

EXHIBIT "A"

STANDARD STIPULATIONS FOR SURFACE PIPELINE
RIGHTS-OF-WAY IN THE FARMINGTON RESOURCE AREA

1. All construction, maintenance and vehicular traffic is to be confined to the right-of-way.
2. No blading or mechanical clearing of vegetation will be allowed.
3. All pipeline(s) shall be buried to a depth of three (3) feet where it crosses any existing road. All pipelines shall also be buried to a depth of three (3) feet where they cross areas associated with existing roads (i.e. bar ditches, turnouts, etc...). The pipeline shall be marked with suitable signs on either side of the existing road.
4. If the pipeline is to be placed adjacent to an existing road, it shall be no closer than fifteen (15) feet from the road, or the bar-ditch of that road.
5. Plastic pipe shall not be allowed in the construction of a surface pipeline.
6. All design, material, construction, operation, maintenance and termination practices shall be in accordance with safe and proven engineering practices and industry standards.
7. The right-of-way shall be maintained by the grantee to the satisfaction of the local Bureau of Land Management Office. The maintenance shall be for the duration of the right-of-way grant.
8. Upon cancellation, relinquishment or expiration of this right-of-way, the grantee shall contact the BLM and comply with the abandonment procedures prescribed by the BLM, Albuquerque District Manager.
9. After all restoration stipulations have been complied with, a proof of construction letter shall be submitted to the authorized officer. Proof of construction letters shall be filed no later than one year after completion of construction.
10. The Holder agrees not to exclude any person from participating in employment or procurement activity connected with this grant on the ground of race, creed, color, national origin, and sex, and to ensure against such exclusions, the Holder further agrees to develop and submit to the proper reviewing official specific goals and timetables with respect to minority and female participation in employment and procurement activity connected with this grant. The Holder will take affirmative action to utilize business enterprises owned and controlled by minorities or women in its procurement practices connected with this grant. Affirmative action will be taken by the Holder to assure all minorities or women applicants full consideration of all employment opportunities connected with this grant. The Holder also agrees to post in conspicuous places on its premises which are available to contractors, subcontractors, employees, and other interested individuals, notices which set forth equal opportunity terms; and to notify interested individuals, such as bidders, contractors, purchasers, and labor unions or representatives of workers with whom it has collective bargaining agreements, of the Holder's equal opportunity obligations.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

Issuing Office

Albuquerque District

Serial Number

NM 65245

1. A (right-of-way) (~~PERMIT~~) is hereby granted pursuant to:

- a. Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761);
- b. Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185);
- c. Other (describe) _____

2. Nature of Interest:

a. By this instrument, the holder Robert L. Bayless, Box 168, Farmington, NM 87499 receives a right to construct, operate, maintain, and terminate a 2 7/8-inch above ground oil & gas pipeline on public lands (or Federal land for MLA Rights-of-Way) described as follows:

T. 30 N., R. 14 W., NMPM, New Mexico
Sec. 21, NE¹/₄NE¹/₄
22, W¹/₂NE¹/₄, N¹/₂NW¹/₄

(0.952 miles)

- b. The right-of-way or permit area granted herein is 50 feet wide, 5026.700 feet long and contains 5,770 acres, more or less. ~~IF THIS TYPE PERMIT, THE AREA CONTAINS XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
- c. This instrument shall terminate on December 11, 2016, 30 years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
- d. This instrument may may not be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental: For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:
- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations parts 2800 and 2880.
 - b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 180 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
 - c. Each grant issued pursuant to the authority of paragraph (1)(a) for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
 - d. The stipulations, plans, maps, or designs set forth in Exhibit(s) "A", dated October 22, 1986, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
 - e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
 - f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

<p>ROBERT L. BAYLESS (Signature of Holder)</p>	<p><i>Robert L. Bayless</i> (Signature of Authorized Officer)</p>
<p>Operator (Title)</p>	<p>Chief, Branch of Adjudication (Title)</p>
<p>November 26, 1986 (Date)</p>	<p>December 11, 1986 (Effective Date of Grant)</p>