

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTLEASE 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: National Cooperative Refinery Assn.
Street: 404 Lincoln Tower Bldg.
City: Denver
State: CO
Zip Code: 80295N-20306
(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. 20 N., R. 50 E., MD Mer.,
Sec. 32, A11.

Containing a total of	640.00	acres	Annual Rental \$ 640.00
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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: NOV 01 1978

THE UNITED STATES OF AMERICA

By *Roger D. Darrell*
(Signature of Signing Officer)NATIONAL COOPERATIVE REFINERY ASSOCIATION
1580 LINCOLN STREET, SUITE 410
DENVER, COLORADO 80202NOT IN A KNOWN GELOGIC
STRUCTURE ON DATE OF
GS REPORT

SUBJECT TO ATTACHED STIPULATIONS

CHIEF, BRANCH OF LANDS & MINERALS OPERATIONS
(Title)RECORDED AT REQUEST OF
National Cooperative Refinery Assn.
BOOK 101 PAGE 277-278

OCT 29 1978

(Date)

82 FEB 22 A10:37

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
WILLIS A. DEPAOLI-RECORDER
FILE NO. 51-316
FEE \$ 5.00

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S1960-00

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 and other products obtained in the lands leased, and with the right to construct and maintain roads, wells, pipelines, buildings, plants, waterways, tanks, telegraph or telephone lines, pipes, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of 10 years, and so long thereafter as oil or gas is produced in paying quantities, subject to the agreement hereinafter, heretofore, or subsequently made by the Secretary of the Interior with the lessee, and agreement to govern the lands subject thereto where inconsistent with the terms of this lease.

Sec. 2. **The lessee agrees:**

(a) **Bonds.**—(1) To file any bond required by this lease and the current regulations and until such bond is filed, a cash deposit furnished by the lessee in condition for the issuance of this lease. (2) To furnish a bond in sum double the amount of \$2 per acre annually, plus 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. (3) To furnish prior to beginning of operations and to maintain at all times thereafter, to the lessor a bond in the penal sum of \$100,000 to represent corporate surety, or with United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in that amount is already being maintained or unless such a bond furnished by an operator of the lease is accepted. (4) 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 where a bond is required by law for the protection of the owners of surface rights. In lieu of any such bond as described herein, the lessee may file such a bond as the regulations may permit.

(b) **Exploration.**—(1) To keep open at all reasonable times the leased land committed to the lessor for the exploration of oil and gas, or other minerals, and to conduct such operations as may be necessary to determine the nature and extent of the oil and gas resources, and to furnish to the lessor a report of the results of such operations. (2) To furnish a bond in such amount as the regulations may permit, or to furnish a plan and such plan is terminated prior to the expiration of this lease, within 30 days of demand made thereon, to the lessor to add to or update under such reasonable cooperation or unit plan for the development and production of the oil and gas pool, or part thereof, included in the lands included herein, as the Secretary of the Interior may then determine to be practicable and reasonable or practicable, which plan shall adequately protect the rights 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 a property of the lessor, or lands of the United States, or to pay a lower royalty rate, or to pay rentals and royalties and costs are paid into different funds than are those of this lease; or in lieu of any plan of allocation 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 amount determined by said Director. (2) At the election of the lessee, to drill and produce other wells in accordance with any system of well spacing or production agreements affecting the oil and gas area in which the lands are situated, and that is authorized by applicable law or by the Secretary of the Interior; (3) promptly after due 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 areas "since 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 lessee in advance an annual rental of the following rates:

(a) If the lands are wholly outside the known geological structure of a producing oil or gas field:

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

(c) If the lands are wholly within the known geological structure of a producing oil or gas field:

(d) 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;

(e) If this lease is continued in an approved cooperative drilling 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 (d) of this section, shall apply to the acreage not within a participating area;

Royalties.—Commencing with the first lease year beginning on or after a discovery of oil or gas on the lands leased, or upon removal of oil or gas from the leased lands computed in accordance with the Oil and Gas Operating Regulations (30 CFR Pt. 223).

(f) If it is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any oil, gas, natural gasoline, and other products obtained from gas, due consideration shall be given to the highest price paid for oil or gas for a quantity 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.

(g) When paid in value, 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 the products were delivered in amount of production, such monthly products shall be determined in accordance with the rules and regulations of the Secretary of Labor, as provided in Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Executive Order No. 11246 of September 24, 1965, as amended, by the agency contracting officer, or the head of the labor union or workers organization of the lessor's employees, or their representative, or Equal Opportunity clause, and shall be paid within 30 days of the notice in conspicuous places available to employees and applicants for employment.

(h) 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 Executive Order No. 11246 of September 24, 1965, as amended, by the agency contracting officer, or the head of the labor union or workers organization of the lessor's employees, or their representative, or Equal Opportunity clause, and shall be paid within 30 days of the notice in conspicuous places available to employees and applicants for employment.

(i) 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 for ascertain compliance with such rules, regulations, and orders.

(j) The lessee will accept or reject the lessor's noncompliance 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 Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and rendered in accordance with 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.

(k) The lessee will include the provisions of paragraphs (l) through (7) in every assignment or sublease under any lease except by the lessor, regulations, or orders of the Secretary of Labor, as provided in Section 204 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 matter of administrative convenience, including cancellation if necessary; *Provided*, however, that in the event the lessee becomes involved in a suit, threatened with, 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.

(l) **Assignment of oil and gas lease or interest therein.**—As required by law, in file for approval by the lessor and recordable in the office of the recorder of the county or city in which the land is located, or in the office of the Secretary of the Interior, including assignments of record title, operating agreements, and subleases, nothing as royalty interests, within 90 days from the date of final execution thereof.

(m) **Pipelines.**—*To purchase or cause at reasonable rates and 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, according to such terms as derived from lands under this lease, to transport and convey and, if a purchaser of oil products to purchase at reasonable rates and without discrimination, oil or gas of the Government or of any other company not the owner of any pipeline, operating a pipeline or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the act, as amended, the provisions of the act of August 7, 1947 (61 Stat. 913, 30 U.S.C. sec. 251).

(n) **Lands patented with oil and gas deposits.**—*To explore, develop, and exploit.*—In the lands embraced herein have been or shall hereafter be disposed of under the laws respecting the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws respecting such oil and gas.

(o) **Payments.**—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, and other payments to the lessor, to the order of the Bureau of Land Management, the place mentioned in the regulations (30 CFR 3102.2). It there is no such place on the leased lands capable of producing oil or gas in paying quantities, the failure to pay rental or fee before the anniversary date shall automatically terminate the lease by operation of law. 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.

(p) **Contracts for disposal of oil and gas.**—To file with the Oil and Gas Supervisor of the Geological Survey not later than 30 days after the effective date thereof any contract, or evidence of arrangement, for the sale or disposal of the leased lands; *Provided*, that nothing in any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due on a minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(q) **Oil and gas plates and reports.**—At such times and in such form as the lessee 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 amounts used for production purposes or unaccounted for; a plan of future development work and improvements on the leased lands; and a report with respect to stockholders, investments, depreciation and costs.

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

leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish to 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.

(s) **Inspection.**—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the lessor, lessees, and all wells, improvements, machinery, and fixtures thereon and all wells, accounts, maps and records relating to operations and surveys or investigations of the leased lands or 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.

(t) **Diligence, prevention of waste, health, and safety of workers.**—To exercise reasonable diligence, to utilize all producing wells herein produced products and to suspend operations temporarily as may be directed by the lessor to carry out all operations in accordance with approved methods and practices provided in the Oil and Gas Operating Regulations, and practices required for the prevention of waste of waste oil or gas or damage to deposits or formations containing oil, gas, or water or to coal measures or other mineral deposits, for conservation of energy, for the preservation and conservation of the property or future productive operations, and for the health and safety of workmen, and to employ workmen properly and efficiently in accordance with the provisions of this lease or 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 no failure of the lessee to do the lessor shall have the right to enter into any property and to accomplish the purpose of such orders, but the lessor shall bear the expense of such entry and inspection.

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

(v) **Lessee's priorities in cases 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.

(w) **The lessor reserves.**

(x) **Easements and rights-of-way.**—The right to permit for joint or several uses of rights-of-way, including all rights-of-way in tunnels upon, through, or over the lands leased, occupied, or used as may be necessary or appropriate to the working of oil and gas or other lands containing the deposits described in the act, and the treatment and shipment of products thereof by and under authority of the Government, its lessees or permittees, and for other public purposes.

(y) **Disposition of surface.**—The right to fence, sell, or otherwise dispose of the surface of the leased lands, or any interest in or lease of the same, or to lease or otherwise dispose of any interest in or lease of the lands in the extraction and removal of oil and gas therefrom, or to dispose of any resources in such lands which will not unreasonably interfere with operations under this lease.

(z) **Monopoly and sale prices.**—Full power and authority to promulgate and enforce all rules and regulations necessary to insure the sale of the production of oil and gas from the lands to the United States at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(aa) **Helium.**—Pursuant to Section 1 of the act as amended, the ownership of helium and the right to extract and/or process helium from all gas produced under this lease is reserved to such rules and regulations as will be prescribed by the Secretary of the Interior. Any lease which grants the right to extract helium from the helium in the manner required by the lessor, at any point on the leased premises, or if this area is served at the time of production by a gas gathering system owned or operated by the lessor, at any point in that system specified by the lessor, for extraction of helium by such means as the lessor may provide. The helium, in the manner required by the lessor, at any point on the leased premises, or if this area is served at the time of production by a gas gathering system owned or operated by the lessor, for extraction of helium, for which the lessor is not compensated, shall be returned to the lessor, and no additional delay in the delivery of the gas to the producer from the well to the owner or processor. For each cubic foot of the value of the helium extracted, the lessee shall suffer a diminution of the value of the gas produced from the well, or less otherwise, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which the lessor is not compensated. The lessor reserves the right to extract, maintain, and operate and any production works necessary for extraction of helium and any production works necessary for delivery of helium in any contract or sale of gas from the lands subject to this lease; provided, however, that the lessor 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 carried in the manner set forth in the lease, and no additional delay in the delivery of the gas to the owner or processor, for which the lessor is not compensated, shall be suffered by the lessor, for the value of the helium, 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 the lessor is not reasonably compensated. It is further agreed that any rights reserved in the lease under this paragraph shall not affect any right or option or otherwise of the lessor to extract helium.

(bb) **Trading of royalties.**—All rights pursuant to section 36 of the act to late royalties in amount or in value of production.

(cc) **Casing.**—All rights pursuant to section 40 of the act to purchase casing, and lease or operate vehicle under contract to transport casing, and lease or operate vehicle under contract to transport casing, and lease or operate vehicle under contract to transport casing.

(dd) **Drilling and producing restrictions.**—It is agreed that the rule of prospecting and developing, and the quantity and rate of production from the lands subject to this lease shall be controlled by the public interest by the Secretary of the Interior, and that the exercise of his judgment by the Secretary of the Interior shall 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 utilization, the Secretary of the Interior, or any person, committee, or State or Federal agency or agency authorized in the unit of management oil or modify from time to time, the rule of prospecting and developing and the quantity and rate of production from the lands covered by this lease.

(ee) **Succession and termination of lease.**—The lessee may succeed 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 continued obligation of the lessee and his heirs to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(ff) **Use, occupancy, or material, etc., or termination of lease.**—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor shall have the privilege at any time within a period of 90 days thereafter of removing from the lands all buildings, equipment, tools, and materials, other than improvements needed for production of oil and gas, natural gasoline, or other products, and equipment subject to removal as above provided, 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 climatic conditions throughout said period. *Provided*, that the lessor shall remove any or all of such property where so directed by the lessor.

(gg) **Repayment in case of default.**—If the lessee shall fail to comply with any of the provisions of the act or the regulations, or the lessor or the lessor's assignee or, shall fail to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(hh) **Termination of lease or interest.**—In accordance with section 31 of the act, except that if this lease is no longer required 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 or any legal or equitable remedy which the lessor might otherwise have.

(ii) **Upon cancellation of this lease, any equipment, material, or equipment determined by the lessor to be necessary for use in operating the property over which the lease was held shall be removed from the leased lands and the lessor shall be liable for the cost of removal.**

(jj) **Succession of material, etc., or termination of lease.**—The lessee may succeed 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 continued obligation of the lessee and his heirs to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(kk) **Use, occupancy, or material, etc., or termination of lease.**—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor shall have the privilege at any time within a period of 90 days thereafter of removing from the lands all buildings, equipment, tools, and materials, other than improvements needed for production of oil and gas, natural gasoline, or other products, and equipment subject to removal as above provided, 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 climatic conditions throughout said period. *Provided*, that the lessor shall remove any or all of such property where so directed by the lessor.

(ll) **Repayment in case of default.**—If the lessee shall fail to comply with any of the provisions of the act or the regulations, or the lessor or the lessor's assignee or, shall fail to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(mm) **Termination of lease or interest.**—It is further agreed that each obligation hereunder shall extend to the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

(nn) **Unlawful interest.**—It is also further agreed that no Member of Congress, or Resident Commissioner, his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be permitted to buy any interest or part interest in any oil and gas lease, or in the production of oil and gas therefrom, and the provisions of Sec. 3701 of the Revised Statutes of the United States, as amended (41 U.S.C. Sec. 22) and Secs. 431, 432, and 433, Title 41 U.S.C., relating to contracts, enter into and form a part of this lease, so far as the same may be applicable.

(oo) **Assignment of oil and gas lease or interest therein.**—As required by law, in file for approval by the lessor and recordable in the office of the recorder of the county or city in which the land is located, or in the office of the Secretary of the Interior, including assignments of record title, operating agreements, and subleases, nothing as royalty interests, within 90 days from the date of final execution thereof.

(pp) **Revised or aggregated lands.**—If any of the land included in this lease is embraced in a reservation or aggregated for any particular purpose, to conduct operations thereon in conformity with such requirements, to 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 aggregated, 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.

(qq) **Protection of surface, natural resources, and improvements.**—The lessee agrees to take such reasonable steps as may be necessary to prevent operations on the leased lands from causing damage to crops, including forage, and timber growth thereon, or to Federal or non-Federal lands in the vicinity, or to facilities, air and water; (3) damaging improvements owned by the United States or other parties; or (4) destroying, damaged or removing fossil or prehistoric ruins, or artifacts and open any part of

total relinquishment or the cancellation or expiration of this lease, or at any other time prior thereto when required to do so by the extent deemed necessary by the lessor to protect the ditch and other excavations, rumors or corral, all ditches, and so far as reasonably possible, to restore the surface of the leased land and acreage to its former condition, including the removal of trees, shrubs, and brush as and 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 value are found, the lessee, including but not limited to the items or condition(s) will be left intact and immediately brought to the attention of the contracting officer or his authorized representative.

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

(ss) **Lessee's priorities in cases 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.

(tt) **The lessor reserves.**

(uu) **Easements and rights-of-way.**—The right to permit for joint or several uses of rights-of-way, including all rights-of-way in tunnels upon, through, or over the lands leased, occupied, or used as may be necessary or appropriate to the working of oil and gas or other lands containing the deposits described in the act, and the treatment and shipment of products thereof by and under authority of the Government, its lessees or permittees, and for other public purposes.

(vv) **Disposition of surface.**—The right to fence, sell, or otherwise dispose of the surface of the leased lands, or any interest in or lease of the same, or to lease or otherwise dispose of any interest in or lease of the lands in the extraction and removal of oil and gas therefrom, or to dispose of any resources in such lands which will not unreasonably interfere with operations under this lease.

(ww) **Monopoly and sale prices.**—Full power and authority to promulgate and enforce all rules and regulations necessary to insure the sale of the production of oil and gas from the lands to the United States at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(xx) **Helium.**—Pursuant to Section 1 of the act as amended, the ownership of helium and the right to extract and/or process helium from all gas produced under this lease is reserved to such rules and regulations as will be prescribed by the Secretary of the Interior. Any lease which grants the right to extract helium from the helium in the manner required by the lessor, at any point on the leased premises, or if this area is served at the time of production by a gas gathering system owned or operated by the lessor, for extraction of helium by such means as the lessor may provide. The helium, in the manner required by the lessor, at any point on the leased premises, or if this area is served at the time of production by a gas gathering system owned or operated by the lessor, for extraction of helium, for which the lessor is not compensated, shall be returned to the lessor, and no additional delay in the delivery of the gas to the owner or processor. For each cubic foot of the value of the helium extracted, the lessee shall suffer a diminution of the value of the gas produced from the well, or less otherwise, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which the lessor is not compensated. The lessor reserves the right to extract, maintain, and operate and any production works necessary for extraction of helium and any production works necessary for delivery of helium in any contract or sale of gas from the lands subject to this lease; provided, however, that the lessor 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 carried in the manner set forth in the lease, and no additional delay in the delivery of the gas to the owner or processor, for which the lessor is not compensated, shall be suffered by the lessor, for the value of the helium, 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 the lessor is not reasonably compensated. It is further agreed that any rights reserved in the lease under this paragraph shall not affect any right or option or otherwise of the lessor to extract helium.

(yy) **Trading of royalties.**—All rights pursuant to section 36 of the act to late royalties in amount or in value of production.

(zz) **Casing.**—All rights pursuant to section 40 of the act to purchase casing, and lease or operate vehicle under contract to transport casing, and lease or operate vehicle under contract to transport casing.

(aa) **Drilling and producing restrictions.**—It is agreed that the rule of prospecting and developing, and the quantity and rate of production from the lands subject to this lease shall be controlled by the public interest by the Secretary of the Interior, and that the exercise of his judgment by the Secretary of the Interior shall 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 utilization, the Secretary of the Interior, or any person, committee, or State or Federal agency or agency authorized in the unit of management oil or modify from time to time, the rule of prospecting and developing and the quantity and rate of production from the lands covered by this lease.

(bb) **Succession and termination of lease.**—The lessee may succeed 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 continued obligation of the lessee and his heirs to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(cc) **Termination of lease or interest.**—In accordance with section 31 of the act, except that if this lease is no longer required 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 or any legal or equitable remedy which the lessor might otherwise have.

(dd) **Upon cancellation of this lease, any equipment, material, or equipment determined by the lessor to be necessary for use in operating the property over which the lease was held shall be removed from the leased lands and the lessor shall be liable for the cost of removal.**

(ee) **Succession of material, etc., or termination of lease.**—Upon the expiration of this lease, or the earlier termination thereof pursuant to the last preceding section, the lessor shall have the privilege at any time within a period of 90 days thereafter of removing from the lands all buildings, equipment, tools, and materials, other than improvements needed for production of oil and gas, natural gasoline, or other products, and equipment subject to removal as above provided, 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 climatic conditions throughout said period. *Provided*, that the lessor shall remove any or all of such property where so directed by the lessor.

(ff) **Repayment in case of default.**—If the lessee shall fail to comply with any of the provisions of the act or the regulations, or the lessor or the lessor's assignee or, shall fail to pay all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for reversion or abandonment in accordance with the laws of the state or territory.

(gg) **Termination of lease or interest.**—It is further agreed that each obligation hereunder shall extend to the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

(hh) **Unlawful interest.**—It is also further agreed that no Member of Congress, or Resident Commissioner, his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be permitted to buy any interest or part interest in any oil and gas lease, or in the production of oil and gas therefrom, and the provisions of Sec. 3701 of the Revised Statutes of the United States, as amended (41 U.S.C. Sec. 22) and Secs. 431, 432, and 433, Title 41 U.S.C., relating to contracts, enter into and form a part of this lease, so far as the same may be applicable.