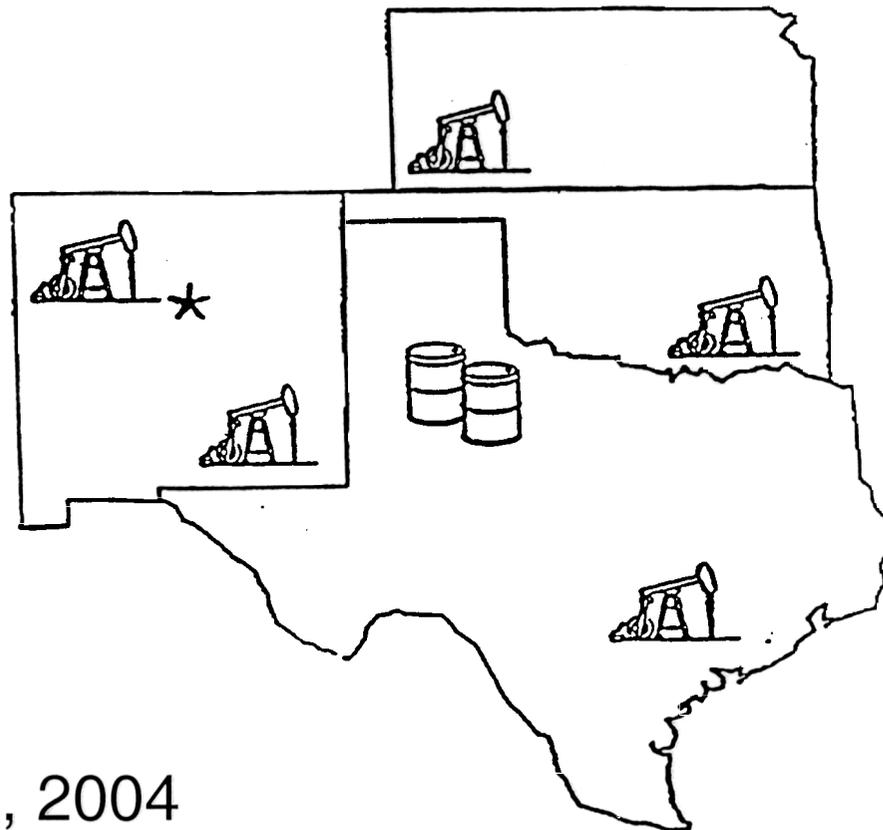




**New Mexico State Office
P.O. Box 27115
Santa Fe, NM 87502-0115**



Competitive Oil & Gas Lease Sale



April 21, 2004

www.nm.blm.gov

Bureau of Land Management

1474 Rodeo Road

Santa Fe, NM 87504



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

www.nm.blm.gov

IN REPLY REFER TO:
3120 (921-lbo)

March 1, 2004

NOTICE OF COMPETITIVE LEASE SALE Oil and Gas

We are pleased to announce that we will offer for competitive sale certain Federal lands in the States of New Mexico, Kansas, Oklahoma, and Texas for oil and gas leasing. This notice describes-

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

Attached to this notice, beginning on page 1, is a list of the lands we are offering. The lands are described by parcel number and legal land description. Next to each parcel we have listed any stipulations that will be made a part of the lease at the time of issuance. We have also identified those parcels where the United States owns less than 100 percent interest in the oil and gas mineral rights, have pending pre-sale noncompetitive offers to lease, and are not available for noncompetitive offers to lease if they receive no bid at this sale. For your convenience, we are also including copies of the stipulations, affecting the parcels in this sale notice.

When and where will the sale take place?

When: The competitive sale will begin at 9:00 a.m. on Wednesday, April 21, 2004. The sale room will open one hour earlier so you can register and get your bidding number.

Where : We will hold the sale at the Bureau of Land Management, New Mexico State Office, 1474 Rodeo Road, Santa Fe, New Mexico 87504. The sale will be held in the second floor conference room.

Access: The sale room is accessible to persons with disabilities. If you need an auxiliary aid or service to participate in the sale, such as sign language interpreter or material in an alternate format, contact the New Mexico State Office, Marcella Montoya at (505) 438-7537 by April 12, 2004.

How will the sale be conducted?

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

How do I participate in the bidding process?

To participate in the bidding process, you must fill out a Bidder Registration form identifying the lessee's name and address that will be shown on the lease form and get a bidding number. We will begin registering bidders at 8:00 a.m. on the day of the sale in the Accounts Section. If you plan to bid, you must be registered before the sale begins. You must display your bid number to the auctioneer when you make a bid.

What is the sale process?

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

- The auctioneer will offer the parcels in the order they are shown in this Notice.
- All bids are on a per-acre basis for the entire acreage in the parcel;
- The winning bid is the highest oral bid
- The decision of the auctioneer is final.

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

How long will the sale last?

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

What conditions apply to the lease sale?

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

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

-Payment due on the day of the sale: For **each parcel** you are the successful high bidder, you must pay the minimum bonus bid of \$2 per acre or fraction of an acre; the first years' advance annual rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of \$75. You must make this payment in our Accounts Section at the BLM office either during, or immediately following the sale.

-Remaining payments: If your bonus bid was more than \$2 per acre or fraction of an acre and you didn't pay the full amount on the day of the sale, you must pay the balance of your bonus bid by **4:00 p.m. on May 5, 2004**, which is the 10th working day following the sale. If you do not pay in full by this date, you lose the right to the lease and you will forfeit the money you paid on the day of the sale. If you forfeit a parcel, we may offer it at a later sale.

-Forms of payment: You may pay by personal check, certified check, money order, or credit card. Make checks payable to: **'Department of the Interior-BLM.'** We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. However, we cannot grant you any extension of time to pay the money that is due the day of the sale.

Bid Form: On the day of the sale, if you are a successful bidder you must give us a properly completed and signed competitive bid form (Form 3000-2, October 1989, or later edition) with your payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, you cannot change it. ***We will not accept any bid form that has information crossed out or is otherwise altered.***

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

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

A copy of the bid form is included with this notice.

-Lease terms: A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas is produced in paying quantities on or for the benefit of the lease. Advance rental at \$1.50 per acre or fraction of an acre for the first 5 years (\$2 per acre after that) is due on or before the anniversary date each year until production begins. Once a lease is producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition, copy included).

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

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

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

-Numbers shown after the Section are a listing of the lots in the parcel.

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

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

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

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

NONCOMPETITIVE OFFERS TO LEASE

What parcels are available for noncompetitive offers to lease?

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

How do I file a noncompetitive offer after the sale?

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

-Three (3) copies of form 3100-11, Offer to Lease and Lease for Oil and Gas properly completed and signed. **(Note: We will accept copies of the official form, including computer generated forms, that are legible and have no additions, omissions, other changes, or advertising. If you copy this form you must copy both sides on one page. If you copy the form on 2 pages or use an obsolete lease form, we will reject your offer).** You must describe the lands in your offer as specified in our regulations at 43 CFR 3110.5; and

-Your payment for the total of the \$75 filing fee and the first year's advance rental (\$1.50 per acre or fraction of an acre). Remember to round up any fractional acreage when you calculate the rental amount.

For your convenience, you may leave your noncompetitive offers for any parcel which has received no bid with the Accounts Staff. We consider all offers filed the day of the sale and the first business day after it, for any of the unsold parcels, to be filed as of 9:00 a.m. the first business day following the day of the sale. If a parcel receives more than one offer, we will hold a drawing to select the winner (see 43 CFR 1822.17). We have identified those parcels that have pending presale offers. A noncompetitive presale offer to lease has priority over any other noncompetitive offer to lease filed after the sale. The Non-Competitive Drawing will be held on Monday, April 26, 2004, at 3:00 p.m. at the NMSO Public Room.

How do I file a noncompetitive presale offer?

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

- Are available, and;
- Have not been under lease during the previous one-year period, or;
- Have not been included in a competitive lease sale within the previous two-year period.
- Your noncompetitive presale offer to lease must be filed prior to the official posting of this sale notice.

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

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

We have tentatively scheduled our next competitive sale for July 21, 2004. Please send nominations for that sale by March 12, 2004.

How can I find out the results of this sale?

We will post the sale results in the New Mexico State Office Information Access Center (Public Room). You can buy (\$5.00) a printed copy of the results by contacting our Accounts Staff, at (505) 438-7462. The results list is also available on our public internet website:

<http://www.nm.blm.gov>

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

-If you are adversely affected by our decision to offer the lands in this Notice for lease, you may protest the decision to the State Director under regulations 43 CFR 3120.1-3. You must submit your protest in writing to the State Director prior to the day of the sale. Generally, if we are unable to decide the protest before the sale, we will hold the sale while we consider the merits of your protest.

-You may review the decision to offer the lands for lease and the supporting National Environmental Policy Act documents at our New Mexico State Office Business Information Access Center. Our office hours are from 8:00 a.m. to 4:00 p.m. Monday through Friday, except on National Holidays.

Inclement Weather Conditions

On occasion the Santa Fe area will have an abundance of snow or other weather conditions that prohibit the staff to make it to work safely at regular scheduled business hours. In the event of hazardous weather, please tune in to local television or radio stations. The Bureau of Land Management (BLM), New Mexico State Office follows the direction given to the Santa Fe, State of New Mexico Employees. If a 2-hour delay is broadcast for State Employees, BLM will also have a 2-hour delay.

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

1. In the event of a 2-hour delay - the doors to the BLM, NMSO will remain locked until 9:30 a.m. The Oil and Gas Lease Sale will begin at 11:00 a.m. with registration starting at 10:00 a.m., please call in the recorded information on delays at (505) 438-7400.
2. In the event that the BLM office is CLOSED for Business on the day of an Oil and Gas Lease Sale, the sale will be cancelled and rescheduled at a later date. Please call in for recorded information on closures at (505) 438-7400.

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

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

Power Outages

In the event of a power outage, the office will be CLOSED.

Whom should I contact if I have a question?

For general information, please contact our Information Access Center at (505) 438-7565 or 438-7530.

/s/ Lourdes B. Ortiz

*Lourdes B. Ortiz
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: _____

ADDRESS: _____

CITY: _____

STATE: _____ ZIP CODE: _____

E-MAIL ADDRESS: _____

**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)

OFFICIAL USE COPY

Form 3000-2 (July 1997)

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:

- (a) Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
- (b) Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
- (c) Other, see attachment, or

as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties 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:

- (a) Noncompetitive lease, 12½ %;
- (b) Competitive lease, 12½ %;
- (c) Other, see attachment; or

as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties 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.



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

www.nm.blm.gov

IN REPLY REFER TO:
3120 (921-lbo)

March 1, 2004

NOTICE

TO ALL INTERESTED PARTIES

On April 21, 2004, the U. S. Department of the Interior, Bureau of Land Management, Arizona State Office, in conjunction with the New Mexico State Office, will conduct a competitive oil and gas lease sale on two parcels of public domain lands located in the State of Arizona. The two parcels of land offered for sale are identified as Parcels AZ 200404001 and 200404002 as shown on the attached Notice of Competitive Lease Sale.

The sale will be held at the New Mexico State Office, Bureau of Land Management 1474 Rodeo Road, Santa Fe, New Mexico 87505.

The winning bidder will be required to make payment for the Arizona parcels to the New Mexico State Office on the day of the oral auction, for a total amount 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.

Any unpaid balance of the bonus bid must be received by the Arizona State Office by the close of Business on the Tenth (10th) working day following the auction, which is 4:00 p.m., May 5, 2004, or all monies held by the BLM and the right to issuance of the lease shall be forfeited.

For further details concerning the two AZ parcels on the competitive oil and gas lease sale, do not hesitate to contact Dominic R. Sarracino at the Arizona State Office, Bureau of Land Management at (602) 417-9346.

**U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
APRIL 21, 2004, 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
200404001 AZ APACHE GSRM 100.00%	12N	24E	14	ALL;	640.000 NTL(AZ)	P	N
200404002 AZ APACHE GSRM 100.00%	12N	26E	08 18	S2N2,NESW,S2SW,SE; 1,2,5,6;	584.300 NTL(AZ)	P	N
200404003 KS LANE 6TH 100.00%	16S	28W	12 14	E2SE; NENE,S2SW;	200.000 ORA-2 KSNM 92127	P	N
200404004 KS MORTON 6TH 100.00%	35S	43W	08	S2SW;	80.000 FS-01(KS) KSNM 90933	A	N

CIMARRON NATIONAL GRASSLANDS

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
200404005 NM RIO ARRIBA NMPM 100.00%	27N	02E	20	1,2,3,4;	77.200 NMNM 33218	P	N
200404006 NM MCKINLEY NMPM 100.00%	17N	05W	12	NE;	160.000 NMNM 94573	P	N
200404007 NM MCKINLEY NMPM 100.00%	20N	05W	22	S2SW,SE;	240.000 NM-11-LN NMNM 33909 <u>PENDING PRESALE OFFER NO. NMNM 98413</u>	P	N
200404008 NM SANDOVAL NMPM 100.00%	23N	06W	21 28 33	W2E2,E2W2,SWNW,NWSW,E2SE; ALL; ALL;	1,760.000 NM-11-LN NMNM 57385 NMNM 62968 NMNM 81637 NMNM 90841	P	N
200404009 NM MCKINLEY NMPM 100.00%	20N	08W	11 12	TRACT 54(NE); TRACT 53(W2);	480.570 NM-11-LN <u>PENDING PRESALE OFFER NO. NMNM 98404</u>	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
200404010 NM SAN JUAN NMPM 100.00%	31N	08W	01 12	5-20; ALL;	1,241.850 F-3-TLS F-4-TLS F-10-NSO APPLIES TO: SEC.01:LOTS 5-20 SEC.12:N2NENE,W2NE,SENE, NW,E2SW,SE F-36-VRM F-37-ROW	P	N
200404011 NM SAN JUAN NMPM 100.00%	24N	10W	01 01 03 11 12	2,3,4; SWNE,S2NW,S2; SENE,NESE; N2,SW; ALL;	1,761.690 NM-11-LN NMNM 28754 NMNM 62972 NMSF 078301	P	N
200404012 NM SAN JUAN NMPM 100.00%	24N	10W	23 27	N2,SE; N2NE,SWNE,W2SE,SESE;	720.000 NM-11-LN NMNM 80493 NMNM 83515 NMNM 84693	P	N
200404013 NM SAN JUAN NMPM 100.00%	25N	10W	33 34 35	ALL; E2,SW; N2,SW;	1,600.000 NM-11-LN NMNM 23070 NMNM 41653 NMNM 62978 NMNM 62979 NMNM 87234	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
200404014 NM SAN JUAN NMPM 100.00%	23N	11W	04 04 08 09	1,2,3,4; S2N2,S2; S2; ALL;	1,599.880 NM-11-LN F-33-LN NMNM 54219 NMNM 61934 NMNM 76854 NMNM 85826 NMNM 90481	P	N
200404015 NM SAN JUAN NMPM 100.00%	24N	11W	21 21 28 33	8,9,10; SE; ALL; ALL;	1,559.010 NM-11-LN F-33-LN F-34-VRM F-35-LN NMNM 76856 NMNM 85827	P	N
200404016 NM SAN JUAN NMPM 100.00%	25N	12W	25	N2SE;	80.000 BIA-1 NM-11-LN NMNM 67093	P	N
BUREAU OF INDIAN AFFAIRS							
200404017 NM SAN JUAN NMPM 100.00%	27N	12W	08	SE;	160.000 BIA-1 NM-11-LN NMNM 032325A	P	N
BUREAU OF INDIAN AFFAIRS							

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
200404018 NM SAN JUAN NMPM 100.00%	29N	13W	30 30	3,4; E2SW,S2SE;	172.100 F-31-NSO NMNM 0349836	P	N
200404019 NM SAN JUAN NMPM 100.00%	30N	16W	11	NWNE;	40.000 BIA-1 BIA-3 NMNM 86498	P	N
BUREAU OF INDIAN AFFAIRS							
200404020 NM CHAVES NMPM 100.00%	07S	21E	28 33	W2E2,E2W2; W2E2,E2NW,SWNW,SW;	760.000 SENM-LN-1 SENM-S-25 NMNM 36886 NMNM 90487	P	N
200404021 NM CHAVES NMPM 100.00%	08S	21E	03 03	1,2,4; S2NW,N2S2;	359.480 SENM-LN-1 SENM-S-18:SEC.03: LOTS 1,2,4 SENM-S-25 NMNM 90488	P	N
200404022 NM EDDY NMPM 100.00%	17S	21E	21 26 27 35 35	S2; 7,8,9,10,11,12,13,14; 1,2,3,6,7,8,9,10,13,14; 1,2,3,4; NW,N2S2,SESW,S2SE;	1,647.780 NM-11-LN SENM-S-18 SENM-S-21 NMNM 90844	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
200404023 NM EDDY NMPM 100.00%	18S	21E	34	NENE;	40.000 NM-11-LN WO ESA-7 NMNM 91362	P	N
200404024 NM EDDY NMPM 100.00%	20S	21E	23	NWNW;	40.000 NM-11-LN SENM-S-21 NMNM 91363	P	N
200404025 NM EDDY NMPM 100.00%	21S	21E	04 04 13	4; SWNW; S2SW;	160.150 NM-11-LN NMNM 10765 NMNM 17788 NMNM 91494	P	N
200404026 NM EDDY NMPM 100.00%	21S	21E	20 21	E2,NW,W2SW; ALL;	1,200.000 NM-11-LN SENM-S-17: SEC.20:W2SW,SE SEC.21:ALL SENM-S-18: SEC.20: N2SE SEC.21: NESW NMNM 36668 NMNM 91546	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
200404027 NM EDDY NM 100.00%	22S	21E	11 12	N2NE,SENE,W2,SE; ALL;	1,240.000 NM-11-LN SENM-S-13 SENM-S-17:SEC.11:W2 SENM-S-18: SEC.12:S2N2N2SE,NESW NMNM 88231	P	N
200404028 NM EDDY NMPM 100.00%	22S	21E	19 19 20 29 30 30	1,2,3,4; E2,E2W2; ALL; ALL; 1,2,3,4; E2,E2W2;	2,559.000 FS1,FS3(NM)(LN1) FS3(NM)(CSU3) FS3(NM)(CSU4) FS3(NM)(CSU4-1) FS3(NM)(CSU4-5) FS3(NM)(CSU4-6) FS3(NM)(CSU4-7) FS3(NM)(CSU4-8)	P	N
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 45122							
NMNM 66254							
NMNM 71729							
NMNM 83713							
NMNM 86960							
200404029 NM EDDY NMPM 100.00%	22S	21E	31 31 32	1,2,3,4; E2,E2W2; ALL;	2,550.470 FS1,FS3(NM)(LN1) FS3(NM)(CSU3) FS3(NM)(CSU4) FS3(NM)(CSU4-1) FS3(NM)(CSU4-5) FS3(NM)(CSU4-6) FS3(NM)(CSU4-7) FS3(NM)(CSU4-8)	P	N
	23S	21E	05 05 06 06	1,2,3,4; S2N2,S2; 1,2,3,4,5,6,7; S2NE,SENW,E2SW,SE;			
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 83713							
NMNM 83714							
NMNM 86960							
NMNM 96188							
NMNM 104595							

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
200404030	23S	21E	07	1,2,3,4;	2,541.520	P	N
NM			07	E2,E2W2;			
EDDY			08	ALL;	FS1,FS3(NM)(LN1)		
NMPM			17	ALL;	FS3(NM)(CSU3)		
100.00%			18	1,2,3,4;	FS3(NM)(CSU4)		
			18	E2,E2W2;	FS3(NM)(CSU4-1)		
					FS3(NM)(CSU4-5)		
					FS3(NM)(CSU4-6)		
					FS3(NM)(CSU4-7)		
					FS3(NM)(CSU4-8)		
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 67783							
NMNM 83715							
NMNM 96190							
NMNM 104595							
NMNM 104602							

200404031	23S	21E	16	ALL;	1,840.000	P	N
NM			20	ALL;			
EDDY			21	E2,NW,W2SW;	FS1,FS3(NM)(LN1)		
NMPM					FS3(NM)(CSU3)		
100.00%					FS3(NM)(CSU4)		
					FS3(NM)(CSU4-1)		
					FS3(NM)(CSU4-5)		
					FS3(NM)(CSU4-6)		
					FS3(NM)(CSU4-7)		
					FS3(NM)(CSU4-8)		
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 30385							
NMNM 60565							
NMNM 60567							
NMNM 69143							
NMNM 70180							

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
200404032	23S	21E	19	1,2,3,4;	2,301.120	P	N
NM			19	E2,E2W2;			
EDDY			28	E2,S2NW;	FS1,FS3(NM)(LN1)		
NMPM			29	ALL;	FS3(NM)(CSU3)		
100.00%			30	1,2,3,4;	FS3(NM)(CSU4)		
			30	E2,E2W2;	FS3(NM)(CSU4-1)		
					FS3(NM)(CSU4-5)		
					FS3(NM)(CSU4-6)		
					FS3(NM)(CSU4-7)		
					FS3(NM)(CSU4-8)		
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 30048							
NMNM 30385							
NMNM 33425							
NMNM 60567							
NMNM 96190							
NMNM 96811							
NMNM 104602							
200404033	23S	21E	31	1,2,3,4;	1,272.720	P	N
NM			31	E2,E2W2;			
EDDY			32	ALL;	FS1,FS3(NM)(LN1)		
NMPM					FS3(NM)(CSU3)		
100.00%					FS3(NM)(CSU4)		
					FS3(NM)(CSU4-1)		
					FS3(NM)(CSU4-5)		
					FS3(NM)(CSU4-6)		
					FS3(NM)(CSU4-7)		
					FS3(NM)(CSU4-8)		
LINCOLN NATIONAL FOREST							
PRIOR LEASE NOS.:							
NMNM 96811							
200404034	06S	22E	30	1,2,3,4;	1,134.370	P	N
NM			30	E2,E2W2;			
CHAVES			31	2,3,4;	SENM-LN-1		
NMPM			31	S2NE,SENW,E2SW,SE;	SENM-S-18:SEC.30: E2,E2W2		
100.00%					SENM-S-25		
					NMNM 91497		

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
200404035 NM EDDY NMPM 100.00%	21S	22E	25	ALL;	640.000 NM-11-LN SENM-S-18 NMNM 91501	P	N
200404036 NM EDDY NMPM 100.00%	22S	22E	08	S2;	320.000 NM-11-LN SENM-S-18: SEC.08: S2S2SW NMNM 09974 NMNM 12097	P	N
200404037 NM CHAVES NMPM 100.00%	14S	23E	35	E2,NW,N2SW,SWSW;	600.000 SENM-LN-1 SENM-S-25 NMNM 56343 NMNM 68071 NMNM 69563 NMNM 80687 NMNM 90848	P	N
200404038 NM EDDY NMPM 100.00%	20S	23E	35	ALL;	640.000 NM-11-LN SENM-LN-1 SENM-S-17: SEC.35: SWSW SENM-S-21 NMNM 88091	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
200404039 NM EDDY NMPM 100.00%	24S	23E	06 06 07 07	1,5,6,7; SENE,SENW,E2SW,SE; 1,2,5,6,7; NE,E2NW,N2SE;	997.710 NM-11-LN, SENM-LN-1 SENM-S-13 SENM-S-17:SEC.07:LOTS 6&7 SENM-S-18: SEC.06:LOTS 5,6,7 SENW,E2SW SEC.07:LOTS 1,2 5,6,7, E2NW	P	N
PRIOR LEASE NOS.: NMNM 45141 NMNM 90848							
200404040 NM CHAVES NMPM 100.00%	06S	24E	22 27	NW,N2SW; N2SE;	320.000 SENM-LN-1 SENM-S-25 NMNM 68072 NMNM 70192 NMNM 76926 NMNM 90851 NMNM 90946	P	N
200404041 NM CHAVES NMPM 100.00%	14S	24E	30 33	E2; NE;	480.000 SENM-LN-1 SENM-S-17:SEC.30: E2 SENM-S-25 NMNM 81707 NMNM 90853	P	N
200404042 NM EDDY NMPM 100.00%	20S	24E	17 18 18	S2; 3,4; E2SW,SE;	638.850 NM-11-LN SENM-LN-1 SENM-S-17: SEC.18:SWSWSW SENM-S-21 NMNM 86888	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
200404043 NM EDDY NMPM 100.00%	22S	24E	29	NE;	160.000 NM-11-LN SENM-LN-1 SENM-S-18:SEC.29: S2NE SENM-S-21 NMNM 90855	P	N
200404044 NM EDDY NMPM 100.00%	26S	24E	15 22 27	5,6,7,8; 11,12,13,14; 3,4,6,11,12,13,14;	563.910 NM-11-LN SENM-S-8 SENM-S-17 SENM-S-21 SENM-S-25 NMNM 90856	P	N
200404045 NM EDDY NMPM 100.00%	19S	25E	35	S2;	320.000 NM-11-LN SENM-LN-1 SENM-S-21 NMNM 15291A NMNM 91079	P	N
200404046 NM EDDY NMPM 100.00%	17S	26E	06 07	SENW,NESW; 1;	119.210 NM-11-LN NMNM 90865	P	N
200404047 NM EDDY NMPM 100.00%	22S	26E	18 18	1,2; E2NW;	158.350 NM-11-LN SENM-LN-1 SENM-S-17 NMNM 83054	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
200404048 NM EDDY NMPM 100.00%	26S	26E	03	SE;	160.000 NM-11-LN SENM-LN-1 SENM-S-17 SENM-S-21 NMNM 90868	P	N
200404049 NM CHAVES NMPM 100.00%	06S	27E	20 29	E2E2; E2E2;	320.000 NM-9 NMNM 90877 NMNM 90878	P	N
200404050 NM CHAVES NMPM 100.00%	15S	27E	03 03 09 10	1,4; S2NW,S2; NE; N2N2;	800.080 SENM-S-17:SEC.03:LOTS 1&4 SENM-S-19:SEC.03:S2NW,S2 SEC.10:N2N2 SENM-S-21:SEC.03:LOTS 1&4 SEC.10:N2N2 SENM-S-25 SENM-LN-1	P	N
PRIOR LSE NOS.:							
NMNM 76981							
NMNM 81918							
NMNM 87256							
NMNM 90879							
NMNM 90880							
200404051 NM EDDY NMPM 100.00%	16S	27E	15	E2SW;	80.000 NM-11-LN SENM-S-19 NMNM 90882	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
200404052 NM EDDY NMPM 100.00%	16S	27E	17	SESW,SE;	200.000 NM-11-LN NMNM 103943	P	N
200404053 NM EDDY NMPM 100.00%	19S	27E	34	ALL;	640.000 NM-11-LN SENM-LN-1 SENM-S-18 SENM-S-21 NMNM 82869 NMNM 91508	P	N
200404054 NM EDDY NMPM 100.00%	20S	27E	28	NE;	160.000 NM-11-LN SENM-LN-1 SENM-S-18: SEC.28:SESENE SENM-S-21 NMNM 37851	P	N
200404055 NM CHAVES NMPM 100.00%	12S	29E	27 28 29 30	NE,SW; NE; N2NE,SENE; W2NE,NENW;	720.000 SENM-LN-1 SENM-S-22 SENM-S-25 NMNM 62194 NMNM 90891 NMNM 90892	P	N
200404056 NM EDDY NMPM 100.00%	20S	29E	30	1,2;	73.180 NM-11-LN SENM-LN-1 SENM-S-21	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
200404057 NM EDDY NMPM 100.00%	23S	29E	35	NWNE;	40.000 NM-11-LN SENM-LN-1 SENM-S-1 SENM-S-21 NMNM 90529	P	N
200404058 NM EDDY NMPM 100.00%	19S	30E	30 30	1,2,3,4; E2W2;	316.960 NM-11-LN SENM-LN-1 SENM-S-1 SENM-S-19 SENM-S-21 NMNM 90894	P	N
200404059 NM EDDY NMPM 100.00%	24S	31E	14 15	N2; E2,SW;	800.000 NM-11-LN SEM-S-1 SENM-S-13 NMNM 30070 NMNM 77047	P	N
200404060 NM CHAVES NMPM 100.00%	08S	32E	08 09 17	ALL; NENE,W2; W2;	1,320.000 SENM-S-19 SENM-S-21 SENM-S-22 SENM-S-25 SENM-LN-1 NMNM 1432 NMNM 56390 NMNM 83603 NMNM 90897	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
200404061 NM LEA NMPM 100.00%	19S	32E	04	NESW,S2SW;	120.000 NM-11-LN SENM-LN-2 SENM-S-22 SENM-S-23 NMNM 90901	P	N
200404062 NM LEA NMPM 100.00%	19S	32E	28	SWSW;	40.000 NM-11-LN SENM-LN-2 SENM-S-1 SENM-S-22 SENM-S-23 NMLC 065710B	P	N
200404063 NM LEA NMPM 100.00%	24S	32E	01 01	1,2,3,4; S2N2,S2;	638.840 NM-11-LN SENM-S-22 NMNM 0371175 NMNM 82913	P	N
200404064 NM LEA NMPM 100.00%	24S	32E	04 04	1,2,3,4; S2N2,S2;	638.480 NM-11-LN SENM-S-22 NMNM 90404	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
200404065 NM ROOSEVELT NMPM 100.00%	06S	33E	33 34	SE; NW;	320.000 SENM-S-19 SENM-S-21 SENM-S-22 SENM-S-25 SENM-LN-1 NMNM 56396 NMNM 89177	P	N
200404066 NM ROOSEVELT NMPM 100.00%	07S	33E	04 04	1,2; S2NE;	159.710 SENM-S-19:SEC.04:LOT 1 SENM-S-22 SENM-S-25 SENM-LN-1 NMNM 55956	P	N
200404067 NM ROOSEVELT NMPM 100.00%	08S	34E	19 30	SE; S2NE;	240.000 SENM-S-19 SENM-S-21 SENM-S-22 SENM-S-25 SENM-LN-1 NMNM 62230 NMNM 66714 NMNM 81704 NMNM 89861	P	N
200404068 NM LEA NMPM 100.00%	14S	34E	21	E2NW;	80.000 NM-11-LN NMNM 90912	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
200404069 NM LEA NMPM 100.00%	22S	34E	22	E2;	320.000 NM-11-LN SENM-S-22 NMNM 90913	P	N
200404070 NM LEA NMPM 100.00%	23S	35E	30 30	2,3,4; SWNE,SENW,E2SW,W2SE;	358.510 NM-11-LN SENM-LN-1 NMNM 90917	P	N
200404071 NM LEA NMPM 100.00%	24S	36E	20 30	S2NW; NESW;	120.000 NM-11-LN SENM-S-19: SEC.20: S2SENW NMNM 62246 NMNM 90919	P	N
200404072 NM LEA NMPM 100.00%	24S	36E	27 28	NWSW,S2SW,SWSE; SENE;	200.000 NM-11-LN SENM-S-16 SENM-S-19: SEC.28: SENE NMNM 90921	P	N
200404073 NM LEA NMPM 100.00%	25S	36E	04 04	1,2; S2NE;	160.660 NM-11-LN SENM-S-19 NMNM 90922	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
200404074 NM LEA NMPM 100.00%	16S	37E	24	E2SW;	80.000 NM-11-LN NMNM 90923	P	N
200404075 NM LEA NMPM 100.00%	23S	37E	02	SWNE;	40.000 NM-11-LN NMNM 91514	P	N
200404076 NM LEA NMPM 100.00%	23S	38E	04 04 05 07 08	2; SENW,E2SW; SESW; N2NW; E2NW;	365.000 NM-11-LN SENM-S-19: SEC.08:NWNENW NMNM 63776 NMNM 69604 NMNM 92211	P	N
200404077 NM LEA NMPM 100.00%	23S	38E	07 08 09	W2SW,S2SE; NESW,S2S2; NESW,W2SW;	480.000 NM-11-LN SENM-S-19: SEC.07: SESESE NMNM 61374 NMNM 66719 NMNM 69604 NMNM 92211	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
200404078 OK PITTSBURG IM 25.00%	07N	15E	21 21	SENE,E2SE,SWSE; SESWNE,E2NWSE;	190.000 ORA(LN-1) OKNM 33194	A	N
200404079 OK WOODS IM 100.00%	24N	16W	34 34 34 34 34 34 34 34 34 34 34	THE REMAINDER OF LOT 5; (40.36AC); ACCRETION & RIPR AC; TO LOT 5 (7.88 AC); LOT 6 (26.84 AC); ACCR & RIPR AC TO LOT 6; (41.23 AC); LOT 7 (15.70 AC); ACCRETION & RIPR AC; TO LOT 7 (97.15 AC); SEE EXHIBIT AA FOR M&B;	229.160 OKNM 18525	P	N
200404080 OK BECKHAM IM 100.00%	09N	23W	03 03 03	ACCRETION & RIPARIAN; ACREAGE TO LOT 1; SEE EXHIBIT BB FOR M&B;	116.220 ORA-1 ORA-2 ORA-3	P	N

METES AND BOUNDS DESCRIPTION
OF THAT PORTION OF THE REMAINDER
OF LOT 5, SECTION 34, T. 24 N., R. 16 W.,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at a 3/8" Iron Rod with cap at the Northeast corner of Section 34, T. 24 N., R. 16 W., Woods County, Oklahoma;

Thence along the East line of said Section 34, South 00° 32' 07" East a distance of 1243.43 feet to the intersection of the East line of said Section 34 and the 2003 Medial line;

Thence along the 2003 medial line the following courses and distances:

South 64° 09' 50" West a distance of 89.00 feet;
South 80° 23' 19" West a distance of 27.86 feet;
South 74° 03' 32" West a distance of 33.11 feet;
South 51° 53' 15" West a distance of 109.56 feet;
South 70° 08' 50" West a distance of 66.47 feet;
South 63° 29' 50" West a distance of 176.37 feet;
South 67° 03' 33" West a distance of 38.81 feet to the intersection of the 2003 medial line and the adjusted ancient left bank;

Thence along the adjusted ancient left bank, North 68° 56' 34" West a distance of 893.85 feet to the Southwest corner of said Lot 5;

Thence along the West line of said Lot 5, North 00° 26' 35" West a distance of 1164.87 feet to the Northwest corner of said Lot 5;

Thence along the North line of said Section 34, South 89° 44' 08" East a distance of 1313.33 feet to the point of beginning, and containing 40.36 acres of land more or less.

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 5, SECTION 34, T. 24 N., R. 16 W.,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the Southwest corner of Lot 5, said point being North 89° 44' 08" West a distance of 1313.33 feet and South 00° 26' 35" East a distance of 1164.87 feet from a 3/8" Iron Rod with cap at the Northeast corner of Section 34, T. 24 N., R. 16 W., Woods County, Oklahoma;

Thence along the adjusted ancient left bank, South 68° 56' 34" East a distance of 893.85 feet to a point on the 2003 medial line;

Thence along the 2003 medial line the following courses and distances:

- South 67° 03' 33" West a distance of 167.41 feet;
- South 57° 51' 04" West a distance of 131.84 feet;
- South 65° 31' 09" West a distance of 264.78 feet;
- South 68° 57' 18" West a distance of 132.76 feet
- South 88° 36' 20" West a distance of 72.64 feet;
- South 33° 46' 14" West a distance of 23.91 feet;
- South 76° 29' 51" West a distance of 150.64 feet;
- South 76° 05' 03" West a distance of 45.37 feet to a point;

Thence North 13° 54' 57" West a distance of 219.40 feet to a proportional point on the 2003 left bank;

Thence North 15° 00' 42" East a distance of 485.32 feet to the point of beginning, and containing 7.88 acres of land more or less.

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 6, SECTION 34, T. 24 N., R. 16 W.,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the Southwest corner of Lot 6, said point being South 00° 21' 01" East a distance of 663.33 feet from an Iron Rod with cap at the North Quarter corner of Section 34, T. 24 N., R. 16 W., Woods County, Oklahoma;

Thence along the adjusted ancient left bank, south 68° 56' 34" East a distance of 1412.64 feet to the southeast corner of said Lot 6;

Thence South 15° 00' 42" West a distance of 485.32 feet to proportional point on the 2003 left bank;

Thence South 13° 54' 57" East a distance of 219.40 feet to a point on the 2003 medial line;

Thence along the 2003 medial line the following courses and distances:

- South 76° 05' 03" West a distance of 73.39 feet;
- South 37° 28' 56" West a distance of 44.68 feet;
- South 67° 23' 20" West a distance of 313.42 feet;
- South 76° 55' 17" West a distance of 299.05 feet;
- South 73° 23' 42" West a distance of 175.91 feet;
- South 87° 35' 24" West a distance of 104.16 feet;
- South 80° 19' 10" West a distance of 100.12 feet;
- South 89° 11' 05" West a distance of 50.23 feet;
- South 88° 32' 54" West a distance of 347.44 feet;
- North 73° 32' 43" West a distance of 74.01 feet;
- North 89° 17' 08" West a distance of 41.32 feet;
- South 87° 12' 22" West a distance of 66.95 feet to a point;

Thence North 02° 47' 38" West a distance of 280.22 feet to a proportional point on the 2003 left bank;

Thence North 18° 02' 45" East a distance of 1276.23 feet to the point of beginning, and containing 41.23 acres of land more or less.

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 7, SECTION 34, T. 24 N., R. 16 W.,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the Southeast corner of Lot 7, said point being South 00° 21' 01" East a distance of 663.33 feet from an Iron Rod with cap at the North Quarter corner of Section 34, T. 24 N., R. 16 W., Woods County, Oklahoma;

Thence South 18° 02' 45" West a distance of 1276.23 feet to a proportional point on the 2003 left bank;

Thence South 02° 47' 38" East a distance of 280.22 feet to a point on the 2003 medial line;

Thence along the 2003 medial line the following courses and distances:

South 87° 12' 22" West a distance of 170.40 feet;
North 81° 21' 52" West a distance of 75.90 feet;
North 83° 06' 10" West a distance of 20.83 feet;
North 61° 10' 58" West a distance of 65.94 feet;
North 65° 29' 55" West a distance of 185.93 feet;
North 87° 19' 31" West a distance of 99.92 feet;
North 79° 28' 05" West a distance of 153.32 feet;
North 56° 46' 34" West a distance of 89.37 feet;
North 68° 27' 53" West a distance of 186.89 feet;
North 64° 34' 02" West a distance of 95.47 feet;
North 87° 58' 14" West a distance of 173.33 feet;
North 57° 07' 22" West a distance of 78.98 feet;
North 58° 42' 00" West a distance of 216.79 feet;
North 43° 50' 37" West a distance of 78.61 feet;
North 56° 10' 39" West a distance of 121.75 feet;
North 65° 03' 55" West a distance of 161.76 feet;
North 61° 23' 45" West a distance of 53.47 feet;
North 50° 53' 28" West a distance of 241.81 feet;
North 72° 06' 24" West a distance of 69.60 feet;
North 61° 43' 03" West a distance of 362.15 feet;
North 66° 26' 50" West a distance 151.93 feet;
North 61° 53' 54" West a distance of 116.56 feet;
North 57° 29' 28" West a distance of 177.05 feet;
North 56° 45' 26" West a distance of 94.81 feet;
North 62° 20' 59" West a distance of 86.56 feet to a point;

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 7, SECTION 34, T. 24 N., R. 16 W,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Thence North $27^{\circ} 39' 01''$ East a distance of 248.43 feet to a proportional point on the 2003 left bank;

Thence North $46^{\circ} 30' 30''$ East a distance of 892.46 feet to the ancient meander corner on the ancient left bank between Sections 27 and 34;

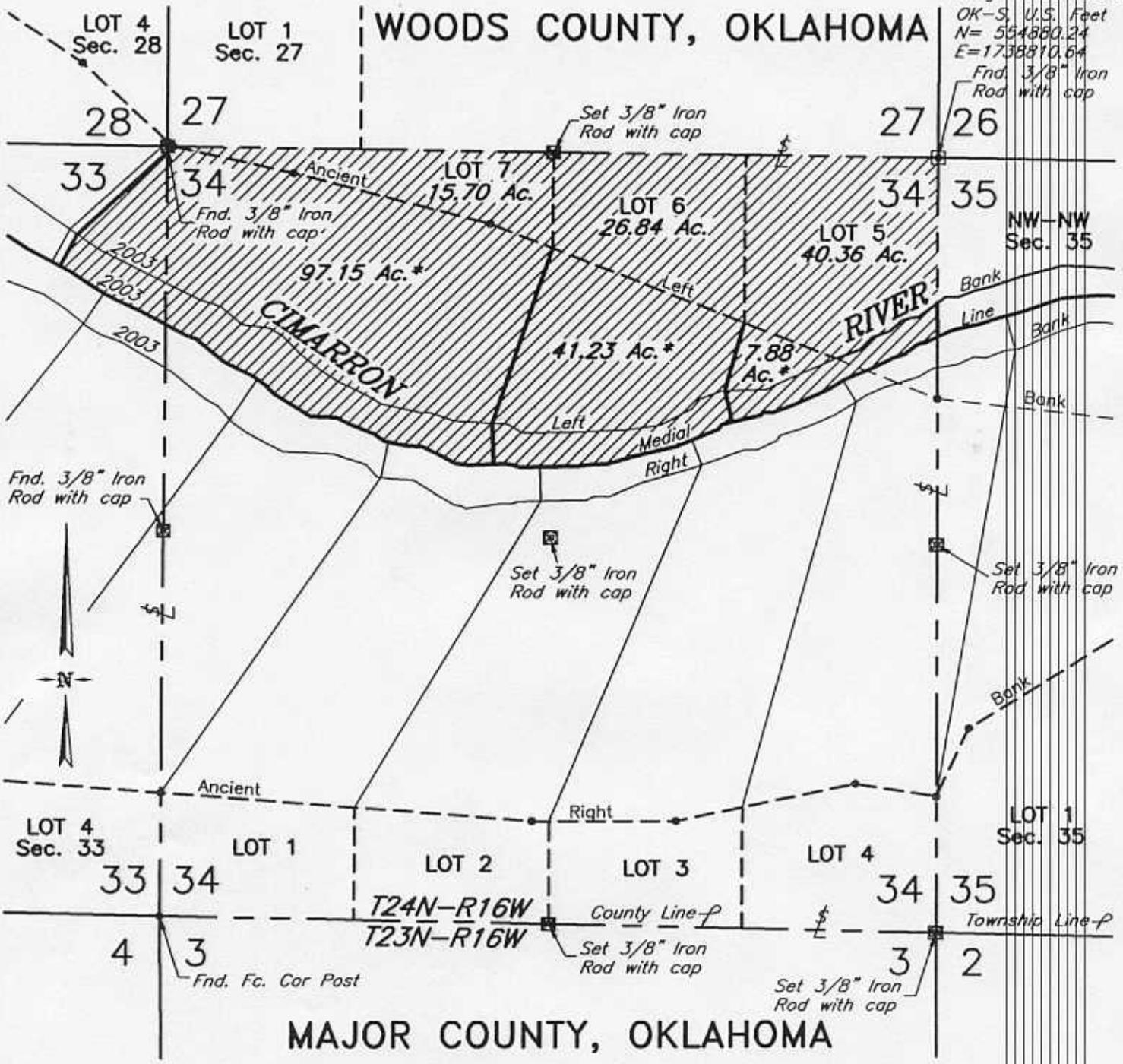
Thence along the adjusted ancient left bank the following courses and distances:

South $77^{\circ} 59' 18''$ East a distance of 840.53 feet;
South $75^{\circ} 58' 34''$ East a distance of 1379.45 feet;
South $68^{\circ} 56' 34''$ East a distance of 461.58 feet to the point of beginning, and containing 97.15 acres of land more or less.

T24N - R16W

WOODS COUNTY, OKLAHOMA

NAD-1927
Lat. 36°31'15.8"N
Long. 98°53'19.9"W
OK-S, U.S. Feet
N=554880.24
E=1738810.64
Fnd. 3/8" Iron Rod with cap



MAJOR COUNTY, OKLAHOMA

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 1, SECTION 3, T 9 N-R 23 W,
LOCATED ALONG THE NORTH FORK OF THE RED RIVER,
BECKHAM COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)**

Beginning at the ancient meander corner on the ancient left bank between Sections 2 and 3, T 9 N-R 23 W, Beckham County, Oklahoma;

Thence South 12° 41'04" West a distance of 3495.62 feet to a proportional point on the 2003 left bank;

Thence South 07° 53'57" East a distance of 53.33 feet to a point on the 2003 medial line;

Thence along the 2003 medial line the following courses and distances:

**South 82° 06'02" West a distance of 101.76 feet;
South 85° 05'46" West a distance of 135.10 feet;
North 78° 55'06" West a distance of 145.46 feet;
South 87° 46'55" West a distance of 19.75 feet;
North 69° 37'19" West a distance of 129.42 feet;
North 73° 51'28" West a distance of 140.34 feet;
North 30° 37'42" West a distance of 20.48 feet;
North 62° 48'37" West a distance of 93.66 feet;
North 61° 32'16" West a distance of 44.79 feet;
North 59° 56'35" West a distance of 125.70 feet;
North 55° 19'03" West a distance of 40.83 feet;
North 49° 45'56" West a distance of 58.52 feet;
North 57° 03'34" West a distance of 66.68 feet;
North 64° 11'34" West a distance of 44.84 feet;
North 49° 44'35" West a distance of 23.84 feet;
North 55° 30'34" West a distance of 154.18 feet;
North 35° 45'12" West a distance of 37.70 feet;
North 53° 58'38" West a distance of 31.94 feet to a point;**

Thence North 36° 01'22" East a distance of 66.68 feet to a proportional point on the 2003 left bank;

Thence North 11° 04'53" East a distance of 3496.53 feet to the Southwest corner of said Lot 1;

Thence along the adjusted ancient left bank the following courses and distances:

**North 89° 16'15" East a distance of 455.16 feet;
South 64° 13'30" East a distance of 686.90 feet;
South 46° 14'42" East a distance of 330.57 feet to the POINT OF BEGINNING,**

and containing 116.22 acres of land more or less.

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

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

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

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

3. The Lessee shall not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever. Lessee will not use or permit to be used any part of said leased land for the manufacture, sale, gift, transportation, or storage of intoxicating liquors, beverages or drugs. In the event any representative of Lessee or its contractor or subcontractor, employed in connection with the operations on the lease premises shall be responsible for any of the unlawful acts described in this clause,

Bureau of Land Management shall give Lessee information as to such violation(s) with a copy of the notice to BIA and Navajo Nation. Lessee shall immediately take steps to cure the violations, including the termination or transfer of such employee. (25 CFR 162.5(g) (3); 18 U.S.C. Sections 1151, 1154, and 1156, as amended.)

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

THE NAVAJO NATION STIPULATIONS

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

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

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

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

5. Lessee shall compensate the Navajo Nation and its grazing permittees (if any), for all surface use(s) as well as damages to crops, buildings, and other improvements of surface landowner, including loss of grazing lands, occasioned by the Lessee's operations except the Lessee's control. Compensation for surface use shall be negotiated by Lessee and the Navajo Nation and will be based upon the duration of activity on the land.

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

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

8. Upon the request of the Navajo Nation or if so required by the Area Director or his authorized representative, and under the direction of the Field Manager, Bureau of Land Management, the Lessee shall condition any well drilled which does not produce oil or gas in paying quantities, but which is capable of producing water satisfactorily for domestic, agricultural, or livestock use by the Navajo Nation. Otherwise, after the expiration or termination of the lease, the Lessee shall remove all pumping equipment installed by Lessee at any well.

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

The pipeline will be so installed that it will not interfere with the construction and/or development of the area for agricultural purposes and/or operation of same in connection with the Navajo Indian Irrigation Project. Any changes or relocations found to be necessary during said construction and/or development will be accomplished at the Company's expense.

In addition, the pipeline will be buried to a depth of 48 inches and any permanent metering and production equipment installed at the actual site will conform to "no well and/or production equipment within irrigable fields of the Navajo Indian Irrigation Project will exceed two feet above natural surface elevation and be adequately barricaded for safety." Further, if crops are planted prior to accomplishment of the pipeline work, surface damages must be negotiated with Navajo Agricultural Products Industry.

NOTICE 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 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: District Ranger,
242 Highway, 56 West, Box J
Elkhart, KS 67950
(316) 697-4621

who is the authorized representative of the Secretary of Agriculture.

NOTICE

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS 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 FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required.
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.

3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation 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 FS and BLM 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 FS and BLM.

ENDANGERED OR THREATENED SPECIES - The FS 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 species or their habitats.

The lessee/operator may, unless notified by the FS 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 resource specialist approved by the FS. An acceptable report must be provided to the FS identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

TIMING LIMITATION STIUPLATION
CRITICAL BALD EAGLE AREAS

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

November 1 through March 31

On the lands described below:

For the purpose of: Protection of important seasonal wildlife habitat (buffer zones around bald eagle use areas). Within buffer zones are areas of intensive bald eagle use such as roost sites where any surface disturbing activity is prohibited yearlong. These areas are usually less than 40 acres in size and are shown on maps in the Farmington Resource Area Office.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, if such action is consistent with the provisions of the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized Officer determines that the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington Field Office

F-3-TLS
September 2003

TIMING LIMITATION STIPULATION
IMPORTANT SEASONAL WILDLIFE HABITAT

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

December 1 through March 31.

On the lands described below:

For the purpose of: Protection of important wildlife habitat (big game winter range).

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, if such action is consistent with the provisions of the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized Officer determines that the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington Field Office

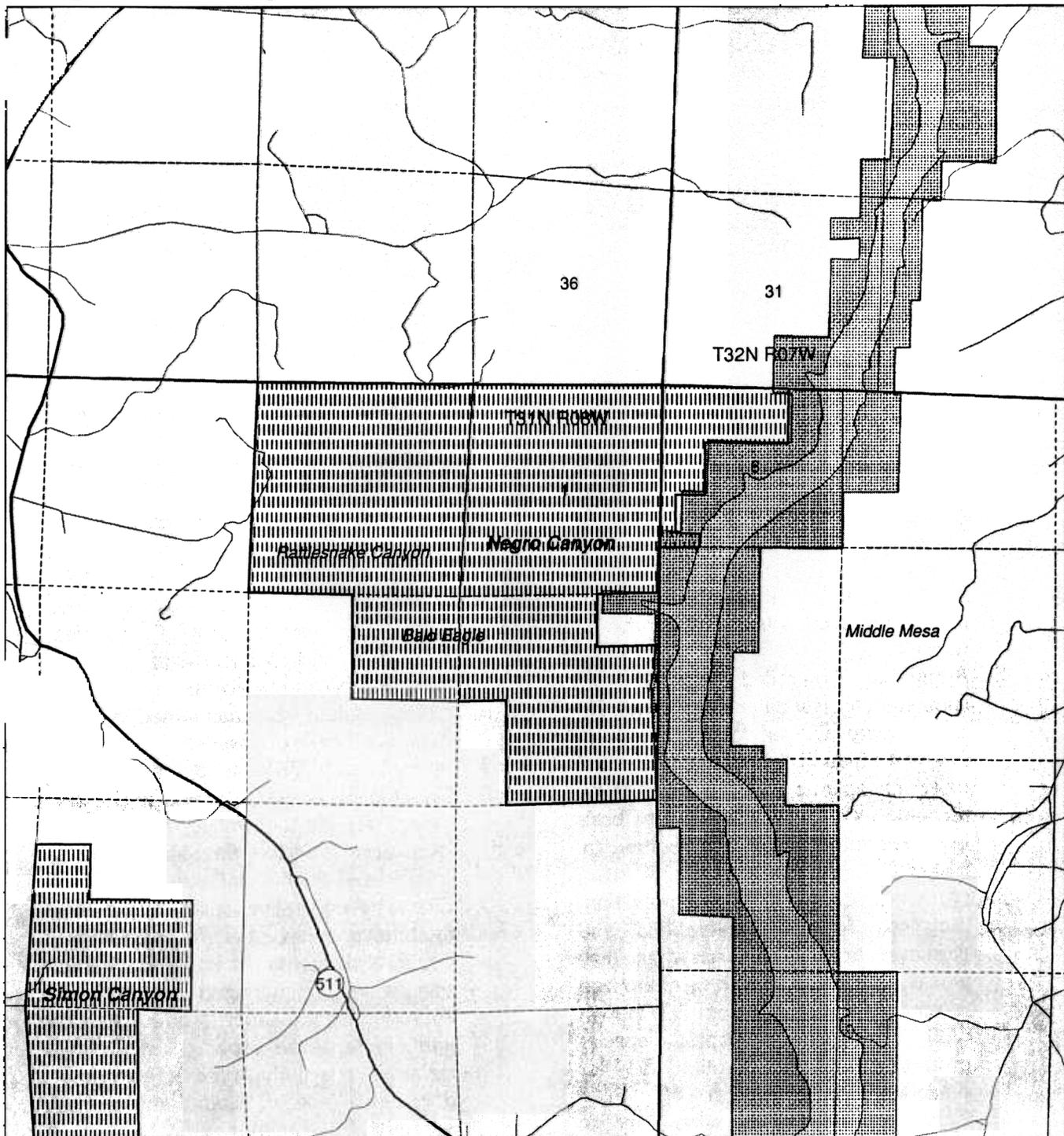
F-4-TLS
September 2003

NO SURFACE OCCUPANCY STIPULATION
NEGRO CANYON SPECIAL MANAGEMENT AREA

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

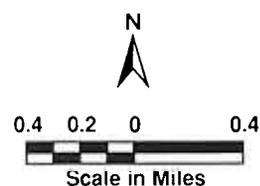
For the purpose of: Protection of semi-primitive outdoor recreation opportunities, scenic values, bald eagle winter roost habitat, and seasonal big game habitat. Management prescriptions presented in Farmington RMP (approved September 29, 2003) apply No Surface Occupancy stipulation to new oil and gas leases.

No exceptions to this stipulation will be allowed. Any changes to this stipulation will require amendment of the land use plan and be subject to public review as specified by planning regulations.



Legend

-  Major Road
-  Township and Range
-  Section Line
-  Road
-  SDA
-  Recreation
-  USBR



Map C-28: Negro Canyon Scenic Area

NO SURFACE OCCUPANCY STIPULATION
DUNES VEHICLE RECREATION AREA

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

For the purpose of: Public safety while managing area for moderate to intensive OHV use. Management prescriptions presented in Farmington RMP (approved September 29, 2003) apply No Surface Occupancy stipulation to new oil and gas leases.

If circumstances or relative resource values change or if it can be demonstrated that oil and gas operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the BLM Authorized Officer, provided such action is consistent with the provisions of the Farmington Resource Management Plan, or if not consistent, through a land use plan amendment and associated National Environmental Policy Act analysis document. If the BLM Authorized officer determines that the waiver, exception, or modification involves an issue of major public concern, the waiver, exception, or modification shall be subject to a 30-day public review period.

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

Bureau of Land Management
Farmington Field Office

F-31-NSO
September 2003

LEASE NOTICE
MOUNTAIN PLOVER

All development activities proposed under the authority of this lease are subject to compliance with mitigation measures described in the Biological Assessment prepared as part of the Endangered Species Act Section 7 consultation for the Farmington RMP. Specifically, the lease is within potential habitat for mountain plover. Surface disturbance activities proposed for the breeding season (April 1 through July 31) will require surveys for mountain plover. If the species is detected in the project area, construction will be restricted to the period of August 1 through March 31. Permanent facilities such as compressor stations may require site-specific mitigation such as noise remediation or maintenance construction timing restrictions. The BLM may require modifications to or disapprove proposed activities that would adversely affect nesting mountain plovers or their habitat. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

VISUAL RESOURCE MANAGEMENT
CLASS I AREA
BISTI/DE-NA-ZIN

All development activities proposed under the authority of this lease are subject compliance with Section 102(a)(8) of the Federal Land Policy and Management Act. Specifically, the lease is adjacent to the Bisti/De-Na-Zin wilderness area. Management prescriptions delineated in the Farmington RMP implement VRM Class I objectives for the wilderness area and may require site-specific mitigation measures such as alternate project locations, low profile tanks, or other measures to reduce visual impacts to the wilderness area. The BLM may require modifications to or disapprove proposed activities that can not be mitigated and which would adversely affect the VRM objectives. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

LEASE NOTICE
NOISE

This lease is adjacent to a noise sensitive area (Bisti/De-Na-Zin Wilderness Area). Noise sources that operate on a continual basis (more than 8 hours/day), long term (more than 1 week in duration) can not exceed a noise level of 48.6 dB(A)Leq at the boundary of the wilderness area. If 48.6 dB(A)Leq does not provide an adequate level of protection from the auditory impact created by lease operations, a stricter stand shall be applied. BLM staff would work with the leaseholder on a case-by-case basis to achieve an acceptable level of noise mitigation. This requirement will not normally apply to transient operations such as construction, drilling, completion, workover activities, and other temporary sound sources. These short-term activities will be handled on a case-by-case basis during the permitting process. Compliance with the Field Office noise policy could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

VISUAL RESOURCE MANAGEMENT
CLASS I
NEGRO CANYON

All development activities proposed under the authority of this lease are subject compliance with Section 102(a)(8) of the Federal Land Policy and Management Act. Specifically, development of the lease may require surface activities adjacent to the Negro Canyon Specially Designated Area (SDA). Management prescriptions delineated in the Farmington RMP implement VRM Class I objectives for Negro Canyon Area and may require site-specific mitigation measures such as alternate project locations, low profile tanks, or other measures to reduce visual impacts to the SDA. The BLM may require modifications to or disapprove proposed activities that can not be mitigated and which would adversely affect the VRM objectives. This may require the lease holder to apply additional mitigation measures to minimize visual impacts from projects developed outside boundaries of the SDA. No construction activity or equipment will be allowed that would be visible from Negro Canyon drainage. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

RIGHT-OF-WAY NOTICE
NEGRO CANYON

Development of minerals under the No Surface Occupancy stipulation under the Negro Canyon Specially Designated Area (SDA) would result in development activities outside the boundaries of the SDA. RMP management prescriptions for the SDA prohibit the development of new Rights-of-Way in the Negro Canyon Drainage and on the No Surface Occupancy Acreage in the SDA. Row's may be permitted on the Controlled Surface Use Acreage above the rim, on a case-by-case basis with site-specific management constraints that maintain recreation and natural values, VRM objectives and wildlife habitat. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

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
Lincoln National Forest
At : Federal Building
1101 New York Avenue
Telephone No. : Alamogordo, NM 88310
(505) 434-7200

Who is the authorized representative of the Secretary of Agriculture.

LEASE NOTICE

A. POTENTIAL CAVE OR KARST LAND FORM OCCURRENCE AREA

The lands described in this document are located in a potential cave occurrence area. Within this area, caves or karst land form 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 caves or karst land form system of the area, special protective measures may be developed during environmental analyses and be required as part of approvals for drilling operations on leases. These measures could include: change in drilling operations; special casing and cementing programs; modifications in surface activities; or other reasonable measures to mitigate impacts to cave or karst land form values. This disclosure of information is in accordance with 43 CFR 3101.1-2; Onshore Oil and Gas Order No. 1, section III, G.5.

The permittee, contractor, or lessee shall immediately notify the Forest Service and BLM Project Administrators if they encounter loss of circulation due to drilling into a void, cave or karst feature and immediately halt work in the area until resolved in consultation with a Forest Service Cave Resource Specialist and the BLM and authorization to proceed is received.

B. R-3 CULTURAL RESOURCE MANAGEMENT

No surface-disturbing work can be approved until a Cultural Resource survey and report is completed.

The permittee, contractor, or lessee shall be responsible for the protection from damage of all identified cultural resources within the area which may be affected by their actions. In addition, the permittee, contractor or lessee shall be liable for all damage or injury to the identified cultural resources caused by their actions.

The permittee, contractor, or lessee shall immediately notify the agency Project Administrator if any damage occurs to any cultural resource and immediately halt work in the area in which damage has occurred until authorized by the Project Administrator, after consultation with the Forest Archeologist, to proceed. All provisions of the Region 3 Cultural Resources Damage Assessment Handbook (FSH 2309.24, Chapter 40) are incorporated by reference herein.

C. THREATENED, ENDANGERED AND SENSITIVE SPECIES HABITAT

The lessee is advised that the lease areas may contain populations of or habitat for threatened, endangered, proposed or sensitive species. The leased lands will be examined prior to undertaking any surface disturbing activities (including seismic explorations) to determine effects upon any plant or animal species and prescribe necessary mitigations. These examinations will be initiated upon receipt of an Application for Permit to Drill, seismic testing request, or when any ground disturbing activity is proposed. Field surveys for some species may however require delays until appropriate field conditions can be met. Should proposed activities involve possible effects to a federally listed species, consultation with USFWS may be required. Delays for consultation could take 30 to 135 days.

CONTROLLED SURFACE USE STIPULATION

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

**The lessee is given notice that all or portions of the lease are may contain special values;
Area needed for special purposes, or required special attention.**

- 1. All ground disturbing activity such as road construction, pipelines, or facility development will be limited to areas of less than 40% slopes.**
- 2. All facilities or drill sites will be located at least 300 feet away from all watercourses (i.e. perennial, intermittent, and ephemeral) and any other riparian areas.**

On the lands covered by this stipulations are described as follows :

For the purpose of: Prevention of soil erosion and to protect riparian areas.

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey of any areas to be disturbed must be conducted for Kuenzler's cactus, Echinocereus fendleri var. kuenzleri. All plant locations and suitable habitat will be identified. The survey must be conducted during the blooming period, May 15th through June 15th.

2. No surface occupation and/or surface disturbing activities will be allowed to take place within occupied or suitable habitat.

3. Kuenzler's cactus habitat will be isolated from all activities and structures which could result in leaks or spills.

4. Any activities which may affect Kuenzler's cactus will require consultation with the U. S. Fish and Wildlife Service which may take from 90 to 130 days.

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of Kuenzler's cactus in occupied habitat, and of habitat suitable for species recovery

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey of any areas to be disturbed must be conducted for Guadalupe mescal bean, Sophora gypsophila var. guadalupensis. All plant locations will be identified. The survey must be conducted from March 10th through June 15th.

2. No surface occupation and/or surface disturbing activities will be allowed to take place within occupied habitat.

3. Occupied Guadalupe mescal bean habitat will be isolated from all activities and structures which could result in leaks or spills.

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of Guadalupe mescal bean in occupied habitat.

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey of any areas to be disturbed must be conducted for *Astragalus waterfallii*- Waterfall's Milkvetch. All plant locations must be identified. The survey must be conducted during the fruiting period from May through July.

2. No surface occupation and/or surface disturbing activities will be allowed to take place within habitat.

3. Occupied Waterfall's milkvetch habitat will be isolated from all activities and structures which could result in leaks or spills.

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of *Astragalus waterfallii* – Waterfall's Milkvetch – in occupied habitat.

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey must be conducted for *Chrysothamnus nauseosus ssp. texensis* – Guadalupe rabbitbrush. All plant locations must be identified, The survey must be conducted during the flowering period from September through November.

2. No surface occupation and/or surface disturbing activities will be allowed to take place within habitat.

3. Occupied Guadalupe rabbitbrush habitat will be isolated from all activities and structures which could result in leaks or spills.

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of *Chrysothamnus nauseosus ssp. texensis* – Guadalupe rabbitbrush – in occupied habitat.

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

- 1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey must of any areas to be disturbed must be conducted for Hexalectris nitida – shining coralroot orchid. All plant locations must be identified. The survey must be conducted in potential habitat to be disturbed during the rainy period preceding initiation of ground disturbance.**
- 2. No surface occupation and/or surface disturbing activities will be allowed to take place within habitat.**
- 3. Occupied Waterfall’s milkvetch habitat will be isolated from all activities and structures which could result in leaks or spills.**

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of Hexalectris nitida – Shining coral root orchid – in occupied habitat.

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

CONTROLLED SURFACE USE STIPULATION

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

The lessee is given notice that all or portions of the lease area may contain special values, are needed for special purposes, or require special attention.

- 1. Prior to granting approval for any off-road travel, oil and gas exploration, seismic activities, and/or drilling, a complete survey of any areas to be disturbed must be conducted for *Penstemon cardinalis* ssp. *Regalis* – Guadalupe penstemon. All plant locations must be identified. The survey must be conducted during the flowering period from May through June.**
- 2. No surface occupation and/or surface disturbing activities will be allowed to take place within habitat.**
- 3. Occupied Guadalupe penstemon habitat will be isolated from all activities and structures which could result in leaks or spills.**

The lands covered by this stipulation are described as follows:

For the purpose of: Protection of *Penstemon cardinalis* ssp. *Regalis* – Guadalupe penstemon - in occupied habitat.

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

NO SURFACE OCCUPANCY
POOLING PURPOSES ONLY

No surface occupancy or use is allowed on the lease. The purpose of this lease is solely for participation in a unit or for pooling purposes.

Bureau of Land Management
New Mexico State Office

NM-9
May 15, 1991

Special Cultural Resource
Lease Notice

All development activities proposed under the authority of this lease are subject to compliance with Section 106 of the NHPA and Executive Order 13007. The lease area may contain historic properties, traditional cultural properties (TCP's), and/or sacred sites currently unknown to the BLM that were not identified in the Resource Management Plan or during the lease parcel review process. Depending on the nature of the lease developments being proposed and the cultural resources potentially affected, compliance with Section 106 of the National Historic Preservation Act and Executive Order 13007 could require intensive cultural resource inventories, Native American consultation, and mitigation measures to avoid adverse effects—the costs for which will be borne by the lessee. The BLM may require modifications to or disapprove proposed activities that are likely to adversely affect TCP's or sacred sites for which no mitigation measures are possible. This could result in extended time frames for processing authorizations for development activities, as well as changes in the ways in which developments are implemented.

Bureau of Land Management
New Mexico State Office

NM-11-LN
February 9, 2004

NTL(AZ)

**United State Department of the Interior
Bureau of Land Management
Arizona State Office
222 North Central Avenue
Phoenix, AZ 85004-2203**

NOTICE TO LESSEE

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

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

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

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.

**Bureau of Land Management
Oklahoma Field Office**

**ORA (LN-1)
November 1991**

FLOODPLAIN PROTECTION STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease lie in and/or adjacent to a major watercourse and are subject to periodic flooding. Surface occupancy of these areas will not be allowed without specific approval, in writing, of the Bureau of Land Management.

For the following described land(s):

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

**Bureau of Land Management
Oklahoma Field Office**

**ORA-1
November 1991**

WETLAND/RIPARIAN STIPULATION
CONTROLLED SURFACE USE

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

For the following described land(s):

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

Bureau of Land Management
Oklahoma Field Office

ORA-2
November 1991

SEASON OF USE STIPULATION

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

One the land(s) described below:

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

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

Bureau of Land Management
Oklahoma Field Office

ORA-3
November 1991

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

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

LEASE NOTICE
PROTECTION OF THE DUNE SAGEBRUSH LIZARD

This lease may encompass suitable and occupied habitat of the dunes sagebrush lizard (*Sceloporus arenicolous*). The lizard can be found in active or semi-active sand dunes with shinnery oak vegetation. All or portions of the lease may contain suitable or occupied habitat of this state-listed endangered species.

The Bureau of Land Management through its NEPA process, is responsible for assuring that the leased lands are examined prior to any surface disturbing activities on the lands covered by this lease to determine potential impacts to the lizard and it's habitat.

In accordance with Section 6 of the lease terms, the lessee may be required to conduct an examination of the lands to determine the occurrence of the lizard (peak activity is May/June). The survey would be conducted by a qualified biologist or herpetologist approved by the Bureau of Land Management. A report of the findings would be submitted to the authorized officer.

Exploration and lease development activities may be limited to areas outside of suitable or occupied habitat within the lease. If the surface management agency determines that lease development activities may adversely impact suitable or occupied habitat, restrictions to the lessee's proposal or denial of any beneficial use of the lease may result.

Conditions of Approval for Applications for Permit to Drill or Sundry Notices may be developed to protect habitat for the dunes sagebrush lizard. The lessee will take such measures as may be required by the authorized officer to protect the lizard and its habitat.

POTASH STIPULATION

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

The lessee further agrees that:

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

On the land(s) described below:

**Bureau of Land Management
Carlsbad Field Office**

**SENM-S-1
Revised December 1996**

YESO HILLS
NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of: Protecting unique ecosystems and threatened and endangered plant species within the Yeso Hills Research Natural Area (CRA SMA No. 7) as discussed in the Carlsbad Resource Management Plan.

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.

Bureau of Land Management
Carlsbad Field Office

SENM-S-8
Revised January 1989

GUADALUPE ESCARPMENT HABITAT MANAGEMENT AREA
CONTROLLED SURFACE USE STIPULATION

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

Unless otherwise authorized, surface use or occupancy within the leased lands will be strictly controlled, or if absolutely necessary, excluded.

On the lands described below:

All Lands in Lease.

For the purpose of: Protecting the following special areas, values, purposes, and sensitive resource conditions:

1. Surface lands within four hundred (400) meters of:
 - o Existing and potential wildlife watering sites;
 - o Riparian areas, wetlands, springs, water wells, and ephemeral, intermittent, or perennial streams;
 - o Raptor nest sites which have been active for the past two years;
2. On slopes over 30 percent, or over 20 percent on extremely erodable or slumping soils.
3. Within identified flood hazard zones.

Bureau of Land Management
Carlsbad Field Office

SENM-S-13
August 1992

RAPTOR NESTS AND HERONRIES

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

Surface disturbance will not be allowed within up to 200 meters of active heronries or by delaying activity for up to 120 days, or a combination of both. Raptor nests on special, natural habitat features, such as trees, large brush, cliff faces and escarpments, will be protected by not allowing surface disturbance within up to 200 meters of nests or by delaying activity for up to 90 days, or a combination of both. Exceptions to this requirement for raptor nests will be considered if the nests expected to be disturbed are inactive, the proposed activity is of short duration (e.g. habitat enhancement projects, fences, pipelines), and will not result in continuing activity in proximity to the nest.

For the purpose of: **Protecting Raptor Nests and Heronries.**

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

**SENM-S-16
December 1997**

SLOPES OR FRAGILE SOILS

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

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

On the lands described below:

For the purpose of: **Protecting Slopes or Fragile Soils**

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

**SENM-S-17
December 1997**

STREAMS, RIVERS, AND FLOODPLAINS

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

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

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

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

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

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

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

On the lands described below:

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.

On the lands described below:

For the purpose of: Protecting Playas and Alkali Lakes

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

**SENM-S-19
December 1997**

CAVES AND KARST

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

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

For the purpose of: Protecting Caves and Karst Features

Bureau of Land Management
Roswell/Carlsbad Field Office

SENM-S-21
December 1997

PRAIRIE CHICKENS

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

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

For the purpose of: Protecting Prairie Chickens

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

**SENM-S-22
December 1997**

SAND DUNE LIZARD

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

Surface disturbance will not be allowed in documented occupied habitat areas, or within up to 100 meters of suitable habitat associated with occupied habitat areas identified through field review. An exception to this restriction will be considered when an on-site evaluation of habitat extent, available species occurrence data, the proposed surface use, and proposed mitigations indicate the proposal will not adversely affect the local population.

For the purpose of: Protecting Sand Dune Lizards

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

All lands in lease.

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

**SENM-S-25
December 1997**

ENDANGERED SPECIES ACT
SECTION 7 CONSULTATION STIPULATION

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

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