

71199

Form 3110-2
(January 1978)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

01X6- 2700265
File 2700265

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. 181-263)

Name Ernest L. Mulford
Street 4500 Birchwood
City Seal Beach, CA
State
Zip Code 90740

N-21730
(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: State: Nevada County: Eureka

T. 27 N., R. 50 E., MD Mer.,
sec. 24, NW $\frac{1}{4}$ NE $\frac{1}{4}$.

Containing a total of 40.00 acres Annual Rental \$ 40.00

This lease is issued to the successful drawee pursuant to his "Simultaneous Oil and Gas Entry Card" application filed under 43 CFR 3112, and is subject to the provisions of that application and those specified on the reverse side hereof.

Effective date of lease: MAR 01 1979

THE UNITED STATES OF AMERICA

NOT IN A KNOWN GEOLOGIC
STRUCTURE ON DATE OF
USGS REPORT

By: Roger A. Jarrell
(Signature of Signing Officer)
Roger A. Jarrell

SUBJECT TO ATTACHED STIPULATIONS

CHIEF, BRANCH OF LANDS & MINERALS OPERATIONS

FEB 26 1979
(Date)

LEASE TERMS

Sec. 1. Rights of lessee.—The lessee is granted the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all oil and gas deposits, except helium gas, in the lands leased, together with the right to construct and maintain thereupon, all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a term of 10 years, and so long thereafter as oil or gas is produced in paying quantities; subject to an agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistent with the terms of this lease.

Sec. 2.
(a) **Bonds.**—(1) 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. (2) To maintain any bond furnished by the lessee as a condition for the issuance of this lease. (3) To furnish a sum double the amount of \$2 per acre or the annual rental but not less than \$1,000 nor more than \$10,000, upon the inclusion of any part of the leased land within the known geologic structure of a producing oil or gas field. (4) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessor a bond in the penal sum of \$10,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in the amount already being furnished is accepted. (5) Until a general lease bond is filed to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface interests in any of the lands described herein, the lessee may file such other bond as the regulations may require.

(b) **Cooperative or unit plan.**—Within 30 days of demand, or, if the leased land is committed to an approved unit or cooperative plan and such plan is terminated prior to the expiration of this lease, within 30 days thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may then determine to be practicable and necessary and to be operated in accordance with the regulations of all parties in interest, including the United States.

(c) **Wells.**—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor, or lands of the United States leased at a royalty rate or to which the royalties and rentals are paid into different funds than those of this lease; or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the leased land, as determined by said Director, at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) to comply with notice in writing to drill and produce such other wells as the Secretary of the Interior may reasonably require in order that the leased premises may be properly and timely developed and produced in accordance with good operating practice.

(d) **Rentals and royalties.**—(1) To pay rentals and royalties in amounts or value of production removed or sold from the leased lands as follows:

Rentals.—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 producing oil or gas field:

(1) For each lease year a rental of \$1.00 per acre or fraction of an acre.

(b) If the lands are wholly or partly within the known geologic structure of producing oil or gas field:

(1) Beginning with the first lease year after 30 days' notice that all or part of the land is included in such a structure and for each year thereafter, prior to a discovery of oil or gas on the lands leased, \$2 per acre or fraction of an acre.

(2) If the lands are committed to an approved cooperative or unit plan which includes a well capable of producing oil or gas and contains a general provision for allocation of production, the rental prescribed for the respective lease years in subparagraph (a) of this section shall apply to the acreage not within a participating area.

Minimum royalty.—Commencing with the lease year beginning on or after a discovery on the leased land, to pay the lessor in lieu of rental, a minimum royalty of \$1 per acre or fraction thereof at the expiration of each lease year, or the difference between the actual royalty paid during the year if less than \$1 per acre, and the prescribed minimum royalty, if more; provided that if this lease is unutilized, the minimum royalty shall be payable only on the participating acreage and rental shall be payable on the nonparticipating acreage as provided in subparagraph (1)(b) above.

Royalty on production.—(1) To pay the lessor 12½ percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations (30 CFR Pt. 221).

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in mine, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which production was produced in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, and in such lands provided by the lessee as reasonably may be required by the lessor, in cases where the lessee is required to hold such royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced nor be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Rentals or minimum royalties may be waived, suspended or reduced and royalties on the entire leasehold or any portion thereof segregated for royalty purposes may be reduced if the Secretary of the Interior finds that, for the purpose of encouraging the greatest ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(5) **Payments.**—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Bureau of Land Management at the places mentioned in the regulation 43 CFR 3102.2. If there is no well on the leased lands capable of producing oil or gas in paying quantities, the failure to pay rental on or before the anniversary date of the expiration of this lease shall constitute a forfeiture of the lease. However, if the time for payment falls on a day in which the proper office to receive payment is closed, payment shall be deemed timely if made on the next official working day.

(6) **Contracts for disposal of products.**—To file with the Oil and Gas Operating Regulations a copy of any contract, or evidence of other arrangement, for the sale or disposal of oil, gas, natural gasoline, and other products of the leased land; provided, that nothing in any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(7) **Statements, plats and reports.**—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for productive purposes or unavailability lost; a plat showing development work and improvements on the leased land; a report with respect to stockholders, investments, depreciation and costs.

(8) **Well records.**—To keep a daily drilling record, a log, complete information on all well surveys and tests in form acceptable to or prescribed by the lessor of all wells drilled on

leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof, to the lessor when required. All information obtained under this paragraph, upon the request of lessee, shall not be open to inspection by the public until the expiration of the lease.

(9) **Inspection.**—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises, including the premises, machinery, and fixtures thereon and all books, accounts, maps and records relative to operations and surveys or investigations on the leased lands or under the lease. All information obtained pursuant to any such inspection, upon the request of the lessee, shall not be open to inspection by the public until the expiration of the lease.

(10) **Diligence, prevention of waste, health and safety of operations.**—To exercise reasonable diligence in drilling and producing the wells herein provided for, and to conduct operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the Oil and Gas Operating Regulations, having due regard for the prevention of waste of oil or gas or damage to the wells or formation, and to conserve the oil or gas or coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plug property and effectively all wells drilled in or on the leased lands, or on any part of any prior lease or permit upon which the right to this lease was based before abandoning the same; to carry out at expense of the lessee all reasonable orders of the lessor relative to the matters in this paragraph, and that on failure of the lessee so to do the lessor shall have the right to enter the property and to accomplish the purpose of such orders at the lessee's cost; provided, that the lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(11) **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 produced from the lands hereunder, or other right, property, or assets of the lessee; to accord all workmen and employees complete freedom of purchase; to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(12) **Equal Opportunity clause.**—During the performance of this contract the lessee agrees as follows:

(1) **Equal Opportunity clause.**—During the performance of this lease, the lessee agrees as follows:

(1) The lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The lessee will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this Equal Opportunity clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(3) The lessee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or representative of the lessee's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's non-compliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further contracts with the Government. Any sanctions authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of paragraph (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 304 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The lessee will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance; provided, however, that in the event the lessee becomes involved in litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

(8) **Assignments of oil and gas lease or interest therein.**—Any assignment of this lease, or any interest therein, or any instrument of transfer made of this lease, or any interest therein, including assignments of record title, operating agreements and subleases, working or royalty interests, within 90 days from the date of final execution thereof.

(9) **Pipelines to purchase or convey at reasonable rates without discrimination.**—If owner, or operator, or owner of a controlling interest in any pipeline or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such product to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipeline, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act, or under the provisions of the act of August 7, 1947 (61 Stat. 913, 30 U.S.C. sec. 351).

(10) **Lands patented with oil and gas deposits reserved to the United States.**—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws remaining such oil or gas.

(11) **Reserved or segregated lands.**—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director of the Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(12) **Protection of surface, natural resources, and improvements.** The lessee agrees to take such reasonable steps as may be needed to prevent operations on the leased lands from causing crops, including forage, and grass growth thereon, or on Federal or non-Federal lands in the vicinity: (2) polluting air and water; (3) damaging improvements owned by the United States or other parties; or (4) destroying, damaging or removing fossils, historic or prehistoric ruins, or artifacts and upon any part of or

total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required and to the extent deemed necessary by the lessor to fill any pits, ditches and other excavations, remove or cover all debris, and so far as reasonably possible, restore the surface of the leased land and access roads to their former condition, including the removal of the same, if required. The lessor may prescribe the steps to be taken and restoration to be made with respect to the leased lands and improvements thereon whether or not owned by the United States. *Antiquities and objects of historic value.*—When American antiquities or other objects of historic or scientific interest, including but not limited to historic or prehistoric ruins, fossils or artifacts are discovered in the performance of this lease, the item(s) or condition(s) will be left intact and immediately brought to the attention of the contracting officer or his authorized representative.

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

(14) **Delivery 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.

Sec. 3. The lessor reserves:
(a) **Estimates and rights-of-way.**—The right to permit for joint use and estimates or rights-of-way, including easements in tunnel, upon, through, or in the leased lands, occupied, or used as may be necessary or appropriate to any point on the same or of other lands containing the deposits described in the act, and the treatment and shipment of products thereof by or under the authority of the Government, its lessees or permittees, and for other public purposes.

(b) **Disposition of surface.**—The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is not necessary for the production of the oil or gas, and the extraction and removal of the oil and gas thereon, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) **Monopoly and fair prices.**—Full power and authority to produce 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, to protect the interests of the United States; to prevent monopoly, and to safeguard the public welfare.

(d) **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, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If the lessor elects to take the helium, the lessee shall pay for all or any portion of the gas containing the same to the lessor, in the manner required by the lessor at any point on the leased premises, or, if the area is served at the time of production by a gas-gathering system owned or operated by the lessee, at any point in that system specified by the lessor, for extraction of the helium by such means as the lessor may provide. The residue shall be returned to the lessee, with no substantial delay in the delivery of the gas produced from the well to the owner or purchaser thereof. Save for the value of the helium extracted, the lessee shall not suffer a diminution of the value of the gas produced from the well, or loss otherwise, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. The lessor reserves the right to erect, maintain, and operate any and all reduction works necessary for extraction of helium on the leased premises. The lessee further agrees to execute any contract of sale of gas from the leased lands, subject to this lease provisions setting forth that the lessor owns, and reserves the right to extract or have extracted, any helium in the gas sold, and that the lessor may take the gas from a pipeline carrier or other gas-gathering system and extract the helium and return it to the owner thereof, without delay other than that caused by the extraction process; and for the helium taken by the owner shall not suffer any diminution of the value of the gas from which helium has been extracted, or any other loss arising from the extraction of helium, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. It is further agreed that any rights reserved vested in the lessor under this paragraph shall also run to any agent or assignee of the lessor or any purchaser of the rights of the lessor.

(e) **Taking of royalties.**—All rights pursuant to section 36 of the act, in the amount and value of production.

(f) **Casing.**—All rights pursuant to section 40 of the act to purchase casing, and lease or operate valuable water wells.

Sec. 4. Drilling and producing 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 the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After consultation with the Secretary of the Interior, or any person, committee, or State or Federal officer or agency authorized in the unit plan, may alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

Sec. 5. Surrender and termination.—The lessee may surrender this lease or any legal subdivision thereof by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continuing obligation of the lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the applicable lease terms and regulations.

Sec. 6. Forfeiture of materials, etc., on termination of lease.—In the event of the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessee shall have the privilege at any time within a period of 90 days thereafter of removing from the premises all machinery, equipment, tools, and materials other than improvements needed for production of oil or gas. Any materials, tools, appliances, machinery, production equipment, and other improvements on the leased lands which are allowed to remain on the leased lands shall become the property of the lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse circumstances throughout said period; provided, that the lessee shall remove any or all of such property where so directed by the lessor.

Sec. 7. 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 of observance of any of the terms hereof (except that of payment of annual rental which results in the automatic termination of the lease), and such default shall continue for a period of 30 days after service of written notice thereof by the lessor, this lease may be canceled by the Secretary of the Interior in accordance with section 31 of the act, except that if this lease covers lands known to contain valuable deposits of oil or gas, the lease may be canceled only by judicial proceedings in the manner provided in section 31 of the act; but this provision shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have.

Upon cancellation of this lease, any casing, material, or equipment determined by the lessor to be necessary for use in plugging or preserving any well drilled on the leased land shall become the property of the lessor. A waiver of any particular cause of cancellation and forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of cancellation and forfeiture, or for the same cause occurring at any other time.

Sec. 8. Heirs and successors-in-interest.—It is further agreed that such obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. Unlawful interest.—It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Sec. 3741 of the Revised Statutes of the United States, as amended (41 U.S.C. sec. 431, 432, and 433, Title 18 U.S.C. sec. 1701), relating to contracts, enter into and form a part of this lease, insofar as the same may be applicable.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SURFACE DISTURBANCE STIPULATIONS

Area Oil and Gas Supervisor or
District Engineer (Address, include zip code)
District Geologist
U.S. Geological Survey
7744 Federal Building
300 N. Los Angeles Street
Los Angeles, California 90012

Management Agency (name)	Address (include zip code)
<p>Elko District Manager Bureau of Land Management 2002 Idaho Street Elko, Nevada 89801</p>	
<p>1. Notwithstanding any provision of this lease to the contrary, any drilling, construction, or other operation on the leased lands that will disturb the surface thereof or otherwise affect the environment, hereinafter called "surface disturbing operation," conducted by lessee shall be subject, as set forth in this stipulation, to prior approval of such operation by the Area Oil and Gas Supervisor in consultation with appropriate surface management agency and to such reasonable conditions, not inconsistent with the purposes for which this lease is issued, as the Supervisor may require to protect the surface of the leased lands and the environment.</p> <p>2. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, lessee shall submit for approval two (2) copies of a map and explanation of the nature of the anticipated activity and surface disturbance to the District Engineer or Area Oil and Gas Supervisor, as appropriate, and will also furnish the appropriate surface management agency named above, with a copy of such map and explanation.</p>	<p>An environmental analysis will be made by the Geological Survey in consultation with the appropriate surface management agency for the purpose of assuring proper protection of the surface, the natural resources, the environment, existing improvements, and for assuring timely reclamation of disturbed lands.</p> <p>3. Upon completion of said environmental analysis, the District Engineer or Area Oil and Gas Supervisor, as appropriate, shall notify lessee of the conditions, if any, to which the proposed surface disturbing operations will be subject.</p> <p>Said conditions may relate to any of the following:</p> <ul style="list-style-type: none">(a) Location of drilling or other exploratory or developmental operations or the manner in which they are to be conducted;(b) Types of vehicles that may be used and areas in which they may be used; and(c) Manner or location in which improvements such as roads, buildings, pipelines, or other improvements are to be constructed.

BOOK 76 PAGE 299

Form 3109-5 (August 1973)

N-31736

MULE DEER SPECIAL STIPULATION

The following described lands have been identified as critical habitat for wintering herds of mule deer. Therefore, prior to entry onto the lands within the described area, the lessee (operator) will discuss the proposed activities jointly with the Area Oil and Gas Supervisor and the surface management agency's authorized officer who may require additional measures for the protection of mule deer. Such measures may include:

- a. Restriction of activity in identified areas during the winter months of November through March;
- b. No surface occupancy of selected sites;
- c. Special reclamation techniques.

Description of Lands

RECEIVED
Dir of Land Management

JAN 30 1979

NEVADA STATE OFFICE
RENO, NEVADA

Signature

Ernest L. Mulford

Ernest L. Mulford

Date

1-29-79

BOOK 76 PAGE 300

N-31730

PRAIRIE FALCON SPECIAL STIPULATION

The following described lands have been identified as favorable habitat supporting relatively high population densities of prairie falcons. Therefore, prior to entry onto the lands within the described areas, the lessee (operator) will discuss the proposed activities jointly with the Area Oil and Gas Supervisor and the surface management agency's authorized officer who may require additional measures for the protection of prairie falcons. Such measures may include:

- a. No surface occupancy of selected areas;
- b. Restriction of activity near nest sites during the months of March through June.

Description of Lands

RECEIVED
BUREAU OF LAND MANAGEMENT

10:00
A.M.

FEB 1979

NEVADA STATE OFFICE
RENO, NEVADA

Signature

Ernest L. Mulford

Ernest L. Mulford

Date

1-29-79

BOOK 76 PAGE 301

UG-29

WILDERNESS PROTECTION STIPULATION

N-31736

By accepting this lease, the lessee acknowledges that the lands contained in this lease are being inventoried or evaluated for their wilderness potential by the Bureau of Land Management under section 603 of the Federal Land Policy and Management Act of 1976, 90 Stat. 2743, 2785 (43 U.S.C. Sec. 1782).

Until the BLM determines that the lands covered by this lease do not meet the criteria for a wilderness study area as set forth in section 603, or until Congress decides against the designation of lands included within this lease as "wilderness," the following conditions apply to this lease, and override every other provision of this lease which could be considered as inconsistent with them and which deal with operations and rights of the lessee:

1. Any oil or gas activity conducted on the leasehold for which a surface use plan is not required under NTL-6 (for example; geophysical and seismic operations) may be conducted only after the lessee first secures the consent of the BLM. Such consent shall be given if BLM determines that the impact caused by the activity will not impair the area's wilderness characteristics.
2. Any oil and gas exploratory or development activity conducted on the leasehold which is included within surface use plan under NTL-6 is subject to regulation (which may include no occupancy of the surface) or, if necessary, disapproval until the final determination is made by Congress to either designate the area as wilderness or remove the section 603 restrictions.

If all or any part of the area included within the leasehold estate is formally designated by Congress as wilderness, oil and gas exploration and development operations taking place or to take place on that part of the lease shall become subject to the provisions of the Wilderness Act of 1964 which apply to national forest wilderness areas, 16 U.S.C. Sec. 1131 et seq., as amended, the Act of Congress designating the land as wilderness, and Interior Department regulations and policies pertaining thereto.

Ernest L. Mulford
Lessee's Signature Ernest L. Mulford

Title

1-29-79
Date

BOOK 76 PAGE 302 OG-22

RECEIVED
BUREAU OF LAND MANAGEMENT
FEB 2 1979
LAND MANAGEMENT OFFICE

N 21730

ARCHAEOLOGICAL STIPULATION

Antiquities and Objects of Historic Value

To secure specific compliance with the stipulations under Sec. 2, paragraph (q) of the oil and gas lease form, the lessee shall, prior to operations, furnish to the Authorized Officer a certified statement that either no archaeological values exist or that they may exist on the leased lands to the best of the lessee's knowledge and belief and that they might be impaired by oil and gas operations. Such certified statement must be completed by a qualified archaeologist acceptable to the Authorized Officer.

If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the Authorized Officer, to survey and salvage, in advance of any operations, such archaeological values on the lands involved. The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the lessor or the surface owner.

Ernest L. Mulford
Lessee's Signature Ernest L. Mulford

Title

1-29-79
Date

RECEIVED
Dir. of Land Management

10:00
A. M. FEB 3 1979

NEVADA STATE OFFICE
RENO, NEVADA

BOOK 76 PAGE 303

N-21730

DEPARTMENT OF ENERGY
Special Stipulation

This lease is issued pursuant and subject, to the extent applicable, to the terms and provisions of Section 302 of the Department of Energy Organization Act (42 U.S.C. 7152) and to the regulations of the Secretary of Energy promulgated thereunder relating to the:

- (1) fostering of competition for Federal leases (including but not limited to, prohibition on bidding for development rights by certain types of joint ventures);
- (2) implementation of alternative bidding systems authorized for the award of Federal leases;
- (3) establishment of diligence requirements for operations conducted on Federal leases (including, but not limited to, procedures relating to the granting or ordering by the Secretary of the Interior of suspension of operations or production as they relate to such requirements);
- (4) setting rates of production for Federal leases; and
- (5) specifying the procedures, terms, and conditions for the acquisition and disposition of Federal royalty interests taken in kind.

RECEIVED
Bureau of Land Management

FEB 2 1979

NEVADA STATE OFFICE
RENO, NEVADA

Ernest L. Mulford
Signature Ernest L. Mulford

1-29-79
Date

71199

RECORDED AT THE REQUEST OF Cities Service Company
 on December 3 1979, at 46 mins. past 10 A.M. In
 Book 76 of OFFICIAL RECORDS, page 297-304, RECORDS OF
 EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
 File No. 71199 Fee \$ 10.00

BOOK 76 PAGE 304

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