

SPECIAL DRILLING STIPULATIONS

30-015-33878

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Dominion Oklahoma TX Expl. & Prod., Inc. Well Name & No. 1-Rio Bravo "32" Fed. Com.
 Location 1650 F S L & 1650 F E L Sec. 32, T. 18 S. R. 27 E.
 Lease No. NM-110346 County Eddy State New Mexico

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 office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 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. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) (x) Flood plain (stips attached) #1-8
 () San Simon Swale (stips attached) (x) Other SEE ATTACHED BOR STIPS

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(x) The BLM will monitor construction of this drill site. Notify the (x) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(x) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(x) Other. Deep bury salt leached reserve pit area of old pit area.

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/4 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

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|---|---|
| () A. Seed Mixture 1 (Loamy Sites) | () B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria macrostachya</i>) 2.0 |
| () C. Seed Mixture 3 (Shallow Sites) | () D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolus airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

No pits - closed
mud system

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other.

ATT: Van

Rio Bravo 32 Fed. Com. #1

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year floodplain. Dominion is seeking an exception to the "no occupancy" and "no surface disturbance" lease stipulations by implementing the following measures:

1. Open top metal tanks will be used to contain all drilling mud, fluids, cuttings, and other waste, instead of earthen lined reserve pits.
2. The contents of the metal tanks will be hauled to an approved disposal site on a regular basis. No drilling mud, fluids, cuttings, and/or other waste would remain at the well site.
3. An additional empty tank will be kept on site to be used for emergency salt water or brine containment in the event of a blow out.
4. A berm will be constructed around the tanks to contain any leaks or spills until they can be properly cleaned up.
5. A diversion ditch will be constructed along the east (uphill) side of the Rio Bravo 32 site to drain storm water away from the well pad.
6. A berm would be constructed along the north side and along the northern third of the west side of the Rio Bravo 32 well pad to help protect the wash that runs along the north side of the pad.
7. The tanks would be covered with bird netting to prevent birds and small mammals from getting into the tanks.
8. Once the wells are completed, construction crews will reduce the pad size from 2.07 acres to 1.4 acres. Caliche will be removed from the reclaimed portions of the pad.

60.934 ac less 2.477 ac

Any future development on either of the Rio Bravo 32 or Rio Bravo 5 leases is contingent upon positive results from either of these initial test wells. If further development of these leases is pursued beyond the initial test wells, Dominion would be required to create a master Plan of Development that would address full field development, including number of wells, miles of road, miles of pipeline corridors, and any other associated development.

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The proposed Palms 20 site is outside of the 200 meter buffer for the 100 year flood plain. Site development would include a 300 by 300 foot pad, a 200 foot access road, and if productive, an approximate 2,500-foot by 40 foot wide pipeline corridor which would be constructed along existing roads except for a 500 foot cross-country portion. The following mitigation measures have been developed for this well:

1. All drilling and reserve pits will be constructed so as not to leak, break or allow discharge of liquids or produced solids. All pits will be fenced.
2. The reserve pit will be lined with a minimum of two layers of 12-mil polyethylene. The pit liner will extend a minimum of 2 feet over the reserve pit dikes where the liner will be anchored down. If the ground underneath the reserve pit is rocky, certified "weed free" straw will be used for padding.
3. Discharging of machinery oil in the reserve pit will be forbidden. Any produced oil or hydrocarbon that gets into the reserve pit will be skimmed off.
4. Once the well is completed, construction crews will reduce the pad size from 2.07 acres to 1.4 acres. Caliche will be removed from the reclaimed portions of the pad.
5. A Plan of Development will be prepared to address other commitments.

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87650 ft² in
300x300 ft pad
90.1692 ac