



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Navajo Region

P.O. Box 1060

Gallup, New Mexico 87305

RECEIVED

2007 OCT 4 PM 12 44

IN REPLY REFER TO:
Real Estate Services-Leases/Permits/N425

OCT 02 2007

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505



Dear Sir:

H
An administrative review has been conducted on the following proposed Application for Permit to Drill (APD) submitted by **Burlington Resources Oil & Gas Company, LP.**

30-045-33652

HOO DOO #2, State Lease No: ST-OV-VA-2346-5. The proposed gas well is described as 660' FSL / 660' FWL, located in Section 16, T25N, 13W, San Juan County, New Mexico. Included in the approved disturbance is a well pad containing 1.13 acres, access road and pipeline corridor of 3.15 acres for a combined total of 4.28 acres, more or less. This location is on the Navajo Trust Lands and within the Navajo Indian Irrigation Projects (NIIP) designated boundaries.

Resolution of the Resources Committee of the Navajo Nation Council No: **RCS-121-06** passed on **September 28, 2006**, authorized the Navajo Nation Land Department to issue consent letters for APD'S, Sundry Notices and Construction of Associated Ancillary Facilities. Consent letter dated September 10, 2007 approves the enclosed **Burlington Resources Oil and Gas Company, LP's APD.**

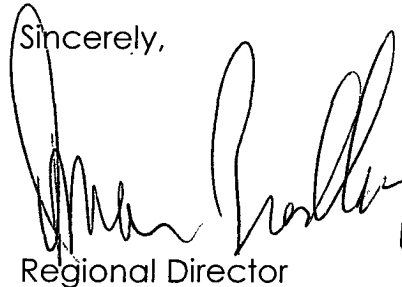
Please note the Resources Committee Resolution set certain terms and conditions which must be followed. The Navajo Nation Environmental Protection Agency also set specific terms and conditions which must be followed. Other required clearances from the Navajo Nation have been obtained and are on file.

The enclosed application for permit to drill package contains all the supporting documents such as, the Archaeological Clearance, Environmental Assessment Report, Finding of No Significant Impact Statement, Navajo Nation and BIA Surface Management stipulations.

We recommend approval of the above referenced application, provided that the enclosed Bureau of Indian Affairs and the Navajo Nation stipulations are adhered to and made a part of the drilling plan.

Any questions regarding this application may be directed to Mr. Chuck Yarbrough, Realty Specialist, at (928) 871-5922 or Ms. Bertha Spencer, Supervisory Realty Specialist, Branch of Leases/Permit Section (Minerals) at 928/871-5938.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Hickey", is written over the word "Sincerely,". The signature is fluid and cursive.

Regional Director

Enclosures

cc: Burlington Resources Oil & Gas Company, LP, 3401 E. 30th Street, Farmington,
New Mexico 87402
BLM, Farmington Field Office
Navajo Nation, Minerals Department
Navajo Nation, Division of Natural Resources, Attn: Project Review Office



DR. JOE SHIRLEY, JR.
President

BEN SHELLEY
Vice President

SEP 10 2007



Mr. Omar Bradley, Regional Director
Bureau of Indian Affairs
Navajo Region
Post Office Box 1060
Gallup, New Mexico 87305

RE: Application for Permit to Drill to Burlington Resources Oil & Gas Company, LP on Navajo Nation Lands.

Dear Mr. Bradley:

Pursuant to resolution RCS-121-06, approved by the Resources Committee of the Navajo Nation Council, the Navajo Land Department hereby approves an Application for Permit to Drill (APD) to drill, construct, operate and maintain the "Hoodoo #2" gas well and construct ancillary facilities submitted by Burlington Resources Oil & Gas Company, LP on State Lease No. ST-OV-VA-2346-5 across Navajo Nation Trust Land within the Navajo Indian Irrigation Project (NIIP), San Juan County, Navajo Nation (New Mexico), attached hereto as Exhibits "A through D".

The Navajo Nation hereby approves the APD to Burlington Resources Oil & Gas Company, LP subject to, but not limited to, the terms and condition contained in Exhibit "D". Please be advised that the Navajo Nation's approval of this APD on split estate land is also conditioned upon the Bureau of Indian Affairs insuring that the oil and gas lessee or operator will properly plug and abandoned all oil, gas, injection, disposal, and dry hole wells and that their associated ancillary equipment and facilities are removed from the affected Navajo Nation land and that the land will be properly reclaimed when exploration and/or production ceases. If you have questions please call (928) 871-6447 or 6695.

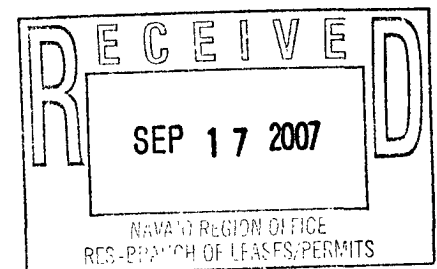
Sincerely,

THE NAVAJO NATION


W. Mike Halona, Program Director
Navajo Land Department, DNR

ENCLOSURES

cc: Akhtar Zaman, Director, Minerals Department

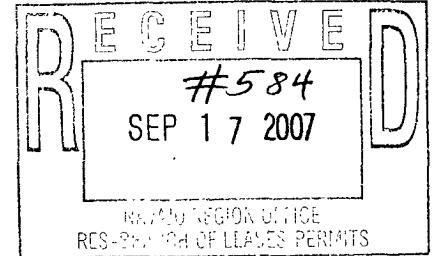




DR. JOE SHIRLEY, JR.
President

BEN SHELLY
Vice President

September 10, 2007



Mr. Omar Bradley, Regional Director
Bureau of Indian Affairs
Navajo Region
Post Office Box 1060
Gallup, New Mexico 87305

RE: Application for Permit to Drill to Burlington Resources Oil & Gas Company, LP.

Dear Mr. Bradley:

Transmittal herewith is a consent letter dated September 10, 2007, which was signed by Mr. W. Mike Halona, Program Director, Navajo Land Department with Division of Natural Resources.

Navajo Nation Consent Letter: Approving an Application for Permit to Drill to Burlington Resources Oil & Gas Company, LP, to Drill, Construct, Operate and Maintain the "Hoodoo #2" Gas Well and Ancillary Facilities on State Lease No. ST-OV-VA-2323-46 5 on, over and across Navajo Nation Trust Land within the Navajo Indian Irrigation Project (NIIP), San Juan County, Navajo Nation (New Mexico).

If you have any questions please call (928) 871-6447 or 6695.

Sincerely,

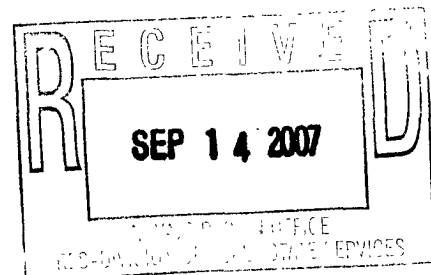
Esther Kee

Esther Kee, Right-of-Way Agent
NLD Project Review Section, DNR



ATTACHMENTS

xc: Chrono/Project File



TERMS AND CONDITIONS
FOR APPLICATION FOR PERMIT TO DRILL (APD)

Burlington Resources Oil & Gas Company, LP (APPLICANT)

"Hoodoo #2" Well, Pipeline and Ancillary Facilities (Project)

1. The term of the Permit shall not exceed twenty (20) years, beginning on the date the Application for Permit to Drill (APD) is approved by the Secretary of Interior.
2. The Drill Pad shall be limited to an area not to exceed 205 feet by 240 feet (1.13 acres), the road corridor shall be 3,370.0 feet by 20 feet (1.55 acres), and 6" diameter well tie pipeline corridor shall be 3,477.0 feet by 20 foot width (1.60 acres).
3.
 - a. ☐ Consideration to the Navajo Nation for the grant of the Permit and associated rights-of-way within the lease boundary shall be N/A, and shall be paid in full to the Controller of the Navajo Nation, in lawful money of the United States, and a copy of the receipt for such payment provided to the Navajo Nation Minerals Department, or its successor, within Ten (10) days of approval of and consent to the grant of the Permit by the Navajo Nation.
 - b. ☒ No consideration is assessed because the Applicant has a state lease and the facilities are within the lease area.
 - c. ☐ No consideration is assessed because the lease held by the Applicant was granted by the Navajo Nation.
4. The Applicant may use and occupy the area under the Permit for the purpose(s) of Drilling, Constructing, Operating and Maintaining the well and associated pipeline and ancillary facilities. The Applicant may not develop, use or occupy the area under the Permit for any other purpose without the prior written approval of the Navajo Nation and the Secretary of the Interior; the approval of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation. The Applicant may not use or occupy the area under the Permit for any unlawful purpose.
5. The Applicant or its assigns/operator shall provide the Navajo Nation Minerals Department the following technical information as soon as it becomes available:
 - a. Suites of logs including drilling log.
 - b. Results of any drilling stem and pressure test conducted.
 - c. Well completion reports.
 - d. Core analysis if any.
 - e. Copies of any other special tests run on the drill holes.
 - f. Other information that may be requested by the Minerals Department
6. The Permit shall not cover any use of land off the permitted area.

7. If the Applicant fails to drill within one (1) year after final approval of the APD is given by U.S. Bureau of Land Management (BLM), the Permit shall be deemed to have expired unless extensions have been granted by BLM within the one (1) year time limit.
8. In all activities conducted by the Applicant within the Navajo Nation, the Applicant shall abide by all laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereinafter may come into force and effect, including but not limited to the following:
 - a. Title 25, Code of Federal Regulations, Part 169;
 - b. All applicable federal and Navajo Nation antiquities laws and regulations, with the following additional condition: In the event of a discovery all operations in the immediate vicinity of the discovery must cease and the Navajo Nation Historic Preservation Department must be notified immediately. As used herein, "discovery" means any previously unidentified or incorrectly identified cultural resources, including but not limited to archeological deposits, human remains, or location reportedly associated with Native American religious/ traditional beliefs or practices;
 - c. The Navajo Preference in Employment Act, 15 N.N.C. §§ 601 et seq., and the Navajo Nation Business Preference Law, 5 N.N.C. §§ 201 et seq.; and
 - d. The Navajo Nation Water Code, 22 N.N.C. §§ 1101 et seq.. Applicant shall apply for and submit all applicable permits and information to the Navajo Nation Water Development Department, or its successor.
9. The Applicant shall ensure that the air quality of the Navajo Nation is not jeopardized due to violation of applicable laws and regulations by its operations pursuant to the Permit.
10. The Applicant shall clear and keep clear the lands within the Permit area to the extent compatible with the purpose of the Permit, and shall dispose of all vegetation and other materials cut, uprooted, or otherwise accumulated during any surface disturbance activities.
11. The Applicant shall reclaim all surface lands disturbed lands related to the Permit, as outlined in a restoration and revegetation plan, which shall be approved by the Navajo Nation Environmental Protection Agency, or its successors (NNEPA) prior to any surface disturbance. The Applicant shall comply with all provisions of such restoration and revegetation plan and shall notify the Director of the NNEPA immediately upon completion of the surface disturbance activities so that a site inspection can be made.
12. The Applicant shall at all times during the term of the Permit and at the Applicant's sole cost and expense, maintain the land subject to the Permit and all improvements located thereon and make all necessary and reasonable repairs.
13. The Applicant shall obtain prior written permission to cross existing rights-of-way area, if any, from the appropriate parties.
14. The Applicant shall be responsible for and promptly pay all damages when they are sustained.
15. The Applicant shall indemnify and hold harmless the Navajo Nation and the Secretary of the Interior and their respective authorized agents, employees, landusers and occupants, against any liability for loss of life, personal injury and property damages arising from the development, use or occupancy or use of the area under the Permit by the Applicant.

16. The Applicant shall not assign, convey or transfer, in any manner whatsoever, the Permit or any interest therein, or in or to any of the improvements on the land subject to the Permit, without the prior written consent of the Navajo Nation and the Secretary of the Interior. Any such attempted assignment, conveyance or transfer without such prior written consent shall be void and of no effect. The consent of the Navajo Nation may be granted, granted upon conditions or withheld in the sole discretion of the Navajo Nation.
17. The Navajo Nation may terminate the Permit for violation of any of the terms and conditions stated herein. In addition, the Permit shall be terminable in whole or part by the Navajo Nation for any of the following causes:
 - a. Failure to comply with any terms and conditions of the Permit or of applicable laws or regulations;
 - b. A non-use of the Permit for the purpose for which it is granted for a consecutive two (2) year period;
 - c. An abandonment of the Permit; and
 - d. The use of the land subject to the Permit for any purpose inconsistent with the purpose for which the Permit is granted.
18. At the termination of the Permit, the Applicant shall peaceably and without legal process deliver up the possession of the premises, in good condition, usual wear and tear excepted. Upon the written request of the Navajo Nation, the Applicant shall provide the Navajo Nation, at the Applicant's sole cost and expense, with an environmental audit assessment of the premises at least sixty (60) days prior to delivery of said premises.
19. Holding over by the Applicant after the termination of the Permit shall not constitute a renewal or extension thereof or give the Applicant any rights hereunder or in to the land subject to the Permit or to any improvements located thereon.
20. The Navajo Nation and the Secretary shall have the right, at any reasonable time during the term of the Permit, to enter upon the premises, or any part thereof, to inspect the same and any improvement located thereon.
21. By acceptance of the grant of Permit, the Applicant consents to the full territorial legislative, executive and judicial jurisdiction of the Navajo Nation, including but not limited to the jurisdiction to levy fines and to enter judgments for compensatory and punitive damages and injunctive relief, in connection with all activities conducted by the Applicant within the Navajo Nation or which have a proximate (legal) effect on persons or property within the Navajo Nation.
22. By acceptance of the grant of the Permit, the Applicant covenants and agrees never to contest or challenge the legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction of a state government. Nothing contained in this provision shall be construed to negate or impair federal responsibilities with respect to the land subject to the Permit or to the Navajo Nation.

23. Any action or proceeding brought by the Applicant against the Navajo Nation in connection with or arising out of the terms and conditions of the Permit shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by the Applicant against the Navajo Nation in any court of any state.
24. Nothing contained herein shall be interpreted as constituting a waiver, express or implied, of the sovereign immunity of the Navajo Nation.
25. Except as prohibited by applicable federal law, the law of the Navajo Nation shall govern the construction, performance and enforcement of the terms and conditions contained herein.
26. The terms and conditions contained herein shall extend to and be binding upon the successors, heirs, assigns, executors, administrators, employees and agents, including all contractors and subcontractors, of the Applicant, and the term "Applicant," whenever used herein, shall be deemed to include all such successors, heirs, assigns, executors, administrators, employees and agents.
27. There is expressly reserved to the Navajo Nation full territorial legislative, executive and judicial jurisdiction over the area under the Permit and all lands burdened by the Permit, including without limitation over all persons, including the public, and all activities conducted or otherwise occurring within the area under the Permit; and the area under the Permit and all lands burdened by the Permit shall be and forever remain Navajo Indian Country for purposes of Navajo Nation jurisdiction.
28. Permittee shall comply with Environmental Protection Agency "Specific Terms and Conditions of Approval" attached hereto and incorporated into these terms and conditions.
29. The Grantee shall take practical measures to prevent the injury or death of waterfowl and other birds by the use of settling, evaporation and reserve pits. Measures may include, but are not limited to, covering said pits.