



In Reply  
Refer To:

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



3120 (NM921-btm)

April 13, 2007

**AMENDMENT**  
**TO COMPETITIVE SALE NOTICE**

Notice dated February 27, 2007, attached to the April 18, 2007, Federal Competitive Oil and Gas Lease Sale, is amended as follows:

1. Parcel No. NM-200704-095, on page 12, is corrected to reflect the following;

Tract NR-57:  
U.S. Owns 78.125% Mineral Interest;  
BOR-GS (Nueces River) See Attached.

2. A Protest has been filed on the following Parcels:

NM200704-001, 003-044, 050, 059-061, 064-066, 068, 069, 073, 074, 078,  
081-084, 086, 090-092.

If you have any questions, please contact me at (505) 438-7530.

*/s/Bernadine T. Martinez*

Bernadine T. Martinez  
Land Law Examiner  
Fluids Adjudication Team

Attachment  
1-BOR-GS, 7 Pages

cc:  
[www.nm.blm.gov](http://www.nm.blm.gov)

**GENERAL PROJECT STIPULATIONS**

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION**

**NUECES RIVER PROJECT, TEXAS**

1. All rights under this lease are subordinate to the right of the United States to flood and submerge the lands, permanently or intermittently, in connection with the construction and operation, and maintenance of the Choke Canyon Dam and Reservoir, Nueces River Project, Texas

2. All surface work performed by the lessee on the lands shall be under the general supervision of the Area Manager, Bureau of Reclamation (Reclamation) in direct charge of the project, and shall be subject to such conditions and regulations as may be prescribed. Detailed plans and location for all structures, appurtenances thereto, and surface disturbance work on the leased lands shall be submitted to the said Area Manager for approval in advance of commencement of any surface work on the said leased lands. At least 60 days or more lead time is preferred. All oil or gas drilling and producing operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 CFR 3160. The authorized representatives of Reclamation and BLM shall have the right to enter on the leased premises at any time to inspect both the installation and operational activities of the lessee.

**A. Pre-drilling Conditions:**

1. No exploratory drilling, pit construction, or site clearing will occur until approval is granted by the appropriate Reclamation representatives in consultation with the local managing agency.

2. No well shall be drilled for oil or gas below the surface elevation of 220.5 feet mean sea level (msl) (top of conservation pool). This elevation restriction does not apply to areas downstream of the dam. No drilling will be allowed within 400 feet of any developed recreation area.

3. All storage tanks shall be constructed outside the flood plain above elevation 222.5 feet msl. This elevation restriction does not apply to areas downstream of the dam. Berms shall be constructed around storage batteries, tanks, and separators to contain their entire volume should an accidental spill or rupture occur.

4. Drilling a well for oil or gas is prohibited within 1,000 feet of any dam, dike, or other major structure, unless otherwise approved by the Area Manager in consultation with the local managing agency.

5. No well shall be drilled within 1/8 mile (660 feet) of a river, channel, permanent stream, tributary, or marsh site unless otherwise approved by the Area Manager in consultation with the local managing agency(s). To protect watersheds, slopes in excess of 40 percent (2.5:1) should be avoided where possible.

6. All drilling operations shall be conducted in accordance with the applicable State laws relative to municipal water supplies.

7. No surface disturbance shall occur until completion of an environmental analysis of the proposed drilling activity by Reclamation and all coordination matters are completed. This analysis will involve review of federally listed threatened and endangered plant and animal species, protection of wetlands, cultural resources, and water quality associated concerns. Certain data needs may be requested from the applicant proposing a surface disturbance action.

8. Where surface operations and facilities could reasonably be expected to discharge petroleum products into navigable waters and should oil or petroleum products be stored on site and facilities have an aggregate storage of 1,320 gallons or more or single containers with capacity of 660 gallons or more, a "Spill Prevention Control and Counter Measure Plan" shall be prepared and must be maintained and kept available for inspection on site (if manned) or at the nearest field office, if unmanned. In the event of a spill or leakage, the lessee assumes all responsibility for cleanup and damages.

9. At lessee's expense, a cultural resource survey of lands that may be disturbed must be completed prior to any surface disturbance. If during operations the lessee, or any person working in his behalf discovers any historic or prehistoric ruin, monument or site, or any object of antiquity subject to the Archeological Resource Protection Act of 1979, or the National Historic Preservation Act of 1966, as amended, and 43 CFR 422, then work shall be suspended and the discovery promptly reported to Reclamation. When directed by Reclamation's authorized representative, the lessee shall obtain, at his expense, a qualified archeologist to examine and, if necessary, excavate or gather such ruins or objects.

10. No "mud pits" shall be constructed below elevation 222.5 feet msl. This elevation restriction does not apply to areas downstream of the dam. Pits shall be well constructed in such a manner to prevent leaching of chemicals into the water table and under no circumstances shall they be allowed to leak or be cut to drain. Lining mud pits with plastic may be required. They shall not be

located on natural drainages. In some situations, such as drilling in a flood plain, a closed mud system may be required with containerization of drill cuttings. Waste or discharge of any kind shall not be allowed to enter any drainage. Any plastic material used to line pits and/or sumps shall be cut off below ground level, as far down as possible, and disposed of before the pits are covered. All unattended pits containing liquids shall be fenced, and the liquid portion shall be allowed to evaporate before the pits are broken.

11. The derrick shall not be located closer than one and one-half times its height from any electrical power transmission line unless prior approval is obtained from the owner of the power company. Signs shall be posted warning the public to prevent entry to the job site. Also, adequate blowout preventers shall be properly maintained.

12. All aboveground structures, not subject to applicable safety requirements, shall be painted to blend with the natural surroundings. The paint used shall be lusterless, non-reflective, flat, or semi-gloss color that blends with the area.

**B. Roads:**

1. The lessee shall observe the following restrictions during exploration:

a. Wherever possible, existing roads and trails are to be used as access to the drilling site. New road construction will be kept to a minimum, and new construction will not begin until the location is approved by the local managing agency.

b. Each existing fence to be crossed by the lessee shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be protected as necessary during construction and well operation to prevent the escape of livestock. Upon completion of construction, the fence shall be repaired to the original standard of the existing fence.

c. Cleared trees and shrubs will be removed and/or piled as brush piles for wildlife shelter as designated by the local managing agency. Available topsoil will be removed from the road right-of-way and stored in a topsoil stockpile.

d. New access roads shall normally be a maximum of 30 feet wide including drainage ditches and culverts. Road surface shall be graveled to a thickness identified as suitable for existing ground. Access roads shall be constructed to widths suitable for the safe operation of the vehicles and equipment at speeds proposed.

The road shall be posted with curve signs and maximum speed limits. Speeds shall be limited on curves and posted to speeds that will permit a vehicle to be stopped within one-half the minimum sight distance. The road shall be maintained in safe condition.

e. At the request of the local managing agency, on new access roads the lessee shall construct cattle guards or install gates with locks which will be maintained by the lessee during drilling operations and all such times thereafter as production continues. Fencing of roads may be required.

f. Roads shall be maintained in suitable condition for vehicle passage during the duration of drilling activities with special consideration given to erosion control during wet and muddy periods.

g. Existing roads shall be returned to original or equivalent condition after drilling equipment has been removed.

h. All roads shall be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts, and/or any other measures deemed necessary by Reclamation representatives. The following is a general guide for the spacing of water bars:

Present Slope

less than 2 percent . . . . .	200 feet
2 to 4 percent . . . . .	100 feet
4 to 5 percent . . . . .	75 feet
more than 5 percent . . . . .	50 feet

i. In the event of a “dry hole”, any new road construction sites will be revegetated by the drilling company, with native and/or adapted grasses, forbs, and shrubs as requested by Reclamation, unless the local managing agency indicates in writing that the road is to remain. Revegetation is to be accomplished by seeding and fertilizing the area within 1 year of completion at recommended seeding rates and dates.

2. The lessee shall observe the following stipulations should oil or gas be found and production activities occur:

a. Production company shall maintain road in suitable condition for vehicle passage. Public will be permitted to use road where existing road was originally open to such use. New road construction, if needed, can be exempt from public use.

b. Should the local managing agency deem it necessary to control vehicle traffic into the area during any season of the year, the production company will provide a metal gate and lock.

**C. Drilling Pad and Reserve Pit:**

1. Area cleared for the drilling pad site and reserve pit shall be the absolute minimum required for operations.

2. All trees and shrubs removed from the pad site shall be piled near the site at places designated by the local managing agency for use as wildlife shelters.

3. Available topsoil shall be removed from the drilling pad and pit site and stored in a topsoil stockpile.

4. Diesel fuel tanks and other potential pollution sources will be surrounded by an earthen berm of sufficient height to contain their entire volume in the event of an accidental leak or rupture.

5. The area will be kept well policed and free of trash and litter at all times, including access roads used solely by the lessee. Litter blown out of the work area must be picked up. All waste associated with the drilling operations shall be removed and deposited in an approved sanitary landfill within 1 month after removal of the drilling rig. The lessee shall comply with all State laws and regulations pertaining to the disposal of human waste.

6. For the protection of livestock and wildlife, all pits containing toxic liquids shall be fenced and covered with a fine mesh netting (i.e., hardware cloth) with openings being of one-half inch or less.

7. The lessee will remove fluids and trash from all pits. The sludge pit will be pumped after drilling activities are completed and, following adequate drying, reshaped to original contours and covered with topsoil. This restoration must be accomplished within 90 days of completion of drilling. The area must then be revegetated as requested by Reclamation.

**D. Actions with a Producing Well:**

1. A minimum service area will be developed around the well head. No permanent material storage will be allowed on the lease. The remainder of the drilling pad will be covered with topsoil from the stockpile and restored to vegetation by tilling, fertilizing, and seeding. Specific seed types will be determined on a case-by-case basis by Reclamation in consultation with the local managing agency.

2. The lessee may be required to utilize electric or submersible pumps, where feasible, rather than fuel-powered pumps or other machinery. All electric lines must be buried to a depth of 15-18 inches.

3. All transfer lines from well site to tank battery, saltwater disposal well, or the like, must be buried 3 feet below the surface and a minimum depth of 4 feet at stream, creek, and river channel crossings.

4. When possible, a common point of collection shall be established to minimize the number of tank batteries.

**E. Actions with a Non-producing Well:**

1. All disturbed areas will be recontoured, covered with topsoil, and revegetated. All trash will be removed from the lease site.

2. Gates and cattle guards shall be removed where requested by the local managing agency. Any openings in fences will be restored to original condition.

**F. General:**

1. The lessee shall limit access to well and storage locations on the leased property to authorized personnel.

2. The lessee agrees to cease all operations and make all necessary corrections to the satisfaction of the representatives of Reclamation in consultation with the local managing agency before resuming any operations should any violations of the terms of this lease occur.

3. The lessee shall not permit any nuisance to be maintained on the premises and shall not use said premises for any purposes other than those authorized in the lease. Before abandoning any well, the lessee shall securely plug the same so as to effectually shut off water from the oil-bearing stratum.

4. The lessee shall carry on the development and/or operation of the leased premises in a workmanlike manner and shall not commit or suffer to be committed waste upon the lands in occupancy and use. In drilling operations, the lessee shall only use so much of the land as is necessary; shall safeguard the lakes and streams from any pollution; and shall not permit oil, saltwater, drilling mud, or other deleterious substances to escape onto the land, but the same shall be retained in proper tanks, receptacles, or in pits prepared for such purpose; and after the termination of drilling operations, any such pits shall be filled and land properly restored to its original condition, and only so much thereof shall be used in the production of the leased premises as is reasonably necessary to operate any well or wells thereon.

**5. The Lessee shall provide all subcontractors and assigns, especially the dirt contractor, with a copy of the above stipulations prior to construction of the road, pad, or associated developments.**