



United States Department of the Interior



Bureau of Land Management
Eastern States
7450 Boston Boulevard
Springfield, Virginia 22153
<http://www.es.blm.gov>

IN REPLY REFER TO:

NOTICE

Please note the following corrections to the July 11, 2002, Notice of Competitive Oil and Gas Lease Sale

The following parcels within Blue Mountain Lake, AR, are deleted:

ES-021-07/02 ARES 51538

ES-022-07/02 ARES 51539

The following Stipulations are added affecting all of the Blue Mountain Lake, AR:

CORPS OF ENGINEERS STIPULATIONS

1. That all rights under the 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 projects under the jurisdiction of the Corps of Engineers.
2. 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 an operation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee (if an individual), or for damages to the property or injuries to the person of the lessees 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.
3. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Little Rock District, Corps of Engineers, Little Rock, Arkansas, and subject to such conditions and regulations as may be prescribed by him, and the plans and location for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer, or his representative, shall have the right to enter on the premises at any time to inspect both-the installation and operational activities of the lessee.
4. That no structure or appurtenances thereto shall be of a material or construction determined to create floatable debris.

5. That, in conducting activities on the leased property, the lessee shall comply with all State, Federal, and local laws and codes in regard to air pollution and solid waste disposal.

6. That the lessee shall not encroach upon nor interfere with any areas dedicated to public use activities in the reservoir. The lessee's operations shall not be permitted to create a nuisance to, or to produce detrimental effects on, the public use areas or on the activities of the public and of the concessionaires thereon by reason of the proximity of any structures or installations of the lessees to such public use areas.

7. 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 project, together with leasing for agricultural and grazing purposes and other outgrants, and to place improvements thereon and to remove materials there-from, including sand, gravel, and other construction materials as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed by the Government at and in connection with the project, including work performed on lands outside the property included in the lease, is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in an amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

8. That, if portions of the lands involved in this lease are situated below the top of the flood control pool, lessee should provide for capping of open well holes during periods of inundation.

9. That it is understood and agreed that the lessee will perform restoration of any areas damaged by drilling operations to the satisfaction of the District Engineer or his representative.

10. That the project Resident Engineer/Manager shall be notified of the location and date of any drilling to be performed. The final approval on the location and alignment of any access roads into the lease area must be granted by the District Engineer or his representative.

11. That no drilling or any other exploration or development activities will be permitted within the limits of a developed or future park or the Corps of Engineers administrative office area. If roads within a park area are used by lessee for ingress to or egress from the leased area, said roads shall be maintained and repaired by lessee to the satisfaction of the Resident Engineer/Manager. All areas within 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations 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 areas, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming a part of a drilling unit, so that the United States will share in the royalty of the unit.

12. That, if during lease operations, lessee plans to construct any structure or place any fill or pollutant material below the ordinary high water mark elevation, a Section 10 and/or Section 404 Department of the Army permit must be obtained from the District Engineer before the work is

commenced.

13 . Platform drilling over water areas is prohibited.

14. The Resident Manager and District Engineer will be notified in writing before any equipment is moved onto a drill location and before any clearing or site preparation is begun. The exact location of all proposed drill locations will be made known to the District Engineer 15 days before the site is disturbed in any way.

15. That the lessee agrees to pay the Government or tenant of the Government, as the case may be, for damages or injury to livestock, crops, forage, trees, pipelines, buildings, or other real property or improvements belonging to either the Government or said tenant on the leased land.

16. A site preparation and vegetation removal plan must be submitted to the District Engineer for approval 7 days prior to moving onto the site. The numbers, locations, size, and species of trees to be removed for access roads and work areas must be shown. Method of disposal of vegetation must be approved. Size of sumps and a general equipment layout must be shown. A description of the methods to be used during site preparation and sump or pond construction to minimize or eliminate turbidity in the lake caused by runoff from the construction site will be included.

17. Sump or pond size and construction will be adequate to contain all drill cutting, drilling mud, and other debris from the drilling operation. Dikes will be constructed so as to preclude breaching during heavy inflows from torrential rains or other sources.

18. If internal combustion engines are used, such as diesel generators, light planes, trucks, etc., they will be equipped with proper mufflers at all times, and waste products from their operation, such as used oil from oil changes and filters, will be disposed of properly as required by State and Federal laws.

19. Any waste water from the drilling operation will meet Arkansas Department of Environmental Quality requirements on water quality before it is discharged into the lake.

20. The route for any pipeline or collection system must be submitted to the District Engineer for approval 60 days before any work begins. Any structure or piping system remaining at the site upon completion of drilling must have the approval of the District Engineer.

21. After the drilling operation is completed, all equipment and debris, such as old cable, cans, and steel plates, must be removed from the site and the ground leveled. Drill cuttings, drill mud, and other wastes will be disposed of off of Government property and all ponds, slush pits, and similar facilities will be filled, leveled, and otherwise restored as closely as possible to the original condition of the property. All nonproductive wells will be plugged with cement in a manner approved by the Arkansas Oil and Gas Commission.

22. All disturbed areas, after leveling, will be seeded with an adaptive ground cover, and trees and flowering shrubs native to the area will be planted over the area, as required by the District Engineer. The seed will be protected by mulching, or other satisfactory methods, until a vegetative cover is established.

23. That within the limits of their respective legal powers, the parties hereto shall protect the premises against pollution of its air ground and water. The lessee shall comply with any laws, regulations, conditions, or instructions affecting the activity hereby authorized if and when issued by the Environmental Protection Agency, or any Federal, state, interstate or local government agency having jurisdiction to abate or prevent pollution. The disposal of any toxic or hazardous materials within the premises is specifically prohibited. Such regulations, conditions, or instructions in effect or prescribed by the said Environmental Protection Agency, or any Federal, state, interstate or local governmental agency are hereby made a condition of this lease. The grantee shall not discharge waste or effluent from the premises in such a manner that the discharge will contaminate streams or other bodies of water or otherwise become a public nuisance.

24. That it is understood that this instrument is effective only insofar as the rights of the United States in the said property are concerned; ;and that the lessee shall obtain permission as may be necessary on account of any other existing rights. It is further understood that the Government does not warrant title or the accuracy of the descriptions provided in the lease.

25. A copy of the pre-lease site-specific Supplement to the Southern States Regional Oil and Gas EAR No. 61-923-5-30, the Protective Stipulations, and a signed copy of the Finding of No Significant Impact (FONSI), prepared for the Bureau of Land Management (BLM), should be furnished to the District Engineer, U.S. Army Engineer District, Little Rock, Arkansas.

STANDARD SURFACE REQUIREMENTS MINERAL EXPLORATION AND RECOVERY ON FEE LANDS

a. As determined by the District Engineer or his authorized representative, the Grantee will be required to post a cash deposit or performance bond prior to granting approval of the drilling

request.

b. The Grantee shall obtain all necessary permits prior to beginning work and that, in conducting activities on the leased property, the Grantee shall comply with all Federal, State, and local laws and codes in regard to environmental protection.

c. The perimeter of the drill site and access road will be surveyed and flagged by the Grantee. The Grantee shall not cut any trees without prior approval of the District Engineer or his authorized representative. All timber will be disposed of to the satisfaction of the District Engineer or his authorized representative.

d. An on-site meeting with representatives of the Grantee, the construction contractor, and the District Engineer or his authorized representative shall be held not less than two (2) weeks prior to beginning construction on project land.

e. The blooie/reserve pit will be built so that no surface runoff from outside the wall of the pit enters the pit. Water shall never be allowed to fill the pit any higher than within two vertical feet of the lowest point of the wall.

f. The blooie/reserve pit must be lined with a liner approved of by the Arkansas Department of Pollution Control and Ecology (ADEQ), and the liner must be removed from the pit and disposed of in accordance with ADEQ regulations.

g. The grantee shall ensure that all drilling fluids are removed from the reserve pit and disposed of at a site approved by ADEQ; that after drilling fluids in the reserve pit are tested using Method 1311, Toxic Characteristics Leachate Process, required by the Environmental Protection Agency to analyze the solidification of the reserve pit, the grantee will send a copy of the results to Corps of Engineers, ATTN: Chief, Real Estate Division, P.O. Box 867, Little Rock, Arkansas 72203-0867. Upon receipt of the analysis, the grantee will be contacted about restoring the reserve pit.

h. The road width will be determined on case by case basis. Waterbars, culverts, and drainage ditches should be constructed as necessary along the access road. The access road should parallel the project boundary. Traffic control devices and road construction materials will be approved to the satisfaction of the District Engineer or his authorized representative. If the well is a producing well the entire length of the road shall be SB2 or equivalent.

i. Any Government boundary monuments or posts, if disturbed or destroyed by road or pad construction, will be replaced or restored to the satisfaction of the District Engineer or his authorized representative.

j. Precautions should be taken to protect all drilling and production equipment from short and long term water inundation. An evacuation plan should be developed for evacuating the site and removing equipment and the drilling fluids from the reserve pit in the event of inundation.

k. Water for the drilling operation shall not be taken from project sources without District approval of the applicant's written request.

l. if the well is a producer, the drill pad should be reduced to a minimal size. Care should be given to installing pumping equipment that emits minimal noise. If noise levels are excessive, corrective actions will need to be taken.

m. All wells on Government-owned land must be marked with a sign stating the well name and number and name, address, and telephone number of the Grantee as well as an emergency contact telephone number.

n. In the event the location is abandoned for any reason or the drilling activity results in a non-producer, the well site shall be restored to its approximate original contour within 30 days after abandonment. Reclamation of the site will include removal of the production pad and revegetating of all disturbed areas. The roadway route shall be restored to its original contour and a vehicle barrier may be necessary at a point designated by the District Engineer or his authorized representative. All non-productive wells will be plugged as required in General Rule B of the Arkansas Oil & Gas Commission. o. The Grantee agrees to complete all restoration requirements pertaining to vegetative ground cover, tree seedlings, fertilizers and survivability rates as prescribed by the District Engineer or his authorized representative. p. All water intake hose, refuse and debris will be removed from the site upon completion of construction. q. The Grantee agrees to pay the Government or tenant of the Government, as the case may be, for damages or injury to livestock, crops, forage, trees, pipelines, buildings, or other real property or improvements belonging to either the Government or said tenant on the leased land. r. 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 operation of the said premises, or for damages to the property of the Grantee, or for injuries to the person of the Grantee (if an individual), or for damages to the property or injuries to the person of the Grantee'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 Grantee shall hold the United States harmless from any and all such claims.