



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/N425

MAR 26 2009

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2009 APR 1 PM 1 20

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1200 South Saint Francis Drive  
Santa Fe, New Mexico 87505



Dear Sir:

30 045 34573

An administrative review has been conducted on the following proposed Application for Permit to Drill (APD) submitted by **XTO Energy, Incorporated**.

**State J Com 1 R, State Lease No: B1-1240-0096.** The proposed gas well pad is described as 1820' FNL / 1970' FWL, located in Section 16, T26N, R11W, San Juan County, New Mexico. Included in the approved disturbance is a well pad containing 1.70 acres, and access road of 0.49 acres and pipeline corridor of 0.97 for a combined total of 3.16 acres, more or less. This location is on the Navajo Nation 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, Sundry Notices and Construction of Associated Ancillary Facilities. Consent letter dated February 25, 2009 approves the enclosed **XTO Energy, Incorporated's, APD**. Please note that the Resources Committee 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 Ms. Bertha Spencer, Supervisory Realty Specialist, Branch of Leases/Permits Section (Minerals) at 928/871-5938.

Sincerely,  
  
Regional Director

Enclosures

cc: XTO Energy, Inc., 332 Road 3100, Aztec, New Mexico 87410  
Permits West, Inc., 37 Verano Loop, Santa Fe, New Mexico 87508  
Navajo Nation, Attn: Minerals Department  
Navajo Nation, Division of Natural Resources, Attn: Project Review Office



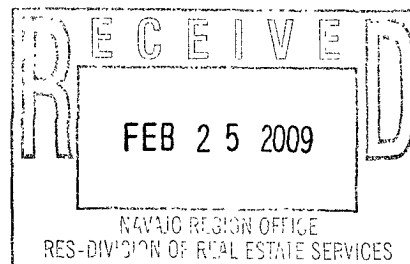
# The Navajo Nation

48 2/26/09  
Rev  
DR. JOE SHIRLEY, JR.  
President

BEN SHELLY  
Vice President

February 25, 2009

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 XTO Energy, Inc.

Dear Mr. Bradley:

Transmittal herewith is a consent letter dated February 25, 2009, which was signed by Mr. W. Mike Halona, Program Director, Navajo Land Department with Division of Natural Resources.

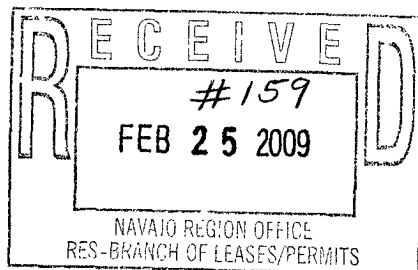
Navajo Nation Consent Letter: Approving an Application for Permit to Drill to XTO Energy, Inc., to Drill, Construct, Operate and Maintain "State J Com 1 R" Gas Well and Ancillary Facilities on State Lease No. B1-1240-0096 On, Over and Across Navajo Nation Trust Lands within the Navajo Indian Irrigation Project (NIIP), San Juan County, Navajo Nation (New Mexico). 30-045-34573

If please call our office at (928) 871-6447 or 6695, if you should have any questions.

Sincerely,

Esther Kee, Right-of-Way Agent  
Project Review Section,  
Navajo Land Department/NDR

ATTACHMENTS  
xc: Project file





# The Navajo Nation

DR. JOE SHIRLEY, JR.  
President

BEN SHELLEY  
Vice President

February 25, 2009

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

RE: Application for Permit to Drill to XTO Energy, Inc., on Navajo Nation Land.

Dear Mr. Bradley:

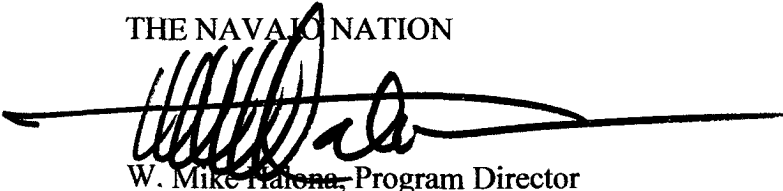
Pursuant to resolution RCS-121-06, approved by the Resources Committee of the Navajo Nation Council, the Navajo Land Department hereby approves an Application for Permit to Drill (APD) to drill, construct, operate and maintain "State J Com 1 R" gas well and construct ancillary facilities submitted by XTO Energy, Inc., on State Lease B1-1240-0096 across Navajo Nation Trust Lands 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 XTO Energy, Inc., 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,

30-045-34573

THE NAVAJO NATION

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

ENCLOSURES

cc: Akhtar Zamon, Director, Minerals Department



DR. JOE SHIRLEY, JR.  
President

BEN SHELLY  
Vice President

MEMORANDUM

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

FROM : Esther Kee  
Esther Kee, R/W Agent  
Project Review Section, NLD

DATE : June 16, 2008

SUBJECT: XTO State J Com 1R APD

30-045-34573

XTO Energy, Inc., 2700 Farmington Avenue, Building K-1, Farmington, New Mexico 87401, submitted an Application for Permit to Drill (APD), to drill, construct, operate and maintain the State J Com 1R gas well and ancillary facilities on, over and across Navajo Trust land within the Navajo Indian Irrigation Project.

The drill pad will consist of 1.70 acres (225'x290'), access 0.49 acres (1,071'x20'), pipeline corridor 0.97 acres, (2,113.14'x20'), more or less, in Section 16, T26N, R11W, NMPM, San Juan County, New Mexico.

The proposed project is located in District 19, Gallegos Range Unit 12, permitted to Louise Bekes and Evelyn B. Benny for grazing. I informed the affected grazing permittees on the proposed request and they had no objection. I obtained the land users consent along with the concurrence of the District 19 Land Board member, Larry Bonney. Land users will be compensated \$4,986.20 (\$2500/well, \$245/road, \$2,241.20/pipeline) for surface damage.

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

cc: Permits West, Inc.  
Project file

EXHIBIT "C"



NAVAJO NATION  
ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF THE EXECUTIVE DIRECTOR  
P.O. Box 339, Window Rock, Navajo Nation, (AZ) 86515  
Tel. (928) 871-7692 · Fax. (928) 871-7996  
Website: www.navajonationepa.org

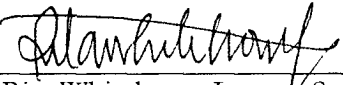


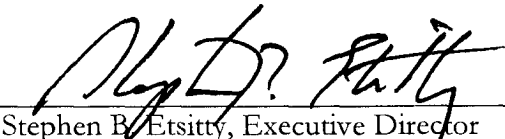
Joe Shirley, Jr.  
PRESIDENT

Ben Shelly  
VICE-PRESIDENT

**M E M O R A N D U M**

**TO:** Esther Kee, Program & Project Specialist  
Project Review Office  
Navajo Land Department  
Division of Natural Resources

**FROM:**   
Rita Whitehorse-Larsen, Senior Environmental Specialist  
Office Of Environmental Review

**THROUGH:**   
Stephen B. Etsitty, Executive Director  
Navajo Nation Environmental Protection Agency

**DATE:** February 10, 2009

**SUBJECT:** DNR-12183 Approving an application for permit to drill (APD) to XTO Energy, Inc., to drill, construct, operate and maintain the State J Com 1 R well, pipeline and ancillary facilities on, over and across Navajo Nation Trust Lands within the Navajo Indian Irrigation Project (NIIP), San Juan County, New Mexico. 30 045 34573

The Navajo Nation Environmental Protection Agency (NNEPA) has reviewed<sup>1</sup> and recommends **conditional approval** due to the migration measures as set forth in the environmental assessment report (EA), the additional recommendations from our office and the listed general requirements.

XTO Energy, Inc., 332 Road 3100, Aztec, New Mexico, 87410, submitted an APD to drill, construct, operate and maintain the State J Com R gas well, pipeline and ancillary facilities on, over and across Navajo Tribal lands with NIIP. The drill pad consists of 225'x290'/1.70 acres; access at 1,071'x20'/0.49 acres; pipeline corridor 2,113.4'x20'/0.97 acres, more or less, in Section 16, T26N, R11W, NMPM, San Juan County, New Mexico.

The EA enclosed with the SAS packet stated that the proposed project will have a direct and

<sup>1</sup> Permits West, Inc. Environmental Assessment for XTO Energy, Inc., and Enterprise Field Services, LLC Plan of Development State J Com 1R Natural Gas Well and Pipeline on Navajo Tribal Surface T26N, R11W, Section 16 State Lease B1-1240-0096 March 2008.

indirect effect to air quality, environmental justice, farmlands, invasive/non native species, waste (hazardous/solid), water quality (surface and ground), topography, geology, mineral resources, soils, watershed, hydrology, vegetation, grazing, recreation, visual resources and public health and safety. If the following mitigation measures as stated in the EA are adhered to, the proposed project will have a low and minimal impact to the environmental resources.

1. Surface disturbance and vehicle traffic will be limited to the approved location. During construction, vehicle and pedestrian traffic would be restricted to the project site to prevent soil mixing and compaction in adjacent areas. In addition, NNEPA recommends that this best management practice be implemented throughout the duration of the project.
2. Disturbed areas will be reclaimed according to the Navajo Agriculture Department or Bureau of Land Management recommended seed mixture.
3. XTO Resources/Enterprise Field Services will apply water for dust control as necessary.
4. Any spilled contaminants will be cleaned up as soon as possible. During construction activities, any spilled petroleum products will be cleaned up immediately. Should oil absorb into the soil, the stained area will be shoveled out and disposed of at an approved disposal site. In addition, NNEPA recommends that this best management practice be implemented throughout the duration of the project.
5. Drainage ditches will be installed above the cut to direct water around the pad reducing sediment loading from disturbed soils from the well pad.
6. Smart pigs will be used to detect wall thinning in the pipelines due to corrosion to find and repair leaks.
7. All trash will be placed in a portable trash cage and hauled to an approved landfill. There will be no burial or burning of trash. Human waste will be disposed of in chemical toilets and hauled to an approved dump station. In addition, NNEPA recommends all waste materials would be removed from the area and disposed of at an authorized landfill.
8. It would be XTO Resources/Enterprise Field Services' responsibility to monitor, control and eradicate all invasive/noxious weeds within the proposed action area during the life of the project. NNEPA recommends for the applicant to contact the NNEPA Pesticide Enforcement & Development, Ms. Glenna Lee at 928/871-7811, or Mr. Dine Nizhoni Hill at 928/871-7892, for a list of applicators.
9. Four foot high fiberglass pipeline warning markers with emergency phone numbers will be installed along pipeline routes.
10. The pit will be fenced sheep tight on three sides with woven wire fence topped with barbed wire. The fourth side will be fenced once the rig moves off site.
11. The reserve pit will be lined with a minimum 8 mil plastic liner.
12. Water zones will be protected with casing, cement and weighted mud. Fresh water encountered during drilling will be recorded by depth, cased and cemented.

In addition, NNEPA recommends the following:

1. Adequate drainage features will be installed where necessary in compliance with US EPA and Navajo EPA guidelines to control run-off from the proposed project area.
2. If production fluids (gasoline, diesel and propane) will be stored on the project site, preventative and precautionary measures will need to be taken by to avoid risks and XTO Resources/Enterprise Field Services' disposal of any liquid and solid waste generated during construction, operation and maintenance activities will be done at permitted facilities. XTO Resources/Enterprise Field Services' will implement measures for safe handling and storage of materials. In the event of a hazardous material spill, releases would be contained and disposed of in accordance with federal and tribal regulations.

3. Following all the construction activities, the disturbed areas will be re-contoured to as near as possible pre-construction conditions. Reclamation and installation of erosion control devices would also lessen long-term impacts.
4. Vehicles would be restricted to the permitted area to minimize impacts.
5. All construction activities would be confined to the permitted area only.
6. All hazards to livestock and wildlife would be fenced or contained.
7. The surface equipment will be painted to blend into the surrounding ecosystem however due to safety reasons; some equipment or parts of equipment may be required to be painted with appropriate colors.
8. Pursuant the Navajo Nation Comprehensive Environmental Response, Compensation and Liability Act approved by the Navajo Nation Council, CF-07-08, February 26, 2008, the NN CERCLA includes petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel (or mixtures of natural gas and synthetic gas)) unlike the US CERCLA or the Superfund Law and mandates petroleum owner, operator and guarantor to report petroleum release  $\geq 25$  gallons at the site and/or during transport immediately to the Navajo Nation Department of Emergency Management within the Navajo Nation Division of Public Safety.

## GENERAL REQUIREMENTS

### A. CASING AND CEMENTING REQUIREMENTS

1. All shows or flows of fresh or usable water will be reported and protected. Usable water is defined as containing less than 10,000 ppm total dissolved solids (TDS).
2. Surface shall be set at sufficient depth to protect intervals containing fresh water of 3,000 ppm or less TDS, with cement circulated to surface. The production casing shall also be set with cement circulated to surface.
3. Intervals containing usable water shall be protected with cement placed through the entire interval and placed at least 50 feet above and below the interval. At least one centralizer will be placed on each casing joint through the interval to be protected. A cement evaluation log and expert interpretation of the log is required to ensure isolation of all usable water zones not protected by two or more layers of casing and cement. Remedial cementing procedures may be required if zones containing usable water are not adequately protected by primary cement placement.
4. All casing strings shall be pressure tested for 30 minutes, after a sufficient time is allowed for cement to cure but not less than 8 hours. Surface casing shall be tested to not less than 600 psig. Other casing strings will be tested to 1500 psig of a pressure equal to 0.2 psi/ft times depth of casing, which ever is greater. If the pressure declines more than 5 percent in 30 minutes, or there is other indication of leakage, the casing shall be repaired and retested to the same standards.

### B. REPORTING REQUIREMENTS

Submit the following reports to the NNEPA - Office of Environmental Review, attn: Senior Environmental Specialist, PO Box 339, Window Rock, Arizona 86515 within 30 days of work completion unless noted otherwise.

1. One copy of all Sundry Notices and Subsequent Reports (Form 3160-5) filed with BLM.



2. One copy of BLM Well Completion Report (Form 3160-4) within 30 days of well completion.
3. One copy of all logs run in the well, including the cement evaluation log and temperature survey and any water analyses obtained by the operator.
4. One copy of the BLM Notice of Intent to Abandon (Form 3160-5).
5. One copy of the BLM Subsequent Report of Abandonment (Form 3160-5) within 30 days of plugging the well.

If there are any questions, please contact Rita Whitehorse-Larsen at 928/871-7188. Thank you.

Cc: XTO Energy, Inc., 332 Road 3100, Aztec, New Mexico, 87410  
NNEPA Administration chrono file



United States Department of the Interior  
BUREAU OF INDIAN AFFAIRS  
Navajo Region  
P. O. Box 1060  
Gallup, New Mexico 87305



MC 620: Division of Environmental, Cultural & Safety Management

MEMORANDUM

SEP 30 2008

To: Regional Realty Officer  
Attention: Ms. Bertha Spencer

From: Regional NEPA Coordinator *H. J. Yazzie*

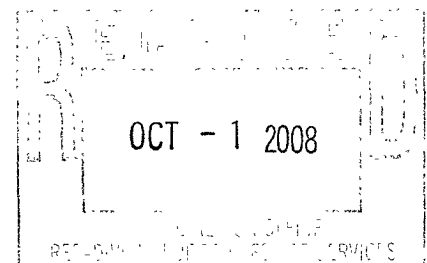
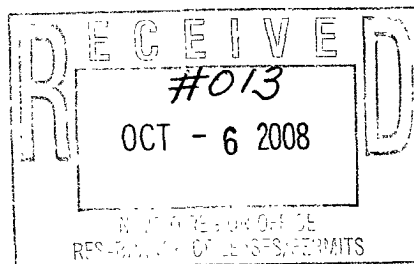
Through: Regional Environmental Scientist *B. Spencer*

Subject: FONSI- State J Com 1 R Natural Gas Well Pad, Access Road and Well Tie Pipeline  
EA-08-048

The Environmental Assessment (EA), EA-08-048, for the XTO Energy, Inc., proposed State J Com 1 R Natural Gas Well Pad, Access Road and Well Tie Pipeline on 3.883 acres of Navajo Tribal Trust Land, approximately 15 miles south of Bloomfield, San Juan County, New Mexico, has been reviewed in the Division of Environmental, Cultural and Safety Management, Navajo Regional Office. The proposed action will take place on federal minerals lease NOO-C-14-20-3603. A Finding of No Significant Impact (FONSI) has been determined for the proposed action. It will not have a significant impact on the quality of the natural and human environment. An environmental impact statement for the proposed project is not required.

If you have questions, you may contact Ms. Harrilene J. Yazzie, Regional NEPA Coordinator, at (505) 863-8286.

Attachment



**FINDING OF NO SIGNIFICANT IMPACT**  
**ENVIRONMENTAL ASSESSMENT DOCUMENT EA-08-048**  
**STATE J COM 1 R NATURAL GAS WELL PAD, ACCESS ROAD AND PIPELINE**

**XTO ENERGY, INC.**

**Location: Carson Trading Post, NM, Quadrangle, USGS 7.5 Minute Series Map**  
**Section 16, T26N, R11W, NMPM**  
**South of Bloomfield, San Juan County, New Mexico**

This Finding of No Significant Impact (FONSI) complies with 40 CFR 1508.25 which mandates that each project be reviewed as an entire undertaking, i.e., the scope of an environmental assessment consists of a range of actions, alternatives, and impacts to be considered, including, in this case, the surface well pad, access road and pipeline construction. These “connected” actions have been reviewed as one undertaking.

The proposed action is approval of a right-of-way (ROW) grant, by the Bureau of Indian Affairs, for construction of a 290-foot by 255-foot well pad; shared access road with pipeline corridor will be 2,113.4-foot within a 45-foot wide corridor; and, if the well were produced, construction of a 2,113.4-foot pipeline within a 40-foot wide shared corridor. The project will affect 3.883 acres of Navajo Tribal Trust land in San Juan County, New Mexico. The project is sponsored by XTO Energy, Inc., 382 Road 3100, Aztec, NM, 87410.

The project environmental assessment (EA) was reviewed in the Division of Environmental, Cultural and Safety Management, Navajo Regional Office. Based on the environmental assessment and the mitigation measures specified in the document, it is determined that the proposed action will not have a significant impact on the natural and human environment. Therefore, in accordance with the National Environmental Policy Act, Section 102 (2) (C), an environmental impact statement will not be required.

The following references, incorporated in the environmental assessment, serve as the bases for this decision:

1. Agency and public involvement was solicited, and environmental issues relative to right-of-way approval for the proposed project were identified. Alternative courses of action and mitigation measures were developed in response to environmental concerns and issues.
2. The EA disclosed the environmental consequences of the proposed and “no action” alternatives.
3. In compliance with the Endangered Species Act, informal consultation was held with the Navajo Nation Department of Fish and Wildlife (NNDFW), Natural Heritage Program (NHP). The Navajo Nation Natural Heritage Program was consulted for a list of species with the potential to occur on the *Carson Trading Post, NM*, USGS 7.5-minute Quadrangle. On December 13, 2007, Wildlife Biologist Charles Black inspected and evaluated the site for threatened, endangered, or special status species. Although no federally or Navajo listed threatened, endangered, or special status species were observed during the wildlife survey, it is recommended that construction and operation of the proposed well be conducted with minimal adverse impact on wildlife. The operation shall implement mitigations outlined in Section 7.0 of the *Threatened, Endangered, and Special Status Wildlife Species Report* (EA, Appendix 3-1). The NHP issued a Biological Resources Compliance Form (NNDF&WL Review No. PERM031608) without conditions, but with the following Avoidance/Mitigation Measures: “All project equipment and personnel shall remain in the project area – the use of best available construction practices is required to limit impacts to land, water (surface and ground), and biological resources.” A plant survey was conducted for plant species of concern within the project area on November 26, 2007. The proposed project could impact the San Juan milkweed. There is potential habitat for this species within the project area. **Since the species is only visible during its active growing season from late April through June, the areas of potential habitat listed above will need to be resurveyed during this time before the project can occur.** No other plant species of concern will be impacted by the proposed project (EA, Appendix 4-3).

4. Potential impacts to flood plains and wetlands by the proposed project have been evaluated in accordance with Executive Orders 11988 and 11990 respectively. Local drainage in the area of the proposed project is west into an ephemeral wash of Gallegos Canyon, which is approximately 22 miles northwest of the San Juan River. There are no perennial water sources in the area. The operator shall adhere to mitigation measures outlined in Section 3.3.2 to minimize impacts to surface and ground water (EA, Section 3.3).

5. In compliance with the National Historic Preservation Act of 1966, as amended, Section 106 and 36 CFR 800.9 (b), the area of the proposed action was previously inspected for cultural resources as part of the Navajo Agricultural Products Industry (NAPI) project. The BIA's Navajo Indian Irrigation Project (NIIP) has issued archeological clearance (BIA Case File # N 48-2007-21) for the Proposed Action. Archeological clearance was granted by the NIIP under its terms of Memorandum of Agreement for Protection of Archaeological and Historical Resources on the NIIP (Appendix B-Archeological Clearance Dated January 7, 2008).

In the event of a discovery [discovery means any previously unidentified or incorrectly identified cultural resources including, but not limited to, archaeological deposits, human remains, or locations reportedly associated with Native American religious/traditional beliefs or practices] all operations in the immediate vicinity of the discovery must cease, and the Navajo Nation Historic Preservation Department must be notified.

6. In accordance with the Resource Conservation and Recovery Act, Subtitle C, Hazardous Waste, generation of hazardous waste is not expected. If hazardous waste is inadvertently generated, the proper authorities shall be consulted regarding the disposal of such waste (EA, Section 3.5.).

7. In accordance with the Resource Conservation and Recovery Act, Subtitle D, Non-Hazardous Solid Waste, all trash shall be placed in a portable trash cage and hauled to an approved landfill. No burning or burying of trash will be allowed. Human waste shall be disposed in chemical toilets and hauled to an approved dump station (EA, Section 3.5.2.).

8. Air Quality – a short-term increase in dust during construction of the well pad and pipeline will occur. There will be an increase in combustive emissions from operating vehicles, earth moving equipment and the drilling rig. Impacts to air quality from gas powered pumpjacks and venting (if required) would result in an emission increase, including NO<sub>x</sub> and CO, in the immediate vicinity of the project area. The operator shall apply water for dust control if necessary. Surface disturbance and vehicular traffic shall be limited to the approved locations. Operator shall comply with the Environmental Protection Agency's Clean Air Act and all applicable federal and tribal regulations. No new compressor will be installed on the well pad (EA, Section 3.2.2.).

9. Noise levels – The proposed action is an isolated location and is not within 400 feet of a BLM designated Noise Sensitive Area (NSA), nor is the well pad located within 400 feet of any dwelling, residence, or building. The closest boundary focused Noise Sensitive Areas are the Huerfano Mountain Area of Critical Environmental Concern (ACEC) located approximately 11 miles northeast of the project site and the Bisti/De-Na-Zin Wilderness Area which is approximately 9 miles south of the project site. A new compressor will not be installed on the well pad. Operator shall comply with the standard of 48.6 dB(A)Leq will be met 100 feet from occupied dwelling (EA, Section 3.14.2.).

10. Invasive, Non-native Species – Cheatgrass, an invasive species, was observed during the botanical survey within the project area. No other noxious weeds were observed during the on-site inspections. Operator shall comply with mitigation outlined in Section 3.8.2. (EA, Section 3.8.).

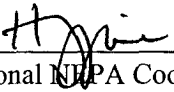
11. Public Health and Safety – Risks to the public include wildfires; increased traffic on public roads; natural gas flow line leakage, rupture, and fire and explosion; spills from condensate or water; and potential air emissions exposure. The operation shall mitigate, or minimize impacts, by adhering to Section 3.13.2. – Mitigation (EA, Section 3.13.).

12. Visual – Short-term impacts would result from construction activities. Long-term impacts would result from clearing of vegetation for Proposed Action. The level of change to the characteristic landscape should be moderate. The operator shall adhere to mitigation activities outlined in Section 3.10.2. (EA, Section 3.10.).

13. Cumulative and secondary effects on soil, water, air, vegetation, cultural resources, noise, public health and safety, visual, and wildlife resources (species and habitat) were considered, and the proposed mitigation measures were found to be acceptable.

14. In accordance with Executive Order 12898 on Environmental Justice, impacts to minority and low-income populations and communities have been considered by the Regional NEPA Coordinator, as have impacts to Indian Trust Resources. Negative effects could include a small increase in activity and noise disturbance in areas used for grazing, wood gathering, or hunting. However, these effects would apply to all public land users in the project area (EA, Section 3.12.1).

The proposed action would allow production of national energy resources as well as transportation of oil to markets.

  
\_\_\_\_\_  
Regional NEPA Coordinator

9/30/08  
\_\_\_\_\_  
Date

COMPANY: XTO Energy, Inc. LEASE NO: B1-1240-0096 WELL NAME: State J Com #1-R  
FOOTAGE: 1820' FNL / 1970' FWL LOCATION: Section 16, Township 26 North, Range 11 West  
COUNTY: SAN JUAN STATE: NEW MEXICO

**BUREAU OF INDIAN AFFAIRS**  
**Surface Management Stipulations**

1. Lessee will carry on all operations in a workmanlike manner in accordance with approved methods and practices.
2. Lessee will abide by and conform to appropriate provisions of Title 25, 36, and 43 Code of Federal Regulations, and any and other applicable regulations and manuals of the Secretary now or hereafter in force relative to surface leasing, rights-of-way and oil and gas leases (including the National Environmental Protection Act, as amended, and archaeological Resources Protection Act, herein after referred to as NEPA, NHPA, ARPA and other applicable laws. 36 CFR 800 42 CFR 7).
  - a. Prior to issuing any cultural clearance, the Bureau of Land Management will consult with the Navajo Nation Historic Preservation Department, P.O. Box 2898, Window Rock, Arizona 86515, and provide copies of all historic preservation and related documents associated with an undertaking. The Navajo Nation contracted the Navajo Area Archaeology Office under Public Law 93-638.
  - b. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes. Lessee will submit a development plan for surface use to the Area Manager, Farmington Resource Area, Bureau of Land Management, 1235 La Plata Highway, Farmington, New Mexico 87401. An environmental Analysis will be made by the Bureau of Land Management in consultation with the Bureau of Indian Affairs Navajo Regional Office for the purpose of ensuring proper protection of the surface, the natural resources, the environment and existing improvements, and for assuring timely reclamation of disturbed lands. Upon completion of said environmental analysis, the Oil and Gas District Manager will notify Lessee of the conditions, Lessee will furnish a copy of its development plan and Bureau of Land Management conditions to the BIA. The Bureau of Indian Affairs reserves the right to require site specific archaeological surveys and environmental reviews on tracts selected for development prior to giving concurrence to proposed action(s). The Bureau of Indian Affairs will consult with the Navajo Nation prior to concurring in such action(s).
3. The Lessee will not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever. Lessee will not use or permit to be used any of said leased land for the manufacture, sale, gift, transportation, or storage of intoxicating liquors, beverages or drugs. In the event any representative of Lessee or its contractor or subcontractor, employed in connection with the operations on the lease premises will be responsible for any of the unlawful acts described in this clause, the Bureau of Land Management will give Lessee information as to such violation(s) with a copy of the notice to Bureau of Indian Affairs and the Navajo Nation. Lessee shall immediately take steps to cure the violations, including the termination or transfer of such employee. 25 CFR 162.604; 18 U.S.C. Sections 1151, 1154 and 1156, as amended.
4. Vehicular access to the well site will be limited to the approved access road. Additional unapproved accesses to the well site materializing during the existence of the well will be processed as trespass.
5. Reserve pits or any other lined or unlined open direct pit(s) will not be used to store produced water. Produced water will be stored in metal tanks or fiber glass enclosures.
6. Erosions forming in the access roads will be corrected. Preventive measures will be the operations discretion. A permanent side road of the erosion is prohibited.
7. Except as otherwise state herein, copies of correspondence and notices will be mailed to the bureau of Indian Affairs in care of the Regional Director, Navajo Region, Attention: RES/Branch of Leases/Permits, Bureau of Indian Affairs, P.O. Box 1060, Gallup, New Mexico 87305-1060.

COMPANY: XTO Energy, Inc. LEASE NO: B1-1240-0096 WELL NAME: State J Com #1-R  
FOOTAGE: 1820' FNL / 1970' FWL LOCATION: Section 16, Township 26 North, Range 11 West  
COUNTY: SAN JUAN STATE: NEW MEXICO

**NAVAJO NATION STIPULATIONS**  
**Surface Management Stipulations**

1. The surface ownership and/or jurisdiction of lands contained in this lease may be all or partly in the Navajo Nation. Site specific rights-of-way clearances and/or inventories may be required prior from the Navajo Nation before entry upon the surface for operation of the lease holdings. Prior contact with an approval of the Navajo Nation will be required before operations beginning. All application laws of the Navajo Nation (including tax laws, water codes, archaeological clearance, requirements of Environmental Protection Administrations, etc.) must be complied with by the Lessee.
2. The Navajo Nation Minerals Department requires a copy of complete exploration and development data (drilling logs, seismic data, etc.) that are obtained by the Lessee on the subject lands be submitted as the information is available, at no cost. Such material and data will be held confidential as described in 43 CFR 3162.8.
3. Navajo grazing rights will be protected, and the Navajo Nation's (e.g., wells, tanks rivers, springs, washes, creeks, stock water reservoirs, etc.), without a water use permit issued by the Navajo Nation Water Code Administration. Lessee will not drill any water wells for its use without a drilling permit from the water Code Administration.
4. Lessee will not use any waters of the Navajo Nation (e.g., wells, tanks, river, springs, washes, creeks, stock water reservoirs, etc.), without a water use permit issued by the Navajo Nation Water Code Administration. Lessee will not drill any water wells for its use without a drilling permit from the Water Code Administration.
5. Lessee will compensate the Navajo Nation and its grazing permittees (if any), for all surface use(s) as well as damages to crops, buildings, and other improvements of a surface landowner, including loss of grazing lands, occasion by the Lessee's operations, except that the Lessee's control. Compensation for surface use will be negotiated by Lessee and the Navajo Nation and will be based upon the area and level of disturbance, and duration of activity on the land.
6. Lessee will not drill any well within 500 feet of any house, structure, or reservoir of water, live stream, or other body of water without the written consent of the Navajo Nation Minerals Department and the Water Code Administration.
7. Lessee will bury, at minimum of four feet, all pipelines crossing tillable lands below plow depth unless other arrangements are made with the Navajo Nation.
8. Upon the request of the Navajo Nation Water Code Administration, or if so required by Navajo Regional Director or his authorized representative, and under the director of the Field Manager, Bureau of Land Management, Lessee will condition any well drilled which does not produce oil or gas in paying quantities, but which is capable of producing water satisfactorily for domestic, agricultural or livestock use by the Navajo Nation. Otherwise, after the expiration or termination of the lease, Lessee will remove all pumping equipment installed by Lessee at any well.