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Form 3100-11\*  
(March 1984)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0008  
Expires January 31, 1985

Serial No.

OFFER TO LEASE AND LEASE FOR OIL AND GAS

N-47104

The undersigned (reverse) offers to lease all or any of the lands in item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41); ~~WHEREBY~~ <sup>Signature certifies compliance</sup> with qualifications concerning Federal ~~oil and gas lease~~ <sup>land</sup> ~~holdings~~ <sup>holdings</sup> provided in Sec. 2(a)(2)(A) of M.L.A.

1. Name Anschutz Corporation  
Street 2400 Anaconda Tower  
555 Seventeenth Street  
City, State, Zip Code Denver, CO 80202

2. This offer/lease is for: (Check Only One)  PUBLIC DOMAIN LANDS  ACQUIRED LANDS (specify U.S. interest \_\_\_\_\_)

Surface managing agency if other than BLM: \_\_\_\_\_ Unit/Project \_\_\_\_\_

Legal description of land requested:

T. 21<sup>st</sup> N. R. E2 E. Meridian Mount Diablo State Nevada County Eureka  
sec. 1, lots 1 thru 12, N<sup>o</sup>.

Amount returned: Filing fee \$ 75.00

Rental fee \$ 606.00

Total acres applied for 606.67  
Total \$ 771.60

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_

SAME AS ITEM 2

NOT IN A KNOWN  
GEOLOGICAL STRUCTURE

Total acres in lease 606.67  
Rental returned \$ 606.00

In accordance with the above offer, or the previously submitted simultaneous oil and gas lease application or competitive bid, this lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

Type and primary term of lease:

- Simultaneous noncompetitive lease (ten years)
- Regular noncompetitive lease (ten years)
- Competitive lease (five years)
- Other \_\_\_\_\_

THE UNITED STATES OF AMERICA

Neela S. Bork  
Chief, Branch of Lands (Signing Officer)  
and Minerals Operations (Title) NOV 20 1987

EFFECTIVE DATE OF LEASE DEC 01 1987

\*Formerly 3110-1, 2, 3, 3120-1, 7, 3130-4, 5, and 7)

3.. NV5636-E

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(A) Undersigned certifies that (1) offeror is a citizen of the United States, an association of such citizens, a municipality, or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, date of acquisition, in either public domain or acquired lands do not exceed 200,000 acres in oil and gas options or 240,000 acres in options and leases; in the same State; or 400,000 acres in leases and 240,000 acres in options in either leasing District in Alaska; and (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(B) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which Offeror has been given notice; and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1061 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Regulatory criteria compliance with qualifications concerning Federal oil and lease holdings provided in Section 2 (a)(2)(A) of the Mineral Leasing Act.

Duly examined this 13th day of November 19 81 THE ANSCHUTZ CORPORATION

Dellin S. Lentz (Signature of Lessor or Attorney in fact) ASST. VICE PRESIDENT

LEASE TERMS

Sec. 1. Rentals - Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Single-unit non-competitive lease, \$1.00 for the first 5 years, thereafter, \$3.00.
- (b) Regular non-competitive lease, \$1.00.
- (c) Competitive lease, \$2.00, or
- (d) Other, see attachment.

If all or part of a non-competitive leasehold is determined to be within a known geological structure or a favorable petroleum geological province, annual rental shall increase \$2.00, beginning with the lease year following notice of such determination. However, a lease that would otherwise be subject to rental of more than \$2.00 shall continue to be subject to the higher rental.

If this lease or a portion thereof is contained in an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalty shall be paid on the production allocated to this lease. However, annual rental shall continue to be due at the rate specified in (a), (b), (c), or (d) for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official opening day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing of lease.

Sec. 2. Royalties - Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- (a) Single-unit non-competitive lease, 12 1/2%.
- (b) Regular non-competitive lease, 12 1/2%.
- (c) Competitive lease, see attachment, or
- (d) Other, see attachment.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values in products after giving notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessee, in proportion to a coalition on the premises where produced without cost to lessee. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalties or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty shall be due for any lease year after discovery in which royalty payments aggregate less than \$1.00 per acre. Lessee shall pay such difference at end of lease year. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portion of the lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or otherwise justified.

An interest charge shall be assessed on late royalty payments of underspent amounts in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (42 U.S.C. 9901-9909, Stat. 2447). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or statute, issued under FOMRMA or the leasing authority.

Sec. 3. Bonds - Lessee shall file and maintain any bond required under regulations.

Sec. 4. Diligence, rate of development, utilization, and drainage - Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to loss of, or waste of leased resources. Lessee reserves the right to specify rate of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 90 days of notice, if deemed necessary for proper development and specification of area, field, or pool embracing these leased lands. Lessee shall drill and produce as necessary to protect leased lands from drainage of gas, compensatory royalty for drainage in amount determined by lessee.

Sec. 5. Documents, evidence, and inspection - Lessee shall file with proper office of lessor, not later than 30 days after effective date of lease, any contract or evidence of other arrangements for use or disposal of production. At such times and on such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavailability loss. Lessee may be required to prepare plots and schematic diagrams showing development, present work and improvements and reports with respect to parties, equipment, expenditures, and representation costs in the form prescribed by lessor. Lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open to all reasonable times for inspection by any authorized officers of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or at the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that

supportively claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessor's accounting offices for future audit by lessee. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until removal of the obligation to maintain such records by lessee.

During existence of this lease, information obtained under this section shall be limited to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations - Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses of users. Lessee shall take reasonable measures deemed necessary by lessee to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification or siting of design of facilities, timing of operations, and specification of operation and final reclamation measures. Lessee reserves the right to exercise existing ones and to authorize future operations on the leased lands, including the approval of easements or rights-of-way. Such easement shall be maintained as to prevent unnecessary or unreasonable interference with rights of lease.

Prior to disturbing the surface of the leased lands, lessee shall conduct (lessee to be approved of) pre-disturbance soil and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor assessments or short-term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations - To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessee reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium - Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense of less or owner of the gas. Lessee shall include in any contract or sale of gas the provisions of this section.

Sec. 9. Damages to property - Lessee shall pay lessor for damage to lessor's improvements and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunities - Lessee shall pay when due all taxes legally assessed and levied under laws of the State or the United States, except all employees complete freedom of purchase, pay all wages at least twice each month in lawful money of the United States, maintain a safe working environment in accordance with standard industry practices, and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopsony. If lessee operates a pipeline or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated as a result of this lease, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1969 as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessor nor lessee's subcontractors shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease - As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises - At such time as all or portions of this lease are returned to lessor, lessor shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of productive wells.

Sec. 13. Proceedings in case of default - If lessee fails to comply with any provisions of this lease, and the non-compliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation. Lessee shall also be subject to applicable provisions and penalties of FOMRMA (40 CFR 2447). However, if this lease includes land known to contain valuable deposits of leased resources, it may be cancelled only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

Sec. 14. Heretofore recorded - This lease, including all amendments, modifications, assignments, and other instruments hereunder, shall be subject to the provisions of the Mineral Leasing Act of 1920, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessor nor lessee's subcontractors shall maintain segregated facilities.

WHEN RECORDED PLEASE RETURN TO THE ANSCHUTZ CORPORATION

2400 ANACONDA TOWER DENVER, COLORADO 80202 9-23

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COPY

RECORDED AT THE REQUEST OF  
*The Anschutz Corporation*  
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'87 DEC 10 P1 39

OFFICIAL RECORDS  
EVREKA COUNTY, NEVADA  
M.M. REALTY CO. RECORDER  
FILE NO. 114915  
FEE \$ 7.00

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