

11-1917

Form 3100-11\*  
(March 1964)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTPUBLISHED APPROVED  
OMB No. 1604-0006  
Expires January 31, 1986  
Serial No.

## OFFER TO LEASE AND LEASE FOR OIL AND GAS

D-1711PC

The undersigned (offeror) 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. Att. Gen. 41), or any other applicable law, certifies compliance with qualifications concerning Federal coal lease regulations provided in Sec. 2(a)(2)(A) of BLM

Anschutz Corporation

1. Name

2400 Anaconda Tower  
555 Seventeenth Street  
Denver, CO 80202

City, State, Zip Code

2. The offer/lease is for (Check Only One)

 PUBLIC DOMAIN LANDS ACQUIRED LANDS (former U.S. mineral)

Surface managing agency if other than BLM:

Legal description of land required:

T. 20 R. E. 53 E. Section Mount Pish'c. State Nevada County Churchill

sec. 1, lots 8 thru 21, S1/4 S1/4;  
 sec. 2, lots 1 thru 8, S1, S1/4;  
 sec. 3, lots 9 thru 17, S1, S1/4;  
 sec. 17, lots 1, 2, 3, 4, N1/4, N1/4;  
 sec. 20, lots 1 thru 14, S1/4 S1/4;  
 sec. 22, lots 1 thru 16;  
 sec. 32, lots 1 thru 14.

Amount retained: Filing fee \$ 75.00

Rental fee \$ 4721.00

Total acres applied for 4720.25  
Total \$ 4721.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 20 R. E. 53 E. Section Mount Pish'c. State Nevada County Churchill

SAME AS ITEM 2

NOT IN A KNOWN  
GEOLOGICAL STRUCTURE

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 2 together with the right to build and maintain necessary improvements thereon 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 which are 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 \_\_\_\_\_

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

THE UNITED STATES OF AMERICA

Marta J. Bral  
Deputy Director of Lands  
and Minerals OperationsNOV 20 1987  
(Date)EFFECTIVE DATE OF LEASE DEC 01 1987  
(Date)

NV-5636-G

BOOK 1 PAGE 011

(a) Lessee certifies that (1) neither he nor a citizen or subject of another country, 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 3120 and 3121, having authority to do business, chargeable to the lessee, and interest in either public domain or acquired lands, all exceed 200,000 acres owned and possession of 250,000 acres, in addition to the land being offered, or 300,000 acres in options of either leasing acquired lands in excess of 100,000 acres, and (4) offeror is not considered a citizen under the laws of the state in which the lands offered by this offer are located.

(b) Lessee agrees that signature on this offer constitutes acceptance of this lease, including all terms, conditions and stipulations, of which offer has been given notice, and an agreement or separate lease that may include any land described in this offer open to leasing at the time this offer was first submitted for acceptance from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the BLM State Office before this lease, or 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 affect offer no property if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 43 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to an agent or employee of the United States any false, fictitious or fraudulent statements or representations to any manner within his jurisdiction.

**Secretary certifies compliance with modifications concerning Federal coal lease holdings provided in Section 2 of C(1)(A) of the Mineral Leasing Act**

Duly executed this 13th day of November, 1981

81

THE ANSCHUTZ CORPORATION

William S. Dent ASST. VICE PRES.

LEASE TERM

Sec. 1. RENTALS—Rents shall be paid in proper order of lease in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Simultaneous noncompetitive lease, \$1.00 for the first 5 years, thereafter, \$1.00;
- (b) Regular noncompetitive lease, \$0.50;
- (c) Competitive lease, \$2.00;
- (d) Other, see attachment.

If all or any of a noncompetitive leasehold is determined to be within a known gas field or a favorable petroleum producing province, annual rental shall become \$2.00 beginning after the last 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 that lease or a portion thereof is designated as an approved cooperative unit area which includes a well capable of producing sales revenues, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals 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, or before the anniversary date of this lease for next official rental day, or if lease is closed, shall automatically terminate the lease by operation of law. Royalties may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessor.

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) Simultaneous noncompetitive lease, 12 ½ %;
- (b) Regular noncompetitive lease, 50 %;
- (c) Competitive lease, see attachment; or
- (d) Other, see attachment.

Lessor reserves the right to specify whether royalty is to be paid in value of product and/or the right to establish reasonable minimum values of products after giving lessor notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the 1st day of the month following the month in which production occurred. When paid in cash, royalties shall be measured unless otherwise agreed to in lease, in merchandise condition of the premises where produced without cost to lessor, or, if so agreed to by both parties, in cash due in advance of the last day of the month following the month in which production occurred, sum shall never be held liable for loss or destruction of royalties other products in storage until cause beyond the reasonable control of lessor.

Minimum amounts shall be due for all lease years after discovery in which royalty payments aggregate less than \$1.00 per acre. Lessee shall pay such minimum at end of lease year. If maximum royalty may be waived, suspended, or reduced, the above royalty rates shall be reduced for all or portions of this lease. The lessor may determine that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or to otherwise protect the interest of the lessor.

An interest charge shall be levied on late payment of amounts due to lessor in accordance with the Federal Oil and Gas Royalty Requirements Act of 1982. FOWRAA (Pub. L. No. 97-248). Lessee shall be liable for royalty payments made and paid or waived from a lease, even with such loss or damage to the interest of the operator, if the operator, in due course, settles with any non-reputable owner, order, or authority issued under FOWRAA or its leasing authority.

Sec. 3. BONANZA—Lessee shall file and maintain all records required under regulations.

Sec. 4. DRILLING, RATE OF DEVELOPMENT, OPERATIONS, AND DRAINS—Lessee shall commence reasonable diligence in developing and producing, and shall prevent unnecessary waste, damage or loss of, or waste of leased resources. Lessee has the right to spend in total development and production its proportionate interest and to negotiate to subdivide its operated lease into one or more within 50 days of notice if deemed necessary to develop and operate a lease in one or more fields, or more, embracing these leased lands. Lessee shall drill and produce wells, units, or areas to prevent severance from drainage areas, notwithstanding royalty or drainage area boundaries determined by the lessor.

Sec. 5. DOCUMENTS, EVIDENCE, AND INSPECTION—Lessee shall file with proper office of lessor, not later than 30 days after effective date, current or copies of evidence of other arrangements for sale or removal of production. At such time and in such form as lessor may prescribe, lessor shall furnish detailed statements showing amounts and quality of all products removed and held, proceeds thereof, and amount used for productive purposes or unavoidably lost. Lessee may be required to provide plans and schematic diagrams showing development work and improvements, and reports with respect to status of interest, expenditures, and depreciation 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 requested. Lessee shall keep open at reasonable times for inspection by any authorized officer or agent, the leased premises and wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as bills of lading, invoices, or similar documents that

supplement or amend the lease, or relating to the preparation and interpretation of such records, shall be maintained by lessor, or resulting from future lease. In regular lease, lessor shall maintain regional records from which offer was generated or, if no such or designated is under way, sum totals of all regional information such records reflect.

During existence of this lease, information obtained during such work shall be disclosed to interested persons in accordance with the Freedom of Information Act, 5 U.S.C. 552.

Sec. 6. EXPLORATION AND PRODUCTION—Lessee shall take reasonable measures deemed necessary by lessor to determine the interest of lessor in the lease, consistent with lease rights granted, such measures shall include, but not be limited to, environmental impact statement, geological, engineering, and economic studies, and final environmental measures. Lessee reserves the right, in its judgment, to waive, reduce, or modify future payments on the leased lands, including the application of environmental credits or fees, if such uses shall be conditioned uses to prevent unreasonable interference with rights of lessor.

Permit to drill, or entry of any unpatented lands, lessor shall contact lessee to be apprised of procedure, or follow up on its instructions or recommendations that may be necessary. Areas to be drilled shall be consistent with environmental impact statement, or special studies to determine the extent of mineral or water resources. Lessee shall be required to complete major investments of short term, special studies under plan, or to be able to show the feasibility of operations, or intention of changing the ownership of leases, or scientific interest, of leased lands, upon completion of such studies, or when immediate effect seems evident, without prior notice to lessor, and would result in substantial reduction of such species of species.

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, lessor reserves the right to drill or approve such operations.

Sec. 8. INTEGRATION OF LEASES—Lessee observes the option of extracting or leasing extracted minerals from lands not in the leasehold, and such minerals may be treated as lessor's property if lessor's interest in the leasehold is severed. Lessee shall contribute in any amount of value, or lessor's interest in the leasehold, to the value of minerals or oil and gas. Lessee shall contribute in any amount of value, or lessor's interest in the leasehold, to the value of minerals or oil and gas.

Sec. 9. LIQUIDATE PROPERTY—Lessee may pay rents, for damage to lessor's improvements and fixtures, or for damage to leased lands, or for all claims for damage to certain persons of property or damage to leased lands.

Sec. 10. MINES AND DRILLS—Interest and legal expenses. Lessor shall pay, when due all taxes, fees, charges, and other similar taxes in the State or the United States, accrued or incurred, except for the first 10 months of lease, by lessor, by paying off all taxes at least twice each month in equal amounts. The first 10 months of lease, field equipment will be standard industry standards and lessor is responsible to protect the health and safety of the public.

Sec. 11. DRILLING AND PRODUCTION—Lessee shall produce at usual or reasonable prices and to prevent production from being excessive or unreasonably restricted in a pipeline or its system. Lessee agrees to lease all wells and leasehold lands, and to conduct all drilling operations in accordance with the Mineral Leasing Act of 1920.

Sec. 12. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Neither lessor nor lessee shall file or record any other leasehold order.

Sec. 13. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 14. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 15. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 16. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 17. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 18. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 19. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 20. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 21. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 22. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

Sec. 23. DRILLING AND PRODUCTION—Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto. Lessee shall file a copy of order No. 1730 (September 24, 1986), as amended and supplemented by subsequent orders, of the Secretary of Interior issued pursuant thereto.

BOOK 170 PAGE 12

WHEN RECORDED, PLEASE RETURN TO  
THE ANSCHUTZ CORPORATION

2403 ANCONDA TOWER

DENVER, COLORADO 80202

9423

RECORDED AT THE REQUEST OF  
*The Anschutz Corporation*  
BOOK 170 PAGE 011

87 DEC 10 P 139

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
MUN. REC'D. CLERK REC'D.  
FILE NO. 114912  
FEE \$ 700

BOOK 170 PAGE 013