

**Idaho Department of Lands Oil and Gas Lease Stipulations for 19Oct2016 Public Auction
CASSIA COUNTY**

Township	Range	Section	Legal Description	County	Acres	TRACT #	Lease Stipulations
15S	21E	26	Gov Lot 3-4, W2SE, E2SW, SWSW	Cassia	305.20	16A003	3, 7, 10, 11 14

Compliance with Laws. Lessee shall comply with all applicable State, Federal, and local laws, rules, regulations, ordinances and executive orders during the term of this Lease.

3. Fire Prevention. Prior to entry onto Leased Premises, Lessee shall implement a fire prevention and emergency response plan that covers all aspects of site visits, exploration activities, or operations. The plan will include coordination with local jurisdictions, such as the cities, counties, landowners, Idaho Department of Lands, Rangeland Fire Protection Associations, and Federal land agencies. The plan will also include: emergency contact numbers and information, such as 911 and local fire dispatch centers; fire prevention and safety procedures; designation of adequate firefighting equipment to be present at all locations during all phases of field operations; evacuation routes and procedures; designation of a safety meeting place; and equipment emergency shutdown procedures.

7. Greater Sage-Grouse Habitat Zones. All or part of the Leased Premises contain Greater Sage-Grouse Habitat Zones, as shown on Idaho Department of Lands Digital Lands Records system (available at IDL offices and at <http://www.idl.idaho.gov/>), and all or portions of surface use may be restricted or denied. Lessee shall perform a site-specific management plan in areas of proposed activity. Lessee shall demonstrate that the specific location of the proposed activity would not adversely impact sage-grouse and their habitat, and shall provide equal or better results than the sage-grouse conservation measures described below. Site-specific management plans shall be reviewed and approved by Lessor prior to any surface activities. When anticipated results of proposed surface activities are uncertain, Lessor may consult with Idaho Department of Fish and Game prior to approving Lessee’s site-specific management plan. Such reviews and consultations may result in restrictions or may preclude Lessee’s use and occupancy of all or part of the Leased Premises.

Sage-Grouse Conservation Measures:

7.1 Surface Use and Timing

- a. Controlled surface use and timing limitations as described below will be applied within Greater Sage-Grouse Habitat Zones, unless species occupancy and distribution determined by IDFG recommends otherwise.
- b. No surface occupancy is allowed within 1 km (0.62 mi.) of an occupied lek in the designated Greater Sage-Grouse Habitat Zones.
- c. During lekking periods, as determined locally (approximately March 15-May 1 in lower elevations and March 25-May 15 in higher elevations), project activities will be avoided within 1 km (0.62 mile) of occupied leks between 6 p.m. and 9 a.m. to avoid disturbance to lekking and roosting sage-grouse. The terms low and high elevation are used generally. IDFG biologists with knowledge of the timeline for local lek routes usually advise when a lek should be checked. For planning purposes a 5,000-foot elevation may be used as a general distinction.
- d. Major construction and maintenance activity shall be avoided by Lessee in sage-grouse winter range (winter concentration areas) from December 1 to February 15. Specific dates may be earlier or later, depending on local breeding chronology.

7.2 Noise. Limit noise levels from discretionary activities within Greater Sage-Grouse Habitat Zones to not less than 10 decibels above ambient sound levels (typically 20-24 dBA) at occupied leks from two hours before sunset to two hours after sunrise during breeding season. Ambient noise levels will be determined by measurements taken at the perimeter of an

occupied lek at sunrise.

7.3 Fencing. New and existing wire fence segments constructed by Lessee located in high risk areas identified by the U.S. Department of Agriculture Natural Resources Conservation Service (NRCS), Fence Collision Risk Tool will be marked using collision diverter markers as defined by NRCS design practices. Examples of high risk areas include fencing with characteristics such as evidence of grouse fence strikes, gentle topography near a lek, or fences that bisect winter concentration area.

7.4 Water Supply Structures. Wildlife escape ramps in new and existing open-water storage tanks shall be installed and maintained to facilitate the use of and escape by wildlife.

7.5 Constructed Improvements.

a. Construction methods shall be implemented by Lessee that minimize surface disturbance. This could include utility placement through borings instead of trenches.

b. Infrastructure will be placed by Lessee in already-disturbed locations, as feasible, where the habitat has not been established. Infrastructure, such as pipelines, will be located along roads already in existence or required to be newly constructed for access to facilities.

c. Surface disturbances will be clustered in order to limit surface occupancy.

d. New utility developments and transportation routes will be located by Lessee in existing utility or transportation corridors, as allowable by any existing right-of-way restrictions.

e. Use best available science in concurrence with IDFG to address concerns of towers and other elevated structures as perches for predatory or corvid birds.

f. New structures with a height over five feet will not be constructed by Lessee within 1 km of occupied leks. To the extent practicable, power lines, towers, and other tall structures that provide perch sites for raptors will not be constructed within 3 km of breeding period habitats. If these structures must be built, or presently exist, the lines should be buried or the structures modified to prevent their use as raptor perch sites. Screening or other mitigation may also be used.

g. Permanent structures that create movement will be minimized in Greater Sage-Grouse Habitat Zones. Painting, shielding, or other measures can be implemented to mitigate potential impact from these structures.

7.8 Site Reclamation for Leases

a. Site reclamation will be completed by Lessee as soon as phases of operations or construction are completed. Site accessibility and timing conditions for successful germination will be taken into consideration.

b. Reclamation activities and plans will consider the ecological site potential. The goal of the reclamation will be to: (a) stabilize the site with plant species that are suitable to the site and include sage brush and native forb species; (b) provide the opportunity for sage-grouse habitat to develop over time; and (c) prevent non-native invasive species from occupying the site.

c. Sites will be irrigated or mulched appropriately by Lessee if necessary for establishing seedlings more quickly.

10. Controlled Surface Use Due to One or More of the Following Water Resources: Floodplain, Riparian - Wetland Area, Intermittent and Perennial Streams, Standing or Slow-Moving Bodies of Water, Human-Made Channels for Water.

No new surface disturbance (excluding fence lines) shall be allowed on the Leased Premises within the 100-year floodplain or 100 meters (330 feet) on either side from the centerline, whichever is greater, along the following water resources: riparian - wetland areas; intermittent and perennial streams; standing or slow-moving bodies of water; and human-made channels for water. Lessor may authorize an exception if there are no practical alternatives. Lessor may also authorize an exception if Lessee can demonstrate: (a) that the surface-disturbing activity would cause only negligible impacts to the water resource or its use for which this stipulation was designated to protect; or (b) that the surface-disturbing activity would improve the protected water resource or its use as defined by scientifically-defensible objectives, standards, or conditions.

11. Location Surveys. If Lessee completes a proved, developed, and producing well, and if either the mineral estate of land title is disputed by Lessor, or if the location of the producing interval is disputed by Lessor, then Lessee must fund appropriate location surveys, including, but not limited to: (a) Legal Boundary Land Survey and (b) Producing Interval Location Survey.

(a) A Legal Boundary Land Survey must determine the location and acreage encompassed by the drill spacing unit or pooling unit along with the state lease acreage within either of such units. The survey must be conducted by an Idaho- licensed Professional Land Surveyor acceptable to Lessor, and must be prepared pursuant to survey requirements provided by Lessor. Surveyors must conduct surveys in accordance with all applicable jurisdictional requirements and professional standards of practice. Boundary lines and corners of any portion of the Leased Premises being surveyed must be established or retraced in accordance with appropriate boundary law principles governed by the set of facts and evidence found in the course of performing the research and survey. All data gathered by Lessee must be presented to Lessor in a format compatible to Lessor's software.

(b) A Producing Interval Location Survey must determine the location of the producing interval of the well borehole. Lessee must determine the three-dimensional coordinate location of the: (i) top of the producing interval by its magnetic azimuth recorded in degrees of latitude, degrees of longitude, and true vertical depth in feet; and, (ii) bottom of the producing interval by its magnetic azimuth recorded in degrees of latitude, degrees of longitude, and true vertical depth in feet. The location data must be measured via borehole logging tools either in drill string assembly (measured while drilling) or lowered into wellbore after well is drilled (gyroscopic survey), or by another method approved by Lessor. Lessee must provide to Lessor the producing interval location projected onto a surface map that also shows the well surface location, the Leased Premises boundaries, and distances to boundaries. At Lessor's discretion, Lessee must provide additional directional survey information, accuracy requirements, and reported data.

14. Archaeological and Vertebrate Paleontological Resources. Lessee shall monitor for archaeological and vertebrate paleontological resources during all ground-disturbing activities on the Leased Premises. If any archaeological resources are encountered during all ground-disturbing activities on the Leased Premises, then Lessee shall cease all ground-disturbing activities that may adversely impact the discovered artifacts or other potential artifacts at the discovery site until a qualified archaeologist is consulted and Lessor approves of further activities. If any vertebrate paleontological resources are encountered during all ground- disturbing activities on the Leased Premises, then Lessee shall cease all ground-disturbing activities that may adversely impact the discovered fossil or other potential fossils at the discovery site until a qualified paleontologist is consulted and Lessor approves of further activities. Lessee shall also notify Lessor within 48 hours of any archaeological or vertebrate paleontological resource discoveries on the Leased Premises.