

Form 2120-10
(4-11-68)
(September 1966)

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

LEASE FOR OIL AND GAS

(Sec. 17 Noncompetitive Public Domain Lease)

Act of February 25, 1920 (41 Stat. 437), as amended (30 U.S.C. Secs. 181-263)

Name **Pan American Petroleum Corporation**
Street **Security Life Building**
City **Denver, Colorado 80202**
State
ZIP Code **Attn: Land Dept.**

N-3774

(Serial Number)

This oil and gas lease is issued for a period of ten (10) years to the above-named lessee pursuant and subject to the provisions of the Mineral Leasing Act and subject to all rules and regulations of the Secretary of the Interior now or hereafter in force, when not inconsistent with any express and specific provisions herein, which are made a part hereof.

Lands included in the lease:

T. 26 N., R. 52 E., 17 N.E. 1/4, Nevada

Sec. 6: All

NOT IN A KNOWN GEOLOGIC
STRUCTURE ON DATE OF
LEASE ISSUANCE.

Containing a total of **640.00** acres

Annual Rental **\$320.00**

This lease is issued to the successful drawee pursuant to his "Simultaneous Oil and Gas Entry Card" application filed under 48 CFR 8123.9, and is subject to the provisions of that application and those specified on the reverse side hereof.

Effective date of lease: **June 1, 1969**

THE UNITED STATES OF AMERICA

By *Robert A. Bell*
(Signature of Signing Officer)

MAY - 5 1969

Assistant Manager

(Date)

(Title)

This lease is subject to the determination by the Geological Survey as to whether the lands herein described were on a known geologic structure of a producing oil or gas field as of the date of signing hereof by the authorized officer.

311100

#29001

LEASE TERMS

Section 1. Rights of lessee.—The lessee is granted the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits...

(2) Bond.—To file any bond required by this lease and the current regulations and until such bond is filed not to enter on the land under this lease...

(3) Well.—To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor...

(4) Taxes and wages, freedom of purchase.—To pay when due all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil, and gas...

(5) Rental.—To pay the lessor in advance an annual rental at the following rates: (a) If the lands are wholly outside the known geologic structure of a producing oil or gas field...

(6) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(7) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(8) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(9) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(10) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(11) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavailably lost; a plat showing the development work and improvements on the leased lands...

(b) Well records.—To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to the Bureau of Land Management...

(c) Inspection.—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department of the Interior...

(d) Diligence, protection of waste, health and safety of workmen.—To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend drilling temporarily is granted by the lessor...

(e) Rental.—To pay the lessor in advance an annual rental at the following rates: (a) If the lands are wholly outside the known geologic structure of a producing oil or gas field...

(f) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(g) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(h) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(i) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(j) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(k) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(l) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(m) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(n) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(2) polluting the waters of reservoirs, springs, streams or wells; (3) damaging crops, including grazing, timber, or improvements of a surface owner...

(4) Overriding interest.—Not to create overriding royalties in excess of five percent except as otherwise authorized by the regulations...

(5) Diligent premises in case of forfeiture.—To deliver up to the lessor in good order and condition the land leased including all improvements which are necessary for the preservation of producing wells...

(6) Easements and rights-of-way.—The right to permit for trial or several use easements of rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied or used as may be necessary...

(7) Alienation and fair prices.—Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices...

(8) Helium.—Pursuant to Section 1 of the act as amended, the ownership of helium and the right to extract or have it extracted from all gas produced under this lease...

(9) Taking of royalties.—The right to section 36 of the act to take royalties in amount or in value of production. (10) Casing.—All rights pursuant to section 40 of the act to purchase casing, and less of operate valuable water wells.

(11) Drilling production restrictions.—It is agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior...

(12) Parol sale of materials, etc., on termination of lease.—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessee shall be deemed to have agreed to execute and deliver to the lessor...

(13) Proceedings in case of default.—If the lessee shall not comply with any of the provisions of the act or the regulations thereunder or of the lease, or shall make default in the performance or observance of any of the terms hereof...

(14) Helium and successor-in-interest.—It is further agreed that such obligation hereunder shall extend to and be binding upon, and only benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto...

(15) Unlawful interest.—It is further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after the expiration of his term of office...

(16) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(17) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

(18) Royalty on production.—To pay the lessor 12 1/2 percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations...

No. **98** - **7880**

I HEREBY OFFER to lease for oil and gas the following identified parcel of land:

SEE INSTRUCTIONS ON REVERSE

- 3. Parcel Number 4
- 4. State Nevada

Undersigned hereby offers to lease for oil and gas the above-identified parcel of land and certifies that the: (1) applicant is a citizen of the United States, an association of such citizens, a corporation organized under the laws of the United States or any State thereof, or a municipality organized under the laws of such a State; (2) applicant's interests in oil and gas offers to lease, leases, and options do not exceed the limitation provided by the Mineral Leasing Act of February 25, 1920, as amended; and (3) applicant is the sole party in interest in this offer and the lease if issued, or if not the sole party in interest, that the names and addresses of all other interested parties are set forth on the reverse hereof. The undersigned agrees that the successful drawing of this card will bind him to a lease, on Form 3120-19 (4-1158) or 3200-3 (4-1196), and to the extent applicable, the stipulations provided for in 43 CFR 3103.2 for the described parcel if such a lease is issued by the Bureau of Land Management as a result of this drawing.

PAN AMERICAN PETROLEUM CORPORATION April 24, 1969
 SEURITY LIFE BUILDING (Date)
 DENVER, COLORADO 80202, include zip code) Its Attorney in Fact
 Att: Land Dept. DO NOT DETACH

INSTRUCTIONS

This card must be properly executed and signed and sent to the appropriate Land Office of the Bureau of Land Management. It *must* be accompanied by two separate remittances—one for \$10 for the filing fee the other for the 1st year's rental at 50¢ per acre or fraction thereof. Advance rental *must* be made by cash, certified check, bank cashier's check, money order, or bank draft. Only one parcel may be included on a drawing card.

OTHER PARTIES IN INTEREST

NOTE: Compliance must be made with the provisions of 43 CFR 3123.2

RECORDED AT THE REQUEST OF Pan American Petroleum Corp.
 on June 23, 1969 at 15 mins. past 3 P. M. in
 Book 29 of OFFICIAL RECORDS, page 307-309 RECORDS OF
WYOMING COUNTY, NEVADA. Willie A. McPaul Recorder.
 File No. 49408 Fee \$ 5.00