



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Navajo Region

P.O. Box 1060

Gallup, New Mexico 87305

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:

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 33653

HOO DOO #2-S, State Lease No: ST-OV-VA-2323-5. The proposed gas well is described as 660' FSL / 660' FEL, 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 3.65 acres for a combined total of 4.78 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 "Mr. Yarbrough", is written over the word "Regional Director".

Regional Director

Enclosures

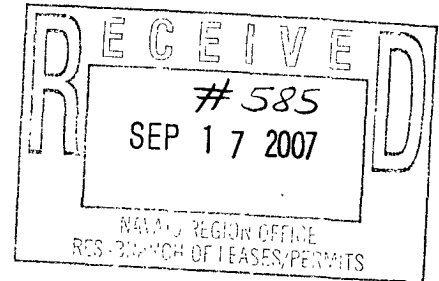
cc: Burlington Resources Oil & Gas Company, LP, 3401 E. 30th Street, Farmington,
New Mexico 87402
BLM, Farmington Field Office
Navajo Nation, Minerals Department
Navajo Nation, Division of Natural Resources, Attn: Project Review Office



DR. JOE SHIRLEY, JR.
President

BEN SHELLEY
Vice President

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 #2S" Gas Well and Ancillary Facilities on State Lease No. ST-OV-VA-2323-5 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,

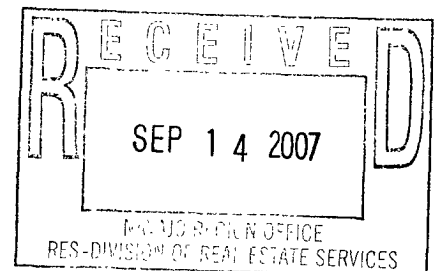
Esther Kee

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



ATTACHMENTS

xc: Chrono/Project File





ENCLOSURES
ENCLOSURES

xc: Akhtar Zaman, Director, Minerals Department
xc: Akhtar Zaman, Director, Minerals Department

DR. JOE SHIRLEY, JR.
President

BEN SHELLY
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 #2S" gas well and construct ancillary facilities submitted by Burlington Resources Oil & Gas Company, LP, on State Lease No. ST-OV-VA-2323-5 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.

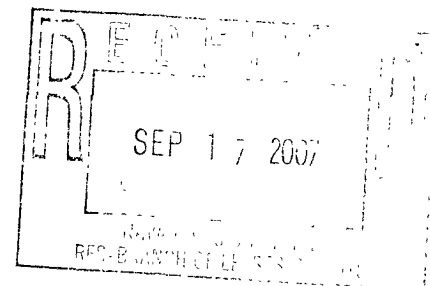
Sincerely,

THE NAVAJO NATION

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

ENCLOSURES

xc: Akhtar Zaman, Director, Minerals Department





Navajo Nation

DR. JOE SHIRLEY, JR.
President

BEN SHELL
Vice President

MEMORANDUM

TO : Howard P. Draper, Supervisor
Project Review Section, NLD

FROM : Esther Kee
Esther Kee, R/W Agent

DATE : December 04, 2006

SUBJECT: Burlington Hoodoo #2S APD

Burlington Resources Oil & Gas Company, LP, of 3401 E. 30th Street, Farmington, New Mexico 87402, has submitted an Application or for Permit to Drill (APD) to drill, construct, operate and maintain the Hoodoo #2S gas well, pipeline and construct associated ancillary facilities on, over and across Navajo Nation Trust lands within the Navajo Indian Irrigation Project.

The well pad will consist of 205'x240'/1.13 acres, road corridor; 3,751.93'x20'/1.72 acres, water & gas pipeline corridor; 4,205.22'x40'/1.93 acres, more or less, in Section 16, T25N, R13W, NMPM.

The proposed project is located in District 19, Bisti Range Unit 4, permitted to Ambrose Benally, Sr., for grazing. I informed the affected grazing permittee on the proposed request and he had no objection. I obtained the land users consent along with the concurrence of the District 19 Land Board member, Larry J. Bonney. Land user will be compensated \$7,820.08 (\$2500/well, \$860/road, \$4,460.08/pipeline) for surface damage.

Field clearance complete, land user consent, map and supporting documents are all attached for your information and reference.

cc: Permits West, Inc.
Project file

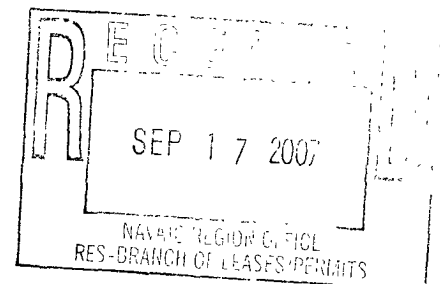


EXHIBIT "C"

Exhibit "D"

TERMS AND CONDITIONS
APPLICATION FOR PERMIT TO DRILL (APD) AND SUNDRY NOTICE TO CONSTRUCT ASSOCIATED
ANCILLARY FACILITIES

Burlington Resources Oil & Gas Company, LP (Applicant)

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

1. The term of the Permit shall not exceed twenty (20) years, beginning on the final approval date of the APD or Sundry Notice.
2. The Drilling Pad shall be limited to an area not to exceed 205 feet by 240 feet (1.13 acres), the road corridor shall be 3,751.93 feet by 20 feet (1.72 acres), the 6.625" O.D. carbon steel water pipeline shall be 4,205.22 feet by 20 feet (1.93 acres) final width, and the 10.75" O.D. carbon steel gas pipeline shall be 4,205.22 feet by 20 feet (1.93 acres) final width.
3.
 - a. ☐ Consideration to the Navajo Nation for approving the granting of the associated water transmission and gas transmission pipeline rights-of-way shall be _____, 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 written approval notification by the Navajo Nation.
 - b. ☒ No consideration is assessed because the Applicant has a federal or state lease that was issued prior to March 30, 1990 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 Constructing, Operating and Maintaining the well, pipelines 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 in the case of trust land; 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 for each well drilled as soon as it becomes available:
 - a. Suite of electric logs and drilling log and mud log.
 - b. Results of any drill stem and pressure tests conducted.
 - c. Well completion report.
 - d. Gas analysis report.

- e. Core analysis.
 - f. Water analysis reports.
 - g. Copies of any other special tests run on the wells.
 - h. 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 construct within one (1) year after final approval of the APD is given by U.S. Bureau of Land Management (BLM) for trust land and one (1) year after final approval of the APD by the Navajo Nation on fee land, the Permit shall be deemed to have expired unless extensions have been granted by BLM within the one (1) year time limit on trust land and by the Navajo Nation on fee land.
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 archaeological 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 Permit 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 (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, properly 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 on trust land their respective authorized agent, 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 if applicable. 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. An abandonment of the Permit; and
 - c. 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 into the land subject to the Permit or to any improvements located thereon.
20. The Navajo Nation and the Secretary (on trust land only) 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 judgements 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 NNEPA "Specific Terms and Conditions of Approval," attached and incorporated into these terms and conditions.
29. The applicant shall cover all settling, evaporation, and reserve pits to exclude waterfowl and other birds.
30. The applicant will record all water zones encountered during the drilling by depth, case and properly seal to prevent any cross contamination of aquifers or loss of water on the surface due to artesian flow. The applicant will provide all such information to the Navajo Nation.