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Bureau of Land Management

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**An Environmental Assessment
of Western General, Inc's
Application for a Permit to Drill
the Westgate 4-34 Oil Well**

File Numbers: N-85277

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1.0 INTRODUCTION

Western General, Inc. (Western General) has leased a parcel of Federal land for potential oil and gas development under the Mineral Leasing Act of 1920, as amended and supplemented, and Part 3100 of Title 43, Code of Federal Regulations (CFR). On July 29, 2013, the Bureau of Land Management, Tonopah Field Office (BLM-TFO) received an Application for a Permit to Drill (APD) from Western General proposing to drill the Westgate 4-34 well. The proposed well would be situated in Section 4, T. 9 N., R. 57 E., MDM, approximately 7 miles southwest of the town site of Currant in Railroad Valley, Nevada.

The approval of an APD is a federal action subject to analysis under the National Environmental Policy Act (NEPA) of 1969 (Public Law [PL] 1-91-190, as amended [42 United States Code (USC) 4321 *et seq.*]). The BLM-TFO has determined that an environmental assessment (EA) is required prior to the potential approval of the Westgate 4-34 APD. The EA will analyze the direct, indirect, and the cumulative impacts of the proposals to determine if significant impacts would occur that would require the development of an Environmental Impact Statement (EIS).

Purpose and Need

The purpose of the action is to provide Western General with authorized use of the public land managed by the BLM to drill the Westgate 4-34 well and develop associated infrastructure in compliance with the Federal Land and Policy Management Act of 1976 (FLPMA) and other applicable federal and state laws. The need for the action is to respond to Western General's APD to drill Westgate 4-34 on Oil and Gas lease N-85277 on which they have valid existing lease rights.

Land Use Plan Conformance

The Proposed Action is in conformance with the Tonopah Resource Management Plan (RMP) and Record of Decision approved on October 2, 1997.

The Fluid Minerals Objective in the Tonopah RMP (page 22) is, "To provide opportunity for exploration and development of fluid minerals such as oil, gas, and geothermal resources, using appropriate stipulations to allow for the preservation and enhancement of fragile and unique resources."

The proposal is within an area that is designated as "open to fluid minerals leasing subject to standard lease terms and conditions" (Tonopah RMP, page 22).

Relationship to Statutes, Regulations, Policy, Plans or Other EAs

BLM Onshore Order #1 was established pursuant to the authority prescribed in 43 CFR 3160. It requires that approval of all proposed exploratory, development, and service wells, and all required approvals of subsequent well operations and other lease operations be obtained in accordance with 43 CFR 3162.3-1, 3162.3-2, 3162.3-3, 3162.3-4 and 3162.5-1. Pursuant to 43 CFR 3101.1-2, a lessee shall have the right to use so much of the leased lands as is necessary

to explore for, drill for, mine, extract, remove and dispose of all the leased resource in a leasehold subject to: stipulations attached to the lease; restrictions deriving from specific, nondiscretionary statutes; and such reasonable measures as may be required by the authorized officer to minimize adverse impacts to other resource values, land uses or users not addressed in the lease stipulations at the time operations are proposed.

The exploration must be in conformance with all Nevada State and Federal requirements including, but not limited to, those of the BLM, State of Nevada Division of Minerals, State of Nevada Division of Environmental Protection, Nevada State Engineer, and the Federal Environmental Protection Agency.

Conformance with the Nye County Plan

The Proposed Action is in conformance with Nye County Policy Plan for Public Lands (2011, page 38) which states, “Oil and gas resources should be inventoried and development encouraged. Public lands with a high potential for oil or gas resources should not be withdrawn from exploration”.

Scoping and Public Involvement

Western General’s APD was made available for public review and comment in the public room of the Tonopah Field Office from July 30, 2013 to August 30, 2013.

Letters were sent to the Duckwater, Timbisha, and Yomba Shoshone Tribes informing them of the Proposed Action on July 12, 2013. On August 15, 2013, a BLM resource specialist met with a representative of the Duckwater Shoshone Tribe at the proposed project area. No resource concerns were expressed as a result of the field tour.

The Timbisha Shoshone Tribe declined to participate in field tour because they indicated that Railroad Valley is outside of the Tribe’s traditional homeland. Comments were received from the Yomba Shoshone Tribe on August 22, 2013. No resource concerns were expressed.

The Nevada Department of Wildlife (NDOW) was informed of the Proposed Action on July 9, 2013. Coordination with the NDOW resulted in the incorporation of mitigation measures and certain Standard Operating Procedures (SOPs) as presented in Appendices A and B.

2.0 THE PROPOSED ACTION AND ALTERNATIVES

The Proposed Action

Western General, Inc. (Western General) has leased a parcel of Federal land for potential oil and gas development under the Mineral Leasing Act of 1920, as amended and supplemented, and Part 3100 of Title 43, Code of Federal Regulations (CFR). On July 29, 2013, the Bureau of Land Management, Tonopah Field Office (BLM-TFO) received an Application for a Permit to Drill (APD) from Western General proposing to drill the Westgate 4-34 well. The proposed well would be situated in Section 4, T. 9 N., R. 57 E., MDM, approximately 7 miles south-southwest of the town site of Currant in Railroad Valley, Nevada.

The proposed wellhead would be located on a 1-acre gravel pad (250 x 175 ft.). The drilling mud would be contained in a reserve pit located outside of the well pad which would cover approximately 0.23 acres (100 x 100 ft.). Due to the low permeability of soils and the depth of the water table in this area (approximately 150 feet), the reserve pit would not be lined. The reserve pit would be fenced and netted to prevent access by wildlife, livestock, avian species and humans. Escape ramps, ladders or other methods of escape would be incorporated into the design. The proposed well would be drilled to an approximate depth of 6,000 feet.

Water for the drilling of the proposed oil well would be obtained from a well located in section 23, T. 9 N., R. 56 E., MDM. A waiver for the temporary use of the ground water must be obtained from the Nevada Division of Water Resources. Approximately 170,100 gallons of water would be used during drilling operations.

Access to the project area would be via a newly constructed road off of US Hwy 6. The proposed access road would be 290 feet long and 25 feet wide and would be graded to accommodate a 20-foot gravel running surface. No turnouts would be constructed on the access road. Western General has applied for an encroachment permit with the Nevada Department of Transportation (NDOT) in order to gain legal access through the 200-foot right-of-way (ROW) associated with US Hwy 6. In addition, AT&T Nevada was contacted to ensure that the construction of the access road across their 20-foot BLM ROW would not damage their underground fiber optic line.

Culverts would be installed and drainage ditches would be developed if determined necessary by the Authorized Officer. The total surface disturbance associated with the construction of the well pad, the reserve pit, and the construction of the new access road would be approximately 3.84 acres.

Western General would use a community gravel pit for the extraction of approximately 1,700 cubic yards of gravel needed for the construction of the well pad and the surfacing of the proposed access road. The community pit is located in section 36, T. 9 N., 57 E. Mount Diablo Meridian (MDM). The extraction of this quantity of gravel would require no surface disturbance beyond what was analyzed for this community pit under environmental assessment NV65-EA 95-61.

**Western General, Inc.
Westgate 4-34**

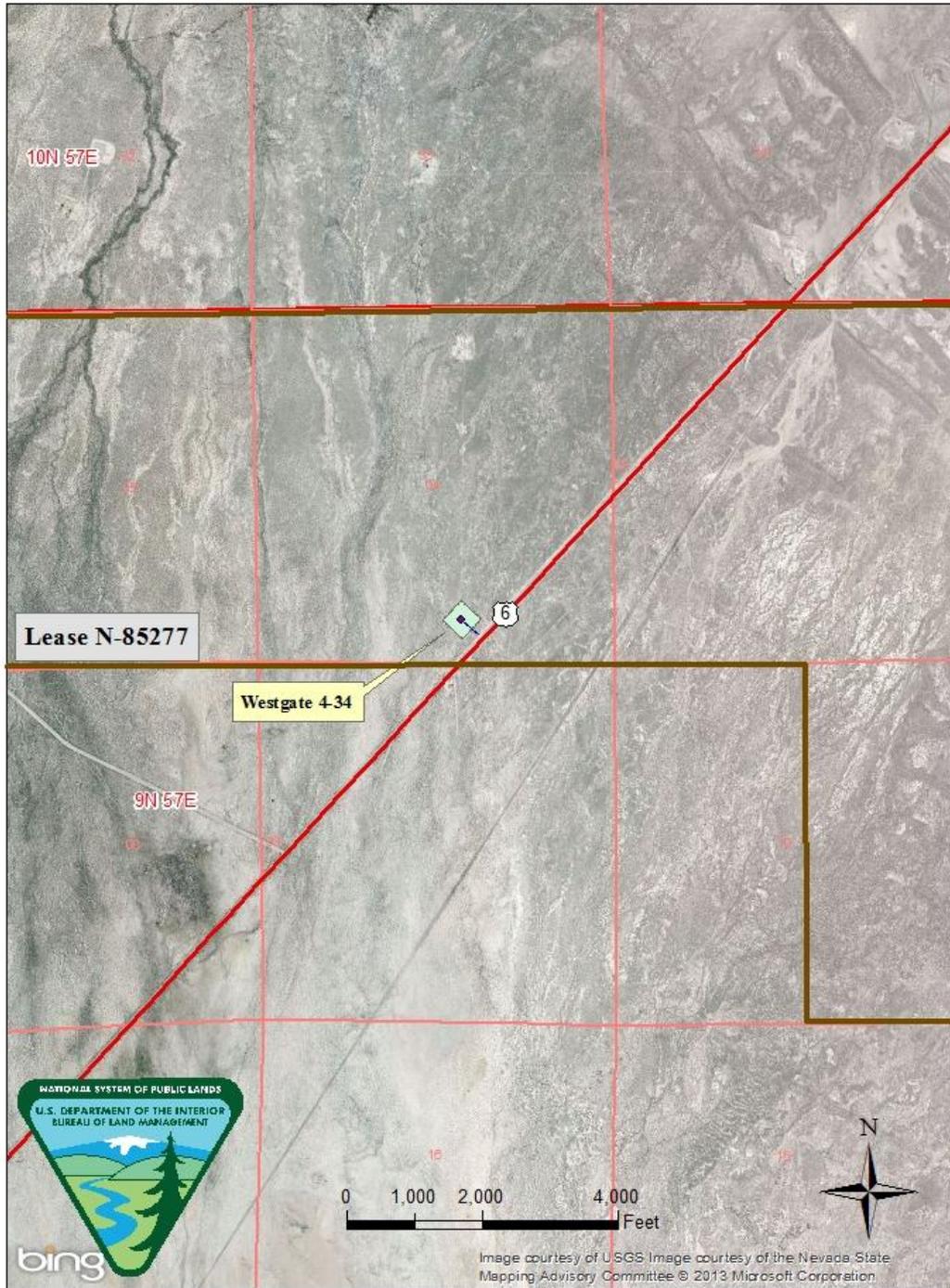


Figure 1. Locational map of the proposed oil well (1:24,000).

Western General, Inc. Westgate 4-34

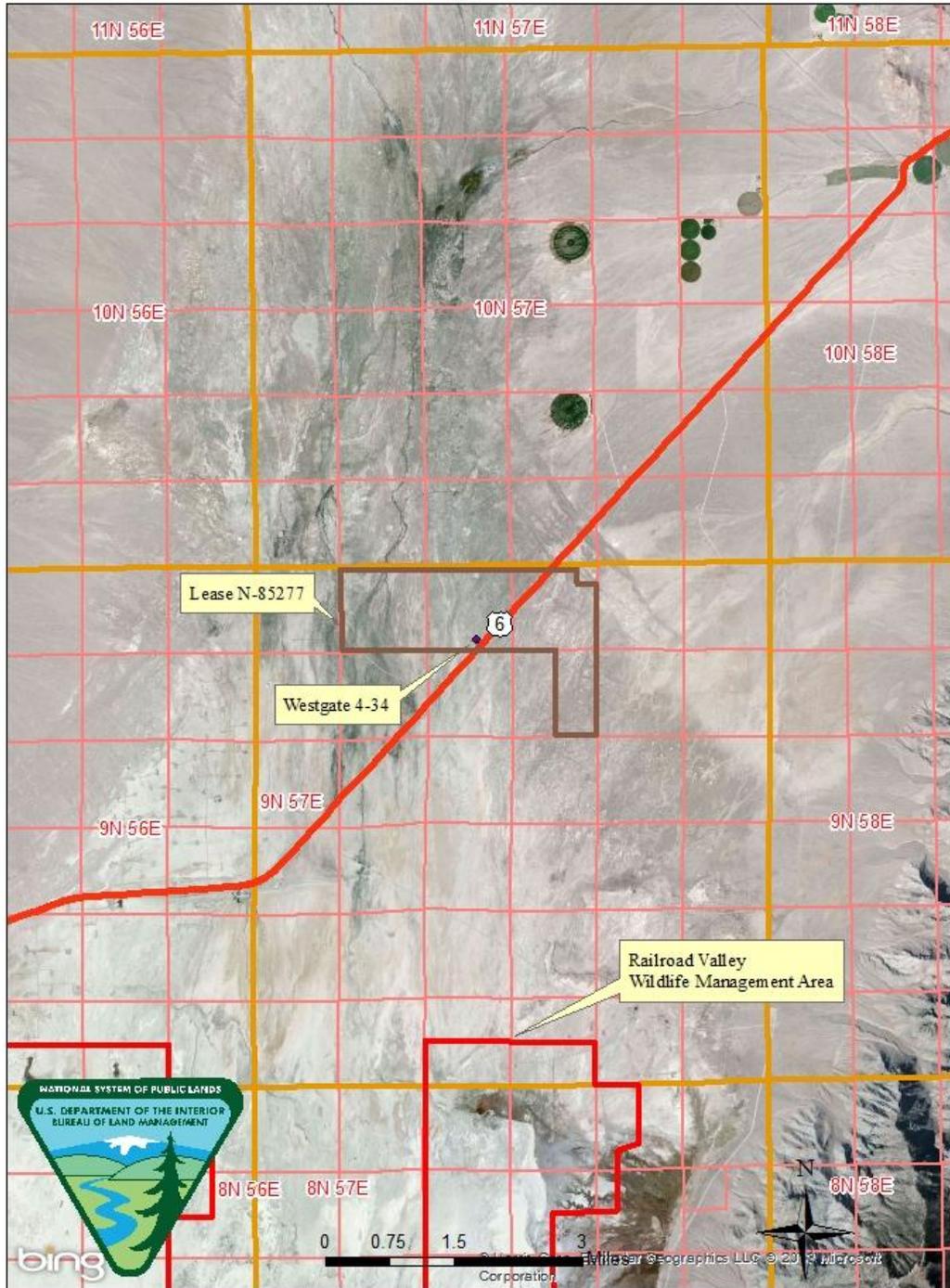


Figure 2. Locational map of the proposed oil well (1:100,000).

All authorized construction and reclamation would be consistent with the Gold Book (2007 ed.) and BLM Manual 9113 (Engineering Road Standards). Standard Operating Procedures (SOPs) and Conditions of Approval are presented in Appendix B. Lease-specific stipulations associated with Oil and Gas lease N-85277 are presented in Appendix C.

No Action Alternative

Under the No Action alternative, the BLM would not approve the APD for Western General to access and drill the proposed Westgate 4-34 oil well. BLM's authority to implement the No Action alternative is limited because oil and gas leases holders possess valid existing rights to explore and potentially develop their lease subject to the stipulations of the specific lease agreement. BLM can deny the APD if the proposal would violate lease stipulations, applicable laws and regulations and also can impose restrictions to prevent undue or unnecessary environmental degradation.

3.0 AFFECTED ENVIRONMENT AND ENVIRONMENTAL CONSEQUENCES

This section describes the current status of resources associated with the various supplemental authorities that may be affected by either the Proposed Action or No Action Alternative.

Supplemental Authorities

The NEPA is only one of many authorities that contain procedural requirements that pertain to treatment of elements of the environment when the BLM is considering a federal action. To comply with NEPA and these supplemental authorities, the BLM mandates that all EAs address specific elements of the environment that are subject to requirements specified in statute, regulation, or by Executive Order. Table 1 identifies the supplemental elements that must be addressed in all EAs and whether or not the Proposed Action potentially affects those elements. The supplemental elements that are “Present/May be Affected” will be analyzed.

Table 1. Supplemental Authorities Considered in the Analysis.				
Supplemental Authority¹	Not Present²	Present/Not Affected	Present/May be Affected³	Rationale
Air Quality		•		There would not be any potentially significant effects to the air quality associated with the implementation of the Proposed Action because the Standard Operating Procedures (SOPs) presented in Appendix B require dust abatement.
Area of Critical Environmental Concern (ACEC)	•			There are no ACECs within or near the area of the Proposed Action.
Cultural Resources	•			No cultural resources were identified during a Class III cultural survey of the well pad and access road.
Environmental Justice	•			No minority or low-income populations would be disproportionately affected by the Proposed Action.
Farmlands Prime or Unique	•			No prime or unique farmlands are located within the area of the Proposed Action.
Noxious Weeds/ Invasive Non-native Species	•			The Proposed Action would have little effect on noxious weed species because there are no weeds in the project area currently. In addition, the Proposed Action incorporates SOPs which commits Western General to prevent the

¹ See H-1790-1 (January 2008) Appendix 1 Supplemental Authorities to be Considered.

² Supplemental Authorities determined to be Not Present or Present/Not Affected need not be carried forward for analysis or discussed further in the document.

³ Supplemental Authorities determined to be present/May be Affected *must* be carried forward for analysis in the document.

Table 1. Supplemental Authorities Considered in the Analysis.

Supplemental Authority ¹	Not Present ²	Present/Not Affected	Present/May be Affected ³	Rationale
				establishment of weeds and eradicate them where they occur (Appendix B).
Native American Religious Concerns	•			The Proposed Action would not compromise the integrity of any known traditional, spiritual, cultural or ceremonial use area, nor would it limit or prevent access to any traditional or ceremonial sites that may be currently in use.
Floodplains	•			The proposed project is not located within a FEMA-designated 100-year flood zone.
Riparian/Wetlands		•		The nearest wetland is associated with Blue Eagle Spring which is located approximately 5.5 miles south of the proposed oil well. The water for drilling purposes would be pumped from a well in Trap Springs Field, 6 miles northwest of the spring. The 170,100 gallons proposed for use in the proposed drilling operations is a negligible amount of water at the aquifer scale and no effects are anticipated.
Threatened and Endangered Species		•		The proposed well site is 13 miles northeast of North and Reynolds springs which contain populations of the Railroad Valley springfish, a threatened species. However, there is no expectation that the waters in the spring would be affected by drilling of the proposed well since the water bearing zones in the oil well would be cemented and cased. The pumping of 170,100 gallons of water is not likely to have an effect either since this is a negligible amount of water at the aquifer scale.
Migratory Birds		•		The Proposed Action would not affect migratory birds because the mitigation measures presented in Appendix A contain timing limitations during the nesting season and require the survey for and avoidance of nests.
Waste – Hazardous/Solid		•		The operator or any contractor company working for the operator would have Material Safety Data Sheets (MSDS) available for all chemicals, compounds, or substances that are used during the course of drilling, completion, and production operations. Additionally, all chemicals would be handled in an appropriate manner to prevent leaks or

Table 1. Supplemental Authorities Considered in the Analysis.

Supplemental Authority ¹	Not Present ²	Present/Not Affected	Present/May be Affected ³	Rationale
				spills to the environment. Because the project operations would comply with all applicable federal and state laws concerning hazardous materials and the operator's Spill Prevention, Control, and Countermeasure Plan, and NTL-3A Reporting of Undesirable Events, there would be no impacts from hazardous or solid waste.
Water Quality		•		The Proposed Action would have little potential for affecting water quality of either surface or ground waters in the project area because the proposed oil well would be cased and cemented from the surface to near the bottom of the hole. After testing, the well would either be set up for production or the well would be shut in or plugged in accordance with BLM regulations and Nevada State laws. The State laws also require capping and containing artesian flow. The recirculated drilling fluids contained in the reserve pit would be handled according to State regulations.
Wild & Scenic Rivers	•			No wild and scenic rivers are located within the area of the Proposed Action.
Wilderness/Wilderness Study Areas/Lands with wilderness characteristics	•			The proposed project is located approximately 5.5 miles west of the Blue Eagle WSA, and 27 miles northeast of the Wall WSA. The project area was found to not possess wilderness characteristics based on a LWC inventory conducted in 2013.
Forests and Rangelands (HFRA only)	•			This project does meet the requirements to qualify as a HFRA project.
Human Health and Safety		•		Human health and safety would not be affected by the proposal because Western General is committed to the implementation of SOPs and Condition of Approval (Appendix B) which are designed, in part, to ensure human health and safety.

Other Resources Considered in the Analysis

Other resources of the human environment that have been considered for this environmental assessment (EA) are listed in the table below. Elements that may be affected are further described in the EA. Rationale for those elements that would not be affected by the Proposed Action and alternative is listed in the table below.

Table 1: Other Resources Considered in the Analysis.				
Other Resources	Not Present⁴	Present/Not Affected	Present/May be Affected	Rationale
Grazing Management		•		The Proposed Action would not result in a reduction in AUMs or any other effects to grazing management.
Land Use Authorizations		•		No new ROW would be granted by the BLM for the access road to the well pad as the access road is within lease N-85277. The access road crosses the NDOT's 200-ft ROW along Hwy 6 and AT&T's 20-foot ROW. Western General has informed NDOT of the proposed action and has applied for an encroachment permit with NDOT. The AT&T ROW was granted by BLM and an encroachment permit is not required. Discussions between AT&T and Western General indicate that the construction of the proposed access road will have no effect on their buried fiber optic line.
Minerals	•			There are no active, pending, or expired mining Plans of Operation or Notices, or active or pending sodium or potassium prospecting permits located within 4-mile radius of the proposed project.
Paleontological Resources	•			There are no fossil-bearing formations outcropping in the area of the Proposed Action.
Recreation		•		There are only dispersed recreational resources in the project area. Impacts to dispersed recreational opportunities (hiking, horseback riding, bird watching, and hunting) would be very slight and temporary.
Socio-Economic Values	•			The Proposed Action would take place over the course of 2-3 weeks and would not be expected to create new jobs or significant revenues for local

⁴ Other Resources determined to be Not Present or Present/Not Affected need not be carried forward for analysis or discussed further in the document based on the rationale provided.

Table 1: Other Resources Considered in the Analysis.				
Other Resources	Not Present⁴	Present/Not Affected	Present/May be Affected	Rationale
				communities.
Soils			•	See the discussion under the section titled, <i>Soils</i>
Special Status Species			•	See the discussion under the section titled, <i>Special Status Species</i> .
Vegetation			•	See the discussion under the section titled, <i>Vegetation</i> .
Visual Resources			•	See the discussion under the section titled, <i>Visual Resources</i> .
Wild Horses and Burros	•			No wild horse or burros are known to inhabit the project area.
Wildlife			•	See the discussion under the section, titled, <i>Wildlife</i> .

The supplemental elements that are not “Present/Not Affected” will not be discussed further, as there is no alternative that has the potential to affect these elements.

Soils

Affected Environment

The project area lies within the Cirac-Slaw-Nyserva Association. This complex covers approximately 12,681 acres surrounding the area of the Proposed Action. The soils representative of this complex are well drained. The surface texture is a sandy loam. The runoff is typically very low to high, water erodibility is slight and wind erodibility is slight to moderate.

Environmental Consequences of the Proposed Action on Soils

The construction of 290 feet of proposed road, 1 well pad and a reserve pit would disturb 3.84 acres of the Rustigate-Nuyobe-Kawich Complex. These actions would result in an increase in wind and water erosion potential due to the removal of vegetation and the disturbance of surface soils.

These effects are not likely to be substantial because the area is generally flat, gravel would be used in well pad and road construction and water would be used to abate dust. Use of the proposed road and the construction of the well pad would result in soil compaction which would be alleviated during reclamation.

Environmental Consequences of the No Action Alternative on Soils

Under the No Action alternative, there would be no affects to soil.

Special Status Species

Affected Environment

A search of the Nevada Natural Heritage Program (NNHP) database indicates that no special status plant species have been identified within a mile of either the proposed access road or the proposed well pad location. The only known special status animal species that could inhabit the area are Bald and Golden Eagles.

Eagles

Although Bald eagles have not been documented within the project area, they have been observed in other portions of Railroad Valley. In June of 2011, three probable Golden eagle nests were identified in the Grant Range, approximately six miles east of the project area. Golden eagle use Railroad Valley as foraging habitat.

Environmental Consequences of the Proposed Action on Special Status Species

Due to the relatively short duration of the project and the distance to the proposed developments, no direct effects to nesting Golden eagles are anticipated. The temporary disturbance of 3.84 acres would not result in a significant loss of foraging habitat. Further, there is a sufficient amount of foraging habitat in Railroad Valley surrounding the project area. Effects may include temporary displacement from or avoidance of the project area due to increased noise and traffic.

Environmental Consequences of the No Action Alternative on Special Status Species

Under the No Action alternative, there would be no effects to the Bald or Golden eagles or their habitat.

Vegetation

Affected Environment

The project area is mapped as a Sodic Terrace 5-8", R029XY024NV, ATCO-SAVE4/ACHY. Vegetation in the project area is typically characterized by Shadscale, Indian Ricegrass and Black Greasewood. Other vegetation includes Bottlebrush Squirreltail, Bud Sagebrush, and Fourwing Saltbrush. Vegetative cover ranges from 10 to 20 percent. This vegetation is typical of the Cirac-Slaw-Nyserva Association which covers 12,681 acres in and around the project area. Average production (dry weight) for this Ecological Site is 350 pounds per acre.

Environmental Consequences of the Proposed Action on Vegetation

Implementation of the Proposed Action would result in the temporary removal of vegetation across an area of approximately 3.84 acres. Due to the temporary, small-scale nature of the removal, impacts to the vegetation community would be minimal. Reclamation and re-seeding

after the drilling of the well would enable the re-establishment of native vegetation within several years.

Environmental Consequences of the No Action Alternative on Vegetation

Under the No Action alternative, there would be no change to the existing vegetation.

Visual Resources

Affected Environment

The project area is located in a Class IV Visual Resource Management (VRM) area. The Class IV objective allows for contrasts that may attract attention and be a dominant feature of the landscape, however, the change should repeat the basic elements inherent in the characteristic landscape. The level of change to the characteristic landscape can be high.

Environmental Consequences of the Proposed Action on Visual Resources

The drill rig would be visible and the operation likely noticeable in the foreground-middleground zone of three to five miles during drilling operations. At greater distances, the drill rig would fall into the background zone and be less discernible due both to distance and the varying patterns of the mountainous background.

These activities are within the allowable limits of Class IV Visual Resource Management areas identified in the Tonopah RMP and Record of Decision, dated October 1997.

Environmental Consequences of the No Action Alternative on Visual Resources

Under the No Action alternative, there would be no change to the existing visual environment.

Wildlife

Affected Environment

Pronghorn antelope occur in the general area. There is also the basic component of non-game species of lizards, birds, and rodents throughout the project area.

Most of Railroad Valley, including the project area and adjacent areas may provide important foraging habitat for a number of raptors including rough-legged hawks and Northern harriers.

Environmental Consequences of the Proposed Action on Wildlife

The construction of approximately 290 feet of road and a well pad would disturb approximately 3.84 acres of habitat which would result in a minimal impact to local wildlife populations. However, vast amounts of similar habitat located adjacent to the proposed project area would provide sufficient forage and escape cover.

Wildlife mortalities on the short access road are expected to be minimal. However, temporary displacement or avoidance by wildlife may occur. Impacts to wildlife from vehicle traffic and increased noise would be short-term due to the temporary nature of the project.

Fluids produced during drilling would be directed to a fenced reserve pit. The proposed well would include blow-out preventers that are designed to prevent the release of hydrocarbon-contaminated fluids to the environment. Therefore, there would be minimal potential for wildlife to encounter any hazardous materials during drilling or operations.

Environmental Consequences of the No Action Alternative on Wildlife

Under the No Action alternative, there would be no change to the existing wildlife populations or their habitat.

4.0 CUMULATIVE EFFECTS

The Council on Environmental Quality (CEQ) regulations for implementing NEPA (40 CFR 1508.7) define cumulative impacts as:

“ . . . the impact on the environment which results from the incremental impact of the action when added to other past, present, or reasonably foreseeable future actions regardless of what agency (Federal or non-Federal) or person undertakes such actions. Cumulative impacts can result from individually minor but collectively significant actions taking place over a period of time.”

The following analysis identifies past, present, or reasonably foreseeable future actions which, together with the proposed project, may incrementally impact the environment. In order to provide structure to the analysis, a geographic scope and a timeframe were established. The geographic scope or the Cumulative Effects Study Area (CESA) is the distribution of the Cirac-Slaw-Nyserva Complex soil association and associated vegetation types. The CESA covers approximately 12,681 acres in the area of the Proposed Action. This CESA was selected because it represents the maximum spatial extent of the resources that would be impacted by the Proposed Action.

A 5-year timeframe, both in the past and into the future, was selected for the analysis. This timeframe for considering cumulative effects was selected because it represents the maximum amount of time that effects associated with the Proposed Action are likely to persist.

Past and Present Actions

Past and present actions that have occurred or are occurring in the CESA include dispersed cattle ranching. The CESA is located within the Blue Eagle Allotment. The Blue Eagle allotment is permitted for 220 head of cattle from 3/1-3/15, one cow from 5/15-6/14, and 226 cattle from 6/15-2/28. Actual use is usually lower than the permitted numbers. No oil exploration has occurred in the CESA in the last 5 years.

Reasonable Foreseeable Future Actions (RFFA's)

Other than the continuation of highly dispersed cattle grazing, there are no reasonably foreseeable future actions anticipated in this area during the 5-year timeframe under consideration. At this time, there are no proposals for additional exploration drilling or other types of projects, pending decisions, nor allocated funding for land management actions in the CESA.

Cumulative impacts associated with past, present, and reasonably foreseeable future actions

Cumulative Impacts to Soils

Past and present grazing activity has resulted in localized areas of soil disturbance and

compaction where cattle congregate, such as trails, trough locations, springs and salting grounds. These impacts have increased wind and water erosion potential in these areas, especially on slopes. However, the dispersed nature of grazing, in general, and particularly areas of congregation, has limited the impact to relatively few intensively impacted areas within the CESA. Since cattle tend to congregate habitually, it is likely that the areas that have been impacted in the past will be repeatedly impacted into the foreseeable future.

As described in the section titled, *Soils*, the Proposed Action would temporarily disturb 3.84 acres of surface soils due to access road and well pad construction, increasing erosion potential in these areas. Once reclamation and seeding are completed, the project area should return to a natural condition, which could take several years.

Taken together, the cumulative impact to soils associated with past, present and reasonably foreseeable future actions have been minor. Although there are some localized areas of increased erosion potential and compaction, the intensity of the impact has been, and will remain, very low because so few acres have been impacted relative to the size of the CESA.

Cumulative Impacts to Special Status Species

Past and present grazing activity has destroyed or disturbed potential foraging habitat for Golden Eagles in localized areas of intensive use. These impacts are not likely to increase in the foreseeable future because the areas of intensive use tend to remain more or less static, especially over the short-term (i.e., 5 years).

The Proposed Action would temporarily remove an additional 3.84 acres. It is reasonably foreseeable that the impact would be reduced and eventually eliminated once reclamation activities are completed.

The intensity of the cumulative impact to Golden Eagle foraging habitat associated with past, present and reasonably foreseeable future actions have been, and will continue to be, very low because such a small area of foraging habitat has been, or will be, impacted relative to the total available foraging habitat in the CESA.

Cumulative Impacts to Vegetation

Past and present grazing activities has resulted in the denuding of vegetation in areas of intensive use including trails, trough locations and salting grounds. Though native vegetation is unlikely to return to these areas due to repeated intensive use, they tend to be dispersed widely across the landscape which reduces the intensity of the collective effect.

The Proposed Action would temporarily remove an additional 3.84 acres of vegetation. It is reasonably foreseeable that the impact would be reduced and eventually eliminated once reclamation activities are completed.

Consider together, the intensity of the cumulative impacts to vegetation associated with past, present and reasonably foreseeable future actions would be very slight because such a small

amount of the vegetation has been impacted relative to the total amount of vegetation in the CESA.

Cumulative Impact to Visual Resources

Past and present grazing activity has resulted in few impacts to visual resources because areas of intensive grazing activity, where impacts are most likely to occur, are widely dispersed across the CESA. While there are some cases where intensive grazing activity may be seen in the foreground zone, especially from roads, these would be uncommon. At greater distances, evidence of intensive grazing activity would not likely be seen at all. Since it is typical for areas of intensive grazing activity to remain consistent through time, it is not likely that impacts to visual resources would accumulate substantially over the next 5 years.

The drill rig associated with the Proposed Action would be visible and the operation likely noticeable in the foreground-middleground zone of three to five miles during drilling operations. At greater distances, the drill rig would fall into the background zone and be less discernible due both to distance and the varying patterns of the mountainous background. The visual impact would be cumulative to visual impacts associated with grazing activity only for the duration of drilling activity when the drill rig would be removed.

Impacts to visual resources associated with past, present and reasonably foreseeable actions are not likely to accumulate because the same areas of intensive grazing activity would likely be used over the 5-year period and impacts from oil exploration would be temporary.

Cumulative Impacts to Wildlife

Impacts associated with past, present and reasonably foreseeable grazing activity has been minor would be minor. While there has been, and would be, some competition between wildlife and cattle for forage and water, there are ample amounts of these resources within the CESA to accommodate both.

Given its temporary nature, the Proposed Action is unlikely to contribute in any substantial way to cumulative impacts to wildlife. Construction of the access road and drill pad and increased vehicular traffic in the vicinity of an active drilling operation could temporarily impede the passage of a variety of wildlife that may pass through the area. However, the short duration of these activities and subsequent reclamation of disturbed areas would eliminate any long-term cumulative impact to wildlife.

5.0 TRIBES, PERSONS, ORGANIZATION, or AGENCIES CONSULTED

Duckwater Shoshone Tribe
Timbisha Shoshone Tribe
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Appendix A

Mitigation Measures

Mitigation Measures

The operator will notify the Bureau of Land Management (BLM) authorized officer and nearest Fish and Wildlife Service (FWS) Law Enforcement office within 24 hours, if the operator discovers a dead or injured federally protected species (i.e., migratory bird species, bald or golden eagle, or species listed by the FWS as threatened or endangered) in or adjacent to a pit, trench, tank, exhaust stack, or fence. (If the operator is unable to contact the FWS Law Enforcement office, the operator must contact the nearest FWS Ecological Services office.)

The operator will minimize or preclude releases of oil into open pits. Unless the authorized officer approves the release, no oil should go into a pit except in an emergency. The operator must remove any accumulation of oil or condensate in a pit within 48 hours of discovery.

The operator will design, construct, and maintain enclosure fencing for all open cellars and pits containing freestanding fluids to prevent access to livestock and large forms of wildlife such as deer, elk, and pronghorn. At a minimum, the operator will adequately fence all fluids pits and open cellars during and after drilling operations until the pit is free of fluids and the operator initiates backfilling. The operator will maintain the fence in order to protect public health and safety, wildlife, and livestock.

Adequate fencing includes all of the following:

- a. Construction materials will consist of steel and/or wood posts. Use a fence with five separate wires (smooth or barbed) or hog panel (16-foot length by 50-inch height) with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Do not use electric fences.
- b. Set posts firmly in the ground. Stretch the wire, if used, tightly and space it evenly, from the ground level to the top wire, effectively keeping out animals. Tie hog panels securely into posts and to one another using fence staples, clamps, etc. Construct the fence at least 2 feet from the edge of the pit.
- c. For reserve pits, fence all four sides as soon as the pit is constructed. Reconstruct any damage to the rig side of the fence immediately following release of the drilling rig.
- d. Maintain the erect fences in adequate condition until the pit has been closed.

The operator will prevent wildlife and livestock access (including avian wildlife) to fluids pits that contain or have the potential of containing salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, surfactants, or Resource Conservation and Recovery Act-exempt hazardous substances. At a minimum, the operator will install approved netting in these circumstances, in accordance with the requirements below, immediately following release of the drilling rig. **Note:** The BLM does not approve of the use of flagging, strobe lights, metal reflectors, or noisemakers as techniques for deterring wildlife.

Minimum Netting Requirements: The operator will:

- a. Construct a rigid structure made of steel tubing or wooden posts with cable strung across the pit at no more than 7-foot intervals along the X- and Y-axes to form a grid of 7-foot squares.
- b. Suspend netting a minimum of 4 to 5 feet above the pit surface.
- c. Use a maximum netting mesh size of 1½ inches to allow for snow loading while excluding most birds in accordance with Fish and Wildlife Service recommendations. Refer to: <http://www.fws.gov/mountain-prairie/contaminants/contaminants1c.html>.
- d. Cover the top and sides of the netting support frame with netting and secure the netting at the ground surface around the entire pit to prevent wildlife entry at the netting edges. **Note:** Hog wire panels or other wire mesh panels or fencing used on the sides of the netting support frame is ineffective in excluding small wildlife and songbirds unless covered by smaller meshed netting.
- e. Monitor and maintain the netting sufficiently to ensure the netting is functioning as intended, has not entrapped wildlife, and is free of holes and gaps greater than 1½ inches.

The operator will construct and maintain pits, cellars, open-top tanks, and trenches, that are not otherwise fenced, screened, or netted, to exclude livestock, wildlife, and humans (for example, lined, clean water pits; well cellars; or utility trenches) to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in pits, cellars, open-top tanks, or at frequent intervals along trenches where entrapment hazards may exist.

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock.

Any authorized construction and reclamation is to be consistent with the Gold Book (2007 ed.) and BLM Manual 9113 (Engineering Road Standards).

Any cultural or paleontological resource (historic or prehistoric site or object) or Native American human remains, funerary item, sacred object, or objects of cultural patrimony discovered by the permit holder, or any person working on their behalf, during the course of the road and pad construction, shall be immediately reported to the Authorized Officer by telephone, with written confirmation. The permit holder shall suspend all operations in the immediate area of such discovery and protect it until an evaluation of the discovery is made by the Authorized Officer.

For cultural resources other than Native American human remains, funerary item, sacred object, or objects of cultural patrimony, this evaluation will determine the significance of the discovery and what mitigation measures are necessary to allow activities to proceed. The holder is responsible for the cost of evaluation and mitigation. Any decision on treatment and/or mitigation will be made by the Authorized Officer after consulting with the permit holder. Operations may resume only upon written authorization to proceed from the Authorized Officer.

If the well is dry, the proponent will paint the dry hole marker with Covert Green Paint or install the marker below grade to mitigate the effects to visual resources.

Upon the proper plugging and abandonment of the well, the proponent would remove as much gravel as practicable from the proposed well pad and scarify the area and remove gravel to grade and scarify the access road.

If the gravel to construct the proposed road and drill pad is removed from a nearby abandoned well site and access road, the previously disturbed site would be scarified prior to vacating the site.

The impacts to sensitive and migratory bird species would be reduced or eliminated by one of the following mitigation measures:

1. Construction activities would be limited to August 1 through February 29, or
2. If construction or other ground disturbing activities would occur during March 1 to July 31, a survey for all migratory bird species, including the snowy plover and burrowing owl, would be required to be completed by a certified wildlife biologist (approved by the BLM) prior to ground disturbing activities. If active migratory bird nests were found, avoidance of the nest location with a 300-foot radius buffer during construction would be required.

Utilize consistent lighting mitigation measures that follow “Dark Sky” lighting practices.

Effective lighting should have screens that do not allow the bulb to shine up or out. All proposed lighting shall be located to avoid light pollution onto any adjacent lands as viewed from a distance. All lighting fixtures shall be hooded and shielded, face downward, located within soffits and directed on to the pertinent site only, and away from adjacent parcels or areas.

A lighting plan should be submitted indicating the types of lighting and fixtures, the locations of fixtures, lumens of lighting, and the areas illuminated by the lighting plan.

Any required FAA lighting should be consolidated and minimized wherever possible.

Utilize consistent mitigation measures that address logical placement of improvements and use of appropriate screening and structure colors. Existing utility corridors, roads and areas of disturbed land should be utilized wherever possible. Proliferation of new roads should be avoided. For example, the use of compatible paint colors on structures reduces the visual impacts of the built environment. Using screening, careful site placement, and cognitive use of

earth-tone colors/materials that match the environment improve the user experience for others who might have different values than what is fostered by built environment activities.

Appendix B

Standard Operating Procedures and Conditions of Approval

Standard Operating Procedures (SOP's) associated with the Proposed Action

The operator shall obtain and maintain all necessary State of Nevada permits as well as local permits applicable to drilling the well.

The operator shall stockpile a volume equivalent to at least 8 inches of topsoil from the access road, pad and reserve pit for use in reclamation.

Maximum width of any road, including drainage ditches and berms, is 30 feet. Culverts and turnouts may be installed if deemed necessary by the Field Manager, Tonopah Field Office.

A 15-mph speed limit shall be required for all project vehicles on the project site and unposted access roads. Water shall be the exclusive means to control dust, no dust pallatives shall be used.

The mud pit shall be fenced on three sides during drilling. Upon completion of the well, when the site is not occupied, the fourth side of the pit shall be fenced. The pit shall remain fenced until reclaimed (see Appendix A).

Trash shall be contained on-site and hauled to an approved landfill. Burial of trash on-site is not permitted.

Portable toilets shall be used for human waste. The latter may not be chemically treated or buried on site.

Any additives to the drilling mud that are considered hazardous substances will be stored in appropriate containment to prevent site contamination.

Upon abandonment, the operator shall:

Remove all trash and debris from the site and dispose of it properly.

Recontour the mud pit to as near original grade as possible, and spread stockpiled topsoil over the covered pit.

If installed, all culverts shall be removed.

The operator shall rehabilitate the drill pad and new access road by stripping as much gravel as possible from the pad and travel surface of the road and re-contour. The operator shall also reduce the berm and cover any remaining gravel with the soil from the access road, pad, and mud pit excavation. The access road and the drill pad will be scarified and re-seeded with the BLM recommended seed mix.

Existing roads that are improved shall be reclaimed to their original condition. Berms shall be reduced and all widths in excess of the original width shall be scarified and revegetated.

Interim reclamation of the drill pad and mud pit, reducing the surface disturbance to the minimum area required to place a workover rig on the site, will be required within 1 year if the

well is a producer.

All reclamation of the disturbed areas shall be completed within one (1) year from the date of the proper plugging and abandonment of the well.

The Authorized Officer of the Bureau of Land Management shall be notified in writing when reclamation operations commence and when reclamation is completed and shall accept the reclamation in writing.

Conditions of Approval (COA's)

A Tonopah Field Office representative shall be contacted for a verbal approval prior to commencing remedial work, plugging operations on newly drilled boreholes, changes within the drilling plan, changes or variances to the BOPE, deviating from conditions of approval, and conducting other operations not specified within the APD. Please contact Tim Coward at 775-482-7801 for verbal approvals. The secondary contact is Mark Ennes who may be reached at 775-482-7835.

If a well control issue arises (e.g. kick, blowout, or water flow), the Authorized Officer (AO) shall be notified within 24 hours from the time of the event.

The BOPE shall be installed, tested and operated in conformance with (to) Order #2 for a 2M system.

Onshore Order No. 2, Drilling Operations, requires that all formations containing usable quality water (less than 10,000 ppm) be protected via cement. If encountered while drilling below the surface casing shoe yet above the anticipated cement top for the usable quality water would require protection by bringing the cement at least $\pm 200'$ above the usable quality water zone. Results (cementing reports, CBL, depth of flow, rate of flow, water quality, if available, etc.) will be reported to the BLM. Any necessary remedial operations will be conducted prior to drilling out that casing shoe.

Prior approval will be required if the operator drills beyond the depth indicated in the APD.

Due to the proximity to aquatic wildlife habitat, no hydraulic fracturing (i.e., fracing) shall be permitted.

If the well is productive and it is determined that the reservoir extends beyond the lease boundary a Communization Agreement will be set up.

A CBL shall be run (from TD to 200' above the TOC) and an electronic copy submitted to the AO. If the TOC is lower than required or the cement sheath is of poor quality, then, within 48 hours from running the CBL, a BLM petroleum engineer shall be notified for further instruction.

After running and cementing the production casing and in order to determine cement top and quality a cement bond log, cement evaluation tool, or equivalent shall be run. Results will be

reported to BLM, Attn: Tonopah Field Office. Any necessary remedial operations will be conducted prior to drilling out of the casing shoe.

Submit the (a) mud/drilling log (e.g. Pason disc), (b) driller's event log/operations summary report, (c) production test volumes, (d) directional survey, and (e) Formation Integrity Test results with the well completion report. Please contact the AO for clarification.

In accordance with 43 CFR 3162.4(b), the operator shall submit a complete set of electrical/mechanical logs in .LAS format or hard copies with standard Form 3160-4, Form 3260-4 Well Completion or Recompletion Report and Log. Please contact John Menghini at 775-861-6573 if there are any questions.

Two copies of all logs, and a single copy of core descriptions, core analyses, drill stem tests, well-test data, geologic summaries, sample descriptions, and all other surveys or data obtained and compiled during the drilling and/or completion operations shall be submitted to the BLM, Tonopah Field Office.

Daily drilling and completion progress reports shall be submitted to the BLM, Nevada State Office and Tonopah Field Office on a daily basis, and shall include daily mud reports, details of casing that has been run and its cementing, water flows, lost circulation zones, hydrocarbon shows and other information that describes drilling conditions.

A formation integrity test shall be performed at the surface casing shoe. Prior to drilling more than 20 feet below the shoe, the test shall expose the shoe to the minimum mud weight equivalent necessary to control anticipated pressure at the next casing point or total depth.

Gamma Ray Log shall be run from total depth to surface.

All cement bond logs shall be run by the logging company at zero pressure. Logs determined to be run under pressure shall be re-run.

Nevada State Office personnel shall be contacted for approval prior to running non-API Standard casing downhole. Please contact John Menghini at 775-861-6573 with the specifications and manufacturer of the pipe, and a decision will be made whether the pipe can be used.

Prior to running used or reconditioned API-grade casing downhole, a petroleum engineer in the Nevada State Office shall be contacted to obtain approval. Approval will be granted if the pipe has been tested and shown to have retained 87½ (or greater) of its original wall thickness.

Appendix C

Lease-specific Stipulations

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial Number
NYN085277

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (page 2) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-379), or _____ (office)

READ INSTRUCTIONS BEFORE COMPLETING

1. Name: MAKOIL INC
Street: 500 N RAINBOW BLVD #300
City, State, Zip Code: LAS VEGAS, NV 89107

2. This application/offer/lease is for: (Check Only One) PUBLIC DOMAIN LANDS ACQUIRED LANDS (percent U.S. interest _____)

Surface managing agency (if other than Bureau of Land Management (BLM)): _____ Unit/Project: _____

Legal description of land requested: *Parcel No.: _____ *Sale Date (mm/dd/yyyy): _____

*See Item 2 in Instructions below prior to completing Parcel Number and Sale Date.
T. _____ R. _____ Meridian State County

Amount remitted: Filing fee \$ _____ Rental fee \$ _____ Total acres applied for _____
Initial \$ _____

DO NOT WRITE BELOW THIS LINE

Land included in lease:
T. 0090N R. 0570E Meridian MDM State NV County Nye
Sec. 003 LOTS 2-4;
003 S2N2,S2;
004 LOTS 1-4;
004 S2N2,S,W/2SE,SESE,
005 LOTS 1-4;
005 S2N2,S2;
010 E2;

Total acres in lease: 2179.27
Rents retained \$ 3270.00

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 2 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated which are not inconsistent with lease rights granted or special provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 31211 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term:

Noncompetitive lease (ten years)

THE UNITED STATES OF AMERICA

by ATANDA CLARK

(BLM)

Competitive lease (ten years)

Chief, Branch of Minerals Adjudication JUN 25 2008
(Title) (Date)

Other _____

EFFECTIVE DATE OF LEASE 07 - 1 2008

(Continued on page 2)

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens, a municipality, or a corporation organized under the laws of the United States or of any State or Territory thereof, (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities, (3) offeror's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,000 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options), (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located, (5) offeror is in compliance with reclamation requirements for all oil and gas lease holdings provided in sec. 2(n)(2)(A) of the Mineral Leasing Act, (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act, and (7) offeror is not in violation of sec. 41 of the Act. (b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments.

Only executed this _____ day of _____, 20_____
 (Signature of Lessee or Attorney-in-fact)

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

LEASE TERMS

1. **Rentals**—Rentals must be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:
 (a) Noncompetitive lease, \$1.50 for the first 5 years; thereafter \$2.00;
 (b) Competitive lease, \$1.50; for the first 5 years; thereafter \$2.00;
 (c) Other, see attachment, or as specified in regulations at the time this lease is issued.

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

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

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

- (a) Noncompetitive lease, 12 1/2%;
- (b) Competitive lease, 12 1/2%;

Other, see attachment; or

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

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

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

An interest charge will be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (50 U.S.C. 1701). Lessee must be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

(Continued on page 3)

(Form 3100-11, page 2)

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

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

Sec. 5. Documents, evidence, and inspection-Lessee must file with proper office of lessor, not later than 30 days after effective date thereof, any contracts or evidence of other arrangements for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee must furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or otherwise lost. Lessor may be required to provide plots and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee must keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee must keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee must maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports costs incurred as manufacturing, preparation, and/or transportation costs. All such records must be maintained in lessee's accounting offices for future audit by lessor. Lessee must maintain detailed records for 6 years after they are generated or, if an audit or investigation is underway, until release of the obligation to maintain such records by lessor.

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

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

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

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

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

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

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

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

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

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

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

Sec. 13. Proceedings in case of default-If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease will be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of oilfield substances in paying quantities. This provision will not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver will not prevent later cancellation for the same default occurring at any other time. Lessee will be subject to applicable provisions and penalties of FDCRMA (30 U.S.C. 1791).

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

(Continued on page 4)

(Form 3100-11, page 3)

A. General:

1. Page 1 of this form is to be completed only by parties filing for a noncompetitive lease. The BLM will complete page 1 of the form for all other types of leases.

2. Entries must be typed or printed plainly in ink. Offeror must sign item 4 in ink.

3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 182.2-1 for office locations.

4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Special:

Item 1-Enter offeror's name and billing address.

Item 2-Identify the mineral status and, if acquired lands, percentage of Federal ownership of applied for minerals. Indicate the agency controlling the status of the land and the name of the unit or Project which the land is a part. The same offer may not include both Public

Domain and Acquired lands. Offeror also may provide other information that will assist in establishing title for minerals. The description of land must conform to 43 CFR 3110. A single parcel number and Sale Date will be the only acceptable description during the period from the first day following the end of a competitive process until the end of that same month, using the parcel number on the List of Lands Available for Competitive Nominations or the Notice of Competitive Lease Sale, whichever is appropriate.

Payments: The amount submitted must include the filing fee and the first year's rental at the rate of \$1.50 per acre or fraction thereof. The full rental based on the total acreage applied for must accompany an offer even if the mineral interest of the United States is less than 100 percent. The filing fee will be returned as a service charge even if the offer is completely rejected or withdrawn. To protect priority, it is important that the rental submitted be sufficient to cover all the land requested. If the land requested includes lots or irregular quarter-quarter sections, the exact area of which is not known to the offeror, rental should be submitted on the basis of each such lot or quarter-quarter section containing 64 acres. If the offer is withdrawn or rejected in whole or in part before a lease issues, the rental submitted for the parts withdrawn or rejected will be returned.

Item 3-This space will be completed by the United States.

NOTICES

The Privacy Act of 1974 and the regulations in 43 CFR 2.48(d) provide that you be furnished with the following information in connection with information requested by this oil and gas lease offer.

AUTHORITY: 50 U.S.C. 181 et seq.; 50 U.S.C. 351-359

PRINCIPAL PURPOSE: The information is to be used to process oil and gas offers and leases.

ROUTINE USES: (1) The adjudication of the lessee's rights to the land or resources. (2) Documentation for public information in support of nominations made on land status records for the management, disposal, and use of public lands and resources. (3) Transfer to appropriate Federal agencies when consent or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and/or file issued will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: If all the information is not provided, the offer may be rejected. See regulations at 43 CFR 3100.

The Paperwork Reduction Act of 1995 requires us to inform you that this information is being collected pursuant to the law.

This information will be used to create and maintain a record of oil and gas lease activity. Response to this request is required to obtain a benefit.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOUR STATEMENT: Public reporting burden for this form is estimated to average 1 hour per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0145), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop, 4011 S, Washington, D.C. 20240

ARCHAEOLOGICAL STIPULATION

Lands fall within the Tonopah RMP and the Archaeological Predictive Model, Management Plan and Treatment Plans for Northern Railroad Valley, Nevada. Operations must follow all applicable management prescriptions and laws. NEPA analysis, potential cultural resource mitigation and Native American consultation may delay timeliness of permit approvals.

	<u>Description of Lands</u>
PARCEL NV-08-06-026	T. 06 N., R. 56 E., MDM, Nevada sec. 10, ALL; sec. 15, N2.
PARCEL NV-08-06-027	T. 08 N., R. 56 E., MDM, Nevada sec. 01, S8NE,NWSE; sec. 11, SW; sec. 12, N2NE,SENE.
PARCEL NV-08-06-029	T. 09 N., R. 56 E., MDM, Nevada sec. 25, NWNE,N2NW,BWNW,NWSW.
PARCEL NV-08-06-031	T. 08 N., R. 57 E., MDM, Nevada sec. 05, Lots 1-2, S2NE,S2; sec. 06, Lots 1-7, S2NE,SENW,E2SW,SE; sec. 07, Lots 1,2, E2NW.
PARCEL NV-08-06-034	T. 09 N., R. 57 E., MDM, Nevada sec. 03, Lots 2-4, S2N2,S2; sec. 04, Lots 1-4, S2N2,SW,W2SE,SESE; sec. 05, Lots 1-4, E2N2,S2.
PARCEL NV-08-06-035	T. 09 N., R. 57 E., MDM, Nevada sec. 08, NESW; sec. 09, S2SW; sec. 11, N2NE; sec. 13, W2SW.
PARCEL NV-08-06-036	T. 09 N., R. 57 E., MDM, Nevada sec. 15, W2NE,E2NW,N2SW,SWSW; sec. 21, SW,NWSE; sec. 22, N2.

ARCH ZONE 1

ARCHAEOLOGICAL STIPULATION

Lands fall within the Toiyah RMP and the Archaeological Predictive Model, Management Plan and Treatment Plans for Northern Railroad Valley, Nevada. Operations must follow all applicable management prescriptions and laws. NEPA analysis, potential cultural resource mitigation and Native American consultation may delay timeliness of permit approvals.

	Description of Lands
PARCEL NV-08-06-025	T. 05 N., R. 55 E., MDM, Nevada sec. 23, E2; sec. 26, ALL.
PARCEL NV-08-06-026	T. 06 N., R. 56 E., MDM, Nevada sec. 10, ALL.
PARCEL NV-08-06-027	T. 08 N., R. 56 E., MDM, Nevada sec. 01, SENE, NWSE; sec. 11, SW; sec. 12, N2NE, SENE.
PARCEL NV-08-06-028	T. 08 N., R. 56 E., MDM, Nevada sec. 25, ALL; sec. 26, W2E2, SENE.
PARCEL NV-08-06-031	T. 08 N., R. 57 E., MDM, Nevada sec. 05, Lots 1, 2, S2; sec. 06, S2NE, SENW, E2SW, SE; sec. 07, Lots 3, 4, NE, E2NW, SESW, N2SE, SWSE; sec. 08, NE, NWNW, SENW, N2SE.
PARCEL NV-08-06-032	T. 08 N., R. 57 E., MDM, Nevada sec. 16, N2NW; sec. 17, SWNW, NWSW; sec. 18, Lots 1-4, E2E2, W2NE, E2W2; sec. 19, NENW, NESW.
PARCEL NV-08-06-033	T. 08 N., R. 57 E., MDM, Nevada sec. 21, NWNW; sec. 29, E2; sec. 30, Lot 1, E2NW.
PARCEL NV-08-06-034	T. 09 N., R. 57 E., MDM, Nevada sec. 03, Lots 2-4, S2N2, S2; sec. 04, Lots 1-4, S2N2, SW, W2SE, SESE; sec. 05, Lots 1-4, S2N2, S2.
PARCEL NV-08-06-035	T. 09 N., R. 57 E., MDM, Nevada sec. 08, NESW; sec. 09, S2SW; sec. 11, N2NE; sec. 13, W2SW.

ARCH ZONE 2
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PARCEL NV-08-06-036

T. 09 N., R. 37 E., MDM, Nevada
sec. 15, W2NE, E2NW, N2SW, SWSW;
sec. 21, SW, NWSE;
sec. 22, N2.

ARCH ZONE 2
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