

**New Mexico State Office
P.O. Box 27115
Santa Fe, NM 87502-
0115**



Competitive Oil & Gas Lease Sale



April 17, 2002

www.nm.blm.gov

**Bureau of Land Management
1474 Rodeo Road
Santa Fe, NM**



United States Department of the Interior

Bureau of Land Management

New Mexico State Office

1474 Rodeo Road

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

IN REPLY REFER TO:
3120 (NM93200-gsb)

NOTICE

The Bureau of Land Management will hold four (4) Competitive Oil and Gas Lease Sales during Fiscal Year 2003. The tentative scheduled dates are shown below:

<u>Sale Date(s)</u>	<u>Team Lead For Sale</u>	<u>Expression of Interest (EOI) Closing Date(s)*</u>	<u>Mailed to the Public</u>
10/16/2002	Lou Ortiz	06/14/2002	08/28/2002
01/22/2003	Gloria Baca	09/13/2002	11/15/2002
04/16/2003	Berna Martinez	12/13/2002	02/26/2003
07/16/2003	Lou Ortiz	03/14/2003	05/23/2003

*Federal lands administered by an agency outside of the Department of the Interior require Surface Management Agency (SMA) consent. Meeting the closing dates does NOT guarantee your EOI will be on the scheduled sale date.

You may request to receive the Oil and Gas Lease Sale Notice to check whether the lands are being offered. Contact our Accounts Section at (505) 438-7462 to be placed on our mailing list by either opening a declining deposit account with a minimum amount of \$50.00 or you may purchase a single Sale Notice for \$5.00 each plus postage and handling.

Every effort will be made to offer your EOI in a timely manner.

/s/ Gloria S. Baca

Gloria Baca
Land Law Examiner
Fluids Adjudication Team



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
1474 Rodeo Road
P. O. Box 27115
Santa Fe, New Mexico 87502-0115

IN REPLY REFER TO:
3120 (930-gsb)

FEB 28 2002

NOTICE OF COMPETITIVE LEASE SALE

Oil and Gas

SALE LOCATION ADDRESS

**Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505**

Notice is hereby given that on **April 17, 2002**, the U.S. Department of the Interior, Bureau of Land Management, New Mexico State Office, will offer for competitive sale, pursuant to Title 43 CFR Part 3120 and procedures herein, certain Federal lands for oil and gas leasing.

LOCATION: The sale will be held in the second floor conference room, at the Bureau of Land Management, 1474 Rodeo Road, Santa Fe, New Mexico, 87505. You must be present to bid.

TIME: The competitive oral auction will commence at 9 a.m. on **April 17, 2002**. The sale room will be open to the public one hour prior to the time indicated above, to allow each interested party time to obtain a bidding number from authorized Bureau personnel.

REGISTRATION AND BIDDING NUMBERS: Bidders will be required to obtain a bidding number prior to making any bid. Registration of bidders is required to speed paperwork and will commence at 8 a.m., April 17, 2002.

LANDS OFFERED: The lands to be offered are described herein. Parcels will be offered for oral bid in the order shown in this Notice of Competitive Lease Sale.

TERMS OF LEASE: Leases awarded as a result of this oral auction will be for a primary term of 10 years, and so long thereafter as there is production in paying quantities. The royalty will be at a flat rate of 12-1/2 percent of the value or the amount of production removed or sold from the lease. Other terms of the lease are specified on the standard lease (Form 3100-11b, October 1992 edition).

OTHER CONDITIONS: Specific surface use stipulations, where applicable, are specified for each parcel in this Notice of Competitive Lease Sale. Such stipulations shall become part of the lease and shall supersede any inconsistent provisions of the lease form. General surface use requirements are contained in law and regulation. Further details regarding the stipulations can be obtained from the New Mexico State Office.

MINIMUM BID: The minimum acceptable bonus bid will be the lump sum equivalent of \$2 per acre or fraction thereof.

METHOD OF BIDDING: All bids shall be made orally and be based on a per-acre basis for the entire acreage in the parcel and not on the total bid amount. The bid must be rounded up to the next whole acre if fractional acreage is involved, e.g., a parcel of 644.38 acres will require a minimum bid of at least \$1,290.00 (\$2 X 645 acres) to open the bidding process.

FRACTIONAL INTERESTS: For some of the parcels, as indicated in the list, the United States holds less than 100 percent of the oil and gas rights. Any lease issued will be only for the percentages or fractions indicated. However, bonus bids and rentals for such parcels shall be based on the gross acreage in the parcel, not the net U.S. interest. Acreage chargeability and production royalty are, in contrast, calculated on the net U.S. interest.

RIGHT TO WITHDRAW PARCELS FROM SALE: The Bureau of Land Management reserves the right to withdraw any or all of the parcels from the sale prior to or at the oral auction. In the event of cancellation of the sale, every effort will be made to give appropriate notice to all interested parties. If and when any individual parcels are withdrawn, notice thereof will be posted in the Public Room at the New Mexico State Office, 1474 Rodeo Road, Santa Fe, New Mexico, 87505.

DETERMINATION OF WINNING BID: A winning bid will be the highest oral bid, equal to or exceeding the national minimum acceptable bid specified above. The decision of the auctioneer shall be final.

PAYMENT OF BONUS BID, RENTAL AND ADMINISTRATIVE FEE: A bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. Winning bidders shall be required to make payment for the parcel on the day of the oral auction for a total amount consisting of: (1) a bonus bid deposit of at least \$2 per acre or fraction thereof; (2) the total amount of the first year's annual rental, at a rate of \$1.50 per acre or fraction thereof; and (3) an administrative fee of \$75 per parcel. Failure to pay this minimum deposit may result in assessment of civil penalties pursuant to the Federal Oil and Gas Royalty Management Act. This amount must be tendered at the close of business 4:00 the day of the sale. The entire amount due may be paid at this time. Any unpaid balance of the bonus bid must be received by the New Mexico State Office by the close of business on the tenth (10th) working day following the auction, which is 4:00 p.m., May 1, 2002, or all monies held by BLM and the right to issuance of the lease shall be forfeited. Any parcel so forfeited may be re-offered by BLM competitively at a later oral auction. Successful bidders for the future interest parcels are subject to these same conditions except (2) above in that no rental or royalty shall be due to the United States prior to the vesting of the oil and gas rights in the United States.

FORM OF PAYMENT: Payment shall be made by personal check, certified check, or money order (SUCH FORMS OF PAYMENT MUST BE MADE PAYABLE TO THE DEPARTMENT OF THE INTERIOR - BLM), or by CREDIT CARD (VISA, MASTERCARD, DISCOVER, AND, AMERICAN EXPRESS ACCEPTED). Payment by cash is NOT allowed.

BID FORM REQUIRED; AVAILABILITY: Pursuant to Title 43 CFR 3120.5, successful high bidders will be required to submit WITH the required payments for each parcel on the day of the oral auction of such parcel, a properly signed current competitive lease bid form (Form 3000-2, October 1989). A separate bid form must be submitted for each parcel. This form is a legally binding offer by the prospective lessee to accept a lease pursuant to the terms and conditions specified herein for the parcel and on the standard lease form. Form 3000-2 may be obtained and executed by the prospective lessee or an authorized representative PRIOR to the oral auction. If the bid form is fully completed before the oral auction, it cannot be modified; portions of the form may be left blank to be completed by the bidder at the auction. If the bid form is not executed prior to the oral auction, the prospective lessee shall be required to complete and sign the bid form at the auction when the payment is tendered. Form 3000-2, when completed, certifies compliance with lessee qualifications (See Title 43 CFR 3102.5-2) and also certified compliance with 18 U.S.C. 1860, which prohibits unlawful combination of/or intimidation of bidders and certifies that the bid was arrived at independently without unlawful collusion. Forms 3000-2 and 3100-11b are made a part of this sale notice.

AWARD/ISSUANCE OF LEASES: Prospective lessees are advised that leases may be issued, upon signature by the authorized officer, without further action on their part, once all remaining bonus bid monies are timely received. The effective date of the lease shall be the first day of the month following execution of the lease form by the authorized officer, except that leases may, upon written request from the lessee received prior to signature on the lease by the authorized officer, be effective the first day of the month in which issued. Leases for future interest shall be effective as of the date the mineral interests vest in the United States, all else being regular.

UNSOLD PARCELS: Parcels contained in this Notice of Competitive Lease Sale for which no bids are received at the oral auction and no noncompetitive pre-sale offers are pending, and which have not been withdrawn from the sale by BLM, shall be available for regular noncompetitive lease offer in accordance with Title 43 CFR Subpart 3110 for a 2-year period. The 2-year period shall commence at 9 a.m., April 18, 2002, the hour the public room opens on the first business day after the auction, and ending at 4 p.m., April 17, 2004. All noncompetitive offers received on that first business day following the auction will be considered simultaneously filed. Offers received thereafter shall receive priority as of the date and time of filing, as specified at Title 43 CFR 1821.2-3(a). A drop box will be available at the auction for noncompetitive offers for any parcel which has received no national minimum acceptable bid and all offers placed in the box shall be considered simultaneously filed during the first business day following the close of the oral auction. The drop box will be available until 1 hour following the close of the oral auction. Conflicting applications filed during the first business day following the auction and/or placed in the drop box at the sale will be prioritized by public drawing. This drawing will be held in the BLM Public Room in Santa Fe, NM at 3 p.m. on April 22, 2002.

PENDING NONCOMPETITIVE PRESALE OFFERS: A presale noncompetitive offer filed in accordance with Title 43 CFR 3110.1(a) for a parcel offered at the sale, and for which no bid is received, has first priority over an offer filed after the sale. Parties are cautioned that any lands in a parcel not sold at the auction, which are subject to a pending noncompetitive presale offer, may not be available for further noncompetitive filings. Those lands will be issued to the party who submitted the pre-sale offer, all else being regular. However, if it is announced at the beginning of the sale that the pre-sale offer has been withdrawn, noncompetitive filings will be accepted after the sale for that parcel. Parcels with pending noncompetitive pre-sale offers are identified in this Notice of Competitive Lease Sale by the notation "Pending Presale Offer No."", indicated after the parcel description.

PUBLIC NOTICE

Bidders are reminded that a bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. There have been cases in past oral auctions where the minimum deposit due from the high bidder on the day of the auction was not paid, or was paid by a check drawn on an account with insufficient funds. The Bureau of Land Management will be closely monitoring situations of this nature to determine whether further measures should be initiated to protect the integrity of the system.

DUE TO BUDGET RESTRAINTS, EXTRA COPIES OF THE SALE NOTICE WILL NO LONGER BE PROVIDED AT THE SALE. HOWEVER, THEY WILL BE AVAILABLE FOR PURCHASE FROM THE CASHIER.

NOTE: SHOULD ASSISTANCE BE NEEDED FOR THE HEARING OR VISUALLY IMPAIRED, PLEASE CONTACT THE NEW MEXICO STATE OFFICE AT (505) 438-7537 BY April 2, 2002. THE SALE SITE IS ACCESSIBLE TO THE HANDICAPPED.

*/s/ Gloria Baca
Land Law Examiner
Fluids Adjudication Team*

**PLEASE FILL IN THE NAME AND ADDRESS AS IT SHOULD
APPEAR ON THE ISSUED LEASE**

NEW BIDDER REGISTRATION FORM

**BIDDER NO. _____
(Leave Blank)**

NAME: _____

TELEPHONE: _____

STREET: _____

CITY: _____

STATE: _____ ZIP CODE: _____

**THE LESSEE MUST BE QUALIFIED TO HOLD A FEDERAL
OIL AND GAS LEASE.**

SIGNATURE

DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID
30 U.S.C. 181 et seq.; 30 U.S.C. 351-359;
30 U.S.C. 1001-1025; 42 U.S.C. 6508

FORM APPROVED
OMB NO. 1004-0074
Expires: May 31, 2000

		State	Date of sale
PARCEL NUMBER		AMOUNT OF BID (See Instructions below)	
		TOTAL BID	PAYMENT SUBMITTED WITH BID
THE BID IS FOR (Check one) :			
<input type="checkbox"/> Oil and Gas Parcel Number _____			
<input type="checkbox"/> Geothermal Parcel Number _____ Name of Known Geothermal Resource Area (KGRA) _____			

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 3220. (See details concerning lease qualifications on reverse.)

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 shall 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 BID
(Except NPR-A)

1. Separate bid for each parcel is required. Identify parcel by the 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 in 43 CFR 3103.1-1. The remainder of the bonus bid, if any, **must** be submitted to the proper BLM office within 10 working days after the last day of the oral auction. **Failure to submit the remainder of the bonus bid within 10 working days will result in rejection of the bid offer and forfeiture of all monies paid.**
3. If 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 authorized officer.
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), bidder may wish to leave AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the Bureau of Land Management at the oral auction.

INSTRUCTIONS FOR GEOTHERMAL OR
NPR-A OIL AND GAS BID

1. Separate bid for each parcel is required. Identify parcel by the number assigned to a tract.
2. Bid **must** be accompanied by one-fifth of the total amount of bid. The remittance **must** be in the form specified in 43 CFR 3220.4 for a Geothermal Resources bid and 3132.2 for a NPR-A lease bid.
3. Mark envelope Bid for Geothermal Resources Lease in (*Name of KGRA*) or Bid for NPR-A Lease, as appropriate. Be sure correct parcel number of tract on which 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 bidder is **not** the sole party in interest in the lease for which bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.

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.

(Continued on reverse)

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 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 interest in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authorities 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; 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; and (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres; and (3) Certify that all parties in interest 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 authorities cited herein.

NOTICE

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 Resources 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 right 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.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected in accordance with 43 CFR 3120, 43 CFR 3130, or 43 CFR 3220..

This information will be used to determine the bidder submitting the highest bid.

Response to this request is required to obtain a benefit..

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 2 hours per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer (WO-630), 1620 L Street, Washington, D.C. 20036 and the Office of Management and Budget, Desk Officer for the Interior Department, Office of Regulatory Affairs (1004-0074), Washington, D.C. 20503.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (*reverse*) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral 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), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

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 BLM: _____ Unit/Project _____
Legal description of land requested: _____ *Parcel No.: _____ *Sale Date (m/d/y): ____ / ____ / ____
***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 acres applied for _____
Total \$ _____

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 or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease:

THE UNITED STATES OF AMERICA

Noncompetitive lease (ten years)

by _____
(Signing Officer)

Competitive lease (ten years)

(Title) (Date)

Other _____

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. 18 U.S.C. Sec. 1001 makes 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.

Duly executed this _____ day of _____, 19 _____.

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
- Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
- 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 shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), or (c) 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) shall 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 shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- Noncompetitive lease, 12½ %;
- Competitive lease, 12½ %;
- 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 shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall 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 shall 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 shall 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 shall 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 shall be filed and maintained for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall 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 shall 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 shall 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 shall 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 shall 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 shall keep open at all reasonable times for inspection by any authorized officer 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 shall 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 shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall 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 shall 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 shall 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 shall 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 shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee shall 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 shall immediately contact lessor. Lessee shall 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 shall include in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall 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 shall: 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 shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall 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 shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall 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 shall 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 shall 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 shall 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 shall 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 shall not prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701).

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

BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
April 17, 2002, Lease Sale Statistics by State
Parcels with and without Pre-sale Noncompetitive Priority Offers

STATE	PARCELS WITH PRESALE OFFER	PARCELS WITHOUT PRESALE OFFER	TOTAL PARCELS	ACRES WITH PRESALE OFFER	ACRES WITHOUT PRESALE OFFER	TOTAL ACRES
NM	0	44	44	0.00	31,432.20	31,432.20
KS	0	3	3	0.00	3,512.42	3,512.42
OK	0	4	4	0.00	2,721.89	2,721.89
TX	1	2	3	132.00	156.07	288.07
TOTALS	1	53	54	132.00	37,822.58	37,954.58

**U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
APRIL 17, 2002 OIL AND GAS LEASE SALE**

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204001 KS DOUGLAS 6TH 100.00%	13S	17E	TR TR TR	500,501,502,503,504,505; 509,510,511,512,513-1; 513-2,514,704,705,706-A;	1,616.800 KS-COE-GR KS-COE-LC KS-COE-SDS KS-COE-WLL ORA-1 ORA-2 ORA-4	A	N
CORPS OF ENGINEERS CLINTON LAKE							
200204002 KS DOUGLAS 6TH 100.00%	13S	18E	TR TR	515,516,517,522,524-1; 524-2,525;	1,245.190 KS-COE-GR KS-COE-LC KS-COE-SDS KS-COE-WLL ORA-1 ORA-2 ORA-4	A	N
CORPS OF ENGINEERS CLINTON LAKE							
200204003 KS DOUGLAS 6TH 100.00%	14S	18E	TR TR TR	526,600,601-1,602,603; 604,605-2,606,606-2,607; 608,622,624,625,626;	650.430 KS-COE-GR KS-COE-LC KS-COE-SDS KS-COE-WLL ORA-1 ORA-2 ORA-4	A	N
CORPS OF ENGINEERS CLINTON LAKE							

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204004 NM GUADALUPE NMPM 100.00%	10N	26E	05 05 06 06 07 08 17 18 19	2,3,4; SWNE,S2NW,SW; 1,2; SENE,NESE,S2SE; NWNE; NW; NW,SWSW,N2SE; SENE,SE; NWNE;	1,360.360 SENM-S-21 SENM-S-25 NMNM 66849 NMNM 84087	P	N
200204005 NM QUAY NMPM 100.00%	09N	29E	09 10 11 15 17 18 21 22 27 28 30 30 31 31 35 09N 30E 15	E2NE,SWNE,NW; NW; SESE; S2SW SWSE; SENW; NESW,N2SE; SENW; N2N2; E2W2,SWSW; SWNW,W2SW,SWSE,E2SE; 3,4; SWNE,SENE,E2SW,W2SE,SESE; 1,2,3,4; E2,E2W2; NWNE; S2NW;	2,521.350 SENM-S-21 SENM-S-25 NMNM 33228 NMNM 64319 NMNM 84949 NMNM 84950 NMNM 84951 NMNM 84952 NMNM 84953	P	N
200204006 NM QUAY NMPM 0.00%	10N	29E	01 02 08 09 10 13 14 17 18 19 20 21 22	SWNE,S2NW,SW,W2SE; W2SE,SESE; SWSE; NWNE; NENW,S2SW,SE; SWSE,E2SE; SWNE,SWSW; E2E2; 3,4; NENW; NE,S2NW,N2SW,SWSW; NW; S2NE,SENE,E2SW;	2,043.040 SENM-S-21 SENM-S-25 NMNM 66570 NMNM 84084	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204007 NM QUAY NMPM 100.00%	10N	29E	15 24 27 29 30 31 31 33 34 33	N2NW; N2NE,SENE,S2SW; W2NE,SENE,E2NW,S2SW,SESE; SENW; W2SE; 1,2; E2NW,S2SE; NE,S2SW,SWSE; N2,N2SE; N2NE;	1,722.640 SENM-S-21 SENM-S-25 NMNM 66575 NMNM 84084	P	N
200204008 NM QUAY NMPM 100.00%	11N	29E	18 18 19 20 31 35	1,2; E2NW,SWSE; SESE; NWNW; 1; SESE;	507.460 SENM-S-21 (T11N-R29E) SENM-S-25 (T10N-R30E) NMNM 36297 NMNM 54657 NMNM 66575	P	N
200204009 NM SANDOVAL NMPM 100.00%	20N	02W	30	W2;	320.000 NMNM 88068	P	N
200204010 NM DONA ANA NMPM 100.00%	21S	03W	07 07 18 18 19 19	1,2,3,4; E2,E2W2; 1,2,3,4; E2,E2NW; 3,4; E2,E2SW;	1,661.580 LC-20	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204011 NM DONA ANA NMPM 100.00%	21S	03W	08 17	ALL; ALL;	1,280.000 LC-9 LC-20	P	N
200204012 NM DONA ANA NMPM 100.00%	21S	03W	12 13	E2,N2NW,S2SW; ALL;	1,120.000 LC-20	P	N
200204013 NM DONA ANA NMPM 100.00%	21S	03W	14 22 22 23 24	N2,N2S2,SWSW,SESE; 1,2,3,4; NE; NENE,NWNW,S2N2; N2;	1,449.690 LC-20	P	N
200204014 NM DONA ANA NMPM 100.00%	21S	03W	20 29	ALL; ALL;	1,280.000 LC-20	P	N
200204015 NM DONA ANA NMPM 100.00%	21S	03W	21 28 33	S2; ALL; ALL;	1,600.000 LC-20	P	N
200204016 NM DONA ANA NMPM 100.00%	21S	03W	25 26 35	N2; ALL; ALL;	1,600.000 LC-20 NMNM 56678	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204017 NM DONA ANA NMPM 100.00%	21S	03W	27 27 34	1,2,3,4; NE,S2; ALL;	1,292.030 LC-20 NMNM 56678	P	N
200204018 NM DONA ANA NMPM 100.00%	21S	03W	30 30 31 31	1,4; E2,E2W2; 1,2,3,4; E2,E2W2;	1,193.960 LC-20	P	N
200204019 NM EDDY NMPM 100.00%	20S	25E	23 26	ALL; E2,NW;	1,120.000 SENM-LN-1 SENM-S-17 - SEC. 26 S2NE,E2SENW,SE SENM-S-21 SENM-S-25 NMNM 88098 NMNM 89147	P	N
200204020 NM EDDY NMPM 100.00%	20S	25E	33	N2;	320.000 SENM-LN-1 SENM-S-25 NMNM 78223	P	N
200204021 NM EDDY NMPM 100.00%	20S	25E	33	S2;	320.000 SENM-LN-1 SENM-S-25 NMNM 78223	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204022 NM EDDY NMPM 100.00%	20S	25E	34	N2;	320.000 SENM-LN-1 SENM-S-17 (W2NE) SENM-S-21 SENM-S-25 NMNM 88100	P	N
200204023 NM EDDY NMPM 100.00%	20S	25E	34	S2;	320.000 SENM-LN-1 SENM-S-17 (NWSE,S2S2) SENM-2-21 SENM-S-25 NMNM 88100	P	N
200204024 NM EDDY NMPM 100.00%	20S	26E	30 30	1; NENW;	79.990 SENM-LN-1 SENM-S-17 (S2 OF L1, S2NENW) SENM-S-25 NMNM 86891	P	N
200204025 NM EDDY NMPM 100.00%	24S	26E	24	NWNW,SESW,S2SE;	160.000 SENM-S-5 SENM-S-17 (SESW,S2SWSE) SENM-S-18 (W2SESW) NMNM 81913 NMNM 85863	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204026 NM EDDY NMPM 100.00%	24S	26E	25	E2,NENW,E2SW,SWSW;	480.000 SENM-LN-1 SENM-S-5 (NENW,E2SW,SWSW) SENM-S-17 (NENW,E2SW,SWSW) NMNM 85863	P	N
200204027 NM EDDY NMPM 100.00%	26S	26E	30	E2;	320.000 SENM-LN-1 SENM-S-5 SENM-S-17 SENM-S-21 NMNM 22628 NMNM 62996 NMNM 69158	P	N
200204028 NM EDDY NMPM 100.00%	26S	26E	30 30	1,2,3,4; E2W2;	319.840 SENM-LN-1 SENM-S-17 SENM-S-21 NMNM 22628 NMNM 59025 NMNM 62996	P	N
200204029 NM EDDY NMPM 100.00%	26S	26E	31 31	1,2; N2NE;	125.910 SENM-S-17 SENM-S-21 NMNM 22628	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204030 NM EDDY NMPM 100.00%	26S	26E	31 31	3,4; N2NW;	125.970 SENM-S-17 SENM-S-21 NMNM 10592 NMNM 22628	P	N
200204031 NM CHAVES NMPM 100.00%	06S	27E	22	S2NW;	80.000 NMNM 57610 NMNM 58802	P	N
200204032 NM CHAVES NMPM 100.00%	14S	30E	35	ALL;	640.000 SENM-S-22 NMNM 84872	P	N
200204033 NM CHAVES NMPM 100.00%	15S	30E	12	E2NE,NW,S2;	560.000 NMNM 53978 NMNM 56383	P	N
200204034 NM LEA NMPM 100.00%	15S	33E	01 01	3,4; S2NW,SW;	336.510 SENM-S-19 (NENWSW) NMNM 62227 NMNM 82922	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204035 NM LEA NMPM 100.00%	15S	33E	08	S2NW,S2SW;	160.000 SENS-S-19 (S2SWNW) NMNM 77072	P	N
200204036 NM LEA NMPM 100.00%	15S	33E	12	W2NE,NW;	240.000 SENM-S-19 (NWNWNW) NMNM 77072	P	N
200204037 NM LEA NMPM 100.00%	15S	33E	13 24	S2; ALL;	960.000 SENM-S-19-SEC24:SWSW,SESE NMNM 62227	P	N
200204038 NM LEA NMPM 100.00%	15S	33E	15	NE;	160.000 SENM-S-19 (SWNENE,NWSENE) NMNM 86929	P	N
200204039 NM LEA NMPM 100.00%	15S	33E	15	SE;	160.000 SENM-S-19 (E2SWSE,W2SESE) NMNM 77072	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204040 NM LEA NMPM 100.00%	15S	33E	21	E2;	320.000 SENM-S-19 (E2NE,E2NWNE) NMNM 55958 NMNM 81591	P	N
200204041 NM LEA NMPM 100.00%	15S	33E	25	SW;	160.000 SENM-S-19 (S2SWSW) NMNM 83086	P	N
200204042 NM ROOSEVELT NMPM 100.00%	08S	34E	31 31	1; N2NE,S2SE;	211.720 SENM-S-22 NMNM 62230 NMNM 82930	P	N
200204043 NM LEA NMPM 100.00%	25S	34E	01 01 11 13 24	2,3,4; W2SW,W2SE,SESE; N2; SWNW,S2; W2NW;	1,080.150 NMNM 39959 NMNM 81967 NMNM 89179	P	N
200204044 NM LEA NMPM 100.00%	14S	35E	33	N2;	320.000 NMNM 62235	P	N

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204045 NM LEA NMPM 100.00%	15S	35E	14	N2;	320.000 SENM-S-19 (SWSENW) NMNM 77103	P	N
200204046 NM LEA NMPM 100.00%	26S	35E	21	SENE,E2SE;	120.000 SENM-S-19: (NESENE) NMNM 68827	P	N
200204047 NM ROOSEVELT NMPM 100.00%	08S	36E	12	ALL;	640.000 SENM-S-22 NMNM 60405	P	N
200204048 OK DEWEY IM 100.00%	19N	14W	06 06 06 08	1,2,3,4,5,6,7,8,9,10; 11,12,13,14; S2NE,SENW,NESW,N2SE; N2,SE;	1,067.690 OK-COE-SS(1-A) CANTON LAKE ORA-1 ORA-2 ORA-4 OKNM 39652	A	N
CORPS OF ENGINEERS CANTON LAKE RESERVOIR PROJECT							

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
200204049 OK DEWEY IM 100.00%	19N	15W	01 01 01 02 02 02 03 10 11	1,2,3,4,5,6,7,8,9,10,11; 12,13,14,15,16,17; SENE,SWSW,NESE; 1,2,3,4,5,6,7,8,9,10,11; 12,13,14; SWNW,SESW,SWSE,E2SE; 6,7,8,9,10; N2NE; N2N2NE,SENE;	1,430.150 OK-COE-SS(1-A) CANTON LAKE ORA-1 ORA-2 ORA-4 OKNM 25026 OKNM 43585 OKNM 83650	A	N

CORPS OF ENGINEERS
CANTON LAKE RESERVOIR PROJECT

200204050 OK DEWEY IM 500.00%	19N	15W	03 03	1,2,5; SENE;	154.880 OK-COE-SS(1-A) CANTON LAKE ORA-1 ORA-2 ORA-4	A	N
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CORPS OF ENGINEERS
CANTON LAKE RESERVOIR PROJECT

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
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200204051	16N	24W	08	LOT 2 (19.50AC);	69.170	P	N
OK			08	ACCRETION & RIPARIAN AC;			
ROGER MILLS			08	TO LOT 2;	ORA-1		
IM					ORA-2		
100.00%					ORA-3		
					ORA(LN-1)		

METES AND BOUNDS DESCRIPTION OF LOT 2 (19.50 ACRES) AND THE ACCRETION AND RIPARIAN ACREAGE TO LOT 2, SECTION 8, T. 16 N., R. 24 W., LOCATED ALONG THE CANADIAN RIVER, ROGER MILLS COUNTY, OKLAHOMA DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT NORTH 44 DEGREES 37' 41" WEST A DISTANCE OF 60.64 FEET FROM AN IRON ROD WITH CAP AT THE ANCIENT MEANDER CORNER ON THE ANCIENT RIGHT BANK BETWEEN SECTIONS 8 AND 9, T. 16 N., R. 24 W., ROGER MILLS COUNTY, OKLAHOMA;
 THENCE ALONG THE ADJUSTED ANCIENT RIGHT BANK, NORTH 44 DEGREES 37' 41" WEST A DISTANCE OF 1798.23 FEET TO THE INTERSECTION OF THE ANCIENT RIGHT BANK AND THE NORTH LINE OF SAID LOT 2;
 THENCE NORTH 40 DEGREES 23' 19" EAST A DISTANCE OF 659.78 FEET TO A PROPORTIONAL POINT ON THE 2001 RIGHT BANK
 THENCE NORTH 09 DEGREES 38' 19" EAST A DISTANCE OF 79.52 FEET TO A POINT ON THE 2001 MEDIAL LINE;
 THENCE ALONG THE 2001 MEDIAL LINE THE FOLLOWING COURSES AND DISTANCES:
 SOUTH 80 DEGREES 21' 40" EAST A DISTANCE OF 27.39 FEET;
 SOUTH 69 DEGREES 00' 45" EAST A DISTANCE OF 193.49 FEET;
 SOUTH 85 DEGREES 34' 30" EAST A DISTANCE OF 201.63 FEET;
 SOUTH 84 DEGREES 27' 43" EAST A DISTANCE OF 223.54 FEET;
 SOUTH 74 DEGREES 17' 01" EAST A DISTANCE OF 185.08 FEET;
 SOUTH 58 DEGREES 53' 04" EAST A DISTANCE OF 244.65 FEET;
 SOUTH 41 DEGREES 35' 18" EAST A DISTANCE OF 213.50 FEET;
 SOUTH 54 DEGREES 34' 47" EAST A DISTANCE OF 122.13 FEET;
 SOUTH 64 DEGREES 53' 39" EAST A DISTANCE OF 230.09 FEET;
 SOUTH 73 DEGREES 27' 22" EAST A DISTANCE OF 184.66 FEET;
 SOUTH 81 DEGREES 17' 02" EAST A DISTANCE OF 206.27 FEET TO A POINT;
 THENCE SOUTH 08 DEGREES 42' 58" WEST A DISTANCE OF 88.09 FEET TO A PROPORTIONAL POINT ON THE 2001 RIGHT BANK;
 THENCE SOUTH 43 DEGREES 20' 21" WEST A DISTANCE OF 1476.86 FEET TO THE POINT OF BEGINNING, AND CONTAINING 49.67 ACRES OF LAND MORE OR LESS.
 A TOTAL OF 69.17 ACRES OF LAND, MORE OR LESS.

200204052				TR 16.32 AC OUT OF LOT 148;	16.320	A	N
TX				TR OF THE S CAMPACUAS ADDN;			
HIDALGO				TR TO THE CAPISSALLO DIST;	IBWC-(SS)		
TX				TR SUBDIVISION;			
100.00%				TR SEE M&B DESCRIPTION;			
					TXNM 15463		

16.32 ACRES OF LAND, MORE OR LESS, BEING OUT OF LOT 148, OF THE SOUTH CAMPACUAS ADDITION TO THE CAPISSALLO DISTRICT SUBDIVISION OF LAND IN HIDALGO COUNTY, TEXAS, ACCORDING TO THE MAP OF SAID SUBDIVISION OF RECORD IN VOLUME 1, PAGE 1 OF THE MAP RECORDS OF HIDALGO COUNTY TEXAS, DESCRIBED AS FOLLOWS:
 BEGINNING AT THE NORTHWEST CORNER OF SAID LOT NO. 148; THENCE ALONG THE NORTH LINE OF SAID LOT NO. 148, NORTH 89 DEGREES 04' 20" EAST 576.4 FEET TO A POINT WHICH BEARS SOUTH 89 DEGREES 04' 20" WEST, 81.6 FEET FROM THE NORTHEAST CORNER OF SAID LOT NO. 148; THENCE SOUTH 10 DEGREES 25' 20" WEST, 295.0 FEET; THENCE SOUTH 4 DEGREES 29' 00" EAST 358.7 FEET; THENCE SOUTH 12 DEGREES 29' 50" EAST 615.3 FEET TO A POINT ON THE SOUTH LINE OF SAID LOT NO. 148, SAID POINT BEING SOUTH 89 DEGREES 04' 20" WEST 65.9 FEET FROM THE SOUTHEAST CORNER OF SAID LOT NO. 148; THENCE ALONG SAID SOUTH LINE, SOUTH 89 DEGREES 04' 20" WEST, 663.9 FEET TO THE SOUTHWEST CORNER OF SAID LOT NO. 148; THENCE ALONG THE WEST LINE OF SAID LOT NO. 148, NORTH 0 DEGREES 55' 40" WEST, 1250.0 FEET TO THE POINT OF BEGINNING, CONTAINING 16.32 ACRES, MORE OR LESS.

INTERNATIONAL BOUNDARY & WATER COMMISSION

PARCEL STATE COUNTY MERIDIAN U.S.INTEREST	TOWN SHIP	RANGE	SEC.	SUBDIVISION (A NUMERIC W/O A PREFIX IS A LOT)	ACRES STIPULATIONS NAME OLD SERIAL NO.	ACQUIRED OR PUBLIC DOMAIN	FUTURE INTEREST (YES/NO) REV DATE
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200204053 TX SHELBY TX 100.00%				TR S-1e;	132.000 FS1 FS8(TX)CSU#1A FS8(TX)CSU#1J TXNM 93156	A	N
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PENDING PRESALE OFFER NO. TXNM 105927

TRACT S-1e:
ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING IN
SHELBY COUNTY, TEXAS, ON THE WATERS OF STYLE CREEK, A TRIBUTARY
OF SABINE RIVER, AND LYING ENTIRELY WITHIN THE HENRY A. REED
SURVEY, A-598, DATED JANUARY 9, 1858. TRACT S-1e WAS ACQUIRED
FROM PICKERING LUMBER COMPANY BY DEED DATED DECEMBER 28, 1935,
AND RECORDED IN VOLUME 176, PAGE 410 ET SEQ., DEED RECORDS,
SHELBY COUNTY, TEXAS, AND CONTAINS 132.00 ACRES, MORE OR LESS.

SABINE NATIONAL FOREST
QUAD #3193333 AND #3194444

200204054 TX WASHINGTON TX 100.00%				TR 304,305;	139.750 TX-COE-NSO SOMERVILLE LAKE TX-COE-AVAILABILITY STMT ORA-1 ORA-2 TXNM 38409 TXNM 60834	A	N
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CORPS OF ENGINEERS
SOMERVILLE LAKE PROJECT

**KANSAS CITY DISTRICT
CORPS OF ENGINEERS RECOMMENDATIONS
ON OIL AND GAS LEASING**

The following presents our recommendations on oil and gas leasing in the Kansas City District based on input received from the following elements: Missouri River Division-Real Estate Office, Tulsa District, Kansas Fish and Game Commission, Bureau of Land Management, U. S. Geological Survey, and K.C. D. Operations, Real Estate and Engineering Divisions:

All land and water areas at the lake projects will be made available for oil and gas leasing subject to the following conditions, restrictions and stipulations:

1. No drill related structures (rigs, collector lines, reserve pits, access roads, storage tanks, etc.) Will be allowed for placement:
 - a. within 2,000 feet of the dam or any other major structure,
 - b. within the boundaries of designated Corps or state operated public use areas,
 - c. within areas leased or licensed to other federal or state agencies, cities, townships, or quasi-public groups for park, recreational or educational purposes.
 - d. below the lake's top of flood pool elevation, 908.4' m.s.l., NGVD 29.
 - e. within incorporated town, village or city limits,
 - f. within 2,640 feet of any unique ecological areas, such as eagle nesting sites.

Except for areas within 2,000 feet of the dam or other major structures, mineral removal from underneath these areas may be accomplished by horizontal drilling methods from adjacent authorized areas. 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 of restricted areas for any purpose. Drilling operations outside of the restricted areas, which would cause a bore hole to be under the restricted areas,

Lake

will not be permitted. The restricted 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.

- 2. Results of any research and testing are reported to this office.**
- 3. A Right of Entry (ROE) to the lessee will be required for any competitively leased tracts of lands from the U. S. Army Corps of Engineers.**

**CONDITIONS TO BE INCORPORATED IN
KANSAS CITY DISTRICT LAKE PROJECT OIL AND GAS LEASES**

A. “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 Lake.”

B. “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, 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 the, 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 Government activities; and the lessee shall hold the United States harmless from any and all such claims.”

C. “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 location 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.”

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

E. “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.”

F. “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, to place improvements thereon, and to remove materials therefrom, including sand, gravel, and other construction materials, 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

KS-COE L C
Page 2 of 3

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.”

G. No drilling will be made below elevation 908.4 m.s.l., except directional drilling from available authorized areas above the elevation.

H. All ingress for gas and oil explorations in the Clinton Lake area will be coordinated with the Operations Manager and with the lessees under current agriculture and grazing leases.

I. All gas and oil wells drilled on the lake area will be protected to an elevation sufficiently above 908.4 m.s.l., to prevent pollution of the lake.

J. CULTURAL AND PALEONTOLOGICAL RESOURCES - The federal surface management agency is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the authorized officer of the surface management agency, shall:

- 1. Engage the services of a qualified cultural resource specialist acceptable to the Federal surface management agency to conduct an intensive inventory for evidence of cultural resource values:**
- 2. Submit a report acceptable to the authorized officer of the surface management agency and the District Engineer, Geological Survey; and**
- 3. Implement mitigation measures required by the surface management agency to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing and salvage or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U. S. Government as appropriate.**

The lessee or operator shall immediately bring to the attention of the District Engineer, Geological Survey, or the authorized officer of the

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Page 3 of 3

Federal surface management agency any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the District Engineer, Geological Survey.

K. ENDANGERED OR THREATENED SPECIES - The Federal surface management agency is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered species Act of 1973 by detrimentally affecting endangered or threatened or their habitats.

The lessee/operator may, unless notified by the authorized officer of the surface management agency that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the surface management agency. An acceptable report must be provided to the surface management agency identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

L. ESTHETICS - To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal surface management agency.

M. EROSION CONTROL - Surface disturbing activities may be prohibited during muddy and/or wet soil periods. This limitation does not apply to operation and maintenance of producing wells using authorized roads.

**KANSAS DISTRICT
CORPS OF ENGINEERS
SURFACE DISTURBANCE STIPULATION**

1. Notwithstanding any provisions of this lease to contrary, any drilling construction, or other operation on the leased lands that will disturb the surface thereof or otherwise affect the environment, hereinafter called “surface disturbing operation,” conducted by lessee shall be subject, as set forth in this stipulations, to prior approval of such operation by the Area Oil and Gas supervisor in consultation with appropriate surface management agency and to such reasonable conditions, not inconsistent with the purposes for which this lease is issued, as the Supervisor may require to protect the surface of the leased lands and the environment.

2. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, lessee shall submit for approval two (2) copies of a map and explanation of the nature of the anticipated activity and surface disturbance to the anticipated activity and surface disturbance to the District Engineer or Area Oil and Gas Supervisor, as appropriate, and will also furnish the appropriate surface management agency named above, with a copy of such map and explanation.

An environmental analysis will be made by the Geological Survey in consultation with the appropriate surface management agency for the purpose of assuring proper protection of the surface, the natural resources, the environment, existing improvements, and for assuring timely reclamation of disturbed lands.

3. Upon completion of said environmental analysis, the District Engineer or Area Oil and Gas Supervisor, as appropriate, shall notify lessee of the conditions, if any, to which the proposed surface disturbing operations will be subject.

Said conditions may relate to any of the following:

(a) Location of drilling or other exploratory or developmental operations or the manner in which they are to be conducted;

(b) Types of vehicles that may be used and areas in which they may be used; and

(c) Manner or location in which improvements such as roads, buildings, pipelines, or other improvements are to be constructed.

**KANSAS CITY DISTRICT CORPS OF ENGINEERS
LEASE STIPULATIONS
WILDLIFE LANDS**

TERMS As used herein:

- 1. the term “lessee” includes the lessee, heirs and assigns of the lessee and persons operating on behalf of the lessee;**
- 2. the term “wildlife resources” include fish and wildlife resources and concentrations, fish and wildlife management operations and range improvements and facilities;**
- 3. the term “authorized officer” means the Kansas City District Engineer or this authorized representative.**

CONDITIONS

1. The lessee shall:

a. prior to the beginning of operations, appoint and maintain at all times during the term of the lease a local agent upon whom may be served written orders or notices respecting matters contained in these stipulations and to inform the authorized officer in writing of the name and address of such agent. If a substitute agent is appointed, the lessee shall immediately inform the said representative;

b. conduct all authorized activities in a manner satisfactory to the authorized officer with due regard for good land management and avoid damage to improvements, timber, crops, and wildlife cover; fill all sump holes, ditches, and other excavations or cover all debris; and, so far as reasonably possible, restore the surface of the leased lands to their former condition; and, when required, to bury all pipelines below plow depth. The authorized officer shall have the right to enter all the premises at any time to inspect both the installation and operational activities of the lessee;

c. take such steps as may be necessary to prevent damages to wildlife;

d. do all in his power to prevent and suppress forest, brush or grass fires, and to require his employees, contractors, subcontractors and employees of contractors and subcontractors to do likewise;

- e. install adequate blow-out prevention equipment;**

- f. construct ring dikes and sump pits to confine drilling mud and other pollutants and make safe disposition of salt water by use of injections wells or such other method as may be approved in the plan of operation;**

- g. cover flare pits in areas of wildlife concentration;**

- h. remove derricks, dikes, equipment, and structures not required in producing operations within 60 days after the completions of drilling;**

- i. comply with and see to it that his agents and employees comply with all Federal and State laws relating to hunting, fishing, and trapping;**

- j. commit the lease to any unit plan required in the interest of conservation of oil or gas resources or for the protection of wildlife;**

- k. prior to the conduct of geological, geophysical, or core drilling operations or construction of any facilities, or prior to operations to drill or produce, submit in triplicate for approval, in writing, by the authorized officer a plan of operation that will include detailed statements indicating the manner in which the lessee will comply with these stipulations together with a statement that the lessee agrees that compliance with these stipulations and with the approved plan of operations are conditions of performance under this lease and that failure to comply with these provisions will be grounds for cancellation of the lease by the United States. Notwithstanding other provisions in these stipulations, the lessee shall include in any plan of operation specific provisions relating to: the time, place, depth and strength of seismographic shots, maps showing the location of his leases included in the plan, actual and proposed access roads, bunkhouses, proposed well locations, storage and utility facilities, water storage, pipelines and pumping stations; the of safety equipment that will be employed; the methods to be used to assure the disposition of drilling mud, pollutants, and other debris; the location of facilities in relation to flood levels; and such other specific matters as the authorized officer may require. The plan of operation shall be kept current in all respects and all revisions and amendments submitted to the authorized officer for written approval;**

1. do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the land, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease causes damage to the watershed or pollution of the water resource, the lessee agrees to repair such damage, including reseeding and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized officer;

m. agree to respect and comply with any new requirements imposed by the authorized officer on the operating program as operating experiences proves necessary in order to give complete protection to wildlife populations and wildlife habitat on the areas leased.

2. The lessee shall not:

a. construct roads, pipelines, utility lines, and attendant facilities that are either unnecessary or which might interfere with wildlife habitat or resources or with drainage;

b. modify or change the character of streams, lakes, ponds, water holes, seeps, and marshes, except by advance approval in writing by the authorized officer nor shall he in any way pollute such streams, lakes, ponds, water holes, seeps, or marshes;

c. conduct operations at such times as will interfere with wildlife concentrations;

d. conduct geological or geophysical explorations that might damage any wildlife resource and such operations shall be conducted only in accordance with advance approval, in writing, by the authorized officer as to the timely, manner of travel, and disturbances of surfaces and facilities required for the protection of wildlife;

e. use explosives in fish spawning or rearing areas, nesting areas, or other areas of wildlife concentrations during periods of intense activity or at any other time or in any manner that might damage any wildlife resources; the pattern, size, and depth of seismographic shots shall be submitted to the authorized officer for advance approval in writing and immediately following the detonation of any seismographic charge, the hole shall be filled or plugged and any surface damage

repaired to the satisfaction of the authorized officer;

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f. without advance approval, in writing, use any water or water source controlled or developed by the United States;

g. use mobile equipment under such conditions as to permanently damage surface resources, cause scarring and erosion, or interfere with wildlife concentrations;

h. conduct geological, or geophysical, or core drilling operations or construct roads, or any facilities or drill or produce under a lease until the submittal and approval in writing or a plan of operation pursuant to 1 (k) above, or deviate therefrom until any revisions or amendments of said plan have been approved in writing by the authorized officer;

i. burn rubbish, trash, or other inflammable materials or use explosives in a manner or at a time that would constitute a fire hazard.

STIPULATION
RECREATION/PUBLIC PURPOSES FACILITIES

The lessee is given notice that all or part of the lease area contains special values, are needed for special purposes or requires special attention to prevent damage to surface resources. Any surface use or occupancy within such areas will be strictly controlled. Use or occupancy will be authorized only when the lessee/operator demonstrates that the area is essential for operations and when the lessee/operator submits a surface use and operations plan which is satisfactory to the Bureau of Land Management for the protection of these special values and existing or planned uses. Appropriate modifications to the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the Bureau of Land Management has been advised of the proposed surface use of occupancy on these lands, and on request of the lessee/operator, the Bureau of Land Management will furnish further data on such areas.

Reason for Restriction: To protect recreation and public purpose facilities authorized under the Recreation and Public Purposes Act.

Duration of Restriction: Year-round

Prior to acceptance of this stipulation the prospective lessee is encouraged to contact the Bureau of Land Management for further information regarding the restrictive nature of this stipulation.

STIPULATION

Lease Notice for Proposed Oil and Gas Leasing in the Sierra de Las Uvas Area

The lessee is given notice that all or part of the lease area may contain special status plant species. Any surface use or occupancy will be authorized only when the lessee/operator demonstrates that the area to be disturbed or occupied has been found to be free of the special status plant species, *Peniocereus greggii* var. *greggii*-(Night blooming cereus).

Reason for Notice: To protect Special Status Species.

Duration of Restriction: Year-round

The prospective lessee is encouraged to contact the Bureau of Land Management for further information regarding this Notice.

**Bureau of Land Management
Las Cruces Field Office**

**LC-20
November 19, 2001**

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.

THREATENED PLANT SPECIES
NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the land(s) described below:

For the purpose of: Protecting the Federally listed threatened and endangered gypsum wild-buckwheat species (*Eriogonum gypsophilum*) and designated Critical habitat (Federal Register Notice dated January 19, 1981), and as discussed in the Carlsbad RMP.

If circumstances or relative resource values change or if the lessee demonstrates that operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the authorized officer if such action is consistent with the provisions of the applicable Land Use Plan, or if not consistent, through a planning amendment. If the authorized officer determines that the waiver, exception, or modification is substantial, the waiver, exception, or modification will be subject to a 30-day public review period.

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**

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**

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

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**

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

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.

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.

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.

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.

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below. The lands may be drilled directionally from an off-site location where occupancy is allowed.

On the lands described below:

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

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

U. S. ARMY COE
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 1638.00 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. There will be no surface or subsurface entry within 2,000 feet of the dam structure. A portion of the lease includes the Public Use Area, therefore, stipulation is applicable. Stipulation also applies to portions of the lease area.

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

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO
UNITED STATES SECTION

- 1. The surface of the land described herein shall not be used for the extraction of oil and/or gas. Drilling operations by the Lessee/Operator on adjacent lands for removing oil and/or gas under the leased land shall be accomplished only in such a manner as will not damage or interfere with use of said leased land by the United States.**

- 2. Copies of all records of oil and gas operations during the term of the lease must be provided to the U.S. Section of the IBWC as they are filed with the regulatory agencies or, in the case of unfiled data, once they become available.**

- 3. All leases on these Federal lands must require that subsurface pressure tests be taken every six months on any wells drilled and completed as producing or injection wells and that the results be promptly provided to the U.S. Section of the IBWC. This data should also be requested from all oil and gas operators in the vicinity of the dam and related engineering structures.**

CORPS OF ENGINEERS
FORT WORTH DISTRICT
STIPULATION

1. 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
TOWN BLUFF 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 477.1 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 in 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.**

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

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.)

- 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.**

Las Cruces Field Office