting plays basin excavation; constructing erosion control structures or cross dikes; or by improving the habitat in another area.

For the purpose of: Protecting Playas and Alkali Lakes

**Bureau of Land Management
Roswell/Carlsbad Field Offices**

**SENM-S-19
December 1997**

CAVES AND KARST

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

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

For the purpose of: Protecting Caves and Karst Features

**Bureau of Land Management
Roswell/Carlsbad Field Office**

**SENM-S-21
December 1997**

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to the operation and maintenance of production facilities.

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m.. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise. Exceptions to these requirements will be considered for areas of no or low prairie chicken booming activity, or unoccupied habitat, including leks, as determined at the time of permitting, or in emergency situations.

For the purpose of: Protecting Prairie Chickens

Bureau of Land Management
Roswell/Carlsbad Field Offices

SENM-S-22
December 1997

VISUAL RESOURCE MANAGEMENT

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

Painting of oil field equipment and structures to minimize visual impacts will be conducted according to the requirements of Notice to Lessees (NTL) 87-1, New Mexico. Low profile facilities also may be required, when needed to reduce the contrast of a project with the dominant color, line, texture, and form of the surrounding landscape. Other surface facilities or equipment approved by the BLM, such as large-scale range improvements or pipelines, will be painted, when needed, to conform with the requirements of visual resource management to minimize visual impacts. Paint colors will be selected from the ten standard environmental colors approved by the Rocky Mountain Coordinating committee. The selected paint color will match as closely as possible the predominant soil or vegetation color of the area.

For the purpose of: Protecting Visual Resources Management

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