

117497

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0008  
Expires January 31, 1986

Serial No.

OFFER TO LEASE AND LEASE FOR OIL AND GAS

11-46112

The undersigned (reverse) offers to lease all or any of the lands in area 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, 1961 (40 Op. Atty. Gen. 41), or the ~~Mineral Leasing Act of 1920~~ with qualifications concerning Federal ~~land~~ <sup>land</sup> ~~holdings~~ <sup>holdings</sup> provided in Sec. 2(a)(2)(A) of the ~~Act~~ <sup>Act</sup>. ~~Read Instructions Before Completing~~

1. Name Cabrina F. Ross  
Street 115 Sage Road, P.O. Box 4190  
City, State, Zip Code Hatch, ID 83401

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

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

Legal description of land requested:

T. 17 N. R. 50 E. Meridian Fourth 61210 State Nevada County Fernando

SEC. 20, Lots 1, 2, 3, 4, S1/4, S2/4, S3/4, S4/4  
SEC. 31, Lots 1, 2, 3, 4, S1/4, S2/4, S3/4, S4/4

Total acres applied for 700  
Total 700

Amount received: Filing fee \$ 75.00

Round fee \$ 700.00

Total 775.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:  
T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_

SAVE AS ITEM 2

NOT IN A FROWN  
BIOLOGICAL STRUCTURE

Total acres in lease 700  
Round retained \$ 700.00

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) on 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 explanations of this lease, the Secretary of the Interior's regulations and federal 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

by Maria S. Paul (Signing Officer)  
Chief, Bureau of Land Management  
and Minerals Operations (Title) MAR 26 1987 (Date)

EFFECTIVE DATE OF LEASE APR 01 1987

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

NV-5636-mm

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4. (a) Underneath certifies that this offer is a claim of the United States, as provided in Section 1001 of the Mineral Leasing Act of 1920, as amended, and that the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof. (b) The parties hereto are in full agreement that the offer is in compliance with the provisions of the Mineral Leasing Act of 1920, as amended, and that the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof. (c) The parties hereto are in full agreement that the offer is in compliance with the provisions of the Mineral Leasing Act of 1920, as amended, and that the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof. (d) The parties hereto are in full agreement that the offer is in compliance with the provisions of the Mineral Leasing Act of 1920, as amended, and that the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

This offer will be rejected and will afford offeror no benefit if it is not properly completed and returned to the Secretary of the Interior, or if it is not accompanied by the required payment. 19 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make or attempt to make any false statement or representation in connection with the operations thereunder.

Duly executed this 24 day of February 1987 at Salmon Falls, Idaho  
Signature of Lessee or Attorney-in-Fact

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 of fraction thereof are:

- (a) Regular 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 noncompetitive leasehold is determined to be within a known geologic structure or a favorable petroleum geologic prospect, annual rental shall become \$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 determined to be an approved component of a plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to the lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), (c) or (d) for these lands not within a paying area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease for each official working day of office is deemed shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

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) Seasonal non-competitive lease, 12 1/2%;
(b) Regular non-competitive lease, 12 1/2%;
(c) Competitive lease, see attachment;
(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 maximum values on products when giving lease value 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 lessor, in merchantable condition on the premises where produced without cost to lessor. Lessor shall not be required to haul such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessor be held liable for loss or depletion of oil royalty or of other products in storage from causes beyond the reasonable control of lessor.

Minimum royalty shall be due for any lease year after discovery in which no dry production aggregate in excess of \$100 per acre. Lessor shall pay such difference at end of lease year. This minimum royalty may be waived, suspended or reduced, and the above royalty rate may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or to increase production.

An interest charge shall be assessed on late royalty payments of underpayment in accordance with the Federal Oil and Gas Royalty Management Act of 1981 (FROGMA) (Pub. Law 96-487). Lessor shall be liable for royalty payment on oil and gas lost or wasted from a lease site 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 direction issued under FROGMA or the leasing authority.

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

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

Sec. 5. Documents, evidence, and inspection - Lessor shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract, or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may require, 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. Lessor may be required to provide plans and a schematic diagram showing development wells and improvements, and reports with respect to patterns in 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 report of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer 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 in the leased lands. Lessor shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that

represent or claim to be a claim of the United States, as provided in Section 1001 of the Mineral Leasing Act of 1920, as amended, and that the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 6. Right of reversion - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, or if the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 7. Mining operations - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 8. Extraction of minerals - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 9. Damage to property - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 10. Extension of lease - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 11. Termination of lease - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 12. Right of reversion - If the operations thereunder are discontinued under the laws of the United States of any State or Territory thereof, the operations thereunder shall be conducted in accordance with the laws of the United States of any State or Territory thereof.

Sec. 13. Proceedings in case of default - If lessor fails to comply with any provision of this lease, and the non-compliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation. Lessor shall also be subject to applicable provisions and penalties of FROGMA (Pub. Law 96-487). 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, but such remedy or waiver shall not prevent later cancellation of the lease should cancellation be sought thereafter.

Sec. 14. Hours and succession of operations - WHEN PRODUCED, DELEGATE RETURN TO THE PROPER OFFICE OF THE SECRETARY OF THE INTERIOR, DENVER, COLORADO 80202

RECORDED AT THE REQUEST OF  
Amstutz Corp.  
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OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
N.M. REBALEATI, RECORDER  
FILE NO 117497  
FEE \$ 7.00

COPY

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