

APPENDIX L

BUREAU OF RECLAMATION LEASE NOTICE AND STIPULATIONS

Form 3109-1
(December 1972)
(formerly 3103-1)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

LEASE STIPULATIONS BUREAU OF RECLAMATION

The lessee agrees to maintain, if required by the lessor during the period of this lease, including any extension thereof, an additional bond with qualified sureties in such sum as the lessor, if it considers that the bond required under Section 2(a) is insufficient, may at any time require:

(a) to pay for damages sustained by any reclamation homestead entryman to his crops or improvements caused by drilling or other operations of the lessee, such damages to include the reimbursement of the entryman by the lessee, when he uses or occupies the land of any homestead entryman, for all construction and operation and maintenance charges becoming due during such use or occupation upon any portion of the land so used and occupied;

(b) to pay any damage caused to any reclamation project or water supply thereof by the lessee's failure to comply fully with the requirements of this lease; and

(c) to recompense any nonmineral applicant, entryman, purchaser under the Act of May 16, 1930 (46 Stat. 367), or patentee for all damages to crops or to tangible improvements caused by drilling or other prospecting operation, where any of the lands covered by this lease are embraced in any nonmineral application, entry, or patent under rights initiated prior to the date of this lease, with a reservation of the oil deposits, to the United States pursuant to the Act of July 17, 1914 (38 Stat. 509).

As to any lands covered by this lease within the area of any Government reclamation project, or in proximity thereto, the lessee shall take such precautions as required by the irrigation under such project or to the water supply thereof; *provided* that drilling is prohibited on any constructed works or right-of-way of the Bureau of Reclamation, and *provided, further*, that there is reserved to the lessor, its successors and assigns, the superior and prior right at all times to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, and reclamation works, in which construction, operation, and maintenance, the lessor, its successors and assigns, shall have the right to use any or all of the lands herein described without making compensation therefor, and shall not be responsible for any damage from the presence of water thereon or on account of ordinary, extraordinary, unexpected, or unprecedented floods. That nothing shall be done under this lease to increase the cost of, or interfere in any manner with, the construction, operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures or reclamation works across, over, or upon said lands should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and

binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, or reclamation works, across, over, or upon said lands; *provided, however*, that subject to advance written approval by the United States, the location and course of any improvements or works and appurtenances may be changed by the lessee; *provided, further*, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any change in the location or course of said improvements or works of lessee. The lessee further agrees that the United States, its officers, agents, and employees, and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works hereinabove enumerated. Nothing in this paragraph shall be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

THE LESSEE FURTHER AGREES That there is reserved to the lessor, its successors and assigns, the prior right to use any of the lands herein leased, to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures, and also the right to remove construction materials therefrom, without any payment made by the lessor or its successors for such right, with the agreement on the part of the lessee that if the construction of any or all of such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or the removal of construction materials therefrom, should be made more expensive by reason of the existence of improvements or workings of the lessee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States or its successors constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or removing construction materials therefrom. The lessee further agrees that the lessor, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.

To insure against the contamination of the waters of the _____ Reservoir,
_____ Project, State of _____, the lessee agrees that
the following further conditions shall apply to all drilling and operations on lands covered by this lease,
which lie within the flowage or drainage area of the _____ Reservoir, as such area
is defined by the Bureau of Reclamation:

1. The drilling sites for any and all wells shall be approved by the Superintendent,
Bureau of Reclamation, _____ Project, _____ before
drilling begins. Sites for the construction of pipe-line rights-of-way or other authorized facilities shall also
be approved by the Superintendent before construction begins.

2. All drilling or operation methods or equipment shall, before their employment, be
inspected and approved by the Superintendent of the _____ Project,
_____, and by the supervisor of the U.S. Geological Survey having jurisdiction over the area.

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SPECIAL STIPULATION - BUREAU OF RECLAMATION

To avoid interference with recreation development and/or impacts to fish and wildlife habitat and to assist in preventing damage to any Bureau of Reclamation dams, reservoirs, canals, ditches, laterals, tunnels, and related facilities, and contamination of the water supply therein, the lessee agrees that the following conditions shall apply to all exploration and developmental activities and other operation of the works thereafter on lands covered by this lease:

1. Prior to commencement of any surface-disturbing work including drilling, access road work, and well location construction, a surface use and operations plan will be filed with the appropriate officials. A copy of this plan will be furnished to the Regional Director, Great Plains Region, Bureau of Reclamation, P.O. Box 36900, Billings, MT 59107-6900, for review and consent prior to approval of the plan. Such approval will be conditioned on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damages to the surface vegetation and other resources, including cultural resources, of the United States, its lessees, permittees, or licensees, and to provide for the restoration of the land surface and vegetation. The plan shall contain provisions as the Bureau of Reclamation may deem necessary to maintain proper management of the water, recreation, lands structures, and resources, including cultural resources, within the prospecting drilling, or construction area.

Drilling sites for all wells and associated investigations such as seismograph work shall be included in the above-mentioned surface use and operation plan.

If later explorations require departure from or additions to the approved plan, these revisions or amendments, together with a justification statement for proposed revisions, will be submitted for approval to the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

Any operations conducted in advance of approval of an original, revised, or amended prospecting plan, or which are not in accordance with an approved plan constitute a violation of the terms of this lease. The Bureau of Reclamation reserves the right to close down operations until such corrective action, as is deemed necessary, is taken by the lessee.

2. No occupancy of the surface of the following excluded areas is authorized by this lease. It is understood and agreed that the use of these areas for Bureau of Reclamation purposes is superior to any other use. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100 percent of the fee mineral interest.

- a. Within 500 feet on either side of the centerline of any and all roads or highways within the leased area.
- b. Within 200 feet on either side of the centerline of any and all trails within the leased area.
- c. Within 500 feet of the normal high-water line of any and all live streams in the leased area.
- d. Within 400 feet of any and all recreation developments within the leased area.
- e. Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the Bureau of Reclamation within the leased area.
- f. Within 200 feet of established crop fields, food plots, and tree/shrub plantings within the leased area.
- g. Within 200 feet of slopes steeper than a 2:1 gradient within the leased area.
- h. Within established rights-of-way of canals, laterals, and drainage ditches within the leased area.
- i. Within a minimum of 500 feet horizontal from the centerline of the facility or 50 feet from the outside toe of the canal, lateral, or drain embankment, whichever distance is greater, for irrigation facilities without clearly marked rights-of-way within the leased area.
- j. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected, Reclamation may consider, on a case-by-case basis, waiving the requirement specified in Section 2 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

3. No occupancy of the surface or surface drilling will be allowed in the following areas. In addition to, no directional drilling will be allowed that would intersect the subsurface zones delineated by a vertical plane in these areas. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100% of the fee mineral interest.

a. Within 1,000 feet of the maximum water surface, as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area.

b. Within 2,000 feet of dam embankments and appurtenance structures such as spillway structures, outlet works, etc.

c. Within one-half (1/2) mile horizontal from the centerline of any tunnel within the leased area.

d. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected. Reclamation may consider, on a case-by-case basis, waiving the requirements specified in Section 3 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

4. The distances stated in items 2 and 3 above are intended to be general indicators only. The Bureau of Reclamation reserves the right to revise these distances as needed to protect Bureau of Reclamation facilities.

5. The use of explosives in any manner shall be so controlled that the works and facilities of the United States, its successors and assigns, will in no way be endangered or damaged. In this connection, an explosives use plan shall be submitted to and approved by the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

6. The lessee shall be liable for all damage to the property of the United States, its successors and assigns, resulting from the exploration, development, or operation of the works contemplated by this lease, and shall further hold the United States, its successors and assigns, and its officers, agents, and employees, harmless from all claims of third parties for injury or damage sustained or in any way resulting from the exercise of the rights and privileges conferred by this lease.

7. The lessee shall be liable for all damage to crops or improvements of any entryman, nonmineral applicant, or patentee, their successors and assigns, caused by or resulting from the drilling or other operations of the lessee, including reimbursement of any entryman or patentee, their successors and assigns, for all construction, operation, and maintenance charges becoming due on any portion of their said lands damaged as a result of the drilling or other operations of the lessee.

8. In addition to any other bond required under the provisions of this lease, the lessee shall provide such bond as the United States may at any time require for damages which may arise under the liability provisions of sections six (6) and seven (7) above.