

SPECIAL DRILLING STIPULATIONS
FOR THE EAST INDIAN BASIN OIL FIELD DEVELOPMENT

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATOR'S NAME SANTA FE SNYDER CORP WELL NAME & NO. #4 OLD RANCH CANYON "7" F.
LOCATION 1599' FNL & 1248' FWL SEC. 7, T. 22 S., R. 24 E.
LEASE NO. NM-81219 COUNTY EDDY

The special stipulations check-marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management (BLM) office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination, whichever is shorter.

I. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(✓) The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office at (505) 887-6544, at least three (3) working days prior to commencing construction.

() Roads and the drill pad for this well must be surfaced with a minimum of ___ inches of compacted caliche.

(✓) The holder shall comply with the terms, conditions, and stipulations for drilling sites in the Azotea Mesa portion of the East Indian Basin development area, as listed below (The stipulations are ordered as in Exhibit A—missing stipulations are not applicable to APDs):

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the rights-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on the rights-of-way (unless the release or threatened release is wholly unrelated to the rights-of-way holder's activity on the rights-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the well site, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever