

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
115952

FORM APPROVED  
GSA No. 1000-008  
Expires January 31, 1986  
Serial No. N-44077

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (reverser) 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. 151-159), the Attorney General's Opinion of April 2, 1961 (40 O.P. Adv. Op. 41), or the

Read Instructions Before Completing

1. Name: Donald E. Krohn  
Street: P.O. Box 110898  
City, State, Zip Code: Anchorage, AK. 99511-0898

2. This offer/lease is for: (Check Only One)  
 PUBLIC DOMAIN LANDS  ACQUIRED LANDS (pursuant U.S. interest)  
Surface managing agency if other than BLM: \_\_\_\_\_ Unit Project: \_\_\_\_\_

Legal description of land requested:

T 27 N., R 52 E., Meridian Mt. Diablo State Nevada County Eureka  
sec. 3, lots 5 thru 12, S $\frac{1}{2}$ ; sec. 11, lot 1, E $\frac{1}{2}$ E $\frac{1}{2}$ ;  
sec. 14, lots 1, 3, 4, 5, 8 thru 12, SE $\frac{1}{4}$ NW $\frac{1}{4}$ ;  
NE $\frac{1}{4}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
sec. 23, lots 1, 2, 3, 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
W $\frac{1}{2}$ SE $\frac{1}{4}$ ;  
sec. 27, E $\frac{1}{2}$ ;  
sec. 34, E $\frac{1}{2}$ .

Amounts required: Filing fee \$ 75.00 Rental fee \$ 2,327.00  
Total acres applied for 2326.93  
Total \$ 2,402.00

3. Land included in lease: DO NOT WRITE BELOW THIS LINE.  
T R Meridian State County

SAME AS ITEM 2

Factor Posted	Date	By
MT Plat		
OG Plat	2-23-86	EC
USE Plat		
MI Plat		

NOT IN A KNOWN GEOLOGIC  
STRUCTURE.

Total acres in lease 2326.93  
Rental retained \$ 2327.00

accordance with the above offer, for the previously submitted simultaneous oil and gas lease application or competitive bid, this lease is issued granting the exclusive right to drill for, mine, lease, remove and dispose of all the oil and gas (except helium) in the lands described in item 1 together with the right to build and maintain necessary improvements thereupon for the term indicated herein, 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 grant or specific provisions of this lease.

- Type and primary term of lease:
- Simultaneous non-competitive lease (ten years)
  - Regular non-competitive lease (ten years)
  - Competitive lease (five years)
  - Other

THE UNITED STATES OF AMERICA  
to \_\_\_\_\_  
Chief, Branch of Lands  
& Minerals Operations  
SEP 30 1986  
EFFECTIVE DATE OF LEASE OCT 01 1986

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...the land covered by the withdrawal, has been signed on behalf of the United States.

This offer will be accepted and will afford offeror no proceeds if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments...

This executed the 01 day of September, 1954. [Signature]

LEASE TERMS

Sec. 1. Rentals - Rentals shall be paid to proper office of lease in advance of each lease year...

- (a) Simultaneous non-competitive lease, \$1.00 for the first 3 years, thereafter, \$3.00.
(b) Regular non-competitive lease, \$1.00.
(c) Competitive lease, \$2.00.
(d) Other, see attachment.

If all or part of a non-competitive leasehold is determined to be within a known geological structure of a favorable petroleum geologic province, annual rental shall become \$2.00...

Failure to pay annual rental, if due, on or before the anniversary date of this lease for one official working day of office is deemed to automatically terminate this lease by operation of law.

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

- (a) Simultaneous 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 on products after giving lessee notice and an opportunity to be heard.

Minimum royalty shall be due for any lease year after discovery in which royalty payments aggregate less than \$1.00 per acre. Lessor shall pay such difference at end of lease year.

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

Sec. 4. Diligence, rate of development, utilization, and drainage - Lessor shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources.

Sec. 5. Documents, evidence, and inspection - Lessor shall file with proper office of lease, within 30 days after effective date thereof, any contracts or evidence of other arrangements for use or disposal of production.

support items claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessee.

During existence of this lease, information obtained under this section shall be closed 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 maintains or improves impacts to the land, air, and water, to cultural, biological, visual, and other resources.

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 - Lessee reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessee at no expense to lessor.

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 opportunity - Lessee shall pay when due all taxes legally assessed and levied under laws of the State or the United States.

Sec. 11. Transfer of lease interests and relinquishment of lease - As required by regulations, lessee shall file with lease any assignment or other transfer of an interest in this lease.

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

Sec. 14. Heirs and successors in interest - Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assigns of the respective parties hereto.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCT 28 1987  
(Date)

TO WHOM IT MAY CONCERN:

I HEREBY CERTIFY that the attached reproduction(s) is a copy of documents  
on file in this office.

IN TESTIMONY WHEREOF I have hereunto subscribed my name and caused the  
seal of this office to be affixed on the above day and year.

*Conrad L. Brown*  
(Authorized Signature)

RENO, NEV. SEAL  
(Office Location) Affixed

RECORDED AT THE REQUEST OF  
*Exceland Corporation*  
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OFFICIAL LETTERS  
BUREAU OF LAND MANAGEMENT  
MIN. REG. P. **115952**  
FILE NO. **115952**  
FEE \$ **7.00**

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NV 1270-13  
(January 1986)