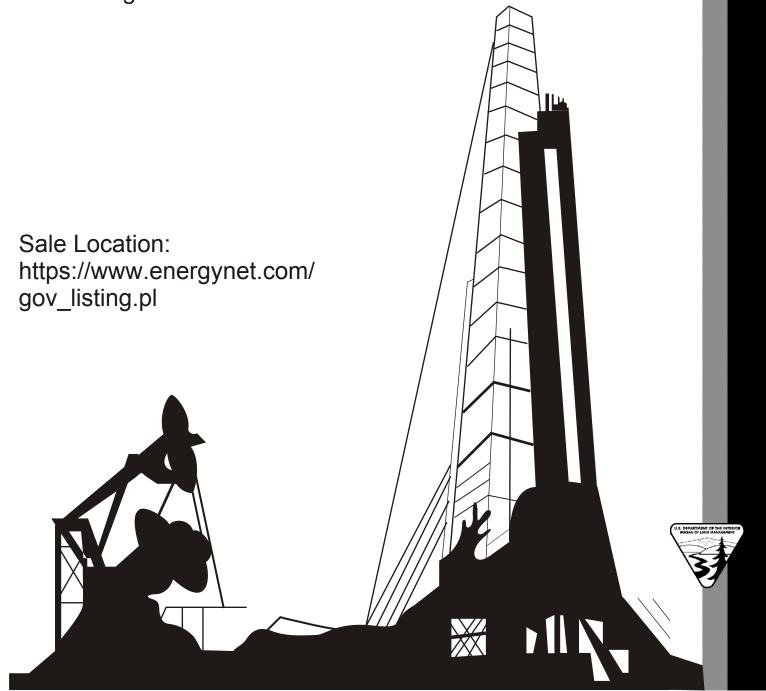
New Mexico Oklahoma Texas & Kansas

Competitive Oil and Gas Lease Sale

August 26, 2020

Bureau of Land Management New Mexico State Office 301 Dinosaur Trail

Santa Fe, New Mexico 87508 www.blm.gov





United States Department of the Interior



BUREAU OF LAND MANAGEMENT New Mexico State Office 301 Dinosaur Trail Santa Fe, New Mexico 87508 www.blm.gov/new-mexico

In Reply Refer To: 3120 (9220)

June 22, 2020

Notice of Competitive Oil and Gas Internet Lease Sale

In accordance with the *Mineral Leasing Act*, as amended by the *National Defense Authorization Act for Fiscal year 2015* (Pub. L. 113-291; 128 Stat. 3762) (Dec. 19, 2014), and the BLM regulations at 43 CFR 3120, the Bureau of Land Management (BLM) is offering **18 parcels** containing **3,263.58** acres in the State of New Mexico, Oklahoma, and Texas for internet-based competitive oil and gas leasing. This notice describes:

- · The date, time and place of the sale;
- · How to participate in the bidding process;
- · The sale process;
- · The conditions of the sale:
- · How to file a noncompetitive offer after the sale;
- · How to file a presale noncompetitive offer; and
- · How to file a protest.

Attached is a list of lands we are offering by serial number, parcel number, and land description. We have included any stipulations, lease notices, special conditions or restrictions that will be made a part of the lease at the time we issue it. We have also identified those parcels where the United States owns less than 100% interest in the oil and gas mineral rights, less than 12.5% royalty interest, and have pending presale noncompetitive offers to lease which are not available for noncompetitive offers to lease if they receive no bid at the sale.

For your convenience, additional sale documentation is located on https://nflss.blm.gov/.

When and where will the sale take place?

When: The sale date is August 26, 2020. The open bidding period will begin at 8:00 a.m. Mountain Standard Time (MST) / 9:00 a.m. Central Standard Time (CST). Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish, and bids will *only* be accepted during a parcel's open bidding period.

Where: The sale is held online at https://www.energynet.com/. Click on the Government Lease Sales icon to view this online lease sale. Parcels may be viewed online at the EnergyNet website approximately 10 business days after the posting of this Notice of Competitive Oil and Gas Internet Based Lease Sale on the BLM website.

Access: The auction website is open to the public. The internet-based lease sale can be observed in real-time. However, you must register as a bidder on the website, in advance, in order to submit bids for a parcel. The auction website will be active and available for use approximately 10 days after the date of this Notice of Competitive Lease Sale and will remain available for viewing until the completion of the auction. The available parcels listed in this Notice will be detailed on the website. Interested parties may visit the website at any time.

Potential bidders may register for the online auction as soon as the auction website is active. Further, potential bidders are encouraged to visit the website prior to the start of the open bidding period to become familiar with the site and review the bidding tutorial. Supporting documentation is available on the website to familiarize new users to the process and answer frequently asked questions.

How will the sale be conducted?

The sale will be conducted *by online bidding only*. The online auction will be a sequential, ascending clock, fixed period, English auction. Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish. Bids will only be accepted for each parcel during its open bidding period. Each parcel will close bidding sequentially so that each bidder will know if they are the highest winning bid before subsequent parcels close. The website will display each current high bid, and the high bid bidder's number. The winning bid is the highest bid per acre received, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system by the close of the auction period.

The online system allows participants to submit maximum bids to enable a bidder to participate in the online auction without having to be logged into the website at the time the auction period closes. The auction website provides a full explanation of placing maximum bids, as well as an explanation of how they work to place bids on your behalf to maintain your high bidder status up to the chosen maximum bid amount. The BLM strongly encourages potential bidders to review the bidding tutorial, in the Frequently Asked Questions area on the auction website in advance of the online lease sale.

How do I participate in the bidding process?

To participate in the BLM bidding process, you must register and obtain a bidder number. A participant can register to bid at the auction website https://www.energynet.com/ approximately 10 days after posting of this Notice on the BLM website. Participants are encouraged to register early, to familiarize themselves with the bidding instructions and ensure they have ample time to complete all of the required registration steps before the open bidding period commences.

If an entity is bidding for more than one party, they **must register separate credentials**, satisfy all registration requirements and **obtain a separate bidder number for each company or individual**

they wish to represent.

You do not have to be "present" in the auction in order to participate as a bidder. The online auction provides a "maximum bid" bidding option. By using this "maximum bid" option, you are asking the system to bid automatically on your behalf, up to an amount you specify.

When registering as a bidder on the auction website, you will also be asked to sign a statement to confirm that any bid you cast will represent a good-faith intention to acquire an oil and gas lease and that you understand that any winning bid will constitute a legally binding commitment to accept the terms of the lease and pay monies owed. Further, you will acknowledge, through self-certification of the enhanced bidder form, that you understand that it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious, or fraudulent statements or representations regarding your qualifications; bidder registration and intent to bid; acceptance of a lease; or payment of monies owed; and that any such offense may result in a fine or imprisonment for not more than 5 years or both. You will also acknowledge that you understand that it is a crime under 30 U.S.C. 195 (a) and (b) to organize or participate in any scheme to defeat provisions of the mineral leasing regulations. Any person who knowingly violates this provision will be punished by a fine of not more than \$500,000, imprisonment for not more than 5 years, or both.

If you, or the party you represent, owe the United States any monies that were due the day of a previous oil and gas lease auction conducted by any BLM office (the minimum monies owed the day of sale), or any monies owed EnergyNet for a previous oil and gas lease auction conducted by EnergyNet for any BLM office, you will not be allowed to register to bid at this lease sale.

The Mineral Leasing Act requires that leases be issued to a "responsible qualified bidder" (30 U.S.C. 226(b)(1)(A)). Any bidder, or party represented by a bidding agent, that does not pay the minimum monies owed the day of the sale is not a "responsible qualified bidder" and will be barred from participating in any oil and gas lease auction nationwide until the bidder settles that debt to the United States. In addition, if you or the party you represent defaults at any three sales conducted by any BLM office, you or the party you represent will be barred permanently from participating in any other BLM oil and gas lease sale auction.

Provisions Pertaining to Certain Transactions by Foreign Persons Involving Real Estate in the United States

The Office of Investment Security, Department of the Treasury issued a final rule, **effective February 13, 2020**, establishing regulations to implement the provisions relating to real estate transactions in section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018. The final rule was published at 85 Fed. Reg. 3158 (Jan. 17, 2020), and codified at 31 C.F.R. part 802.

The new rule sets forth the process relating to the national security review by the Committee on Foreign Investment in the United States (CFIUS) of certain transactions, referred to in the rule as "covered real estate transactions," that involve the purchase or lease (including an assignment or other transfer) by, or concession to, a foreign person of certain real estate in the United States. Covered real estate transactions could include some transactions involving the Federal mineral estate.

The CFIUS looks not only at the entities that are lessees, but also to any [legal] person with the

ability to exercise control, as defined by the statute and its implementing regulations, over the lessee. CFIUS is authorized to review covered real estate transactions and to mitigate any risk to the national security of the United States that arises as a result of such transactions. This could result in the modification, suspension, or prohibition of a lease or interest therein.

Accordingly, BLM recommends that each potential bidder, lessee, or [other] interest holder review the final rule before bidding on or acquiring an interest in a Federal oil and gas lease.

For further information, please refer to the CFIUS page:

 $\underline{https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius}$

What is the sale process?

Starting at the posted opening date and time for each parcel:

- All bids are on the gross (total) per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- All bids are made in minimum increments of \$1.00 per acre, or fraction of an acre thereof;
- The winning bid is the highest received bid, equal to or exceeding the minimum acceptable bid, which is on record in the online auction system at the close of the auction period; and
- The decision of the BLM, as presented on the auction website's bid history at https://www.energynet.com, is final.

The minimum acceptable bid is \$2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.51 acres requires a minimum bid of \$202 (\$2 x 101 acres).

You cannot withdraw a bid once a bid is placed and the auction system determines that you are the high bidder.

How long will the sale last?

Each parcel will have its own unique open bidding period, with start and stop times clearly identified on the auction website. The open bidding period for each parcel will run for 1 hour(s), from start to finish. The length of the sale depends on the number of parcels we are offering.

What conditions apply to the lease sale?

- Parcel withdrawal or sale postponement: 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 State Office Information Access Center (Public Room) before the sale begins. Additionally, the auction website will clearly indicate that a parcel is withdrawn. If we postpone the sale, a clear notice will be posted in the New Mexico State Office State Office Information Access Center, the NFLSS website at https://nflss.blm.gov, and on the auction website.
- Fractional mineral interests: 43 CFR 3120.1-2(c) 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 as part of the parcel listing. 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 (total) acreage in the parcel, not the United States net interest. For example, if a parcel contains 199.31 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 acreage.

- Fractional royalty interests: If the United States owns less than 12.5 percent of the oil and gas royalty interest for the land in a parcel we will show that information as part of the parcel listing. When we issue the lease, it will be for the percentage or fraction of interest the United States owns.
- Payment due: You cannot withdraw a bid. Your bid is a legally binding contract. For each parcel you are the successful high bidder, on the day the parcel closes you must pay the minimum bonus bid of \$2 per acre or fraction of an acre; the first year's advance rental of \$1.50 per acre or fraction of an acre; and a non-refundable administrative fee of \$170.00. These are monies you owe the United States, whether or not a lease is issued. You must provide notification of the payment process of these monies to the BLM New Mexico State Office State Office prior to 4 p.m. Mountain Standard Time, the day the auction closes, confirmation (via email or fax) that the payment for the parcels(s) has been initiated and the type of payment method. Payment will be made directly to the BLM New Mexico State Office State Office, or as otherwise directed by the BLM. Payments to the BLM will not be made through the auction website. At the conclusion of each parcel's bidding period, the winning bidder will be provided instructions by the online auction system on how to make the required payment to the BLM. You will be required to pay the buyer's premium to EnergyNet, 1.5% of any successful bid, in order to participate in the internet-based lease sale.

If your bonus bid was more than \$2 per acre or fraction of an acre and you do not pay the full amount on the day of the sale, you must pay any balance due by the close of business on the 10th working day after the last day of the internet-based auction closes. Remaining balance will be due in the New Mexico State Office State Office by 4:00 p.m. Mountain Standard Time, September 10, 2020. If you do not pay in full by this date, you lose the right to the lease and all money paid the day of the sale. If you forfeit a parcel, we may offer it again at a future sale.

The minimum monies owed on the day of the sale for a winning bid are monies owed to the United States [43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a)]. If we do not receive notification of the payment process of the minimum monies owed the day of the sale by the date and time above, the BLM will issue a bill for the monies owed. If we do not receive payment by the bill due date, we will send a demand letter to you that will include additional fees. If we do not receive payment as requested by the demand letter, the U.S. will immediately pursue collection by all appropriate methods, and when appropriate, collect late fees, interest, administrative charges, and on past-due amounts assess civil penalties. "All appropriate methods" include, but are not limited to, referral to collection agencies and credit reporting bureaus; salary or administrative offset; offset of Federal and state payments, including goods or services; and Federal and state tax

refund offset; and retirement payment offset. We may send debts to the Internal Revenue Service (IRS) and the IRS may charge them as income to you on Form 1099C, Cancellation of Debt (Federal Claims Collection Act of 1966, as amended; The Debt Collection Improvement Act of 1996; 31 CFR Part 285).

- **Forms of payment:** Specific payment instructions will be provided by the online auction system to winning bidders. You may pay by:
 - · Personal check, certified check, money order (expedited mailing methods);
 - · Electronic Funds Transfer (EFT);
 - · Automated Clearing House (ACH); and/or
 - · Credit card (Discover, Visa, American Express, or MasterCard only).
 - · We cannot accept cash.

In order to meet the payment requirement, you must provide BLM contacts with confirmation that the transaction has been initiated on the day the parcel closes before 4:00 p.m. An email or fax containing confirmation must include but is not limited to the following appropriate documents: overnight shipping tracking document, a copy of the payment instrument, and/or a bank provided electronic confirmation of EFT or ACH. **Do not email or fax privacy information.**

Please note, in accordance with the Department of Treasury Financial Manual, Announcement No. A-2014-04, the BLM cannot accept credit card payments for an amount equal to or greater than \$24,999.99. The BLM cannot accept aggregated smaller amounts to bypass this requirement. An amount owed that exceeds the maximum dollar amount for a credit card payment transaction may not be split into two or more payment transactions in the same day by using one or more credit cards. The BLM does not have Personal Identification Number (PIN) equipment for the purpose of processing PIN authorized debit cards. All debit card transactions will be processed as credit cards and the dollar value limits will apply.

If you plan to make your payment using a credit card, you should contact your bank prior to the sale to let them know that you will be making a substantial charge against your account. If the credit card transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. <u>However, we cannot grant you any extension of time to provide confirmation of payment to the BLM contacts</u>.

If you pay by check, please make your check payable to: **Department of the Interior-BLM**. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check.

• Bid form: On the day of the sale, if you are a successful winning high bidder, you must submit (email or fax) to the BLM a properly completed and signed competitive bid form (Form 3000-2) with the required payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once you sign the form, you cannot change it. The online auction system will provide the successful winning bidder with a fillable pdf of this bid form and instructions on how to submit the form to the New Mexico State Office State Office after the auction. We will not accept any bid form that has information crossed out or is otherwise altered. We will not issue a lease until we receive a signed copy of the bid form in accordance

with 43 CFR 3102.4(a).

You will be shown the bid form as part of the bidder registration process, and asked to certify that you will complete and execute it should you be the successful winning high bidder. We ask that you complete the form at this time to ensure that you can meet this condition.

Your completed bid form certifies that:

- 1. You and/or the prospective lessee are qualified to hold an oil and gas lease under our regulations 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, or collusion among bidders.

This notice includes a copy of the bid form, and again, you will be provided a copy during the bidder registration process and asked to assert that you agree that you will be able and willing to comply and sign it if you are the winning bidder at the close of the auction.

• Federal acreage limitations: Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the state limit of 246,080 acres of public domain land and 246,080 acres of acquired land (30 U.S.C. 184(d)).

For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control and was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes. The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received additional time under 43 CFR 3101.2-4, to divest excess acreage acquired through merger or acquisition.

- Lease Issuance: After we receive the signed bid form, all monies due, and protests have been resolved, 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 request in writing to do this. The request must be received before the lease is signed.
- 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 in paying quantities is produced on or for the benefit of the lease. Advance rental at \$1.50 per 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 (or as the lease is amended) 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).

- •Split Estate: Information regarding leasing of Federal minerals under private surface, referred to as "Split Estate," is available at the following Washington Office website: https://www.blm.gov/programs/energy-and-minerals/oil-and-gas/leasing/split-estate. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program.
- **Stipulations:** Stipulations are part of the lease and supersede any inconsistent provisions of the lease form. They are requirements or restrictions on how you conduct operations. These stipulations are included in the parcel descriptions on the attached list.

All Federal oil and gas lease rights are granted subject to applicable laws under Section 6 of the lease terms including requirements under the Endangered Species Act, as amended, 16 U.S.C. 1531 *et seq*. In accordance with Washington Office (WO) Instruction Memorandum (IM) No. 2002-174, each parcel included in this lease sale will be subject to the Endangered Species Act Section 7 Consultation Stipulation. In accordance with WO IM No. 2005-003, Cultural Resources and Tribal Consultation, for Fluid Minerals Leasing, each parcel in this sale will be subject to the Cultural Resource Protection Stipulation.

•Unit and Communitization Agreements: Parcels offered in this Notice may fall within an authorized Unit or Communitization Agreement. If the parcel falls within an authorized Unit or Communitization Agreement, the successful bidder may be required to join the agreement. Any lands included in this Notice that are determined to be in a unit prior to lease issuance are subject to regulation 43 CFR 3101.3-1.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a presale offer are available on a first-come, first-serve basis for a 2-year period, beginning the day after the sale. The noncompetitive offers are handled directly by the BLM and not through the internet leasing website. If you want to file a noncompetitive offer on an unsold parcel, you must filed in the appropriate State Office:

- Three copies of current form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5;
- \$435 nonrefundable administrative fee; and
- First year advance rental (\$1.50 per acre or fraction thereof). Remember to round up any fractional acreage when you calculate the amount of rental.

Submit the aforementioned items to the BLM New Mexico State Office State Office Information Access Center (Public Room) in person or by mail. We consider all offers filed the day of a sale and the first business day following the last day of the auction, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to determine the winner (see 43 CFR

1822.17). Offers filed after this time period receive priority according to the date and time of filing in this office.

In the attached list of parcels, we have noted any parcels that have pending noncompetitive presale offers. A presale offer has priority over any offer filed after the sale.

How do I file a noncompetitive presale offer?

Under regulations 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 1-year period, or
- Have not been included in a competitive lease sale within the previous 2-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this Notice. The posting of this Notice serves to withdraw the lands listed herein from filings under 43 CFR 3110.1(a)(1)(ii). 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, your presale offer has priority over any offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any stipulations described in this Notice. If you want to file a presale offer, you must file:

- Three copies of current form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5;
- \$435 nonrefundable administrative fee; and
- First year rental (\$1.50 per acre or fraction thereof). Remember to round up any fractional acreage when you calculate the amount of rental.

How do I submit an Expression of Interest (EOI)?

An Expression of Interest (EOI) is an informal nomination requesting certain lands be included in an oil and gas competitive lease sale. Regulations pertaining to competitive oil and gas leasing can be found in 43 CFR 3120. This request may be submitted via the National Fluids Lease Sale System at https://nflss.blm.gov.

- No filing fee or rental is required with an EOI;
- Your EOI must contain a complete legal land description (including metes and bounds description, if applicable);
- Proof of Federal mineral ownership (e.g. Deed(s), Patent(s), or other form of mineral interest conveyance to the United States), if applicable; and
- Name and address of the current surface owner(s), if applicable.

The BLM does not require nominators to provide their name or address. You may still provide this information for contact purposes; however, the BLM will make this information available to the public. If you consider your name and address to be confidential, do not include it in your EOI.

If you are submitting an EOI which includes split estate lands (private surface/federal minerals), you must provide the name and address of the current private surface owner(s) along with your EOI. The BLM will send a courtesy letter to the surface owner(s) providing notice of the scheduled

auction as well as information about the BLM's regulations and procedures for Federal oil and gas leasing and development on split estate lands. An EOI that does not provide the name and address of the private surface owner(s) will not be processed by the BLM.

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

We have tentatively scheduled our next competitive sale for October 29, 2020. We can make no guarantee as to when a given parcel will be offered for competitive sale. We will try to put EOIs in the earliest possible sale.

How can I find out the results of this sale?

The sale results will be posted on the www.energynet.com website and the NFLSS website at https://nflss.blm.gov. Paper copies are available for viewing or purchase at the BLM New Mexico State Office State Office Information Access Center.

May I protest the BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest within 10 calendar days of the posting date of this Notice. All protests must be received no later than **4:00 pm Mountain Standard Time on July 1, 2020**. If our office is not open on the 10th day after the posting, a protest received on the next day our office is open to the public will be considered timely filed. We will dismiss a late-filed protest.
- The protest must include a statement of reasons to support the protest. We will dismiss a protest filed with out a statement of reasons.
- A protest must state the interest of the protesting party in the matter, including the name the name and address of the protesting party, and reference the specific serial number that is being protested.
- You may file a protest either by hand delivery, mailed in hardcopy form, or temporarily through email at blm_nm_leasesale@blm.gov.
- If the party signing the protest is doing so on behalf of an association, partnership, or corporation, the signing party must reveal the relationship between them. For example, unless an association authorizes an individual member of its group to act on their behalf, the individual cannot make a protest in the group's name.
- The protest document must be signed. **Unsigned protest documents will be dismissed.**
- Please be advised that all protest information and correspondence shall be made publicly available.

Any protests, including names and street addresses, you submit will be made available for public review. Individual respondents may request confidentiality. If you wish to withhold your personal

identifiable information from public review or from disclosure under the Freedom of Information Act (FOIA), you must state this prominently at the beginning of your written comment. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

If the BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests on the auction website prior to the start of the online auction. We will also announce on the website a decision to either withdraw the parcel or proceed with the auction. If the protest is resolved prior to the sale, we will provide copies of our decision on the BLM NFLSS website at https://nflss.blm.gov.

If I am the high bidder at the sale for a protested parcel, when will the BLM issue my lease?

We will make every effort to decide the protest prior to the sale, but no later than 60 days after the sale. We will not issue a lease for a protested parcel until the protest is either upheld or denied.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

If the BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee. The buyer's premium will be handled between EnergyNet and the buyer. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations. If you do not accept the additional stipulations, we will reject your bid and refund your first year's rental, bonus bid, and administrative fee.

If the BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes. An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

You may file a notice of appeal by paper hardcopy only. The BLM will not accept a notice of appeal transmitted electronically (e.g., by email, facsimile, or social media means). Also, the BLM will not accept a petition for stay that is transmitted electronically (e.g., by email, facsimile, or social media means). Even if the BLM has previously corresponded with you by email, facsimile, or social media means, the BLM will not accept a notice of appeal transmitted electronically. Both the notice of appeal and any petition for stay must be received on paper at the office address above.

May I appeal the BLM's decision to deny my protest?

Yes. An appeal from the State Director's decision must meet the requirements of 43 CFR 4.411 and Part 1840.

You may file a notice of appeal by paper hardcopy only. The BLM will not accept a notice of appeal transmitted electronically (e.g., by email, facsimile, or social media means). Also, the BLM will not accept a petition for stay that is transmitted electronically (e.g., by email, facsimile, or social media means). Even if the BLM has previously corresponded with you by email, facsimile, or social media means, the BLM will not accept a notice of appeal transmitted electronically. Both the notice of appeal and any petition for stay must be received on paper at the office address above.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize a refund of the bonus bid, rentals, administrative fees, and EnergyNet's buyer premium, if:

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it; and
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid, administrative fee, and EnergyNet's buyer premium.

Who should I contact if I have questions?

If you have questions on BLM stipulations, lease notices, etc., please contact the appropriate BLM Field Office for assistance. If you have questions on another surface management agency's stipulations or restrictions, etc., please contact that agency. For general information about the competitive oil and gas lease sale process, or this Notice of Competitive Lease Sale, you may e-mail or call: lortiz@blm.gov or (505) 954-2146.

/s/JulieAnn Serrano

JulieAnn Serrano Supervisory Land Law Examiner Branch of Adjudication Information required when paying the BLM WITH CREDIT CARD

Cardholder Name											
Amount Paid (Effective 6/1/2015 amount cannot exceed \$24,999.99)	\$										
Bill for Collection Number											
Credit Card Type	VISA		MASTE	RCARD	DISCOVE	1	1 1	AMERICA EXPRESS			
Credit Card Number								- Co	ŧi]
Credit Card Expiration Date	MONT	Н		YEAR							
Phone Number (Required)	()		-								
Signature (Required)							·				

Information collected from this form may be subject to the requirements of the Privacy Act (5 U.S.C. 552a). This form is used solely as a method of payment for goods and or services provided to federal agencies, businesses and private individuals by the Bureau of Land Management. The information collected will be stored in a secure location with access limited to designated employees. Any information collected may be subject to disclosure, but will be handled in accordance with the Privacy Act and Freedom of Information Act (FOIA) requirements to ensure protection of personal privacy in the face of required disclosure. Information will not be shared with outside parties except as required by law.

It is a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statement or representations as to any matter within its jurisdiction. (Title 18 U.S.C. Section 1001)

(Cut here and return to BLM)

BLM Information your bank requires when paying the BLM ELECTRONICALLY (ACH)

FIELD NAME	REQUIRED INFORMATION				
BLM's ACH Account Number	312051				
ACH ABA Number	051036706				
Company/Individual Name					
Identification Number	•				
BLM's ACH Bank Address	CASH LINK-ACH RECEIVER				
	5700 Rivertech Court				
	Riverdale MD 20737				
	301-887-6600				
BLM's Address	Bureau of Land Management				
	Building 50, Denver Federal Center, PO Box 25047				
3	Denver, CO 80225-0047				
BLM Contact Information	CBS Customer Service Desk at 303-236-6795				

You are responsible for any fees your financial institution may charge you for the actual transfer of funds. Please verify additional fees charged by your financial institution are not deducted from payment.

BLM Information your bank requires when paying the BLM ELECTRONICALLY (WIRE TRANSFER)

FIELD NAME	REQUIRED INFORMATION				
Receiver DI Number/ Financial Institution	021030004 / Treasury NYC				
Beneficiary Identifier/Account Number	14110008				
Beneficiary Name	<i>y</i>				
Originator to Beneficiary Information					
BLM Contact Information	CBS Customer Service Desk at 303-236-6795				
Financial Institution Address	TREASURY NYC 401 14 th Street SW Washington, DC 20327				
BLM's Tax ID#	84-0437540				

You are responsible for any fees your financial institution may charge you for the actual transfer of funds. Please verify additional fees charged by your financial institution are not deducted from payment.

COMPETITIVE OIL AND GAS OR GEOTHERMAL RESOURCES LEASE BID

FORM 3000-2 (JULY 2012)

 $https://www.blm.gov/sites/blm.gov/files/uploads/Services_National-Operations-Center_Eforms_Fluid-and-Solid-Minerals_3000-002.pdf$

OFFER TO LEASE AND LEASE FOR OIL AND GAS

FORM 3100-11 (OCTOBER 2008)

 $https://www.blm.gov/sites/blm.gov/files/uploads/Services_National-Operations-Center_Eforms_Fluid-and-Solid-Minerals_3100-011.pdf$

BUREAU OF LAND MANAGEMENT NEW MEXICO STATE OFFICE AUGUST 26, 2020, LEASE SALE STATISTICS BY STATE PARCELS WITH AND WITHOUT PRESALE NONCOMPETITIVE PRIORITY OFFERS

	PARCELS	PARCELS	TOTAL	ACRES WITH	ACRES	TOTAL
STATE	WITH	WITHOUT	PARCELS	PRESALE	WITHOUT	ACRES
	PRESALE	PRESALE		OFFERS	PRESALE	
	OFFERS	OFFERS			OFFERS	
NEW MEXICO	0	9	9	0	2,762.00	2,762.00
OKLAHOMA	0	3	3	0	104.87	104.87
TEXAS	0	6	6	0	396.71	396.71
TOTALS	0	18	18	0	3,263.58	3,263.58

PARCELS

Parcels

New Mexico

NMNM 142036 NM-2020-08-6735 40.00 Acres

NM, Eddy County, Carlsbad Field Office, Bureau of Land Management, PD

T. 26 S., R. 25 E., NEW MEXICO PM

Sec. 17: SWSE.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

SENM-S-21-CSU BLM Stipulations for PDO - CSU - Caves and Karst

NM-1-LN BLM Lease Notice Stipulations for NMSO - LN - Potential, Suitable and Occupied Habitat for Special Status Plant Species

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource

SENM-LN-1 BLM Lease Notice Stipulations for PDO - LN - Potential Cave or Karst

Occurrence Area

EOI# NM00015970

NMNM 142037 NM-2020-08-0338 640.00 Acres

NM, Eddy County, Carlsbad Field Office, Bureau of Land Management, PD

T. 17 S., R. 31 E., NEW MEXICO PM

Sec. 34: ALL.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

SENM-S-22-CSU BLM Stipulations for PDO - CSU - Lesser Prairie-Chickens

SENM-S-23-CSU BLM Stipulations for PDO - CSU - Dunes Sagebrush Lizard

SENM-S-54-NSO BLM Stipulations for PDO - NSO - Lesser Prairie Chicken Habitat Area

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource

SENM-LN-2 BLM Lease Notice Stipulations for PDO - LN - Dunes Sagebrush Lizard

EOI# NM00016018

NMNM 142038 NM-2020-08-0336 80.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 24 S., R. 36 E., NEW MEXICO PM

Sec. 35: E2SE.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-19-CSU BLM Stipulations for PDO - CSU - Playas and Alkali Lakes

SENM-S-22-CSU BLM Stipulations for PDO - CSU - Lesser Prairie-Chickens

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource EOI# NM00015994

NMNM 142039 NM-2020-08-6733 400.00 Acres

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 25 S., R. 36 E., NEW MEXICO PM

Sec. 11: W2NE, W2.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

SENM-S-19-CSU BLM Stipulations for PDO - CSU - Playas and Alkali Lakes

SENM-S-22-CSU BLM Stipulations for PDO - CSU - Lesser Prairie-Chickens

SENM-S-18-CSU BLM Stipulations for PDO - CSU - Streams, Rivers and Floodplains

NM-1-LN BLM Lease Notice Stipulations for NMSO - LN - Potential, Suitable and Occupied Habitat for Special Status Plant Species

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource EOI# NM00015991

NMNM 142040 NM-2020-08-0339 160.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 25 S., R. 36 E., NEW MEXICO PM

Sec. 24: E2W2.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-22-CSU BLM Stipulations for PDO - CSU - Lesser Prairie-Chickens

SENM-S-20-CSU BLM Stipulations for PDO - CSU - Springs, Seeps and Tanks

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource EOI# NM00015992

NMNM 142041 NM-2020-08-6736 640.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 26 S., R. 36 E., NEW MEXICO PM

Sec. 24: E2, E2W2;

Sec. 25: N2NE, NENW, SENE.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

SENM-S-19-CSU BLM Stipulations for PDO - CSU - Playas and Alkali Lakes

SENM-S-22-CSU BLM Stipulations for PDO - CSU - Lesser Prairie-Chickens

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource

EOI# NM00015851

NMNM 142042 NM-2020-08-6737 642.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 26 S., R. 37 E., NEW MEXICO PM

Sec. 19: LOTS 1-4;

Sec. 19: E2, E2W2.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

SENM-S-19-CSU BLM Stipulations for PDO - CSU - Playas and Alkali Lakes

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource

EOI# NM00015851

NMNM 142043 NM-2020-08-6732 80.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 26 S., R. 37 E., NEW MEXICO PM

Sec. 23: W2SW.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

SENM-S-17-CSU BLM Stipulations for PDO - CSU - Slopes & Fragile Soils

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource EOI# NM00015995

NOTE: The successful bidder will be required to join the Rhodes Unit Agreement (UA) NMNM 071022X prior to lease issuance.

Operator:

Special Energy Corporation P.O. Box 369 Stillwater, OK 74076-0369

NMNM 142044 NM-2020-08-0337 80.00 Acres Split Estate

NM, Lea County, Carlsbad Field Office, Bureau of Land Management, PD

T. 13 S., R. 38 E., NEW MEXICO PM

Sec. 19: NENE;

Sec. 20: NWNW.

100% US Mineral Interest

Stipulations:

WO-ESA 7 BLM Stipulations for WO - Endangered Species Act Sec 7 Consultation

WO-NHPA BLM Stipulations for Cultural Resources and Tribal Consultation

NM-11-LN BLM Lease Notice Stipulations for NMSO - LN - Special Cultural Resource EOI# NM00015962

Oklahoma

OKNM 142045 OK-2020-08-6146 16.53 Acres Split Estate

OK, Custer County, Oklahoma Field Office, Bureau of Land Management, PD

T. 15 N., R. 14 W., INDIAN MER

Sec. 25: ACCRETION & RIPARIAN ACREAGE TO LOTS 1 AND 2.

SEE EXHIBIT A FOR METES & BOUNDS DESCRIPTION WITH MAP.

100% US Mineral Interest

Stipulations:

OFO-4-NSO BLM Stipulations for OFO - NSO - Wetland-Riparian and Waterbody Areas

OFO-1-NSO BLM Stipulations for OFO - NSO – Floodplains

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation Stipulation

WO-ESA 7 BLM Lease Notice Stipulations for Endangered Species Act Section 7 Consultation **OFO-4-LN** BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

NM-11 LN BLM Lease Notice Stipulations for Special Cultural Resource EOI# NM00003079

OKNM 142046 OK-2020-08-0036 58.60 Acres

OK, Dewey County, Oklahoma Field Office, Bureau of Land Management, PD

T. 19 N., R. 15 W., INDIAN MER

Sec. 1: ACCR & RIPR AC TO LOT 1 (55.365 AC);

ACCR & RIPR AC TO LOT 12 (3.23 AC).

SEE EXHIBIT B FOR METES & BOUNDS DESCRIPTION WITH MAP.

100% US Mineral Interest

Stipulations:

CE-SS 1-A CANTON LAKE SMA Stipulations for COE NSO Canton Lake

OFO-4-LN BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

WO-ESA 7 BLM Lease Notice Stipulations for Endangered Species Act Section 7 Consultation **WO-NHPA** BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation Stipulation

NM-11 LN BLM Lease Notice Stipulations for Special Cultural Resource EOI# NM00014927

OKNM 142047 OK-2020-08-6147 29.74 Acres

OK, Ellis County, Oklahoma Field Office, Bureau of Land Management, PD

T. 18 N., R. 21 W., INDIAN MER

Sec. 29: ALL THAT UNLEASED PART OF LOT 2 LYING WITHIN UNIT 29.

SEE EXHIBIT C FOR METES & BOUNDS DESCRIPTION WITH MAP.

100% US Mineral Interest

Stipulations:

OFO-4-NSO BLM Stipulations for OFO - NSO - Wetland-Riparian and Waterbody Areas **OFO-4-LN** BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

WO-ESA 7 BLM Lease Notice Stipulations for Endangered Species Act Section 7 Consultation

NM-11 LN BLM Lease Notice Stipulations for Special Cultural Resource

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation Stipulation

EOI# NM00015322

Texas

TXNM 142049 TX-2020-08-0012 105.60 Acres

TX, Lee County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 800.

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake **OFO-4-LN** BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource

EOI# NM00015054

TXNM 142050 TX-2020-08-5274 25.00 Acres

TX, Washington County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 883.

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

OFO-1-NSO BLM Stipulations for OFO - NSO – Floodplains

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation

OFO-4-LN BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource EOI# NM00015054

TXNM 142051 TX-2020-08-6678 79.10 Acres

TX, Washington County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 313.

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

OFO-1-NSO BLM Stipulations for OFO - NSO – Floodplains

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake **OFO-4-LN** BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource

EOI# NM00015054

TXNM 142052 TX-2020-08-6674 14.87 Acres

TX, Washington County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 300-2.

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake NO SURFACE OCCUPANCY/OPEN FOR DIRECTIONAL DIRLLING

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation **OFO-4-LN** BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource EOI# NM00015359

TXNM 142053 TX-2020-08-6675 170.00 Acres

TX, Washington County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 613 (Save and Except Unknown Cemetery No. 6).

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

OFO-1-NSO BLM Stipulations for OFO - NSO – Floodplains

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake NO SURFACE OCCUPANCY, OPEN FOR DIRECTIONAL DRILLING

OFO-4-LN BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources

NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource

EOI# NM00015359

TXNM 142054 TX-2020-08-6677 2.14 Acres

TX, Washington County, Oklahoma Field Office, Corps of Engineers: FORT WORTH DISTRICT, ACQ TEXAS

Tract 713.

100% US Mineral Interest

Stipulations:

WO-ESA-7 BLM Stipulations for ENDANGERED SPECIES ACT - SEC 7 CONSULTATION STIP

OFO-1-NSO BLM Stipulations for OFO - NSO – Floodplains

COE NSO SOMERVILLE LAKE SMA Stipulations for COE NSO Somerville Lake NO SURFACE OCCUPANCY, OPEN FOR DIRECTIONAL DRILLING

OFO-4-LN BLM Lease Notice Stipulations for OFO - LN - Migratory Birds and Birds of Conservation Concern

WO-NHPA BLM Lease Notice Stipulations for Cultural Resources and Tribal Consultation

NM-14-LN BLM Lease Notice Stipulations for NMSO - LN - Paleontological Resources

NM-11-LN BLM Lease Notice Stipulations for Special Cultural Resource

EOI# NM00015359

EXHIBITS

METES AND BOUNDS DESCRIPTION OF THE ACCRETION AND RIPARIAN ACREAGE TO LOT 1, SECTION 25, T.15 N.,-R. 14 W., NOT COVERD BY EXISTING BLM LEASE NM-18523 LOCATED ALONG THE CANADIAN RIVER, BLAINE COUNTY, OKLAHOMA (Bearings and Distances are Geodetic)

Beginning at an Iron Rod with cap for the 1873 meander comer on the 1873 left bank Between Sections 24 and 25, T. l5 N., R. 14 W., Blaine County, Oklahoma.

Thence along the Westerly and Southerly boundary of existing BLM Lease OKNM 18523 the following courses and distances:

South 39°25'00" West a distance of 2046.00 feet; South 50°35'00" East a distance of 125.40 feet;

South 59°35'00" East a distance of 757.17 feet to the intersection of said BLM Lease and the Easterly accretion line to said Lot 1;

Thence South 50°15'09" West a distance of 66.13 feet to a proportional point on the 2018 left bank;

Thence perpendicular to the 2018 medial line, South 19°54'47" West a distance of 75.86 feet to a point on the 2018 medial line;

Thence along the 2018 medial line the following courses and distances:

North 70°05'13" West a distance of 22.91 feet;

North 58°02'03" West a distance of 127.37 feet;

North 65°57'28" West a distance of 131.07 feet;

North 58°15'05" West a distance of 103.33 feet;

North 62°28'06" West a distance of 169.76 feet;

North 65°46'17" West a distance of 85.68 feet;

North 59°41'31" West a distance of 48.73 feet;

North 64°00'06" West a distance of 412.21 feet;

North 60°25'06" West a distance of 207.09 feet;

North 52°06'48" West a distance of 43.24 feet to a point;

Thence perpendicular to the 2018 medial line, North 37°50'25" East a distance of 46.51 feet to a proportional point on the 2018 left bank;

Thence North 50°13'50, "East a distance of 2328.88 feet to the POINT OF BEGINNING, containing 14.80 acres of land more or less.

METES AND BOUNDS DESCRIPTION OF THE ACCRETION AND RIPARIAN ACREAGE TO LOT 2, SECTION 25, T.15 N.,R. 14 W, NOT COVERED BY EXISTING BLM LEASE OKNM 18523 LOCATED ALONG THE CANADIAN RIVER, BLAINE COUNTY, OKLAHOMA (Bearings and Distances are Geodetic)

Beginning at the intersection of the Southerly boundary of BLM Lease OKNM 18523 and the Westerly accretion line to Lot 2 of Section 25, T15N-R14W, said point being South 15°02'42"

East a distance of 2116 07 feet from an Iron Red with can for the 1873 meander comer on the

East a distance of 2116.07 feet from an Iron Rod with cap for the 1873 meander comer on the 1873 left bank between Sections 24 and 25, T. 15 N.,R. 14 W, Blaine County, Oklahoma.

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

South 59°35'00" East a distance of 384.63 feet;

South 56°45'0011 East a distance of 524.33 feet to the intersection of the Southerly boundary of said BLM Lease and the 2018 medial line;

Thence along the 2018 medial line the following courses and distances:

North 75° 00' 03" West a distance of 109.16 feet;

North 53° 40' 42" West a distance of 52.33 feet;

North 68° 22' 52" West a distance of 131.93 feet;

North 76° 30' 22" West a distance of 66.99 feet;

North 56° 18′ 50″ West a distance of 60.98 feet;

North 65° 19' 43" West a distance of 187.00 feet;

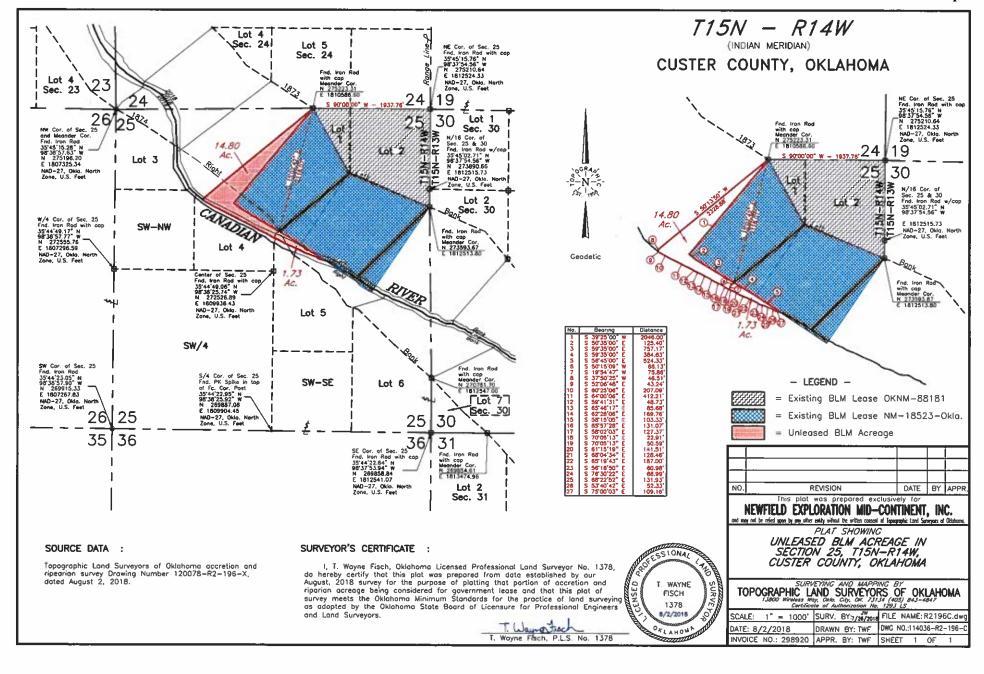
North 68° 04' 34" West a distance of 128.46 feet;

North 61° 15′ 19″ West a distance of 141.51 feet;

North 70° 05′ 13" West a distance of 50.59 feet to a point;

Thence perpendicular to the 2018 medial line, North 19°54'47" East a distance of 75.86 feet to a proportional point on the 2018 left bank;

Thence North 50°15'09" East a distance of 66.13 feet to the POINT OF BEGINNING, containing 1.73 acres of land more or less.



METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN
ACREAGE IN UNIT 1, T19N-R15W,
NOT COVERED BY EXISTING BLM
LEASE OKNM-135792, LOCATED ALONG
THE NORTH CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA
(Bearings and Distances are Geodetic)

Beginning at the 1874 meander corner on the 1874 left bank, said point being South 00°12'46" West a distance of 326.16 feet from an Iron Rod for the Northwest corner of Section 1, T19N-R15W, Dewey County, Oklahoma.

Thence along the adjusted 1874 left bank the following courses and distances:

```
South 22°56'39" East a distance of 719.47 feet:
South 11°05'22" East a distance of 530.00 feet;
South 08°49'12" East a distance of 785.28 feet;
South 03°16'40" West a distance of 261.98 feet;
South 24°57'44" East a distance of 327.02 feet;
South 61°16'32" East a distance of 327.47 feet;
South 81°24'35" East a distance of 721.96 feet;
North 43°30'20" East a distance of 1058.81 feet;
North 71°59'30" East a distance of 454.59 feet:
South 74°22'04" East a distance of 983.68 feet;
South 22°56'39" East a distance of 523.25 feet;
South 29°26'31" West a distance of 459.81 feet;
South 65°30'59" West a distance of 462.32 feet;
South 38°28'44" West a distance of 526.16 feet;
South 51°30'40" West a distance of 856.70 feet;
South 11°20'10" West a distance of 678.39 feet to the 1874 meander corner on the 1874 left bank
between Sections 1 and 12;
```

Thence along the South line of said Section 1, North 89°14'37" West a distance of 485.46 feet to the 1874 meander corner on the 1874 right bank between Sections 1 and 12;

Thence along the adjusted 1874 right bank the following courses and distances:

```
North 10°25'24" East a distance of 446.82 feet;
North 31°00'03" East a distance of 263.19 feet;
North 56°33'07" East a distance of 1022.10 feet;
North 35°15'48" East a distance of 987.30 feet;
North 02°08'08" West a distance of 459.71 feet;
North 67°57'43" West a distance of 657.45 feet;
South 71°26'44" West a distance of 329.82 feet;
South 37°58'47" West a distance of 793.97 feet;
```

South 69°41'41" West a distance of 692.74 feet;

North 72°13'40" West a distance of 657.64 feet;

North 37°34'16" West a distance of 459.60 feet;

North 06°54'34" West a distance of 1378.93 feet;

North 17°27'52" West a distance of 558.02 feet to the 1874 meander corner on the 1874 right bank between Sections 1 and 2;

Thence along the West line of said Section 1, North 00°12'46" East a distance of 580.49 feet to the POINT OF BEGINNING, containing 55.37 acres of land more or less. AND

Beginning at the 1874 meander corner on the 1874 right bank between Section 1 and 12, said point being North 89°14'23" West a distance of 604.34 feet from an Iron Rod with cap for the Southeast corner of said Section 1, T19N-R15W, Dewey County, Oklahoma.

Thence continuing along the South line of said Section 1, North 89°14'23" West a distance of 254.29 feet to the 1874 meander corner on the 1874 left bank between Sections 1 and 12;

Thence along the adjusted 1874 left bank the following courses and distances:

North 48°09'02" East a distance of 595.71 feet;

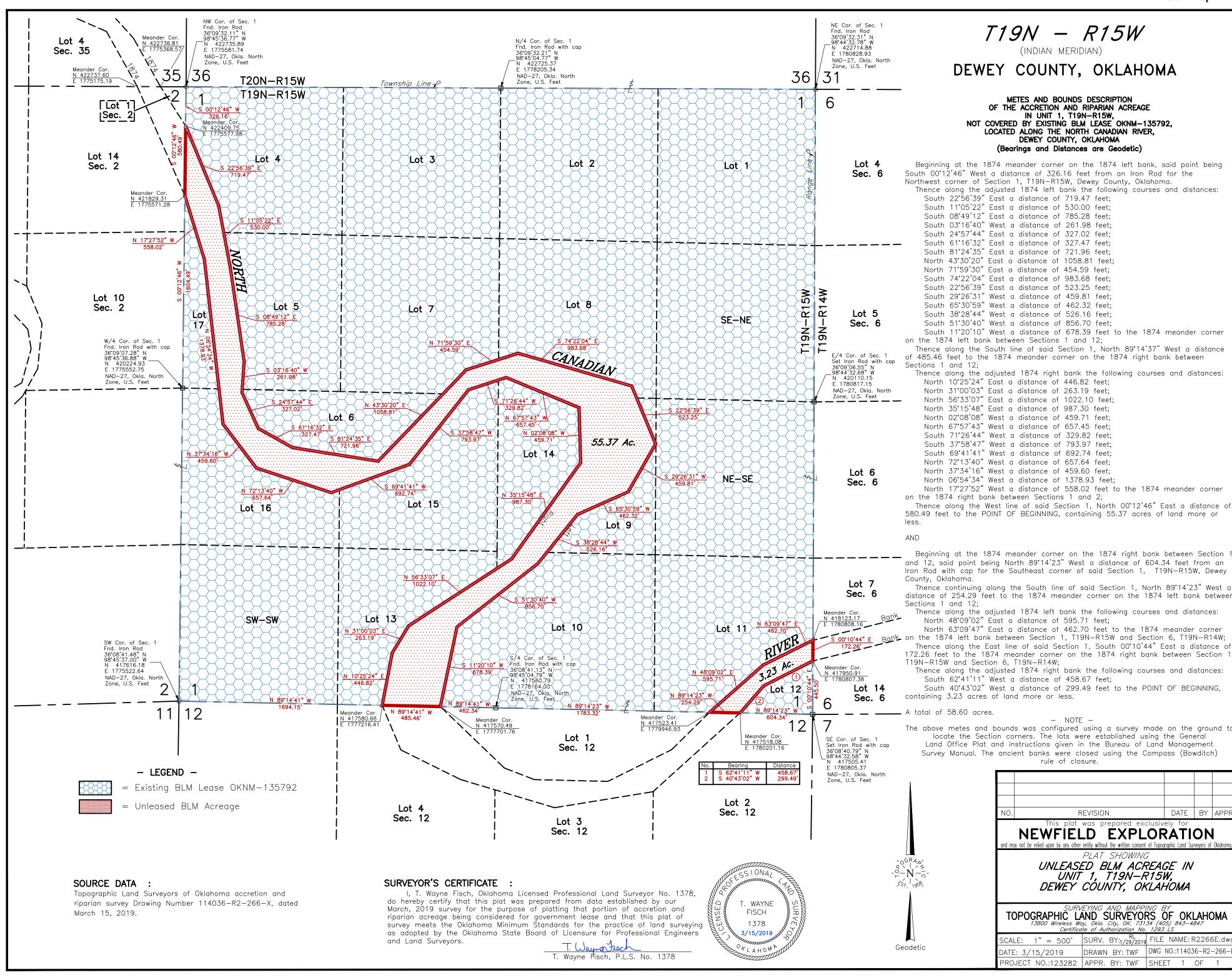
North 63°09'47" East a distance of 462.70 feet to the 1874 meander corner on the 1874 left bank between Section 1, T19N-R15W and Section 6, T19N-R14W;

Thence along the East line of said Section 1, South 00°10'44" East a distance of 172.26 feet to the 1874 meander corner on the 1874 right bank between Section 1, T19N-R15W and Section 6, T19N-R14W;

Thence along the adjusted 1874 right bank the following courses and distances:

South 62°41'11" West a distance of 458.67 feet;

South 40°43'02" West a distance of 299.49 feet to the POINT OF BEGINNING, containing 3.23 acres of land more or less. A total of 58.60 acres



ALL THAT UNLEASED PART OF LOT 2, SECTION 29, LYING WITHIN UNIT 29, T. 18 N., R. 21 W., IM, ELLIS COUNTY, OKLAHOMA

UPLAND PROPERTY DESCRIPTION:

COMMENCING at a Set 1/2" Iron Rod w/Cap at the Southwest Corner of said Section 29; Thence S89°03'30"E along the South line of said Section 29 a dist. of 1115.19 feet to a Set 1/2" Iron Rod w/Cap on the 1873 Top Bank of the Canadian River; Thence N39°02'08"E along the 1873 Top Bank of the Canadian River a dist. of 342.11 feet to the West line of said Lot 2 and being the Point of Beginning; Thence N00°25'20"W along the West line of said Lot 2 a dist. of 1057.76 feet to the Northwest Corner of Lot 2; Thence S89°13'10"E along the North line of said Lot 2 a dist. of 856.04 feet to the 1873 Top Bank of the Canadian River; Thence S39°02'08"W along the 1873 Top Bank of the Canadian River a dist. of 1346.72 feet to the Point of Beginning, said tract contains 10.39 Acres, more or less.

ACCRETION PROPERTY DESCRIPTION:

COMMENCING at a Set 1/2" Iron Rod w/Cap at the Southwest Corner of said Section 29; Thence S 89° 03' 30"E along the South line of said Section 29 a distance of 1115.19 feet to a Set 1/2" Iron Rod w/Cap on the 1873 Top Bank of the Canadian River; 02' 08"E along the 1873 Top Bank of the Canadian River a distance of 342.11 feet to the West Thence S 09° 43′ 30″E line of said Lot 2 and being the Point of Beginning; along the Division of Accretion Line a distance of 251.71 feet to the South line of said Unit 29; Thence N 86° 05' 12"E along the South line of said Unit 29 a distance of 564.96 feet to the 2014 Top Bank of the Canadian River; Thence the following meanders along the 2014 Top Bank of the Canadian River; Thence N 31° 36' 06"E a distance of 108.64 feet; Thence N 43° 19' 51"E a distance of 276.65 feet; Thence N 50° 16' 32"E a distance of 133.40 feet; Thence N 30° 29' 12" E a distance of 133.97 feet; Thence N 81° 25' 17"E a distance of 119.04 feet; Thence N 50° 47' 18"E a distance of 23.12 feet to the Division of Accretion Line; Thence N 23° 06' 27" W along the Division of Accretion Line a distance of 792.33 feet to the 1873 Top Bank of the Canadian River; Thence S 39° 02' 08" W along the 1873 Top Bank of the Canadian River a distance of 1346.72 feet to the Point of Beginning, said tract contains 16.84 Acres, more or less.

RIVERBED PROPERTY DESCRIPTION:

COMMENCING at a Set 1/2" Iron Rod w/Cap at the Southwest Corner of said Section 29; Thence S 89° 03' 30" E along the South line of said Section 29 a distance of 1115.19 feet to a Set 1/2" Iron Rod w/Cap on the 1873 Top Bank of the Canadian River; Thence N 39° 02' 08" E along the 1873 Top Bank of the Canadian River a distance of 342.11 feet to the West line of said Lot 2; Thence S 09° 43' 30" E along the Division of Accretion Line a distance of 251.71 feet to the South line of said Unit 29; Thence N 86° 05' 12" E along the South line of said Unit 29 a distance of 564.96 feet to the 2014 Top Bank of the Canadian River and being the Point of Beginning;

Thence the following meanders along the 2014 Top Bank of the Canadian River;

Thence N 31° 36′ 06″ E a distance of 108.64 feet;

Thence N

43° 19' 51" E a distance of 276.65 feet;

Thence N 50° 16' 32" E a distance of 133.40 feet;

Thence N 30° 29' 12" E a distance of 133.97 feet;

Thence N 81° 25' 17" E a distance of 119.04 feet;

Thence N 50° 47′ 18″ E a distance of 23.12 feet;

Thence S 36° 11′ 54″ E, leaving said top bank a distance of 105.28 feet to the 2014 thread of the Canadian River;

Thence the following meanders along the 2014 thread of the Canadian River;

Thence S 53° 48' 06" W a distance of 34.09 feet;

Thence S 75° 12' 59" W a distance of 68.62 feet;

Thence S 25° 54' 11" W a distance of 141.77 feet;

Thence S 38° 30' 48" W a distance of 331.54 feet;

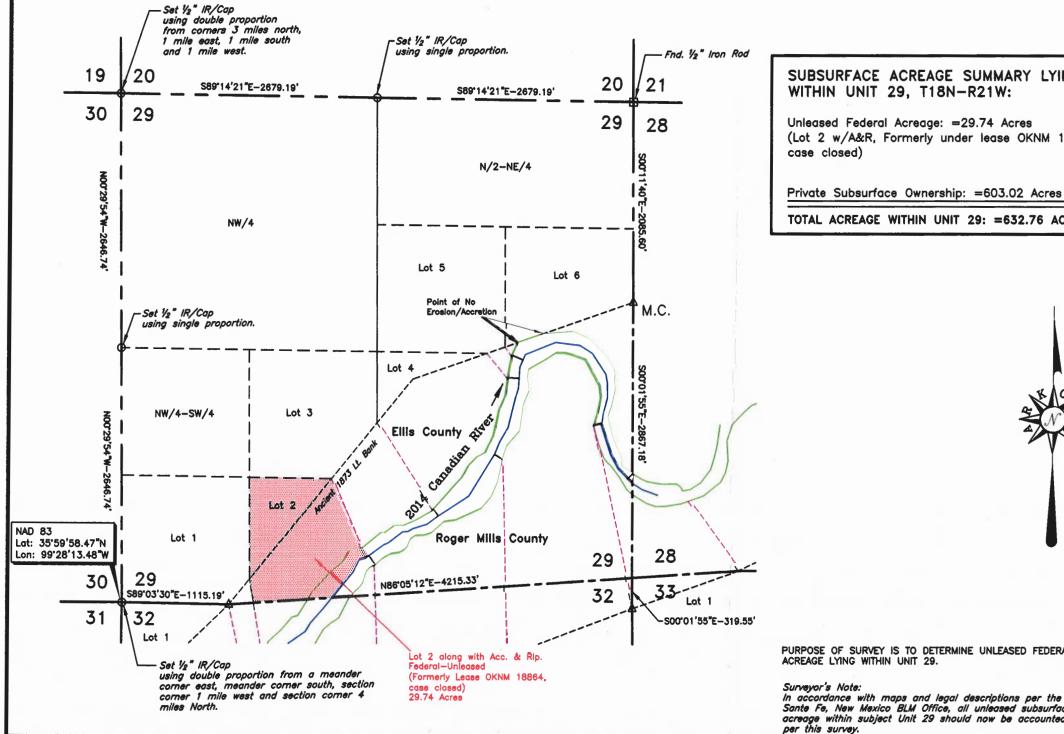
Thence, leaving said thread, S 86° 05' 12" W along the South line of said Unit 29 a distance of 253.49 feet to the Point of Beginning, said tract contains 2.51 Acres, more or less.

UPLAND ACREAGE = 10.39 ACRES ACCRETION ACREAGE = 16.84 ACRES RIVERBED ACREAGE = 2.51 ACRES TOTAL ACREAGE = 29.74 ACRES

PLAT SHOWING:

LAND/RIVER BOUNDARY SURVEY OF SECTION/UNIT 29, T18N-R21W, OF THE INDIAN MERIDIAN, ROGER MILLS & ELLIS COUNTIES. OKLAHOMA.

> SECTION/UNIT 29 T18N-R21W Total Acreage=632.76 Acres



SURVEY PERFORMED: MAY-JUNE 2014

Note: See drawings 4657-Lot 2,

for individual plat with metes and bounds description of the unleased federal acreage within Unit 29.

SUBSURFACE ACREAGE SUMMARY LYING

(Lot 2 w/A&R, Formerly under lease OKNM 18864,

TOTAL ACREAGE WITHIN UNIT 29: =632.76 ACRES

WITHIN UNIT 29, T18N-R21W:

case closed)

Unleased Federal Acreage: =29.74 Acres

2000 3000' 1000

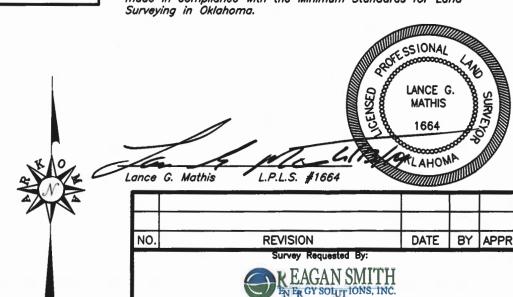
BASIS OF BEARINGS:

GEODETIC BEARINGS
PER ADJUSTED GPS OBSERVATION TAKEN IN NAD 83 - OK NORTH ZONE, WHICH RESULT IN A BEARING OF NOO'29'54"W ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 29, T18N-R21W INSTRUMENT: RTK-GPS

-LEGEND-=2014 River Bank =2014 Medial Line (Thread) ---- = 1873/1874 River Bank Meander Line --- =Division of Accretion Line □ =Found Monument \triangle =Set 1/2" Iron Rod w/Cap for M.C/W.C. O =Set 1/2" Iron Rod w/Cap for Sec./Lot Corner

CERTIFICATION:

This is to certify that this Plat of Survey represents the results of a survey made on-the-ground performed under the supervision of the undersigned, at the request of Reagan Smith Energy Solutions and further that this Survey was made in compliance with the Minimum Standards for Land



PLAT SHOWING

LAND/RIVER BOUNDARY SURVEY OF SECTION/UNIT 29, T18N-R21W, OF THE INDIAN MERIDIAN, ROGER MILLS & ELLIS COUNTIES, OKLAHOMA.

SURVEY & MAPPING BY:

ARKOMA SURVEYING AND MAPPING, PLLC (918)465-5711 P.O. Box 238 C.A. \$5348, (918)465-5030 fax Wilburton, OK 74578 EXP. DATE 6-30-16

SURV. BY: D.T./R.L. May-June 2014 JOB NO.: 4657 DRAWN BY: L.M. June 12, 2014 DRAW NO.: 4657-RVR APPR. BY: L.G.M. SHEET SIZE 11"x17" SHEET

PURPOSE OF SURVEY IS TO DETERMINE UNLEASED FEDERAL ACREAGE LYING WITHIN UNIT 29.

Surveyor's Note: In accordance with maps and legal descriptions per the Sante Fe, New Mexico BLM Office, all unleased subsurface acreage within subject Unit 29 should now be accounted for as

STIPULATIONS

BLM Stipulations

WO-NHPA-Cultural Resources and Tribal Consultation

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, Executive Order 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations (e.g., State Historic Preservation Officer (SHPO) and tribal consultation) under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized, or mitigated.

SENM-S-17-CSU-PDO - CSU - Slopes & Fragile Soils

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

Surface disturbance will not be allowed on slopes over 30 percent. Occupancy or use of fragile soils will be considered on a case-by-case basis.

For the purpose of: Protecting Slopes or Fragile Soils.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

No waivers currently exist.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

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.

Modification: A modification is a change to the provisions of a lease stipulation, either temporarily or for the term of the lease. Depending on the specific modification, the stipulation may or may not apply to all sites within the leasehold to which the restrictive criteria are applied.

No modifications currently exist.

SENM-S-18-CSU-PDO - CSU - Streams, Rivers and Floodplains

Stipulation: 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.

For the purpose of: Protecting Streams, Rivers and Floodplains

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

No waivers currently exist.

Exception: An exception is a one-time exemption for a particular site within the leasehold. The stipulation continues to apply to all other sites within the leasehold. 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.

Modification: A modification is a change to the provisions of a lease stipulation, either temporarily or for the term of the lease. Depending on the specific modification, the stipulation may or may not apply to all sites within the leasehold to which the restrictive criteria are applied.

No modifications currently exist.

SENM-S-19-CSU-PDO - CSU - Playas and Alkali Lakes

Stipulation: 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 or alkali lakes.

Mitigation could include:

Installing fencing; developing a supplemental water supply; planting trees and shrubs for shelter belts; conducting playa basin excavation; constructing erosion control structures or cross dikes; or by improving the habitat in another area.

For the purpose of: Protecting playas and alkali lakes.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

An exception for oil and gas development will be considered if playa or lake loss was mitigated by the protection and development of another playa exhibiting the potential for improvement.

Modification: A modification is a change to the provisions of a lease stipulation, either temporarily or for the term of the lease. Depending on the specific modification, the stipulation may or may not apply to all sites within the leasehold to which the restrictive criteria are applied.

No modifications currently exist.

SENM-S-20-CSU-PDO - CSU - Springs, Seeps and Tanks

Stipulation: 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

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

An operator may request that the BLM waive, except, or modify a lease stipulation for a Federal lease. A request to waive, except, or modify a stipulation should include information demonstrating that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified or that the proposed operation would not cause unacceptable impacts. When the waiver, exception, or modification is substantial, the proposed waiver, exception, or modification is subject to public review for 30 days. An exception, waiver, or modification may not be approved unless 1) the authorized officer determines that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified; or 2) the proposed operations would not cause unacceptable impacts.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

SENM-S-21-CSU-PDO - CSU - Caves and Karst

Stipulation: 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.

For the purpose of: Protecting Caves and Karst Features

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

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.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

<u>SENM-S-22-CSU-PDO - CSU - Lesser Prairie-Chickens</u>

Stipulation: 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 1 through July 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 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.

Open-top tanks, disposal pits, or other open pits will be required to be covered with a fine mesh netting to make them inaccessible to avian species and other wildlife.

A low profile marker will be required for a plugged or abandoned well. The well marker must be approximately 2 inches above ground level and contain the operator's name, lease name, well number, and location, including unit letter, section, township and range. This information must be welded or stamped or otherwise permanently engraved into the metal of the marker.

For the purpose of: Protecting Lesser Prairie-Chickens

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

Exceptions to these requirements will be considered for areas of no or low lesser prairie-chicken booming activity, or unoccupied habitat, including leks, as determined at the time of permitting, or in emergency situations.

SENM-S-23-CSU-PDO - CSU - Dunes Sagebrush Lizard

Stipulation: 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 200 meters of suitable habitat associated with occupied habitat areas identified through field review.

For the purpose of: Protecting dunes sagebrush lizard (Sceloporus arenicolus).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.)

In accordance with the provisions of 43 C.F.R. 3101.1-4, 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.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis.

The stipulation continues to apply to all other sites within the leasehold. 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.

BLM Lease Notice

NM-11-LN-NMSO - LN - Special Cultural Resource

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

Bureau of Land Management NM-11-LN

New Mexico State Office February 9, 2004

NM-14-LN-NMSO - LN - Paleontological Resources

All development in this lease will be subject to compliance with the Paleontological Resources Preservation Act (PRPA), the National Environmental Policy Act (NEPA), and the Federal Land Policy and Management Act (FLPMA). The lessee shall immediately notify the BLM Authorized Officer (AO) of any paleontological resources discovered as a result of approved surface disturbing operations. The lessee shall suspend all activities in the vicinity of such discovery until notified to proceed by the AO and shall protect the discovery from damage or looting. The AO will evaluate, or will have evaluated, such discoveries after being notified and determine after consulting with the operator and the BLM Regional Paleontologist, the appropriate measures to mitigate adverse effect to significant paleontological resources. Upon approval of the AO, the operator will be allowed to continue construction through the site, or will be given the choice of either following the AO's instructions for stabilizing the fossil resource in place and avoiding further disturbance to the fossil resource, or following the AO's instructions for mitigating impacts to the fossil resource prior to continuing construction through the project area. The lessee is responsible for any cost associated for mitigating paleontology resources discovered as a result of their activities.

In addition, surface occupancy or use may be subject to, but not limited to, the following special operating constraints:

- Motorized vehicle use associated with lease operations may be restricted to approved roads.
- A pedestrian survey for paleontological resources is generally required in areas that have been classified as Potential Fossil Yield Classification (PFYC) U-Unknown, 4 or 5, and in areas that are known to contain fossil locations. However, a pedestrian survey may be required in other areas that are not classified as PFYC U, 4 or 5, but have been identified by the Authorized Officer as having the potential for paleontological resources. A qualified permitted paleontologist determined by the BLM as part of the permit application for the proposed lease activity, is required to complete the survey. The survey and report will be used to determine the presence of paleontological material exposed on the surface, and if necessary, the appropriate mitigation of ground disturbing activities such as monitoring, avoidance project redesign, data recovery, stabilization, protective barriers and/or signs.

NM-1-LN-NMSO - LN - Potential, Suitable and Occupied Habitat for Special Status Plant Species

The lease contains potential, suitable and/or occupied habitat for special status plant species; therefore, special status plant species clearance surveys may be required prior to approving any surface disturbing activities within or adjacent to BLM Special Status Plant Species' potential, suitable and occupied habitats.

Survey requirements would include the following:

- Clearance surveys must be conducted by a qualified botanist as determined the BLM.
- The area to be surveyed will include at a minimum the project area plus an additional 100 meters outside the project area.
- Clearance surveys will be conducted during the blooming season or the period in which the plant species is most easily detected as determined by the BLM.

Based on the results of the survey, conditions of approval may be applied to land use authorizations and permits that fall within the area of direct/indirect impacts or affected habitat, as appropriate. Possible mitigation strategies may include, but are not limited to:

- Avoidance/restriction of development such as locating the surface disturbance area away from the edge of occupied or suitable habitat and ideally outside of the area where indirect/direct impacts would occur;
- Minimizing the area of disturbance utilizing strategies such as but not limited to twinning, and utilizing existing disturbance and corridors;
- Dust abatement measures;
- Signs, fencing, and other deterrents to reduce human disturbance;
- Construction of well sites, roads and associated facilities outside of the blooming season;
- Specialized reclamation procedures such as, but not limited to,
 - o Separating soil and subsoil layers with barriers to reclaim in the correct order,
 - Using a higher percentage of forbs in the reclamation seed mix to promote pollinator habitat,
 - Collection of seeds for sensitive plant species' genetic preservation, grow-out, and reclamation:
- Long term monitoring of indirect/direct impacts on the species and/or habitat;
- Qualified, independent third-party contractors to provide general oversight and assure compliance with project terms and conditions during construction;
- Non-native or invasive species monitoring and control in occupied and suitable habitat;
- Any other on-site habitat protection or improvements, known by best available science to be beneficial.

OFO-4-LN-OFO - LN - Migratory Birds and Birds of Conservation Concern

The lease or portions of the lease fall within the North America Central Flyway for migratory birds. As defined in the requirements for the BLM site survey, which will be conducted at the Application for Permit to Drill stage, the BLM may require the project proponent to follow additional conditions of approval. These would be imposed to mitigate impacts on migratory birds under the Migratory Bird Treaty Act (MTBA) and the United States Fish and Wildlife Service's Birds of Conservation Concern.

If surface-disturbing activities occur during the migratory birds' nesting season (which varies per species and could be any time between December 15th to July 30th), surveys for ground- and treenesting birds may be required to be conducted by an entity approved by the BLM Authorized Officer. If active nests are encountered, surface-disturbing activities may be delayed until the nesting activities are complete. The project proponent must consult with the BLM to determine whether a survey is required, the extent of the survey and the timing of the nesting season.

The MTBA of 1918, as amended, authorizes the Secretary of the Interior to adopt such measures necessary to protect and preserve migratory raptor and other avian species. In accordance with MBTA and Executive Order 13186 (Federal Register Volume 66, Issue 11, January 17, 2001), the BLM may require modifications to or may disapprove any proposed activity that is likely to jeopardize migratory raptor and other avian species.

SENM-LN-1-PDO - LN - Potential Cave or Karst Occurrence Area

All or a portion of the lease is 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.

SENM-LN-2-PDO - LN - Dunes Sagebrush Lizard

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

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

In accordance with Section 6 of the lease terms, the lessee may be required to conduct an examination of the lands to determine the occurrence of the lizard

(peak activity is May – August). Protocol for these surveys can be found in the 2008 Pecos District Special Status Species Resource Management Plan Amendment. The survey would be conducted by a qualified biologist or herpetologist approved by the Bureau of Land Management. A report of the findings would be submitted to the authorized officer.

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

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

WO-ESA 7-Endangered Species Act Section 7 Consultation

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

BLM Stipulation NSO

OFO-1-NSO-OFO - NSO - Floodplains

Stipulation: All or portions of the lands lie in or are adjacent to a major watercourse and are subject to periodic flooding. No surface occupancy or use is allowed within areas of a Federal Emergency Management Agency (FEMA) or similarly identified floodplain. Directional drilling from outside the floodplain into Federal minerals beneath the floodplain is allowed, provided that it does not adversely affect the natural hydrology and geomorphology.

For the purpose of: To manage surface and ground water quality to maintain, improve or restore the chemical, physical, and biological function of water resources.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.

Waiver: None

Exception: An exception allowing surface occupancy beyond floodway encroachment lines (the lines marking the limits of floodways on Federal, State, and local floodplain maps), or the Regulatory Flood Fringe (the area on either side of the floodway) may be allowed below the base flood elevation (BFE) if the lessee can demonstrate that the proposed action has sufficient mitigation, floodproofing, and engineering design features to prevent adverse impacts on the chemical, physical, and biological functions of the relevant floodplain, floodway, and adjacent body of water contributing to flooding, as defined by the official FEMA Flood Boundary Floodway Map (FBFM) and the FEMA Flood Hazard Boundary Map (FHBM), and a variance is permitted by the State's coordinating agency.

Modification: None

OFO-4-NSO-OFO - NSO - Wetland-Riparian and Waterbody Areas

Stipulation: All or portions of the lands contain wetland-riparian areas and/or waterbodies including but not limited to perennial, ephemeral, or intermittent streams; springs, seeps, lakes, ponds, reservoirs, and playas. No surface occupancy or use is allowed within these areas and within these areas and within an area that begins and extends 415 feet landward from the outside edge of the riparian-wetland area or waterbody, as determined by the BLM biologist prior to any surface-disturbing activities.

For the purpose of: To manage surface and ground water quality to maintain, improve, or restore the chemical, physical, and biological function of water resources.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.

Waiver: A waiver may be granted if it is determined that the entire area does not qualify as a riparianwetland area or waterbody, or if scientific research indicates that a buffer is not necessary for managing these riparian-wetland or waterbody areas.

Exception: An exception may be granted if the lessee can demonstrate and the NEPA analysis has determined that there would be no adverse impacts on the natural hydrology and geomorphology associated with the wetland-riparian area and/or waterbody.

Modification: A modification may be granted if it is determined that a portion of the area does not qualify as a riparian-wetland area or waterbody, or if scientific research indicates that a lesser or more restrictive buffer is appropriate for managing these riparian-wetland or waterbody areas.

SENM-S-54-NSO-PDO - NSO - Lesser Prairie Chicken Habitat Area

Stipulation: No surface occupancy or use is allowed.

For the purpose of: Preventing habitat loss and minimizing development impacts in the QP-F, QP-C, QP-A, QP-D, Skeen, Eunice and Mills lesser prairie-chicken Habitat Areas established for the potential to re-establish connectivity to adjacent isolated habitat blocks (2008 Pecos District Special Status Species Resource Management Plan Amendment).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see Bureau of Land Management Manuals 1624 and 3101 or Forest Service Manuals 1950 and 2820.

In accordance with the provisions of 43 CFR 3101.1-4, an operator may request that the BLM waive, except, or modify a lease stipulation for a Federal lease. A request to waive, except, or modify a stipulation should include information demonstrating that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified or that the proposed operation would not cause unacceptable impacts. When the waiver, exception, or modification is substantial, the proposed waiver, exception, or modification is subject to public review for 30 days. An exception, waiver, or modification may not be approved unless 1) the authorized officer determines that the factors leading to its inclusion in the lease have changed sufficiently to make the protection provided by the stipulation no longer justified; or 2) the proposed operations would not cause unacceptable impacts.

Waiver: A waiver is a permanent exemption from a lease stipulation. When a waiver is granted, the stipulation no longer applies anywhere within the leasehold.

Exception: An exception is a one-time exemption for a particular site within the leasehold. Exceptions are determined on a case-by-case basis. The stipulation continues to apply to all other sites within the leasehold.

CE-SS 1-A CANTON LAKE-COE NSO Canton Lake

- 1. 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 part 3160.
- 2. 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.
- 3. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult BLM, that person may order such activities stopped immediately by any person conducting or supervising operations subject to BLM mineral leasing operations and that person will also make a good faith effort to contact the authorized official by telephone and other appropriate means, to facilitate BLM review of the order and determine the need for further action.
- 4. 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.
- 5. 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.
- 6. This lease does not authorize geophysical tests or other geophysical activities on the leased area. The lessee must obtain a separate written approval for geophysical activities from the Real Estate Contracting Officer, U. S. Army Corps of Engineers, Tulsa District prior to engaging in such activities on the lease area.
- 7. This lease does not authorize the lessee to occupy the surface of the lease area. Specific written approval to use, enter, or occupy the surface for any reason must be obtained separately from the Real Estate Contracting Officer, U. S. Army Corps of Engineers, Tulsa District prior to engaging in surface activities.
- 8. 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-mentioned project.
- 9. 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. 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.
- 11. The United State reserves the right to use the land jointly with the mineral 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.
- 12. All areas within 3,000 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.
- 13. 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 of these areas for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.
- 14. It is the responsibility of the lessee to identify and be aware of restricted areas and other areas where operations are prohibited.
- 15. The operator will immediately stop work and advise the District Engineer or his authorized representative if contamination is found in the operating area.

COE NSO SOMERVILLE LAKE-COE NSO Somerville Lake

1. NSO/ND - No Surface Occupancy and No Drilling

This stipulation applies to all Corps of Engineers (COE) fee ownership within 3,000 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.

2. NSO/DD - No Surface Occupancy, Open for Directional Drilling

This stipulation applies to all designated parks, recreation areas, public use areas, wildlife management areas, archeological and historical sites, trails and roads, and the lake surface at the conservation pool elevation of 238.0' N.G.V.D. Directional drilling is permitted from outside the identified areas where occupancy is allowed.

3. NSO/ELEV - No Surface Occupancy, Based on Elevation

This stipulation "No Surface Occupancy Based on Elevation," prohibits surface occupancy on all lands lying at or below the elevation of the spillway crest or tainter gate sill where alternative surface ownership is available within the same drilling unit. At Somerville Lake, the spillway crest is at elevation 258.0 feet 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 COE hydraulics engineering staff at 251.1 feet N.G.V.D.) or within 1,000 horizontal feet from the lake surface at the conservation pool elevation of 238.0 feet N.G.V.D. The purpose of this stipulation is to protect the integrity of Somerville Lake land and water resources.

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

Lake surface at conservation pool	11,464
Designated Parks/Recreation Areas	3,599
Wildlife Management Areas	8,180
Lake Operations	
Areas below 25-year frequency pool	To be determined
Archeological/Historical Sites	To be determined