



Notice of Competitive Oil & Gas Lease Sale

January 19, 2005



**United States Department of the Interior
Bureau of Land Management
New Mexico State Office**



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 (NM92100-lbo)

Nov 29, 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, 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, January 19, 2005**. The Lobby Area at the National Park Service, Paisano Building will be used to register all bidders. Registration will start at 8:00 a.m. through 9:30 a.m. so you can obtain your bidding number.

Where : We will hold the sale at the **NATIONAL PARK SERVICE, in the second floor conference room, (Cactus Room No. 2080), 2968 Rodeo Park Drive West, Paisano Building, Santa Fe, New Mexico, 87505 (see attached map).**

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 January 5, 2005.

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 February 2, 2005**, 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, cashiers check, money order, or credit card, and if you choose a wire transfer please contact the Accounts Section, Roberta Sandoval at (505) 438-7462. 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 cashiers check or money order.

Note: for customers planning to pay with credit card, effective January 1, 2005, The Department of the Treasury will be imposing a cap on the amount of charge we can accept. We suggest that no one plan to make a payment of \$50,000 or more by credit card pending further information. 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, January 24, 2005, 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 April 20, 2005. Please send nominations for that sale by December 10, 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 (505) 438-7400 for recorded information on delays.
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 (505) 438-7400 for recorded information on closures.

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.

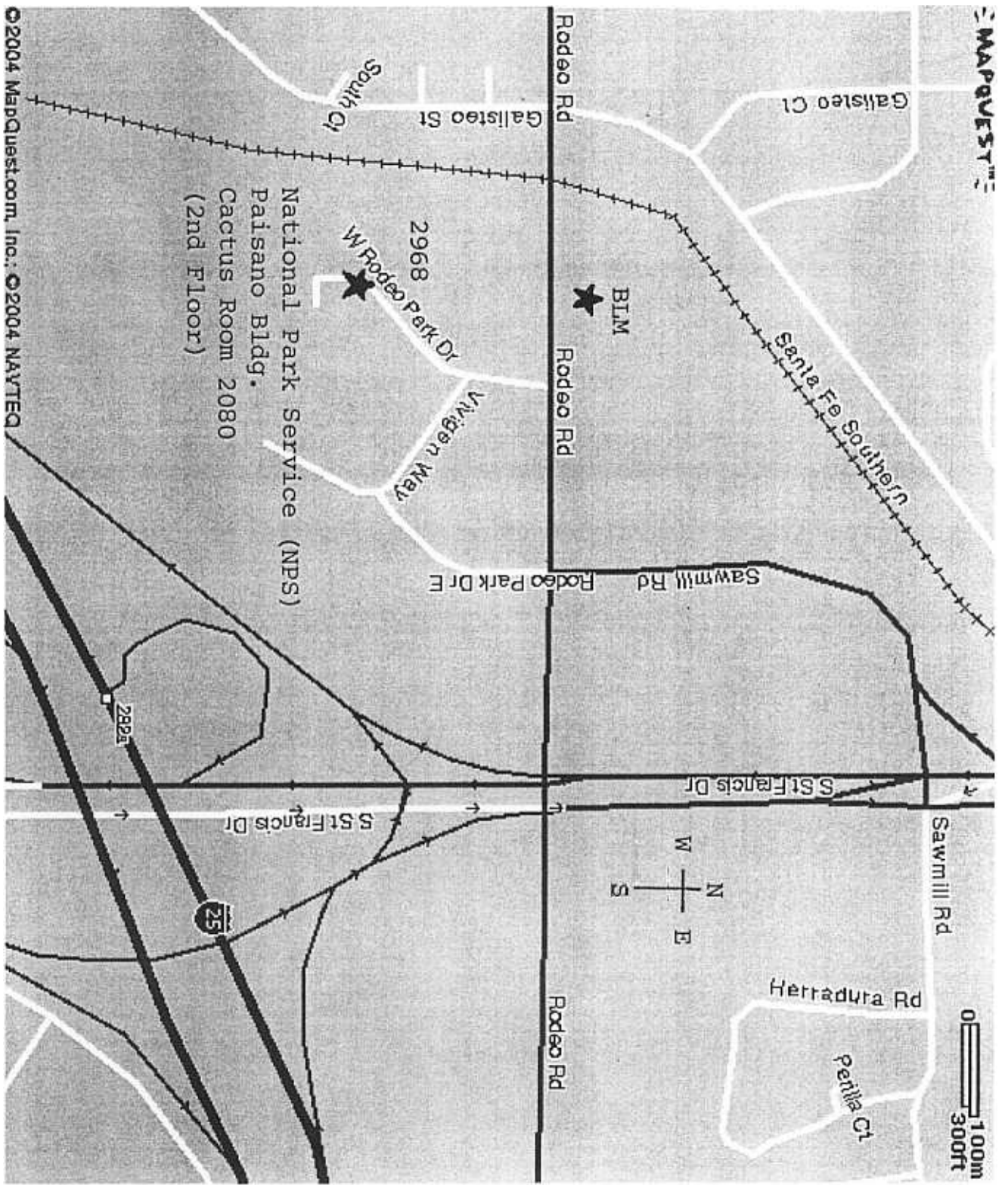
Power Outages

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 438-7566.

*Lourdes B. Ortiz
Land Law Examiner
Fluids Adjudication Team*



©2004 MapQuest.com, Inc.; ©2004 NAVTEQ

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

NEW BIDDER REGISTRATION FORM

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

NAME: _____

TELEPHONE: _____

STREET: _____

CITY: _____

STATE: _____ **ZIP CODE:** _____

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

SIGNATURE

DATE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

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

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

The appropriate regulations applicable to this bid are: (1) for oil and gas leases—43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases—43 CFR 3132; and (3) for Geothermal resources leases—43 CFR 3220. (See details concerning lease qualifications on reverse.)

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

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

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

Print or Type Name of Lessee	Signature of Lessee or Bidder	
Address of Lessee		
City	State	Zip Code

INSTRUCTIONS

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

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

INSTRUCTIONS FOR GEOTHERMAL OR
NPR-A OIL AND GAS BID

1. Separate bid for each parcel is required. Identify parcel by the number assigned to a tract.
2. Bid **must** be accompanied by one-fifth of the total amount of bid. The remittance **must** be in the form specified in 43 CFR 3220.4 for a Geothermal Resources bid and 3132.2 for a NPR-A lease bid.
3. Mark envelope Bid for Geothermal Resources Lease in (*Name of KGRA*) or Bid for NPR-A Lease, as appropriate. Be sure correct parcel number of tract on which bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
5. If bidder is **not** the sole party in interest in the lease for which bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.

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

(Continued on reverse)

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:

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

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

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

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

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

- Noncompetitive lease, 12½ %;
- Competitive lease, 12½ %;
- Other, see attachment; or

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

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

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

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

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

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

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports

costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

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

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

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

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

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

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

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

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

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

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

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

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

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

NEW MEXICO PUBLIC DOMAIN

NM-200501-001 1040.000 Acres
T.0020N, R.0080E, 23 PM, NM
Sec. 003 SW;
011 E2E2, NWNE;
013 ALL;
014 NESE;

Torrance County
Albuquerque FO
NMNM 41256, NMNM 44381
Stipulations:
None

NM-200501-002 720.000 Acres
T.0020N, R.0090E, 23 PM, NM
Sec. 007 E2;
008 E2, N2NW;

Torrance County
Albuquerque FO
PENDING PRESALE OFFER NO. NMNM 112869
NMNM 41265
Stipulations:
None

NM-200501-003 1273.020 Acres
T.0020N, R.0090E, 23 PM, NM
Sec. 017 ALL;
018 LOTS 1-4;
018 E2,E2W2;

Torrance County
Albuquerque FO
NMNM 41265
Stipulations:
None

NM-200501-004 676.620 Acres
T.0030N, R.0090E, 23 PM, NM
Sec. 030 LOTS 1, 6,10;
030 NE;
031 LOTS 3, 4,7-12;
031 SE;

Torrance County
Albuquerque FO
PENDING PRESALE OFFER NO. NMNM 112869
NMNM 41268
Stipulations:
None

NM-200501-005 80.000 Acres
T.0170S, R.0210E, 23 PM, NM
Sec. 022 W2SW;

Eddy County
Carlsbad FO
NMNM 90570
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-18 Streams, Rivers, and Floodplains
(Sec.22: NENWSW)
SENM-S-25 Visual Resource Management
SENM-S-31 Northern Aplomado Falcon Suitable Habitat

NM-200501-006 440.000 Acres
T.0210S, R.0220E, 23 PM, NM
Sec. 033 S2N2,SW,N2SE,SWSE;

Eddy County
Carlsbad FO
NMNM 93176
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-18 Streams, Rivers, and Floodplains

NM-200501-007 803.750 Acres
T.0220S, R.0220E, 23 PM, NM
Sec. 005 LOTS 1-4;
005 S2N2,S2;
006 LOTS 3-7;
006 SESW;

Eddy County
Carlsbad FO
NMNM 009974, NMNM 84838, NMNM 92143
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-18 Streams, Rivers, and Floodplains

NM-200501-008 1200.000 Acres
T.0230S, R.0220E, 23 PM, NM
Sec. 004 ALL;
009 N2, N2S2, S2SW;

Eddy County
Carlsbad FO
NMNM 89204, NMNM 90846
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-009 40.000 Acres
T.0190S, R.0240E, 23 PM, NM
Sec. 002 NESE;
Eddy County
Carlsbad FO
NMNM 76935
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-010 40.000 Acres
T.0200S, R.0240E, 23 PM, NM
Sec. 007 NENW;
Eddy County
Carlsbad FO
NMNM 92150
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-21 Caves and Karst
SENM-S-25 Visual Resource Management
SENM-S-31 Northern Aplomado Falcon Suitable
Habitat

NM-200501-011 1160.000 Acres
T.0200S, R.0240E, 23 PM, NM
Sec. 020 ALL;
029 E2,E2W2,SWSW;
Eddy County
Carlsbad FO
NMNM 92150
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-18 Streams, Rivers, and Floodplains
Sec. 20: N2S2
SENM-S-21 Caves and Karst
SENM-S-25 Visual Resource Management

NM-200501-012 517.550 Acres
T.0200S, R.0240E, 23 PM, NM
Sec. 030 LOTS 1-4;
030 E2NW,NESW;
031 LOTS 3,4;
031 E2W2;
Eddy County
Carlsbad FO
NMNM 92150
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-17 Slopes or Fragile Soils
Sec. 30: Lots 1, 2
Sec. 31: Lots 3,4, E2SW
SENM-S-21 Caves and Karst
SENM-S-25 Visual Resource Management

NM-200501-013 330.500 Acres
T.0210S, R.0240E, 23 PM, NM
Sec. 015 LOTS 1-4;
015 NE;
Eddy County
Carlsbad FO
NMNM 92743
Stipulations:
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-17 Slopes or Fragile Soils
SENM-S-21 Caves and Karst
NM-11-LN Special Cultural Resource Lease Notice:
Two archeological sites have been found in the NE
of Section 15.

NM-200501-014 634.280 Acres
T.0230S, R.0240E, 23 PM, NM
Sec. 003 LOTS 1-4;
003 S2N2,S2;
Eddy County
Carlsbad FO
NMNM 64480
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-18 Streams, Rivers, and Floodplains
SENM-S-21 Caves and Karst

NM-200501-015 1942.110 Acres
T.0260S, R.0240E, 23 PM, NM
Sec. 020 NWNE,W2,S2SE;
021 S2SW,SWSE;
028 LOTS 1-4;
028 W2NE,NW;
029 LOTS 1-8;
029 N2;
030 LOTS 5-8;
030 E2NE,E2SW;

Eddy County
Carlsbad FO

NMNM 69571, NMNM 81710
NMNM 88243, NMNM 93179

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-8 Yeso Hills
Sec. 28: Lots 3, 4
SENM-S-17 Slopes or Fragile Soils
Southern Gypsum Soil Area
SENM-S-18 Streams, Rivers, and Floodplains
SENM-S-21 Caves and Karst
SENM-S-25 Visual Resource Management

NM-200501-016 480.000 Acres
T.0200S, R.0250E, 23 PM, NM
Sec. 024 N2,SW;

Eddy County
Carlsbad FO

NMNM 88099

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-5 Threatened Plant Species
Sec. 24: N2NE, NENW,
N2SE, N2SWNE, N2SENE
Gypsum Wild-Buckwheat
SENM-S-17 Slopes or Fragile Soils

NM-200501-017 640.000 Acres
T.0260S, R.0250E, 23 PM, NM
Sec. 010 ALL;

Eddy County
Carlsbad FO

NMNM 70877, NMNM 83558, NMNM 90513

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-17 Slopes or Fragile Soils
Southern Gypsum Soil Area
SENM-S-21 Caves and Karst

NM-200501-018 640.000 Acres
T.0260S, R.0250E, 23 PM, NM
Sec. 011 ALL;

Eddy County
Carlsbad FO

NMNM 69576, NMNM 70198

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-17 Slopes or Fragile Soils
Southern Gypsum Soil Area
SENM-S-21 Caves and Karst

NM-200501-019 640.000 Acres
T.0260S, R.0250E, 23 PM, NM
Sec. 012 ALL;

Eddy County
Carlsbad FO

NMNM 69576, NMNM 70877

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-17 Slopes or Fragile Soils
Southern Gypsum Soil Area
SENM-S-18 Streams, Rivers, and Floodplains
SENM-S-20 Springs, Seeps and Tanks
SENM-S-21 Caves and Karst

NM-200501-020 480.000 Acres
T.0260S, R.0270E, 23 PM, NM
Sec. 004 NE,SW;
005 NE;

Eddy County
Carlsbad FO

NMNM 93194

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice
SENM-S-15 Wildlife Habitat Projects
SENM-S-17 Slopes or Fragile Soils
Southern Gypsum Soil Area
SENM-S-18 Streams, Rivers, and Floodplains

NM-200501-021 61.980 Acres
T.0180S, R.0290E, 23 PM, NM
Sec. 018 LOTS 2,3;

Eddy County
Carlsbad FO

NMNM 0002957

Stipulations:

NM-11-LN Special Cultural Resource Lease Notice:
One archeological site is known to be located near
or within the lease area
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-21 Caves and Karst

NM-200501-022 480.000 Acres
T.0020S, R.0300E, 23 PM, NM
Sec. 001 SE;
002 SE;
011 NW;
Roosevelt County
Roswell FO
NMNM 62915, NMNM 69590
Stipulations:
None

NM-200501-023 1440.410 Acres
T.0020S, R.0300E, 23 PM, NM
Sec. 004 LOTS 3,4;
004 S2NW,SW;
008 ALL;
009 W2,N2SE;
010 N2SW;
Roosevelt County
Roswell FO
NMNM 66709, NMNM 68080, NMNM 69590
Stipulations:
SENM-S-19 Playas and Alkali Lakes
Sec. 09: W2, N2SE
Sec. 10: N2SW

NM-200501-024 160.000 Acres
T.0020S, R.0300E, 23 PM, NM
Sec. 021 NE;
Roosevelt County
Roswell FO
NMNM 69590
Stipulations:
None

NM-200501-025 640.000 Acres
T.0140S, R.0300E, 23 PM, NM
Sec. 024 ALL;
Chaves County
Roswell FO
NMNM 56734, NMNM 60394, NMNM 67797
Stipulations:
SENM-S-33 NSO LPC-SDL Habitat

NM-200501-026 640.000 Acres
T.0150S, R.0300E, 23 PM, NM
Sec. 013 ALL;
Chaves County
Roswell FO
NMNM 89816
Stipulations:
SENM-S-17R Slopes or Fragile Soils
SENM-S-20 Springs, Seeps and Tanks
SENM-S-34 Zone 3-POD

NM-200501-027 80.750 Acres
T.0190S, R.0300E, 23 PM, NM
Sec. 004 LOTS 1,2;
Eddy County
Carlsbad FO
NMNM 01114
Stipulations:
NM-11-LN Special Cultural Resource
Notice
SENM-S-1 Potash Stipulation
SENM-S-25 Visual Resource Management
SENM-S-30 NSO – Potash Area

NM-200501-028 79.210 Acres
T.0190S, R.0300E, 23 PM, NM
Sec. 019 LOTS 4;
019 SESW;
Eddy County
Carlsbad FO
NMNM 85906
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence area
SENM-S-1 Potash Stipulation
SENM-S-19 Playas and Alkali Lakes
SENM-S-21 Caves and Karst

NM-200501-029 40.000 Acres
T.0260S, R.0300E, 23 PM, NM
Sec. 018 NENW;
Eddy County
Carlsbad FO
NMNM 93208
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-23 Sand Dune Lizard

NM-200501-030 280.000 Acres
T.0120S, R.0310E, 23 PM, NM
Sec. 004 S2NW,SESE;
009 SW;
Chaves County
Roswell FO
NMNM 054926, NMNM 70894
Stipulations:
SENM-S-17R Slopes or Fragile Soils
SENM-S-20 Springs, Seeps and Tanks

NM-200501-031 320.000 Acres
T.0120S, R.0310E, 23 PM, NM
Sec. 033 W2;
Chaves County
Roswell FO
NMNM 82898, NMNM 89818
Stipulations:
SENM-S-19 Playas and Alkali Lakes

NM-200501-032 160.000 Acres
T.0130S, R.0310E, 23 PM, NM
Sec. 028 NE;
Chaves County
Roswell FO
NMNM 83079, NMNM 86140
Stipulations:
None

NM-200501-033 160.000 Acres
T.0180S, R.0320E, 23 PM, NM
Sec. 028 E2W2;
Lea County
Carlsbad FO
NMNM 92770
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-22 Prairie Chickens
SENM-S-23 Sand Dune Lizard

NM-200501-034 320.000 Acres
T.0200S, R.0320E, 23 PM, NM
Sec. 015 W2;
Lea County
Carlsbad FO
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-4 Laguna Plata- Archeological District NSO
SENM-S-22 Prairie Chickens
SENM-S-23 Sand Dune Lizard

NM-200501-035 640.000 Acres
T.0210S, R.0320E, 23 PM, NM
Sec. 021 All;
Lea County
Carlsbad FO
NMNM 61600, NMNM 63017
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-1 Potash Stipulation
SENM-S-33 LPC SDL NSO

NM-200501-036 40.000 Acres
T.0220S, R.0320E, 23 PM, NM
Sec. 010 SENW;
Lea County
Carlsbad FO
NMNM 88161
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-1 Potash Stipulation
SENM-S-22 Prairie Chickens

NM-200501-037 40.000 Acres
T.0240S, R.0320E, 23 PM, NM
Sec. 023 NWNW;
Lea County
Carlsbad FO
NMLC 062269E
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-22 Prairie Chickens

NM-200501-038 160.000 Acres
T.0190S, R.0330E, 23 PM, NM
Sec. 024 SE;
Lea County
Carlsbad FO
NMNM 92192
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-1 Potash Stipulation
SENM-S-22 Prairie Chickens
SENM-S-23 Sand Dune Lizard

NM-200501-039 80.000 Acres
T.0050S, R.0330E, 23 PM, NM
Sec. 027 W2NE;
Roosevelt County
Roswell FO
NMNM 55955
Stipulations:
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-25 Visual Resource Management

NM-200501-040 160.000 Acres
T.0230S, R.0340E, 23 PM, NM
Sec. 024 W2SW, SESW, SWSE;
Lea County
Carlsbad FO
NMNM 86169
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-041 440.020 Acres
T.0240S, R.0340E, 23 PM, NM
Sec. 001 LOTS 4;
001 SWNW, NWSW;
011 E2E2, W2W2;
Lea County
Carlsbad FO
NMNM 0556298
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-042 640.000 Acres
T.0240S, R.0340E, 23 PM, NM
Sec. 017 ALL;
Lea County
Carlsbad FO
NMLC 066653
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice:
One archaeological site is known to be located
in the NW of Sec 17.
SENM-S-19 Playas and Alkali Lakes

NM-200501-043 1240.000 Acres
T.0250S, R.0340E, 23 PM, NM
Sec. 011 S2;
012 ALL;
013 NE, N2NW, SENW;
Lea County
Carlsbad FO
NMNM 92784
Stipulations:
NM-11-LN Special Cultural Resource Lease
Notice: One archaeological site has been found
in the SE of Sec 12.
SENM-S-22 Prairie Chickens

NM-200501-044 320.000 Acres
T.0250S, R.0340E, 23 PM, NM
Sec. 015 W2;
Lea County
Carlsbad FO
NMNM 92784
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-22 Prairie Chickens

NM-200501-045 40.000 Acres
T.0260S, R.0340E, 23 PM, NM
Sec. 010 NWSE;
Lea County
Carlsbad FO
NMNM 54315
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-19 Playas and Alkali Lakes
SENM-S-22 Prairie Chickens

NM-200501-046 557.440 Acres
T.0230S, R.0350E, 23 PM, NM
Sec. 019 LOTS 1-4;
019 NE, E2W2, N2SE;
Lea County
Carlsbad FO
NMNM 63769, NMNM 93220
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-LN-1 Cave - Karst Occurrence Area
SENM-S-19 Playas and Alkali Lakes

NM-200501-047 40.000 Acres
T.0250S, R.0350E, 23 PM, NM
Sec. 024 NWSE;
Lea County
Carlsbad FO
NMNM 45706
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice
SENM-S-22 Prairie Chickens

NEW MEXICO – NW

NM-200501-048 617.450 Acres
T.0200N, R.0050W, 23 PM, NM
Sec. 003 LOTS 3,4;
003 S2NW,SW;
010 N2;
McKinley County
Farmington FO
NMNM 90834
Stipulations:
F-33-LN Mountain Plover
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-049 1200.240 Acres
T.0200N, R.0050W, 23 PM, NM
Sec. 017 ALL;
018 LOTS 3,4;
018 S2NE,E2SW,SE;
020 NE;
McKinley County
Farmington FO
NMNM 5980, NMNM 90459, NMNM 90835
Stipulations:
F-33-LN Mountain Plover
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-050 1123.960 Acres
T.0200N, R.0050W, 23 PM, NM
Sec. 021 W2E2,W2;
028 NE,E2NW;
031 LOTS 1-4;
031 W2NE,E2W2;
McKinley County
Farmington FO
NMNM 5980, NMNM 66764, NMNM 89020
NMNM 90836, NMNM 91548, NMNM 96794
Stipulations:
F-33-LN Mountain Plover
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-051 640.000 Acres
T.0190N, R.0060W, 23 PM, NM
Sec. 008 NE;
010 W2E2,W2;
McKinley County
Farmington FO
NMNM 85814, NMNM 85815
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-052 1576.960 Acres
T.0200N, R.0060W, 23 PM, NM
Sec. 006 LOTS 3-5;
006 SENW;
008 N2;
013 NW;
014 NE,SW;
025 ALL;
McKinley County
Farmington FO
NMNM 7250, NMNM 61259, NMNM 69529
NMNM 90940, NMNM 91517, NMNM 91518
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-053 1161.350 Acres
T.0210N, R.0060W, 23 PM, NM
Sec. 004 LOTS 3,4;
004 S2NW;
021 NENE;
028 ALL;
033 NW,SE;
Sandoval County
Farmington FO
NMNM 91519, NMNM 91520
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-054 754.440 Acres
T.0190N, R.0070W, 23 PM, NM
Sec. 001 LOTS 6,7;
001 SWSE;
011 S2;
012 LOTS 1,2;
012 W2NE,NW;
McKinley County
Farmington FO
NMNM 25309, NMNM 57162, NMNM 66121
Stipulations:
F-33-LN Mountain Plover
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-055 560.860 Acres
T.0200N, R.0070W, 23 PM, NM
Sec. 002 LOTS 1-4;
002 S2NE,SW;
010 SE;
McKinley County
Farmington FO
NMNM 64846, NMNM 70118
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice

NM-200501-056 967.820 Acres
T.0200N, R.0070W, 23 PM, NM
Sec. 006 LOTS 1,2,6,7;
006 S2NE,E2SW,SE;
008 N2,SW;
McKinley County
Farmington FO
NMNM 89107, NMNM 90569
Stipulations:
NM-11-LN Special Cultural Resource Lease Notice:
One archaeological site is known to be located in the
NE of Section 8.

NM-200501-057 172.100 Acres
T.0290N, R.0130W, 23 PM, NM
Sec. 030 LOTS 3,4;
030 E2SW,S2SE;
San Juan County
Farmington FO
NMNM 0349836
Stipulations:
F-31-NSO Dunes Vehicle Recreation Area
With Map C-24
NM-11-LN Special Cultural Resource
Lease Notice

NM-200501-058 320.000 Acres
T.0300N, R.0140W, 23 PM, NM
Sec. 009 E2;
San Juan County
Farmington FO
NMNM 55114, NMNM 56318
NMNM 58896, NMNM 63321
Stipulations:
F-9-CSU Paleontology
NM-11-LN Special Cultural Resource Lease Notice
F-24-VRM Class III
Pinon Mesa Fossil Area

OKLAHOMA PUBLIC DOMAIN

NM-200501-059 40.000 Acres
T.0220N, R.0150W, 17 PM, OK
Sec. 021 NESW;
Major County
Tulsa FO
OKNM 94874
Stipulations:
None

NM-200501-060 151.180 Acres
T.0240N, R.0160W, 17 PM, OK
Sec. 028 ACCR & RIPR AC TO LOT 4;
032 ACCR & RIPR AC TO LOT 3;
032 ACCR & RIPR AC TO LOT 1;
SEE EXHIBIT A FOR M&B W/MAP;
Woods County
Tulsa FO
Stipulations:
ORA-1 Floodplain Protection (CSU)
ORA-2 Wetland/Riparian (CSU)
ORA (LN-1) Threatened & Endangered Species

NM-200501-061 40.000 Acres
T.0250N, R.0160W, 17 PM, OK
Sec. 026 NWSW;
Woods County
Tulsa FO
OKNM 70249
Stipulations:
None

NM-200501-062 40.000 Acres
T.0240N, R.0170W, 17 PM, OK
Sec. 029 SWSE;
Woodward County
Tulsa FO
OKNM 98137
Stipulations:
ORA-3 Season of Use Stipulation

NM-200501-063 40.000 Acres
T.0130N, R.0220W, 17 PM, OK
Sec. 001 NESE;
Roger Mills County
Tulsa FO
OKNM 37863
Stipulations:
ORA-3 Season of Use Stipulation

OKLAHOMA ACQUIRED

NM-200501-064 710.000 Acres
T.0060N, R.0240E, 17 PM, OK
Sec. 035 S2SENE, E2NWSW;
035 NESW, S2SW, SE;
036 S2;
036 S2SWNE, S2S2SENE, S2S2NW;
Le Flore County
Tulsa FO
CORPS OF ENGINEERS
WISTER LAKE
OKNM 69196
Stipulations:
COE (SS-1A)

NM-200501-065 153.380 Acres
T.0060N, R.0250E, 17 PM, OK
Sec. 031 LOTS 3,4;
031 E2SW;
Le Flore County
Tulsa FO
CORPS OF ENGINEERS
WISTER LAKE
OKNM 60077
Stipulations:
COE (SS-1A)

NM-200501-066 240.000 Acres
T.0230N, R.0220W, 17 PM, OK
Sec. 018 E2NE,SE;
Woodward County
Tulsa FO
CORPS OF ENGINEERS
FORT SUPPLY LAKE
OKNM 105518
Stipulations:
COE (SS-1A)

NM-200501-067 1880.000 Acres
T.0250N, R.0220W, 17 PM, OK
Sec. 021 W 2E2,W2;
028 W2E2,W2;
029 N2,E2SW,SE;
030 NENE;
032 E2;
Harper County
Tulsa FO
AGRICULTURE RESEARCH SERVICE
50% MINERAL INTEREST
Sec. 21: W2NE, NW
Sec. 28: W2SE
Sec. 29: E2,NW
Sec. 30: NENE
Sec. 32: NE
Remaining lands are 100% mineral interest
OKNM 6743, OKNM 36632, OKNM 81611
Stipulations:
ARS-1
ARS-2

TEXAS ACQUIRED

NM-200501-068 792.100 Acres
TX
TR 100,103,104-1,104-2,114;
TR 115,117-118,120-124,126;
TR 127-135,137-145,149-154;
Burleson County
Tulsa FO
CORPS OF ENGINEERS
SOMERVILLE LAKE
TXNM 92791
Stipulations:
COE (STATEMENT OF AVAILABILITY)
COE (NSO/ND)

NM-200501-069 49.390 Acres
TX
TR 101;
Burleson County
Tulsa FO
CORPS OF ENGINEERS
SOMERVILLE LAKE
TXNM 92791
Stipulations:
COE (STATEMENT OF AVAILABILITY)
COE (NSO/ND)

NM-200501-070 79.800 Acres

TX

TR A-231;

Nacogdoches County

Tulsa FO

US OWNS 50% MINERAL INTEREST

TXNM 52433

Stipulations:

None

Number of Parcels - 70

Total Acreage – 36,348.67

Total number of Parcels with Presale Offers - 2

**Parcel Number of Parcels with Presale Offers -
2, 4**

Total Acreage With Presale Offers – 1,396.62

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

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 1, SECTION 32, T. 24 N., R. 16 W.,
NOT INCLUDED IN BLM LEASES OKNM 96105 AND OKNM 97225,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the ancient meander corner on the ancient right bank between Sections 29 and 32, said point being S 89 ° 39' 27" East a distance of 459.46 feet from a 3/8" IP with cap at the North Quarter corner of Section 32, T. 24 N., R. 16 W., Woods County, Oklahoma.

Thence along the North line of said Section 32, S 89 ° 39' 27" East a distance of 1883.58 feet to the intersection point of the North line of said Section 32 and the accretion line to said Lot 1;

Thence S 43 ° 25' 05" West a distance of 1800.01 feet to the Southeast corner of said Lot 1;

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

N 40 ° 30' 34" West a distance of 755.41 feet;

N 11 ° 48' 44" West a distance of 760.48 feet to the point of beginning, and containing 31.59 acres of land more or less.

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 3, SECTION 32, T. 24 N., R. 16 W.,
NOT INCLUDED IN BLM LEASES OKNM 96105 AND OKNM 97225,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the Southeast corner said Lot 3, said point being North 46 ° 44' 48" West a distance of 285.61 feet from the ancient meander corner on the ancient right bank between Sections 32 and 33, said point also being North 89 ° 37' 24" West a distance 207.35 feet from a 3/8" Iron Rod with cap at the East Quarter corner of Section 32, T. 24 N., R. 16W., Woods County, Oklahoma.

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

North 46 ° 44' 48" West a distance of 1376.40 feet;

North 40 ° 30' 34" West a distance of 169.21 feet to the Northwest corner of said Lot 3;

Thence North 42 ° 43' 22" East a distance of 2118.99 feet to a point on the South line of an existing BLM Lease OKNM 96105.

Thence along the boundary of said existing BLM Lease OKNM 96105 the following courses and distances:

South 89 ° 28' 41" East a distance of 1826.54 feet;

North 30 ° 54' 54" East a distance of 331.44 feet;

North 59 ° 05' 05" West a distance of 433.76 feet;

North 50 ° 28' 18" West a distance of 770.57 feet;

North 46 ° 57' 07" West a distance of 89.11 feet;

South 43 ° 02' 52" West a distance of 379.18 feet to a proportional point on the 1999 right bank;

Thence North 42 ° 43' 22" East a distance of 146.91 feet to a proportional point on the 2004 right bank;

Thence North 13 ° 08' 06" East a distance of 262.16 feet to a point on the 2004 medial line;

Thence along the 2004 medial line the following courses and distances:

- South 76 ° 51' 54" East a distance of 69.43 feet;
- South 70 ° 40' 03" East a distance of 364.31 feet;
- South 62 ° 22' 53" East a distance of 308.00 feet;
- South 52 ° 47' 18" East a distance of 333.95 feet;
- South 52 ° 55' 06" East a distance of 109.50 feet;
- South 68 ° 17' 31" East a distance of 288.81 feet to a point;

Thence South 21 ° 42' 30" West a distance of 177.55 feet to a proportional point on the 2004 right bank;

Thence South 39 ° 36' 45" West a distance of 3813.23 feet to the point of beginning, and containing 100.22 acres of land more or less.

METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO LOT 4, SECTION 28, T. 24 N., R. 16 W.,
NOT INCLUDED IN BLM LEASE OKNM 96105,
LOCATED ALONG THE CIMARRON RIVER,
WOODS COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at a point on the North line of Section 33, said point being North 89 ° 28' 17"
West a distance of 35.61 feet from an Iron Rod with cap at the Northeast corner of Section
33, T. 24 N., R. 16 W., Woods County, Oklahoma;

Thence South 47 ° 09' 27" West a distance of 850.64 feet to a proportional point on the
2004 left bank;

Thence South 27 ° 44' 01" West a distance of 256.31 feet to a point on the 2004 medial
line;

Thence along the 2004 medial line the following courses and distances:

North 62 ° 16' 00" West a distance of 202.77 feet;

North 57 ° 02' 01" West a distance of 511.46 feet;

North 71 ° 34' 31" West a distance of 36.07 feet;

North 57 ° 53' 01" West a distance of 272.20 feet;

North 57 ° 34' 24" West a distance of 177.75 feet;

North 79 ° 32' 12" West a distance of 52.14 feet;

North 50 ° 26' 12" West a distance of 29.32 feet;

North 63 ° 06' 46" West a distance of 211.23 feet;

North 71 ° 41' 47" West a distance of 146.38 feet;

North 37 ° 41' 04" West a distance of 55.78 feet to a point on the North line of said
Section 33;

Thence North 41 ° 07' 53" East a distance of 254.00 feet to a point on the boundary line
of said existing BLM Lease;

Thence along the boundary of said existing BLM Lease the following courses and distances:

South 19 ° 29' 35" West a distance of 216.90 feet;

South 89 ° 28' 17" East a distance of 2107.08 feet to the point of beginning and
containing 19.37 acres of land more or less.

AGRICULTURE RESEARCH SERVICE
SPECIAL STIPULATION

The undersigned lessee accepts the following terms and conditions and agrees to their incorporation in the above numbered oil and gas lease:

1. The lands are not to be entered at any time for the purpose of exploring for oil and gas without the written approval of the Superintendent, Southern Plains Range Research Station, Agricultural Research Service. If approval is granted, the Special Stipulations ARS-2 will be in effect.
2. The lands are not to be directionally drilled or slant-well drilled at any time.
3. The oil and gas lease is issued solely for the purpose of unitizing or communitizing the acreage embraced in this lease with other adjoining acreage.
4. The location of surface-disturbing activities will be finally determined only upon the approval of the Superintendent, Southern Plains Range Research Station, Agricultural Research Service.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SPECIAL STIPULATIONS FOR LANDS UNDER JURISDICTION OF
THE AGRICULTURE RESEARCH SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

The lands embraced in this lease for oil and gas issued under the Mineral Leasing Act for Acquired Lands of August 7, 1947, (61 Stat. 913; 30 U.S.C. 351-359) being under the jurisdiction of the Secretary of Agriculture, the lessee hereby agrees to accept the following terms and conditions, and to have them incorporated into the lease:

The authorized representative of the Secretary of Agriculture is the Superintendent, Southern Plains Range Research Station, Agricultural Research Service, Woodward, Oklahoma, (hereinafter referred to as "Superintendent") to whom all matter relating to this stipulation will be addressed.

Oil and gas operations on the leased lands will be conducted with due regard for good land management so as to create a minimum disturbance to the surface vegetation and to the experimental research of the Agricultural Research Service (ARS). A cooperative and mutual effort will be exercised by both parties in the solution of any and all operational problems.

Each well location on the leased lands will be staked in joint agreement between the lessee and the Superintendent.

The Superintendent will agree to a well location within fifteen (15) days from the date he receives a notice of lessee's intention to drill. If the location site in Section 33 as determined by the drilling and spacing pattern allowed by the Corporation Commission of the State of Oklahoma does not meet with the approval of the Superintendent, the lessee will use diligent efforts to obtain an exception by said Commission.

Routes of ingress and egress to well sites, including maintenance thereon, will be specified by the Superintendent, without undue burden to normal requirements of the lessee. Such routes will be posted, and no deviation there from will be permitted except in an emergency.

Any fence crossed by a route of ingress and egress to a well location will have a temporary cattle-guard and the fence properly braced on both sides; all construction to be at the expense of the lessee and in accordance with specifications to be furnished by the Superintendent.

The area of all operations for drilling and production will be fenced in the manner specified by the Superintendent so as to prevent grazing livestock from entering thereon. The area of any drill site will be a minimum consistent with the standard well drilling practice of the oil and gas industry, but in no case to exceed three (3) acres without written approval of the Superintendent.

If a second or alternative drill site in any section, is required because of unforeseen surface or subsurface difficulties, the Superintendent will immediately designate an adjoining area for such use. The lessee will restore the surface of the first site to its former condition, so far as reasonably possible.

Pipelines will be constructed along routes specified by the Superintendent, with both minimum of interference to the experimental research of ARS and inconvenience to the lessee being given full consideration. All pipelines, however, will be buried a minimum of eighteen (18) inches below the surface of the ground, unless otherwise agreed to in writing by the Superintendent.

For drilling operations, metal reservoirs or drilling pits will be used, if available without undue burden to lessee, instead of cutting pits into the ground. If drilling pits are dug, as soon as possible after conclusion of drilling operations, the drilling mud and foreign matter will be removed from said pits and the pits will be filled. The superintendent agrees to provide an area where said mud, sludge, etc., may be deposited.

Water required for drilling operations on any well will not be taken from wells located on the leased lands unless approved in writing by the Superintendent.

The lessee, its agents, employees, contractors, subcontractors, and employees of contractors and subcontractors, when on the leased lands

shall exercise extraordinary precaution to prevent and suppress any and all range fires. Any fire caused by the lessee, its agents, employees, contractors, subcontractors, or employees of such contractors or subcontractor, which burns the major part of one experimental pasture, or parts of two or more experimental pastures, will require controlled burning of all other pastures in the same unit of which these pastures are an integral part, so that ARS experiments on the whole unit will be treated uniformly. All costs of such controlled burning will be borne by the lessee and in accordance with written instructions of the Superintendent.

Unless prevented by circumstances over which he has no control, the lessee will place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the leased land at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting brush or grass fires on or originating on the leased lands or on adjacent areas or caused by the negligence of the lessee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for such services will be made at rates to be determined by the authorized representative of the Secretary of Agriculture, which rates will not be less than the current rates of pay prevailing in the vicinity for services of a similar character: Provided, that if the lessee, his employees, contractors, subcontractors, or employees of contractors or subcontractors caused or could have prevented the origin or spread of said fire, or fires, no payment will be made for service so rendered.

During periods of serious fire danger to brush or grass, as may be specified by the Superintendent, the lessee will prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the lease area except at established camps, and will enforce this prohibition by all means within his power: Provided, that the Superintendent may designate safe places where after all inflammable material has been cleared away, at the option of the lessee, smoking may be permitted.

The lessee will not burn rubbish, trash or other inflammable materials except with the consent of the Superintendent and will not use explosives in such a manner as to scatter inflammable materials on the surface of the land during the brush or grass fire season, except as authorized to do so or on areas approved by such representative.

The lessee will be responsible for payment of a just and reasonable sum for death or injury to any Government-owned or Government supervised livestock properly grazing on the leased lands, where such death or injury is attributable to the negligence of the lessee, its agents, employees, contractors, subcontractors, or employees of such contractors or subcontractors.

Unless otherwise authorized, prior to the beginning of operations upon the leased lands, lessee will appoint and maintain at all times during the term of this lease a local agent upon whom may be served written orders and notices respecting matters contained in this stipulation, and to inform the Superintendent, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee will immediately so inform the Superintendent.

U. S. ARMY COE
SPECIAL STIPULATIONS 1-A
WISTER LAKE

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.

9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

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

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation 502.50 feet, for Wister Lake, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited.

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

U. S. ARMY COE
SPECIAL STIPULATIONS 1-A
FORT SUPPLY LAKE

1. This is a no surface occupancy lease.
2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.
3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.
4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.
5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.
6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.
7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.
8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.
9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their

Invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other Governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers in direct charge of the project and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

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

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside the property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation 2,028 feet, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited. There will be no surface or subsurface entry within 2,000 feet of the dam structure. A portion of the lease includes the Public Use Area, therefore, stipulation is applicable. Stipulation also applies to portions of the lease area.

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

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

1. It is the policy of Department of Defense to make lands available to the maximum extent possible for mineral exploration and extraction, consistent with military operations, national defense activities, and Army civil works activities. The lands requested are not situated within incorporated cities, towns, or villages. There is no known legal policy or military considerations that adversely affect the proposed oil and gas leasing.
2. A lease application for the lands requested was submitted to the Bureau of Land Management (BLM) under noncompetitive terms. BLM is the lead agency for mineral leasing actions.
3. The lands requested are safe for nonmilitary purposes.
4. The area requested includes 841.40 acres of project lands. There are no improvements included in the proposed lease.
5. The land is not being made available for a public road.
6. There are no buildings or other improvements included in the proposed lease.
7. The land requested for oil and gas leasing is necessary for project purposes and cannot be reported excess. The multiple-use contemplated by the proposed oil and gas leasing will not adversely affect use of project lands for project purposes.
8. In accordance with AR 405-30 (para 7.g.) BLM will prepare the necessary environmental and cultural documents before deciding to lease the proposed area.
9. A subsurface estate is being requested. The requested areas are not included in the National Register or Historic Places. Surface occupancy requests will include an evaluation of the proposed area considering the requirements of Executive Order 11593 and the National Historic Preservation Act of 1966.

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

SURFACE MANAGEMENT AGENCY STIPULATIONS
SOMERVILLE LAKE

The stipulations “No Surface Occupancy and No Drilling,” applies to all Corps of Engineers (COE) fee ownership within 3000 horizontal feet of prime facilities critical to the operation of Somerville Lake. These facilities include the dam, spillway, outlet structure, levees and related structures. This stipulation allows the identified area to be included in a lease for the purpose of becoming a part of a drilling unit so that the United States will share in the royalty.

Tracts 100, 101, 103, 104-1, 114, 115, 117, 118, 120, 121, 122, 123, 124, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 137, 138, 139, 140, 141, 143, 144, 145, 149, 150, 151, 152, 153, and 154 contain acreage available for inclusion in a leasehold only. No surface Occupancy, No Drilling.

The stipulation “No Surface Occupancy Based on Elevation,” prohibits surface occupancy on all lands lying at or below the elevation of the spillway crest or taitner gate sill where alternative surface ownership is available within the same drilling unit. At Somerville Lake, the spillway crest is at elevation 258.0’ N.G.V.D. If no alternative surface ownership is available, in no case will surface occupancy be permitted below the 25-year frequency pool (as calculated by DOE hydraulics engineering staff) or within 1000 horizontal feet from the lake surface at the conservation pool elevation of 238.0’ N.G.V.D. The purpose of this stipulation is to protect the integrity of Somerville Lake land and water resources.

Portions of Tract 104-2 are below 258.00 N.G.V.D. and this acreage is available for directional drilling. No Surface Occupancy, based on Elevation, open for Directional Drilling.

Tract 104-2 (noted above) also contains portions that are above 258.00 N.G.V.D., and beyond the boundary of 3000 horizontal feet of prime facilities critical to the operation of Somerville Lake. Where applicable, Tract 104-2 is open for surface occupancy and drilling under the conditions and stipulations contained in “Notice to Oil and Gas Lessees and Operators”.

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

Lake surface at conservation pool.....	11,464.00
Designated Parks/Recreation Areas.....	8,310.50
Wildlife Management Areas.....	3,799.92
Lake Operations.....	830.00
Areas Below 25-year frequency pool.....	To be Determined
Archeological/Historical Sites.....	To be Determined

CONTROLLED SURFACE USE STIPULATION
PALEONTOLOGY

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

- Restrict vehicles to existing roads and trails.
- Require a paleontological clearance on surface disturbing activities.

On the lands described below:

For the purpose of: To protect the area for scientific study.

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.

Visual Resource Management Class III Objectives
Special Stipulation

Surface occupancy or use is subject to the following operational constraints:

Surface activities in this parcel are subject to Visual Resource management (VRM) Class III restrictions. This will require the lease holder to take additional mitigation measures such as low profile tanks or other measures to minimize visual impacts. Special painting requirements for facilities may be imposed in accordance with Notice to Lessees and Operators NM 87-1. The need for these additional mitigation measures will be determined on a case by case basis for each proposed well.

For the purpose of: Protecting Visual Resources

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.

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.

FLOODPLAIN PROTECTION STIPULATION
CONTROLLED SURFACE USE

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

For the following described land(s):

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

WETLAND/RIPARIAN STIPULATION
CONTROLLED SURFACE USE

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

For the following described land(s):

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

SEASON OF USE STIPULATION

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

One the land(s) described below:

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

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

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.

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.

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:

NO SURFACE OCCUPANCY STIPULATION

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

For the purpose of: Protecting significant cultural resource values within Laguna Plata Archaeological District (CRA SMA No. 10) as discussed in the Carlsbad RMP.

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

NO SURFACE OCCUPANCY STIPULATION
THREATENED PLANT SPECIES

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

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

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

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.

WILDLIFE HABITAT PROJECTS

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

Surface disturbance will not be allowed within up to 200 meters of existing or planned wildlife habitat improvement projects. Large-scale vegetation manipulation projects such as prescribed burns will be excepted. This requirement will be considered for waiver with appropriate off-site mitigation, as determined by the Authorized Officer.

For the purpose of: Protecting Wildlife Habitat Projects

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

SLOPES OR FRAGILE SOILS WITHIN
ROSWELL FIELD OFFICE AREA

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

Surface disturbance will not be allowed on slopes over 20 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installment of projects designed to enhance or protect renewable resources, or if the BLM Authorized Officer has approved a plan of operations and development providing for mitigation of impacts. Occupancy or use of areas with fragile soils will be considered on a case-by-case basis.

On the lands described below:

For the purpose of: Protecting fragile soils and preventing damage on steep slopes.

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 playas 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

SPRINGS, SEEPS AND TANKS

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 source of a spring or seep, or within downstream riparian areas created by flows from the source or resulting from riparian area management. Surface disturbance will not be allowed within up to 200 meters of earthen tanks or the adjacent riparian areas created as a result of the presence of the tanks. Exceptions to this requirement will be considered for the installation of habitat or rangeland projects designed to enhance the spring or seep, or downstream flows.

For the purpose of: Protecting Springs, Seeps and Tanks

CAVES AND KARST

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

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

For the purpose of: Protecting Caves and Karst Features

PRAIRIE CHICKENS

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

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

For the purpose of: Protecting Prairie Chickens

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 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

NO SURFACE OCCUPANCY
POTASH AREA

All or portion of the lease is over known potash deposits. The drilling of oil and gas wells which would penetrate these deposits is prohibited. For this purpose, and in addition to the conditions imposed by Stipulation SENM-S-1, no surface occupancy (NSO) will be allowed on the lands described below. These NSO lands are leased with the requirement that they are to be explored and/or developed by wells directionally drilled from surface locations on adjacent lands. The well bore of any directionally drilled well shall be drilled vertically until it penetrates USGS Marker Bed 126 or, if not present, its stratigraphic position, both as determined by the BLM authorized officer.

No surface occupancy is allowed on the lands described below:

For the purpose of: To prevent the drilling of wells for oil or gas which would result in an undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

Northern Aplomado Falcon Suitable Habitat
Controlled Surface Use Stipulation

The Bureau of Land Management has determined that oil and gas development will be managed at three different levels throughout the Hope, New Mexico study area and adjacent outlying areas based on the following criteria:

- Whether suitable Aplomado Falcon habitat exists within lease boundaries based on habitat suitability model findings and/or grassland mapping;
- If grasslands occur within lease, whether the quality of the grassland is adequate for falcon occupancy (i.e. shrub density approaching threshold, nesting structure availability, etc.). This will be determined by BLM using a habitat suitability rating process.
- Whether oil and gas disturbances currently exist within the lands to be leased, and/or existing adjacent leases.

Level I Development

Are those areas that exhibit oil and gas development at significant levels (full field development), and those areas not possessing habitat suitable for the falcon.

Measures to be applied: Standard lease terms and conditions

Level III Development

Are areas within Eagle Draw portion of the Hope study area that are highly suitable based on the suitability ranking criteria used by the model, and/or are considered high suitability for the falcon based on the grassland mapping initiative.

Measures Applied: Defer from leasing until the lands are addressed through the Resource Management Plan (RMP) process.

This oil and gas lease, as described below, meets the criteria for Level II Development.

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

Level II Development

Are those areas that possess habitat identified as suitable for the falcon based on the model and/or the grassland mapping initiative, and those areas where there is minimal existing development (less than full field development)

Measures to be applied:

? A plan of development (POD) for the entire lease must be submitted to the BLM authorized officer for approval prior to initiation of any development;

? The following well pad construction and reclamation measures must be implemented to provide for minimal long-term disturbance:

- remove all caliche from well pads and roads associated with wells that are abandoned, and are not capable of producing in paying quantities.
- well pad size within grasslands will not exceed 300 ft x 390 ft (unless multiple wells are drilled from the same well pad), and all unused portions of well pads/pit area associated with producing wells will be reclaimed using the seed mixture below;
- within grasslands determined suitable for the Aplomado Falcon, utilize a seed mixture that consists of the following:

Tobosa (<i>Hilaria mutica</i>) -----	4 lbs/acre
Black grama (<i>Bouteloua eriopoda</i>) -----	1 lb/acre
Silver bluestem (<i>Bothriochloa saccharoides</i>) -----	5 lbs/acre
Sideoats grama (<i>Bouteloua curtipendula</i>) -----	5 lbs/acre
Plains bristlegrass (<i>Setaria macrostachya</i>) -----	6 lbs/acre

- ? Utilize existing well pads to locate new wells when location is within a grassland;
- ? Earthen pits for drilling and disposal are not allowed unless this restriction is waived by the BLM authorized officer. Steel tank circulation system must be used. Earthen pits will not be allowed unless they can be effectively netted;
- ? All yuccas and/or other nesting structure greater than 5 feet in height must be avoided;
- ? All development activities will avoid inactive raptor/raven nests by a minimum of 200 meters, and active raptor/raven nests by a minimum of 400 meters. Operations that cannot meet this offset may be delayed for up to 120 days.

On the lands described below:

For the purpose of: Managing habitat suitable for the Northern Aplomado Falcon within the designated Hope study area, and areas adjacent to the study area that meet the habitat characteristics of occupied falcon habitat.

Waiver: Operations within the Level II Development Area will be strictly controlled. Where allowed, conditions for waiver of the above restrictions are listed above in the measures to be applied. Other restrictions may be waived or modified by the BLM authorized officer on a case by case basis.

NO SURFACE OCCUPANCY
Lesser Prairie Chicken – Sand Dune Lizard Habitat Core Areas

All or a portion of the lease is within habitat suitable for the Lesser Prairie Chicken and/or the Sand Dune Lizard, special status species of concern. In accordance with the BLM "INTERIM MANAGEMENT FOR THE SHINNER OAK SAND DUNE HABITAT COMPLEX," dated August 2004, surface occupancy is not allowed within the Zone 2 habitats identified below. This lease is issued with the intention that it be developed by directional drilling from or prorationing with a pre-existing authorized well location on an adjacent tract or on another location acceptable to BLM. This stipulation may not be waived unless or until decisions on management of the habitat complex allow such waivers. These decisions will be made by the Bureau of Land Management in a Resource Management Plan (RMP) Amendment to the Rowell and Carlsbad RMPs.

No Surface Occupancy on the lands described below:

For the purpose of: Preserving habitat for the Lesser Prairie Chicken and Sand Dune Lizard.

SHINNERY OAK SAND DUNE HABITAT COMPLEX
ZONE 3 PLAN OF DEVELOPMENT

A plan of development (POD) for the entire lease must be submitted for review and approval, including NEPA analysis, by the BLM PRIOR to approval of development actions (APD, Sundry Notices). The POD must indicate planned access to well facilities (roads, pipelines, power lines), and the approximate location of well sites. Should it become necessary to amend the POD, the amendment must be approved prior to approval of subsequent development actions. Deviations from a current POD are not authorized until an amended POD has been approved by BLM.

For the purpose of:

Managing habitat suitable for the lesser prairie chicken (LPC) and sand dune lizard (SDL). The lease contains isolated blocks of unfragmented habitat suitable for LPC or SDL. Habitat parameters within this area are needed for the life cycle of the species (e.g., edge) or, with habitat manipulation, the area could become suitable habitat. To the extent possible, buffer zones around active LPC leks will be utilized to provide resource protection.

We're On-Line!!

BLM, New Mexico
Oklahoma
Kansas
Texas

www.nm.blm.gov



Oil & Gas Information includes:

- Sale Notice
- Sale Results
- Sale Schedule
- Forms
- FAQs
- Contacts
- Leasing Instructions & Guidelines
- NTLs, Onshore Orders

Email links are provided at the site
for your comments and suggestions