

## SURFACE USE AND DAMAGE AGREEMENT

This Agreement is made and entered into effective this <sup>29<sup>th</sup></sup> day of March, 201~~4~~<sup>5</sup>, by and between the Office of Navajo and Hopi Indian Relocation ("ONHIR"), an independent agency in the Executive Branch of the United States Government as Federal Land Administrator of the surface estate of the lands subject to this Agreement which are lands held by the United States in trust for the Navajo Nation and whose address is P.O. Box KK, Flagstaff, AZ 86002 and Ranger Development LLC, whose address is 5400 LBJ Freeway, Suite 1070, Dallas, TX 75240 (hereinafter referred to as "Operator") with the concurrence of the Nahata Dziil Commission Governance ("NDCG"), P.O. Box 400, Sanders, AZ 86512.

### WITNESSETH:

**WHEREAS**, ONHIR administers the surface estate described on Exhibit "A" attached hereto (the "Lands"); and

**WHEREAS**, Operator holds one or more valid helium leases from third parties covering all or portions of the Lands; and

**WHEREAS**, the parties wish to enter into an agreement respecting the use by Operator of portions of the Lands for the purposes of drilling, completing, equipping and operating one or more helium wells, and installing and operating equipment and facilities incidental thereto, on the Lands.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Right of Use.** ONHIR hereby gives and grants to Operator, its agents, employees, drilling contractors, and related service companies, subject to the terms of this Agreement, the non-exclusive right to enter upon and use the Lands for the purpose of drilling, completing, equipping and producing one or more helium wells at legal locations or at such exception locations as are approved by the Arizona Oil & Gas Conservation Commission, together with the right for Operator to use necessary Lands to construct and maintain one or more access roads, well sites, tank batteries, well site compression, and gas gathering and transportation pipelines in connection with the helium well(s) to be drilled by Operator upon the Lands, and as set forth in Exhibit "B" attached hereto.

2. **Notification and Consultation.** Prior to initiating the drilling of any well, Operator shall notify ONHIR and NDCG prior to entry upon the Lands and shall consult with ONHIR as to the location of each well, road, pipeline, power line, tank battery, or other facility to be placed upon the Lands.

3. **Compensation.** As compensation for surface damages and as rental for use of ONHIR's surface estate, Operator shall pay to NDCG the following:

- (a) The sum of \$2,500.00, payable upon execution of this Agreement, for the drilling of one well upon the Lands and the sum of Two-Thousand-Five-Hundred Dollars (\$2,500.00) per acre for any anticipated surface disturbance to the Lands (including, but not limited to, the construction of any road or gas gathering and transportation pipeline pursuant this Agreement), payable prior to commencement of such surface disturbing activities. Should Operator drill more than one well upon the Lands, Operator shall pay to NDCG an additional sum of \$2,500.00 for each additional well drilled, with said sum being payable to NDCG prior to Operator spudding any well. In the event that any well drilled upon the Lands is completed as a commercial producer of helium, Operator shall pay NDCG the sum of One-Thousand Dollars (\$1,000.00) per well per year. The annual payment described herein shall commence one year from the date of

the initial well payment, and shall allow Operator the rights for Operator, its agents, employees, service contractors, and successors in interest access to its well site, and facilities incidental thereto, as long as the annual payments are made and the well is capable of producing helium in paying quantities, but for a period not to exceed twenty (20) years.

(b) On the fifth anniversary of this Agreement, and every five years thereafter, payments provided for in this Agreement shall be increased by a percentage equal to the increase in the Consumer Price Index as published by the United States Department of Commerce for the preceding five-year period.

a. If the Consumer Price Index decreases during any five-year period, the payments shall remain at the then existing level for the next five years.

**4. Road Construction and Use.** Any roads constructed or used by Operator on the Lands shall be constructed or used to the following specifications:

(a) The access road to the well site will be constructed along a route, and constructed to specifications, as set forth in Exhibit "B" attached hereto.

(b) The surface of all roadways shall not exceed 20 feet in width for traveled surface.

(c) If requested by ONHIR, access to the Lands of ONHIR from any public road shall be controlled by a swinging locking metal gate in addition to a cattle guard, which gate and cattle guard Operator shall construct in accord with ONHIR's reasonable specifications.

(d) Culverts shall be placed in low areas for proper drainage.

(e) No off-road travel is permitted.

(f) The use and construction of roads by Operator on the Lands is a non-exclusive use, and ONHIR may allow other parties to use said roads. ONHIR shall have no responsibility for road maintenance, but may assist in maintenance operations.

(g) Operator agrees, if requested by ONHIR, to place an appropriate sign or signs on any road designating them as "private roads". The size and color of such signs shall be subject to ONHIR's approval.

(h) ONHIR may lock gates across its private roads, provided that Operator shall have the right to place its own locks on such gates. The parties shall exchange keys to all locks.

(i) Operator shall maintain existing and newly constructed roads used by Operator to the reasonable satisfaction of ONHIR. This work shall be coordinated by the Operator and ONHIR and done at reasonable times.

(j) No roads on the Lands shall be constructed or used by Operator for access to lands not subject to this agreement without a separately negotiated agreement.

**5. Well Sites.** Well sites located on the Lands shall be limited to no more than two (2) acres in size during drilling, completion, and reworking activities, and no more than two (2) acres in size for producing well sites, including any tank batteries and/or well site compression constructed by Operator. Operator agrees to fence the pits and other dangerous areas and at all times keep its well sites in good order and free of litter, debris, trash, or spilled hydrocarbons. In the event Operator does not encounter commercial quantities of helium at any well location and determines the location to be a "dry hole," or upon cessation of production, Operator shall give ONHIR thirty (30)

days written notice of the opportunity to take over any abandoned well and convert the same to a water well, without any obligation to reimburse the Operator or its drilling contractor the cost of drilling the well or casing such well. No covenant or warranty of title is made by Operator with regard to any water rights associated with any such well. If ONHIR elects in writing to take over the abandoned well and convert the same to a water well, then the ONHIR shall be responsible for the operation and maintenance of the well and shall assume all liability associated therewith. If ONHIR does not elect to take over the well and convert it to a water well, Operator shall fill in, smooth over, and clean up the well site and shall restore and reseed the area with a seed mix reasonably approved by ONHIR after replacing topsoil. All cleanup and restoration activities shall be completed by Operator as soon as the reserve pit has been allowed to dry so that proper backfilling can be accomplished. In the event that any well drilled upon the Lands is completed as a commercial producer of helium, Operator shall clean up the well site location and use only so much of the area as is reasonably necessary for its operations, and Operator shall restore such well location, reseeding the same with a seed mix specified by ONHIR, and Operator shall keep all well site locations neat, orderly, and clean at all times.

**6. Gas Gathering Pipelines.** In the event that any well drilled upon the Lands is completed as a commercial producer of helium, subject to the per acre compensation set forth in section 3 of this Agreement, ONHIR hereby gives Operator the right to construct, maintain, inspect, operate, protect, repair, alter, replace, and remove a gas gathering and transportation pipeline, together with necessary valves, cathodic protection equipment, and appurtenances useful and incident to the operation and protection thereof, for the transportation of helium bearing gas from the well(s) located on the Lands and subject to this Agreement. Any pipeline shall be constructed across the traverse indicated in Exhibit "B" attached hereto. Unless otherwise agreed to by ONHIR and Operator in writing, any pipelines constructed by Operator on the Lands shall be constructed and maintained to the following specifications:

(a) The top of any pipeline shall be buried at least 24 inches below the surface of the ground.

(b) Operator shall comply with the regulations of the Arizona Oil and Gas Commission and be responsible for backfilling, repacking, reseeding, and recontouring the surface so as not to interfere with ONHIR's agricultural operations. If pipeline trenches settle so as to interfere with ONHIR's irrigation or ranching activities, upon request by ONHIR, Operator shall fill in, repack, and level such trenches.

(c) Operator shall provide ONHIR with a plat showing the "as built" length and location of all pipelines promptly after their installation.

(d) ONHIR reserves the right to occupy, use and cultivate the lands affected by such pipeline, and to grant such rights to others, so long as such use does not interfere with Operator's operations.

(e) If Operator fails to use any pipeline for a period in excess of twenty four (24) consecutive months, the pipeline shall be deemed abandoned and Operator shall promptly take all actions necessary or desirable to clean up and remove the pipeline, or render the pipeline environmentally safe and fit for abandonment in place. All such cleanup and mitigation shall be performed in compliance with all applicable federal, state, and local laws and regulations.

**7. Power Lines.** Any buried or overhead power lines constructed on the Lands shall be constructed and maintained to the following specifications:

(a) Operator will consult with ONHIR and with the independent power company supplying power to Operator with respect to the location of overhead power lines prior to construction. Overhead power lines will be constructed so as to cause the least possible interference with ONHIR's visual landscape and ONHIR's existing and future ranching operations,

and, to the maximum extent possible, overhead power lines will be constructed along fence lines or property lines. All overhead power lines will be located in a manner to minimize or avoid interference with ONHIR's agricultural operation. No overhead power line will be located where it will interfere with ONHIR's existing irrigation systems or any future irrigation systems which are planned by ONHIR at the time of construction of overhead power lines. ONHIR shall be entitled to receive payment from Operator or Operator's electricity provider for any right-of-way needed for overhead power lines.

(b) Within a reasonable period of time after a well has been placed in production, all power lines constructed by or for Operator downstream of the independent power company's meters shall be buried, and all power line trenches shall be fully reclaimed and reseeded to the reasonable satisfaction of ONHIR. Buried power lines shall be installed pursuant to the regulations of the Arizona Oil and Gas Conservation Commission.

(c) Operator agrees that it will not construct overhead power lines in those portions of the Lands which are being irrigated or cultivated or which may, in the future, be irrigated or cultivated or which are fallow as part of a crop rotation or management program.

**8. Operations.** Operator's operations on the Lands shall be conducted according to the following specifications:

(a) Operator shall at all times keep its well sites and roads safe and in good order, free of noxious weeds, litter and debris, and shall spray for noxious weeds upon reasonable demand by ONHIR.

(b) Operator shall rehabilitate, restore, reclaim, and reseed all disturbed areas caused by Operator's operations within twelve (12) months after termination of construction activities on such sites, unless inclement weather prevents such rehabilitation and restoration within that time period.

(c) All cattle guards and fences installed by Operator shall be kept clean and in good repair and will become the property of ONHIR when Operator ceases ownership of its helium lease covering that portion of the Lands.

(d) Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Lands. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Lands which are reportable to regulatory authorities under applicable law or regulations shall be immediately (within 24 hours) reported to ONHIR and NDCG by telephone, fax, or e-mail, to be followed by copies of written notices which Operator has filed with regulatory authorities within five (5) business days after such filing.

(e) Operator shall remove only the minimum amount of vegetation necessary for the construction of roads, well locations, and other facilities. Topsoil shall be conserved during excavation, stockpiled and reused as cover on disturbed areas to facilitate regrowth of vegetation.

(f) All surface facilities not subject to safety requirements shall be painted to blend with the natural color of the landscape.

(g) No living quarters shall be constructed upon the Lands, except that drilling crews and geologists or service personnel may use housing trailers for the benefit of the Operator during drilling, completion, or reworking activities and any other temporary activity of the Operator on the Lands.

(h) Operator shall not fence any access roads without the prior consent of ONHIR.

(i) Operator shall construct and maintain stock-tight fences for both sheep and cattle around any dangerous areas, including any pits where Operator drills wells.

(j) Operator and its employees, agents, and contractors shall leave all gates located on the Lands as they found them; gates found closed are to be closed; gates found open are to be left open.

(k) None of Operator's employees, agents, or contractors, or any other person under the direction or control of Operator shall be permitted to carry firearms or any other weapons on the lands and such persons shall not hunt, fish, or engage in recreational activities on the Lands. No dogs will be permitted on the Lands at any time. Operator will notify all of its contractors, agents, and employees that no dogs, firearms, weapons, hunting, fishing, or recreational activities will be allowed on the Lands. None of Operator's employees, agents, or contractors, or any other persons under the direction or control of Operator, shall possess or be under the influence of alcohol or illegal drugs while on the Lands.

(l) Operator shall conduct operations and activities on the Lands in accordance with all existing local, state, and federal laws, rules, and regulations.

(m) No open fires shall be permitted on the Lands. Operator shall take all reasonable steps to prevent fire and to promptly extinguish fire, including, but not limited to, maintaining a fire extinguisher, shovel, and bucket in each service vehicle entering upon the Lands. Operator shall fully and promptly compensate ONHIR for all damages caused by fire arising out of Operator's operations, including, without limitation, any charges incurred by ONHIR for fire suppression and the replacement of fences and other property damaged or destroyed by fire.

**9. Produced Water.** With respect to any water produced from wells drilled on the Lands in connection with the production of helium, Operator agrees to test such water to determine if such water is fit for consumption by livestock and report the results of such tests to ONHIR and NDCG.

(a) If the water is not fit for consumption by livestock, then the Operator at its option shall either cap the well or shall haul the same away from the Lands and properly dispose of such produced water off the Lands pursuant to the Arizona Oil and Gas Conservation Commission rules and regulations.

(b) If the water is fit for consumption by livestock the Operator, ONHIR and NDCG shall work collaboratively to pipe or otherwise transport such water to a location off the lands where the water may be used for livestock purposes, provided, however, that this provision 9(b) shall not obligate Operator to pay any capital or operating expenses beyond what Operator would have paid if it capped the well.

**10. Extraordinary Damages.** The compensation provided for herein is acknowledged by ONHIR as sufficient and in full satisfaction for damages and use of the Lands caused or created by the reasonable and customary entry, egress, and operation and use of roads, well sites, pipelines, and facilities incidental thereto, but do not include damage to livestock, buildings, or improvements, or injuries to persons. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic substance or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to or loss of livestock, caused by Operator, shall be paid for by Operator at the higher of market value or replacement cost.

**11. Reclamation and Reseeding.** Unless ONHIR otherwise agrees in writing, within one (1) year after termination of any of Operator's operations on the Lands, Operator shall fully restore and level the surface of the lands affected by such terminated operations as near as possible to the

contours which existed prior to such operations. Operator shall use water bars and other measures as appropriate to prevent erosion and non-source pollution.

**12. Indemnification.** To the maximum extent permitted by law, Operator will indemnify, defend, and hold ONHIR, the United States and NDCG and their employees harmless from any and all claims, liabilities, demands, suits, losses, damages, and costs, including, without limitation, any attorneys' fees which may arise out of or be related to Operator's activities on the Lands.

**13. Designated Contact Person.** Operator, NDCG and ONHIR will each from time to time designate an individual, with appropriate 24-hour telephone and fax numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this Agreement. Current contact information is as follows:

For Operator:

Jeremy Jordan  
5400 LBJ Fwy, Ste 1070  
Dallas, TX 75240  
(972) 960-3212  
jeremyjordan@iacx.com

For ONHIR:

Scott Kuhr  
Land Management Specialist  
ONHIR  
P.O. Box KK  
Flagstaff, AZ 86002  
[skuhr@onhir.gob](mailto:skuhr@onhir.gob)

and

Mae Salago-King  
New Lands Program Operations Specialist  
ONHIR  
P.O. Box 130  
Sanders, AZ 86512

For NDCG:

Administrative Assistant  
Nahata Dziil Commission Governance  
P.O. Box 400  
Sanders, AZ 86512

**14. Assignment.** This Agreement shall run with the Lands and shall be assigned by Operator in connection with any assignment of Operator's leasehold rights under all or a portion of the Lands described in Exhibit "A".

(a) Operator shall give ONHIR and NDCG notice of any proposed Assignment by Operator. Within 45 days of receipt of such Notice ONHIR shall either consent to the Assignment or provide Operator in writing the grounds for its declining to so consent. If no timely response is provided by ONHIR, the assignment shall be deemed approved.

15. **Enforcement Costs.** If either party defaults under this Agreement, the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, incurred by the non-defaulting party in enforcing this Agreement, with or without litigation.

16. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the successors and assigns of the parties. ONHIR agrees to contact any tenant or grazing lessee of the surface estate described on Exhibit "A," or any other third parties utilizing the surface of the Lands, that may be affected by Operator's activities on the Lands. It shall be ONHIR's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant the terms hereof.

17. **Applicable Law.** This Agreement shall be construed under the laws of the State of Arizona. The Agreement shall be governed by applicable federal law and the laws of the Navajo Nation including but not limited to the Navajo Preference in Employment Act and the Navajo Nation Business Opportunity Act.

18. **Default and Right to Cure.** In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, ONHIR will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator shall have thirty (30) days from receipt of the written notification in which to cure the alleged default or otherwise appropriately respond to the notification.

19. **Limited Term.** Notwithstanding anything herein to the contrary, this Agreement shall have an effective term no greater than twenty (20) years.

20. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which (whether by email, facsimile, or other electronic means) shall be deemed to be an original, and all of such counterparts shall constitute one Agreement.

DATED as of the year and date first above written.

ONHIR:

  
\_\_\_\_\_  
Christopher J. Bavasi, Executive Director

OPERATOR: RANGER DEVELOPMENT LLC

By: \_\_\_\_\_  
Title: \_\_\_\_\_

CONCURRENCE: NDCG

  
\_\_\_\_\_  
Darryl T. Ahasteen  
President, Nahata Dziil Commission Governance



EXHIBIT "A"  
to Surface Use and Damage Agreement dated \_\_\_\_\_, 2014 by and between  
ONHIR and Ranger Development LLC

**LEGAL DESCRIPTION of THE LANDS SUBJECT to THIS AGREEMENT:**

The Southwest Quarter of Section 31, Township 20 North, Range 27 East (SW/4-T20N-R27E), and  
The Northwest Quarter of Section 6, Township 19 North, Range 27 East (NW/4-T19N-R27E),  
Gila and Salt River Meridian, Apache County, Arizona.

EXHIBIT "B"  
to Surface Use and Damage Agreement dated \_\_\_\_\_, 2014 by and between  
ONHIR and Ranger Development LLC

Excerpts from Environmental Assessment Illustrating Total Surface Disturbance, Well Pad Location, and Pipeline and Road Location:

**2.2 Alternative B - Proposed Action**

The Proposed Action involves drilling the Ranger 31-1 well, constructing a road and well pad and an associated pipeline and gas plant. The Proposed Action is located 3.0 miles southeast of the town of Navajo in Apache County, Arizona as indicated in Table 2.1 and shown in the vicinity map and Navajo South Quadrangle, Apache County, AZ, 7.5-minute topographic map attached as Appendix 1 (page 12). A summary of land use is given in Table 2.2. Figure 1 is an aerial photo with a diagram of the Proposed Action. The estimated duration of the project is five weeks.

**Table 2.1 Well Location (LAT: 35.0866379° N, LONG: 109.5163463° W, NAD 83)**

| <i>Well Name</i> | <i>#</i> | <i>Surface Position</i> | <i>T.</i> | <i>R.</i> | <i>S.</i> | <i>County</i> | <i>Gas Lease</i> | <i>Quad Map</i>  |
|------------------|----------|-------------------------|-----------|-----------|-----------|---------------|------------------|------------------|
| Ranger 31        | 1        | 1660' FSL & 2180' FWL   | 20N       | 27E       | 31        | Apache        | Private          | Navajo South, AZ |

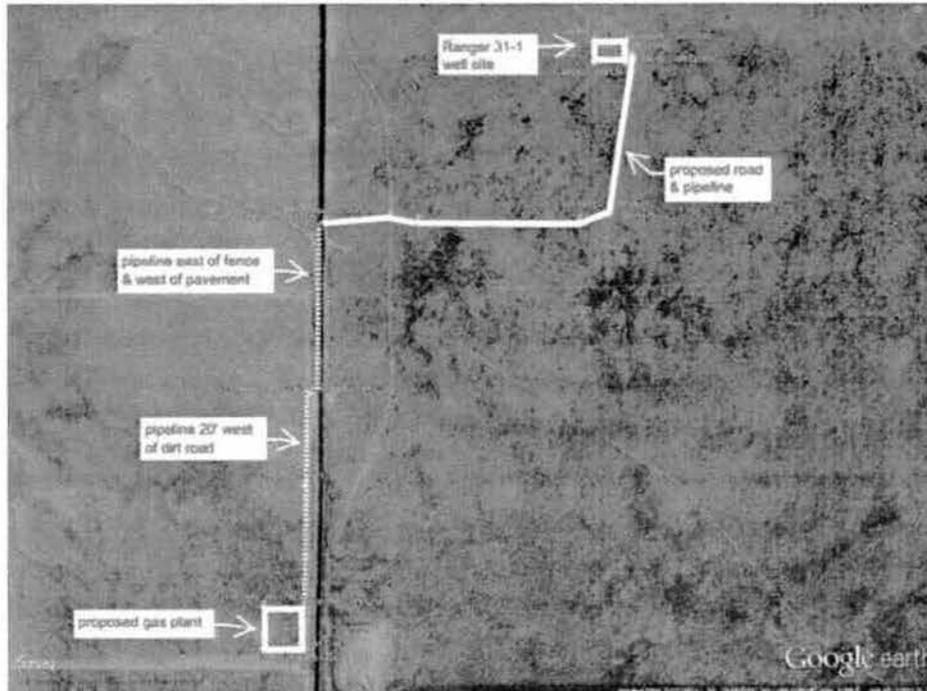
**Table 2.2 Land Use Summary**

| <i>Surface Ownership</i> | <i>Well Pad (Navajo) &amp; Gas Plant (Private)</i> |                    |              | <i>Pipeline/Road</i> |                    |              | <i>Land Use (Acres)</i> |
|--------------------------|--|--------------------|--------------|----------------------|--------------------|--------------|-------------------------|
|                          | <i>Length (ft.)</i>                                | <i>Width (ft.)</i> | <i>Acres</i> | <i>Length (ft.)</i>  | <i>Width (ft.)</i> | <i>Acres</i> |                         |
| Navajo Nation            | 250  | 168                | 0.96         | 1343.41              | 20                 | 0.61         | <b>4.58</b>             |
|                          |  |                    |              | 3288                 | 40                 | 3.01         |                         |
| Private                  | 300  | 300                | 2.07         | 1606                 | 40                 | 1.17         | <b>3.19</b>             |
|                          |  |                    |              | 108.21               | 20                 | 0.05         |                         |
| Project Total            |  |                    |              |                      |                    |              | <b>8.17</b>             |

**2.2.1 Well Drilling and Well Pad Construction**

Ranger will drill the well to extract helium gas from the Coconino and Shinarump sandstone. The well pad will be 250 feet by 168 feet. The top six inches of soil and brush will be stripped and stockpiled south of the pad and kept separate from the pit subsoil. The soil pile will be maintained for use in reclamation. Slopes will be no steeper than three to one.

Figure 1. Aerial photo diagram of Proposed Action



### 2.2.2 Pipeline and Pipeline Road Construction

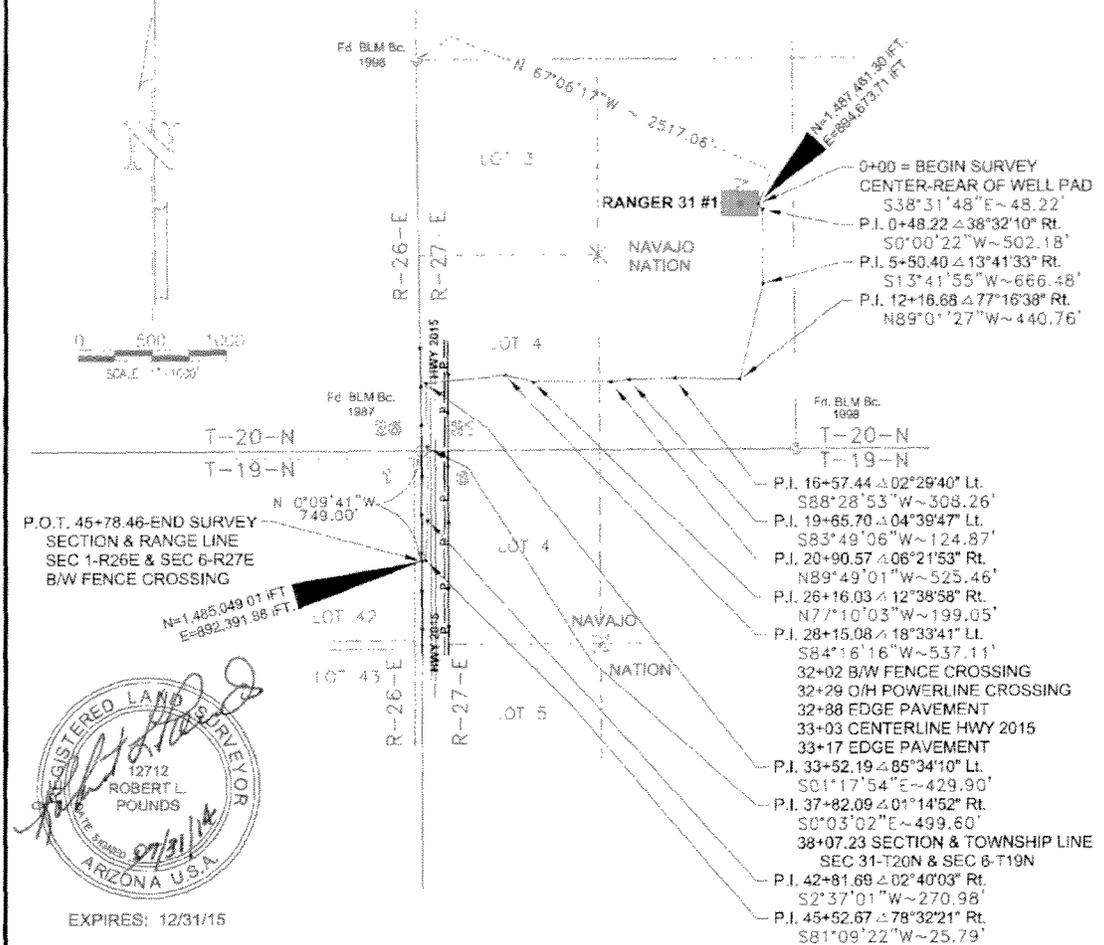
A 6,184.46-foot, 6-inch O.D. buried poly pipeline will be buried 36 inches deep along roads to Ranger's proposed gas plant. The 3,317 feet of new road will parallel the proposed pipeline and will be built to BLM Gold Book Standards. The road will have an approximate 14-foot wide running surface, will be rocked as needed, and a cattle guard will be installed in the fence. An 18-inch by 50-foot culvert will be installed in the N-2007 borrow ditch. No upgrade of the existing road or vehicle turn out is needed. Maximum disturbed with will be 20 feet. Maximum cut or fill will be 3 feet. Maximum grade will be 10%. The location of the route is shown on the plat attached as Appendix 1 (pages 13-14).

### 2.2.3 Waste Disposal

# Ranger Development, LLC

## PIPELINE & ACCESS EASEMENT

FROM RANGER 31 #1 WELL PAD IN SECTION 31, T-20-N, R-27-E  
TO THE WEST LINE OF SECTION 6, T-19-N, R-27-E,  
GILA AND SALT RIVER MERIDIAN, APACHE COUNTY, ARIZONA



P.O.T. 45+78.46-END SURVEY  
SECTION & RANGE LINE  
SEC 1-R26E & SEC 6-R27E  
B/W FENCE CROSSING



EXPIRES: 12/31/15

### NOTES

1. BASIS OF BEARINGS: THE ARIZONA COORDINATE SYSTEM OF 1983, EAST ZONE.
2. ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED UPON THE ARIZONA COORDINATE SYSTEM OF 1983, EAST ZONE. DISTANCES SHOWN ARE HORIZONTAL SURFACE MEASUREMENTS IN FEET. (COMBINED SCALE FACTOR: 0.9996706)
3. REFERENCE BLM PLATS  
T-19N- R27E FILED 02/08/1996  
T20N- R27E FILED 04/24/1998  
AMENDED ROLLING HILL RANCH SUBDIVISION 06/08/2008

### SURVEYOR'S CERTIFICATION

I HEREBY CERTIFY THAT THIS PLAT REPRESENTS A SURVEY PERFORMED BY ME OR UNDER MY SUPERVISION AND THAT IT ACCURATELY REPRESENTS THE CONDITIONS FOUND ON THE GROUND ON THE DATE OF THE SURVEY.

*Robert L. Pounds*  
Robert L. Pounds, R.L.S. #12712  
07/31/14  
DATE

| OWNER                      | STATION          | FEET/RODS         |
|----------------------------|------------------|-------------------|
| NAVAJO NATION TRIBAL TRUST | 0+00 TO 45+78.46 | 4578.46 / 277.482 |

### Ranger Development, LLC

|                    |                      |                    |
|--------------------|----------------------|--------------------|
| SURVEYED: 06/13/14 | REV. DATE:           | APP. BY: R.L.P.    |
| DRAWN BY: R.P.     | DATE DRAWN: 07/31/14 | FILE NAME: 0749401 |



P.O. BOX 3651  
FARMINGTON, NM 87499  
OFFICE: (505) 334-6408



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 and Safety Management

Mr. Brian Wood  
Permits West, Inc.  
37 Verano Loop  
Santa Fe, New Mexico 87508

DEC 16 2014

Dear Mr. Wood:

The Environmental Assessment (EA), **EA 14150**, received on November 12, 2014 for the Ranger Development, LLC, proposed Ranger 31-1 Well Pad, Gas Plant, Pipeline & Access Road located approximately 3 miles southeast of Navajo, Apache County, Arizona, has been reviewed in the Division of Environmental, Cultural and Safety Management, Navajo Regional Office. Ranger proposes to drill a well to produce helium from the Coconino and Shinarump sandstone and construct well pad, pipeline, and road. All construction for the proposed action will be within private oil and gas lease. 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) 863-8287.

Sincerely,

Regional Director, Navajo

Enclosed

**FINDING OF NO SIGNIFICANT IMPACT  
RANGER 31-1 WELL PM), GAS PLANT, PIPELINE & ACCESS ROAD  
EA-14-150**

**RANGER DEVELOPMENT, LLC**

Location: Navajo South, Arizona, Quathan0e, USGS 7.5 Minute Series Map  
Sections 31, T20N, R21E, AZPM  
Southeast of Navajo, Apache County, Arizona

The proposed action is approval, by the Bureau of Indian Affairs, for a right-of-way (ROW) grant to construct: a 250-foot by 160-foot well pad, a 1343.41-foot pipeline within 20-foot corridor, and 3288-foot **new access road and pipeline within a 40-foot wide corridor**. The proposed project will impact 4.58 acres of Navajo Tribal Trust land. **The project site is located approximately 3 miles southeast of Navajo, Apache County, Arizona**. The project is sponsored by Ranger Development, LLC, 5400 LBJ Expressway, Suite 1020 Dallas, Texas 75240.

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**. This decision incorporates lease stipulations and APD conditions approval, which will mitigate unavoidable long- and short-term impacts of this **action**. **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**). **Although the NNDFW has no record of species of concern occurring on or near the project site at this time, it provided a list of species of concern having the potential to occur on the Navajo South, Arizona, USGS 7.5-Minute Quadrangles containing the project boundaries** (Letter, dated June 2014). According to the NNDFW Biological Resource Land Clearance Policies and Procedures (BRLCPP), the proposed project is located within low sensitive wildlife resources zones. The NNDFW issued Biological Resources Compliance Form (BRCF), NNDFW Review No. **14PERM-03 indicating** Approval of the proposed action. The operator shall comply with the avoidance/mitigation measures stated in the BRCF (EA, BRCF).

4. Potential impacts to flood plains and wetlands by the proposed project have been evaluated in accordance with Executive Orders 11988 and 11990 respectively. The Flood Insurance Rate Map (FIRM) shows this area is not located in a floodplain and there are no wetlands in the project area (EA, Table 3.0A & 3.3).

5. Water Resources- surface flows are associated with small ephemeral drainage from snow melt and summer thunderstorms. Local drainage in the area is Puerco River. There are no water wells located within a one mile radius of the proposed action ([IA, Part 3.7). There will be increased sediment loading to the adjacent surface drainages through runoff of disturbed soils. Spilled contaminants or water from leaky pipelines may get into surface or ground water. Mitigation would include cleaning up spilled contaminants quickly to prevent runoff of contaminants into surface water or infiltration into ground water; and, reclamation of disturbed areas to stabilize the soil. Successful reclamation is expected to take two to three years (EA, Parts 3.71 & 17.2).

6. In compliance with the National Historic Preservation Act of 1966 as amended, Section 106 and 36 CFR 800.9 (b), a cultural resources inventory of the project area was conducted by Complete Archaeological Service Associates (CASA). The Navajo Nation Historic Preservation Department (NNIIPD) issued Cultural Resources Compliance Form (CRCF) NNHPD No.HPD-14-567 indicating, [n]o historic properties affected will be affected if the conditions cited in the CRCF is followed (EA-CRCF).

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.

7. RCRA, Subtitle C, Hazardous Waste and Subtitle D, Non-Hazardous Solid Waste- solid waste materials will be generated as a result of the proposed action. These materials will include typical field waste during construction of the pipeline. Solid waste will be disposed at an approved off-site landfill. Generation of hazardous waste is not expected. If hazardous waste is inadvertently generated, the proper authorities shall be consulted regarding disposal of such waste.

8. Noxious Weeds- there were seventeen species of noxious weeds were found in the project area that is on BIA Navajo Noxious Weed List; however, the operator shall ensure that noxious weeds do not spread over disturbed areas, and may consult with the Navajo Nation Department of Agriculture (NDA) regarding management and control of noxious weeds. The operator shall contact the Navajo Nation Environmental Protection Agency (NNEPA) Pesticide Enforcement and Development Program for a list of approved herbicides and applicators (EA, Part 15). The operator shall implement Best Management Practices to prevent the introduction of non-native, invasive plants to the project area.

9. Air Resources- there will be a short-term increase in dust during construction of the proposed action. This impact will subside as disturbed areas are reclaimed. Water shall be sprayed over disturbed areas for dust control. Surface disturbance and vehicular traffic will be limited; and compliance with the Clean Air Act and all applicable state, tribal and local regulations will occur.

10. Noise levels- noise from the proposed action would be transient in nature (period of one month maximum). The proposed action would be located in a relatively isolated location and is not in or within 400 feet of any dwelling, residence or building (EA, Part Table 3.0a).

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

12. 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.

The proposed action will allow Ranger Development, LLC to develop and produce oil within the Navajo Tribal "New Lands" surface, thus, meet the public's need for oil.

  
\_\_\_\_\_  
*Janelyn Snyder*  
*JAS*

41 12.01  
Regional NEP Coordinator

\_\_\_\_\_  
Date

# SURFACE USE AND DAMAGE AGREEMENT

This Agreement is made and entered into effective this 9th day of January, 2015, by and between the Office of Navajo and Hopi Indian Relocation ("ONHIR"), an independent agency in the Executive Branch of the United States Government as Federal Land Administrator of the surface estate of the lands subject to this Agreement which are lands held by the United States in trust for the Navajo Nation and whose address is P.O. Box KK, Flagstaff, AZ 86002 and Ranger Development LLC, whose address is 5400 LBJ Freeway, Suite 1070, Dallas, TX 75240 (hereinafter referred to as "Operator") with the concurrence of the Nahata Dził Commission Governance ("NDCG"), P.O. Box 400, Sanders, AZ 86512.

## WITNESSETH:

**WHEREAS**, ONHIR administers the surface estate described on Exhibit "A" attached hereto (the "Lands"); and

**WHEREAS**, Operator holds one or more valid helium leases from third parties covering all or portions of the Lands; and

**WHEREAS**, the parties wish to enter into an agreement respecting the use by Operator of portions of the Lands for the purposes of drilling, completing, equipping and operating one or more helium wells, and installing and operating equipment and facilities incidental thereto, on the Lands.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. Right of Use.** ONHIR hereby gives and grants to Operator, its agents, employees, drilling contractors, and related service companies, subject to the terms of this Agreement, the non-exclusive right to enter upon and use the Lands for the purpose of drilling, completing, equipping and producing one or more helium wells at legal locations or at such exception locations as are approved by the Arizona Oil & Gas Conservation Commission, together with the right for Operator to use necessary Lands to construct and maintain one or more access roads, well sites, tank batteries, well site compression, and gas gathering and transportation pipelines in connection with the helium well(s) to be drilled by Operator upon the Lands, and as set forth in Exhibit "B" attached hereto.

**2. Notification and Consultation.** Prior to initiating the drilling of any well, Operator shall notify ONHIR and NDCG prior to entry upon the Lands and shall consult with ONHIR as to the location of each well, road, pipeline, power line, tank battery, or other facility to be placed upon the Lands.

**3. Compensation.** As compensation for surface damages and as rental for use of ONHIR's surface estate, Operator shall pay to NDCG the following:

- (a)** The sum of \$2,500.00, payable upon execution of this Agreement, for the drilling of one well upon the Lands and the sum of Two-Thousand-Five-Hundred Dollars (\$2,500.00) per acre for any anticipated surface disturbance to the Lands (including, but not limited to, the construction of any road or gas gathering and transportation pipeline pursuant this Agreement), payable prior to commencement of such surface disturbing activities. Should Operator drill more than one well upon the Lands, Operator shall pay to NDCG an additional sum of \$2,500.00 for each additional well drilled, with said sum being payable to NDCG prior to Operator spudding any well. In the event that any well drilled upon the Lands is completed as a commercial producer of helium, Operator shall pay NDCG the sum of One-Thousand Dollars (\$1,000.00) per well per year. The annual payment described herein shall commence one year from the date of

the initial well payment, and shall allow Operator the rights for Operator, its agents, employees, service contractors, and successors in interest access to its well site, and facilities incidental thereto, as long as the annual payments are made and the well is capable of producing helium in paying quantities, but for a period not to exceed twenty (20) years.

(b) On the fifth anniversary of this Agreement, and every five years thereafter, payments provided for in this Agreement shall be increased by a percentage equal to the increase in the Consumer Price Index as published by the United States Department of Commerce for the preceding five-year period.

a. If the Consumer Price Index decreases during any five-year period, the payments shall remain at the then existing level for the next five years.

4. **Road Construction and Use.** Any roads constructed or used by Operator on the Lands shall be constructed or used to the following specifications:

(a) The access road to the well site will be constructed along a route, and constructed to specifications, as set forth in Exhibit "B" attached hereto.

(b) The surface of all roadways shall not exceed 20 feet in width for traveled surface.

(c) If requested by ONHIR, access to the Lands of ONHIR from any public road shall be controlled by a swinging locking metal gate in addition to a cattle guard, which gate and cattle guard Operator shall construct in accord with ONHIR's reasonable specifications.

(d) Culverts shall be placed in low areas for proper drainage.

(e) No off-road travel is permitted.

(f) The use and construction of roads by Operator on the Lands is a non-exclusive use, and ONHIR may allow other parties to use said roads. ONHIR shall have no responsibility for road maintenance, but may assist in maintenance operations.

(g) Operator agrees, if requested by ONHIR, to place an appropriate sign or signs on any road designating them as "private roads". The size and color of such signs shall be subject to ONHIR's approval.

(h) ONHIR may lock gates across its private roads, provided that Operator shall have the right to place its own locks on such gates. The parties shall exchange keys to all locks.

(i) Operator shall maintain existing and newly constructed roads used by Operator to the reasonable satisfaction of ONHIR. This work shall be coordinated by the Operator and ONHIR and done at reasonable times.

(j) No roads on the Lands shall be constructed or used by Operator for access to lands not subject to this agreement without a separately negotiated agreement.

5. **Well Sites.** Well sites located on the Lands shall be limited to no more than two (2) acres in size during drilling, completion, and reworking activities, and no more than two (2) acres in size for producing well sites, including any tank batteries and/or well site compression constructed by Operator. Operator agrees to fence the pits and other dangerous areas and at all times keep its well sites in good order and free of litter, debris, trash, or spilled hydrocarbons. In the event Operator does not encounter commercial quantities of helium at any well location and determines the location to be a "dry hole," or upon cessation of production, Operator shall give ONHIR thirty (30)

days written notice of the opportunity to take over any abandoned well and convert the same to a water well, without any obligation to reimburse the Operator or its drilling contractor the cost of drilling the well or casing such well. No covenant or warranty of title is made by Operator with regard to any water rights associated with any such well. If ONHIR elects in writing to take over the abandoned well and convert the same to a water well, then the ONHIR shall be responsible for the operation and maintenance of the well and shall assume all liability associated therewith. If ONHIR does not elect to take over the well and convert it to a water well, Operator shall fill in, smooth over, and clean up the well site and shall restore and reseed the area with a seed mix reasonably approved by ONHIR after replacing topsoil. All cleanup and restoration activities shall be completed by Operator as soon as the reserve pit has been allowed to dry so that proper backfilling can be accomplished. In the event that any well drilled upon the Lands is completed as a commercial producer of helium, Operator shall clean up the well site location and use only so much of the area as is reasonably necessary for its operations, and Operator shall restore such well location, reseeding the same with a seed mix specified by ONHIR, and Operator shall keep all well site locations neat, orderly, and clean at all times.

**6. Gas Gathering Pipelines.** In the event that any well drilled upon the Lands is completed as a commercial producer of helium, subject to the per acre compensation set forth in section 3 of this Agreement, ONHIR hereby gives Operator the right to construct, maintain, inspect, operate, protect, repair, alter, replace, and remove a gas gathering and transportation pipeline, together with necessary valves, cathodic protection equipment, and appurtenances useful and incident to the operation and protection thereof, for the transportation of helium bearing gas from the well(s) located on the Lands and subject to this Agreement. Any pipeline shall be constructed across the traverse indicated in Exhibit "B" attached hereto. Unless otherwise agreed to by ONHIR and Operator in writing, any pipelines constructed by Operator on the Lands shall be constructed and maintained to the following specifications:

(a) The top of any pipeline shall be buried at least 24 inches below the surface of the ground.

(b) Operator shall comply with the regulations of the Arizona Oil and Gas Commission and be responsible for backfilling, repacking, reseeding, and recontouring the surface so as not to interfere with ONHIR's agricultural operations. If pipeline trenches settle so as to interfere with ONHIR's irrigation or ranching activities, upon request by ONHIR, Operator shall fill in, repack, and level such trenches.

(c) Operator shall provide ONHIR with a plat showing the "as built" length and location of all pipelines promptly after their installation.

(d) ONHIR reserves the right to occupy, use and cultivate the lands affected by such pipeline, and to grant such rights to others, so long as such use does not interfere with Operator's operations.

(e) If Operator fails to use any pipeline for a period in excess of twenty four (24) consecutive months, the pipeline shall be deemed abandoned and Operator shall promptly take all actions necessary or desirable to clean up and remove the pipeline, or render the pipeline environmentally safe and fit for abandonment in place. All such cleanup and mitigation shall be performed in compliance with all applicable federal, state, and local laws and regulations.

**7. Power Lines.** Any buried or overhead power lines constructed on the Lands shall be constructed and maintained to the following specifications:

(a) Operator will consult with ONHIR and with the independent power company supplying power to Operator with respect to the location of overhead power lines prior to construction. Overhead power lines will be constructed so as to cause the least possible interference with ONHIR's visual landscape and ONHIR's existing and future ranching operations,

and, to the maximum extent possible, overhead power lines will be constructed along fence lines or property lines. All overhead power lines will be located in a manner to minimize or avoid interference with ONHIR's agricultural operation. No overhead power line will be located where it will interfere with ONHIR's existing irrigation systems or any future irrigation systems which are planned by ONHIR at the time of construction of overhead power lines. ONHIR shall be entitled to receive payment from Operator or Operator's electricity provider for any right-of-way needed for overhead power lines.

(b) Within a reasonable period of time after a well has been placed in production, all power lines constructed by or for Operator downstream of the independent power company's meters shall be buried, and all power line trenches shall be fully reclaimed and reseeded to the reasonable satisfaction of ONHIR. Buried power lines shall be installed pursuant to the regulations of the Arizona Oil and Gas Conservation Commission.

(c) Operator agrees that it will not construct overhead power lines in those portions of the Lands which are being irrigated or cultivated or which may, in the future, be irrigated or cultivated or which are fallow as part of a crop rotation or management program.

**8. Operations.** Operator's operations on the Lands shall be conducted according to the following specifications:

(a) Operator shall at all times keep its well sites and roads safe and in good order, free of noxious weeds, litter and debris, and shall spray for noxious weeds upon reasonable demand by ONHIR.

(b) Operator shall rehabilitate, restore, reclaim, and reseed all disturbed areas caused by Operator's operations within twelve (12) months after termination of construction activities on such sites, unless inclement weather prevents such rehabilitation and restoration within that time period.

(c) All cattle guards and fences installed by Operator shall be kept clean and in good repair and will become the property of ONHIR when Operator ceases ownership of its helium lease covering that portion of the Lands.

(d) Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Lands. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Lands which are reportable to regulatory authorities under applicable law or regulations shall be immediately (within 24 hours) reported to ONHIR and NDCG by telephone, fax, or e-mail, to be followed by copies of written notices which Operator has filed with regulatory authorities within five (5) business days after such filing.

(e) Operator shall remove only the minimum amount of vegetation necessary for the construction of roads, well locations, and other facilities. Topsoil shall be conserved during excavation, stockpiled and reused as cover on disturbed areas to facilitate regrowth of vegetation.

(f) All surface facilities not subject to safety requirements shall be painted to blend with the natural color of the landscape.

(g) No living quarters shall be constructed upon the Lands, except that drilling crews and geologists or service personnel may use housing trailers for the benefit of the Operator during drilling, completion, or reworking activities and any other temporary activity of the Operator on the Lands.

(h) Operator shall not fence any access roads without the prior consent of ONHIR.

(i) Operator shall construct and maintain stock-tight fences for both sheep and cattle around any dangerous areas, including any pits where Operator drills wells.

(j) Operator and its employees, agents, and contractors shall leave all gates located on the Lands as they found them; gates found closed are to be closed; gates found open are to be left open.

(k) None of Operator's employees, agents, or contractors, or any other person under the direction or control of Operator shall be permitted to carry firearms or any other weapons on the lands and such persons shall not hunt, fish, or engage in recreational activities on the Lands. No dogs will be permitted on the Lands at any time. Operator will notify all of its contractors, agents, and employees that no dogs, firearms, weapons, hunting, fishing, or recreational activities will be allowed on the Lands. None of Operator's employees, agents, or contractors, or any other persons under the direction or control of Operator, shall possess or be under the influence of alcohol or illegal drugs while on the Lands.

(l) Operator shall conduct operations and activities on the Lands in accordance with all existing local, state, and federal laws, rules, and regulations.

(m) No open fires shall be permitted on the Lands. Operator shall take all reasonable steps to prevent fire and to promptly extinguish fire, including, but not limited to, maintaining a fire extinguisher, shovel, and bucket in each service vehicle entering upon the Lands. Operator shall fully and promptly compensate ONHIR for all damages caused by fire arising out of Operator's operations, including, without limitation, any charges incurred by ONHIR for fire suppression and the replacement of fences and other property damaged or destroyed by fire.

**9. Produced Water.** With respect to any water produced from wells drilled on the Lands in connection with the production of helium, Operator agrees to test such water to determine if such water is fit for consumption by livestock and report the results of such tests to ONHIR and NDCG.

(a) If the water is not fit for consumption by livestock, then the Operator at its option shall either cap the well or shall haul the same away from the Lands and properly dispose of such produced water off the Lands pursuant to the Arizona Oil and Gas Conservation Commission rules and regulations.

(b) If the water is fit for consumption by livestock the Operator, ONHIR and NDCG shall work collaboratively to pipe or otherwise transport such water to a location off the lands where the water may be used for livestock purposes, provided, however, that this provision 9(b) shall not obligate Operator to pay any capital or operating expenses beyond what Operator would have paid if it capped the well.

**10. Extraordinary Damages.** The compensation provided for herein is acknowledged by ONHIR as sufficient and in full satisfaction for damages and use of the Lands caused or created by the reasonable and customary entry, egress, and operation and use of roads, well sites, pipelines, and facilities incidental thereto, but do not include damage to livestock, buildings, or improvements, or injuries to persons. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic substance or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to or loss of livestock, caused by Operator, shall be paid for by Operator at the higher of market value or replacement cost.

**11. Reclamation and Reseeding.** Unless ONHIR otherwise agrees in writing, within one (1) year after termination of any of Operator's operations on the Lands, Operator shall fully restore and level the surface of the lands affected by such terminated operations as near as possible to the

contours which existed prior to such operations. Operator shall use water bars and other measures as appropriate to prevent erosion and non-source pollution.

**12. Indemnification.** To the maximum extent permitted by law, Operator will indemnify, defend, and hold ONHIR, the United States and NDCG and their employees harmless from any and all claims, liabilities, demands, suits, losses, damages, and costs, including, without limitation, any attorneys' fees which may arise out of or be related to Operator's activities on the Lands.

**13. Designated Contact Person.** Operator, NDCG and ONHIR will each from time to time designate an individual, with appropriate 24-hour telephone and fax numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this Agreement. Current contact information is as follows:

For Operator:

Jeremy Jordan  
5400 LBJ Fwy, Ste 1070  
Dallas, TX 75240  
(972) 960-3212  
jeremyjordan@iacx.com

For ONHIR:

Scott Kuhr  
Land Management Specialist  
ONHIR  
P.O. Box KK  
Flagstaff, AZ 86002  
[skuhr@onhir.gov](mailto:skuhr@onhir.gov)

and

Mae Salago-King  
New Lands Program Operations Specialist  
ONHIR  
P.O. Box 130  
Sanders, AZ 86512

For NDCG:

Administrative Assistant  
Nahata Dziil Commission Governance  
P.O. Box 400  
Sanders, AZ 86512

**14. Assignment.** This Agreement shall run with the Lands and shall be assigned by Operator in connection with any assignment of Operator's leasehold rights under all or a portion of the Lands described in Exhibit "A".

(a) Operator shall give ONHIR and NDCG notice of any proposed Assignment by Operator. Within 45 days of receipt of such Notice ONHIR shall either consent to the Assignment or provide Operator in writing the grounds for its declining to so consent. If no timely response is provided by ONHIR, the assignment shall be deemed approved.

15. **Enforcement Costs.** If either party defaults under this Agreement, the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, incurred by the non-defaulting party in enforcing this Agreement, with or without litigation.

16. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the successors and assigns of the parties. ONHIR agrees to contact any tenant or grazing lessee of the surface estate described on Exhibit "A," or any other third parties utilizing the surface of the Lands, that may be affected by Operator's activities on the Lands. It shall be ONHIR's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant the terms hereof.

17. **Applicable Law.** This Agreement shall be construed under the laws of the State of Arizona. The Agreement shall be governed by applicable federal law and the laws of the Navajo Nation including but not limited to the Navajo Preference in Employment Act and the Navajo Nation Business Opportunity Act.

18. **Default and Right to Cure.** In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, ONHIR will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator shall have thirty (30) days from receipt of the written notification in which to cure the alleged default or otherwise appropriately respond to the notification.

19. **Limited Term.** Notwithstanding anything herein to the contrary, this Agreement shall have an effective term no greater than twenty (20) years.

20. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which (whether by email, facsimile, or other electronic means) shall be deemed to be an original, and all of such counterparts shall constitute one Agreement.

DATED as of the year and date first above written.

**ONHIR:**

\_\_\_\_\_  
Christopher J. Bavasi, Executive Director

**OPERATOR: RANGER DEVELOPMENT LLC**

  
By: JEREMY C. JORDAN  
Title: MANAGER

**CONCURRENCE: NDCG**

\_\_\_\_\_  
Darryl T. Ahasteen  
President, Nahata Dziil Commission Governance



EXHIBIT "A"  
to Surface Use and Damage Agreement dated January 9, 2015 by and between  
ONHIR and Ranger Development LLC

**LEGAL DESCRIPTION of THE LANDS SUBJECT to THIS AGREEMENT:**

The Southwest Quarter of Section 31, Township 20 North, Range 27 East (SW/4-T20N-R27E), and  
The Northwest Quarter of Section 6, Township 19 North, Range 27 East (NW/4-T19N-R27E),  
Gila and Salt River Meridian, Apache County, Arizona.

EXHIBIT "B"  
to Surface Use and Damage Agreement dated January 9, 2015 by and between  
ONHIR and Ranger Development LLC

Excerpts from Environmental Assessment Illustrating Total Surface Disturbance, Well Pad Location, and Pipeline and Road Location:

**2.2 Alternative B - Proposed Action**

The Proposed Action involves drilling the Ranger 31-1 well, constructing a road and well pad and an associated pipeline and gas plant. The Proposed Action is located 3.0 miles southeast of the town of Navajo in Apache County, Arizona as indicated in Table 2.1 and shown in the vicinity map and Navajo South Quadrangle, Apache County, AZ, 7.5-minute topographic map attached as Appendix 1 (page 12). A summary of land use is given in Table 2.2. Figure 1 is an aerial photo with a diagram of the Proposed Action. The estimated duration of the project is five weeks.

**Table 2.1 Well Location (LAT: 35.0866379° N, LONG: 109.5163463° W, NAD 83)**

| <i>Well Name</i> | <i>#</i> | <i>Surface Position</i> | <i>T.</i> | <i>R.</i> | <i>S.</i> | <i>County</i> | <i>Gas Lease</i> | <i>Quad Map</i>  |
|------------------|----------|-------------------------|-----------|-----------|-----------|---------------|------------------|------------------|
| Ranger 31        | 1        | 1660' FSL & 2180' FWL   | 20N       | 27E       | 31        | Apache        | Private          | Navajo South, AZ |

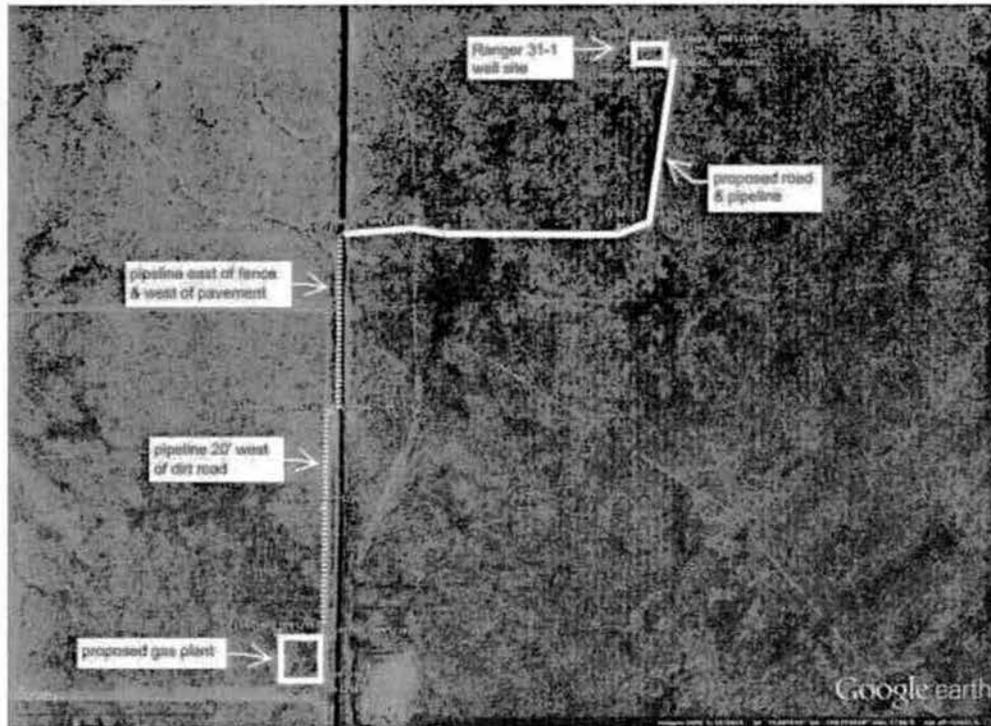
**Table 2.2 Land Use Summary**

| <i>Surface Ownership</i> | <i>Well Pad (Navajo) &amp; Gas Plant (Private)</i> |                    |              | <i>Pipeline/Road</i> |                    |              | <i>Land Use (Acres)</i> |
|--------------------------|--|--------------------|--------------|----------------------|--------------------|--------------|-------------------------|
|                          | <i>Length (ft.)</i>                                | <i>Width (ft.)</i> | <i>Acres</i> | <i>Length (ft.)</i>  | <i>Width (ft.)</i> | <i>Acres</i> |                         |
| Navajo Nation            | 250  | 168                | 0.96         | 1343.41              | 20                 | 0.61         | <b>4.58</b>             |
|                          |  |                    |              | 3288                 | 40                 | 3.01         |                         |
| Private                  | 300  | 300                | 2.07         | 1606                 | 40                 | 1.47         | <b>3.19</b>             |
|                          |  |                    |              | 108.21               | 20                 | 0.05         |                         |
| Project Total            |  |                    |              |                      |                    |              | <b>8.17</b>             |

**2.2.1 Well Drilling and Well Pad Construction**

Ranger will drill the well to extract helium gas from the Coconino and Shinarump sandstone. The well pad will be 250 feet by 168 feet. The top six inches of soil and brush will be stripped and stockpiled south of the pad and kept separate from the pit subsoil. The soil pile will be maintained for use in reclamation. Slopes will be no steeper than three to one.

Figure 1. Aerial photo diagram of Proposed Action



### 2.2.2 Pipeline and Pipeline Road Construction

A 6,184.46-foot, 6-inch O.D. buried poly pipeline will be buried 36 inches deep along roads to Ranger's proposed gas plant. The 3,317 feet of new road will parallel the proposed pipeline and will be built to BLM Gold Book Standards. The road will have an approximate 14-foot wide running surface, will be rocked as needed, and a cattle guard will be installed in the fence. An 18-inch by 50-foot culvert will be installed in the N-2007 borrow ditch. No upgrade of the existing road or vehicle turn out is needed. Maximum disturbed with will be 20 feet. Maximum cut or fill will be 3 feet. Maximum grade will be 10%. The location of the route is shown on the plat attached as Appendix 1 (pages 13-14).

### 2.2.3 Waste Disposal

