Form 3100-11\*

120664

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ORIENA/1606006 Expire January 31, 1986

N 47088

## OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersupted (reverse) offers to lease all or any of the lands in term 2 that are available for lease pursuant to the Mineral Leasing Act of 1920 (30 U.S.C. 181 of seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), the Antonney General's Opinion of April 2, 1941 (40 OP. Any. Gen. 41), or the

NOT IN A KNOWN GEOLOGICAL  Trust acres in bases, 3420.18  Rental resained \$ . 3421.00  accordance with the above offer, or the previously submitted simultaneous oil and gas lease applications or competitive bid, this lease is issued graming the exclusive reputs to drill for, turnet, remove and dispose of all the oil and gas (except belium) in the lands described in item 3 logicher with the right to build and manusan necessary improvements thereupon for the term indictive, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and exactled singulations or exactle or reputs to drill for, the previous and formal orders in effect as of tease issuance, and to regulations are formal orders between both the term indictive, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and exactled suguisations or requisions and formal orders in effect as of tease issuance, and to regulations are formal orders between the renewal formal orders between the renewal formal orders between the subject to applicable laws, the terms, conditions, and exactled suguisations or requisions of this lease.  THE UNITED STATES OF AMERICA  Signing O  Signing O  Chief, Branch of Lands  JUL 19 1	Name The Anschutz Corporati	on	्राच्या करूपा के प्राथमिक क्षेत्र कर है। द्वार कर के प्राथमिक के तीर के प्राप्त कर कर है है। द्वार के प्राप्त के ताल की तीर के प्राप्त कर कर है।
Cay, Sant, 26 Casis Denver, Colorado 80202  This offer/nate is for (Check Only One)  83 PUBLIC DOMAIN LANDS    ACQUIRED LANDS (prices U.S. Senser)    Check Control of the dependent   Check Control of the Relation   Check Control of the dependent   Check Control of	smm 555 17th Street, Suite	2400	and the second s
Series managing agency if other than BLM:  Legal description of land requirement:  7. 22N	city, Summa, Zip Code Denver, Colorad	o 80202	and the second s
Legal descriptions of lead experience  7. 22N  8. 54E  Section 1: Lots 1,2,3,4, SSN3, S1  Section 12: All  Section 25: All  Section 25: All  Section 36: Lots 1,2,3, SW4SW1, N4SEk  Amounts remitted: Filing for \$ .75.00  Record for \$ 3,821.00  Tend across specified for 3,820.  Amounts remitted: Filing for \$ .75.00  Record for \$ 3,821.00  Tend 1 3,896.00  Tend 2 No., R. 54 E., Meriding Mount Diablo Sum  Nevada  Commy Eureka  Meriding Mount Diablo Sum  Nevada  To 22 N., R. 54 E., Meriding Mount Diablo Sum  Nevada  Tend across in law 1,2,2,3, SW4SW1, N4SEk  NOT IN A KNOWN SEOLOGICAL  STRUCTURE  NOT IN A KNOWN SEOLOGICAL  STRUCTURE  NOT IN A KNOWN SEOLOGICAL  To across in law 1,2,2,3, SW4SW1, S	This offer/lesse is for: (Check Only One)	8) PUBLIC DOMAIN LANDS	ACQUIRED LANDS (person U.S. income
Legal descriptions of lead respectable  T. 22N	Surface managing agency if other than BLM:		Unit/Project
T. 22N B. 54E Section 1: Lots 1,2,3,4, SLN15, St Section 12: All Section 24: All Section 24: All Section 25: All Section 36: Lots 1,2,3, SWLSWL, NLSEL  Amount remitter: Filing for 5 75.00 Remail for 5 3,821.00 Total acres applicable for 3,820.00  Land included in lesse:  T. 22 N., R. 54 E., Meriting  Mount Diablo Sum  Meriting  Mount Diablo Sum  Nevada  County Eureka  Total acres applicable for 3,820.00  Total 3,896.00  Total 3,896.00  Total 4, 2,3, SWLSWL, NLSEL  Amount remitter: Filing for 5 75.00 Remail for 5 3,821.00 Total 5 3,896.00  Total 4, 2,3, SWLSWL, NLSEL  Amount remitter: Filing for 5 75.00 Remail for 5 3,821.00 Total 5 3,896.00  Total 5,896.00  Total 5,896.00  Total 6,896.00  Total 6,896.00  Total 7,896.00  Total 6,896.00  Total 7,896.00  Total 6,896.00  Total 7,896.00  Total 7,896.00  Total 7,896.00  Total 8,896.00  Total 8,896.00  Total 1,2,3,896.00  Tota			الرياضية المحاديد ال
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NOT IN A KNOWN GEOLOGICAL  STRUCTURE  Renote with the above offer, or the previously submitted simultaneous oil and gas lease application or competitive bid, this lease is issued graining the each area and 3.420.1.80.  Renote remove and dispose of all the oil and gas (except belium) in the lands described in item 3 logether with the right to build and manusan necessary improvements therespon for the term indictive, subject to renewal or extension in accordance with the appropriate leasing authority. Rights grained are subject to applicable laws, the terms, conditions, and standard supulations of accordance with the appropriate leasing authority. Rights grained are subject to applicable laws, the terms, conditions, and standard supulations of accordance with the appropriate in effect as of tease issuance, and to regulations and formal orders berreafter promulgated when not inconsistent with lease randed or specific provisions of this lease.  THE UNITED STATES OF AMERICA  Simultaneous noncompetitive lease (ten years)  Chief, Branch of Lands  JUL 19 1  Competitive lease (five years)  Chief, Branch of Lands  JUL 19 1  Competitive lease (five years)  Other  EFFECTIVE DATE OF LEASE  AUG 1 1938  Formerty 3110-1, 2, 3, 3120-1, 7, 3130-4, 5, and 7)		e de la companya de l	te in the same of the second o
NOT IN A KNOWN GEOLOGICAL  STRUCTURE  Rental retained 3 3420.18  Rental retained 3 3421.00  accordance with the above offer, or the previously submitted asimultaneous oil and gas lease application or competitive bid, this lease is issued granting the exclusive right to drill for, track, remove and dispose of all the oil and gas (except helium) in the lands described in item 3 logether with the right to build and manutaus necessary improvements thereupon for the term indices, the Scentrary of the Internot's regulations and formal orders in an exceeded applications or except to applicable laws, the terms, conditions, and scanched applications are disposed for regulations and formal orders because or specific provisions of this lease.  THE UNITED STATES OF AMERICA  Signing of Mineral's Operations  Regular noncompetative lease (ten years)  Chief, Branch of Lands  JUL 19 1  and Mineral's Operations  (Signing of Competitive lease (five years))  NU-51.72 - 1111 PORNY 1 0.2 PARCE 1 0.1			
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Simultaneous noncompetitive lease (ten years)   Seguitar accompetitive lease (ten years)   Chief, Branch of Lands   JUL 19 1	race, remove and dispose of all the oil and gas (except how, subject to renewal or extension in accordance with the Secretary of the Interior's regulations and formated or specific provisions of this lease.	clium) in the lands described in item 3 logether with the right to the the appropriate leasing authority. Rights granted are subjo- al orders in effect as of lease issuance, and to regulations and	to build and maintain necessary improvements surveyon to use term indu- ct to applicable laws, the terms, conditions, and somethod supulsations of d formal orders hereafter promulgated when not unconsistent with lease r
Chief, Branch of Lands JUL 19 1 Competitive lesse (free years)  Chief, Branch of Lands JUL 19 1 and Mineral's Operations (Take)  Other  EFFECTIVE DATE OF LEASE  AUG 1 1986			
Competitive lease (five years)   and Mineral's Operations (Table)	pe and primary term of lease:		1 111 H X M 28 1 1//19" H X
Other Effective Date of Lease AUG 1 1988	Simultaneous noncompetitive lease (sea years)		(Summe Of
Formerly 3110-1, 2, 3, 3120-1, 7, 3130-4, 5, and 7)  NV - 51-72 -   111   DODN' 1 D 2 DACE 1 D 1	Simultaneous noncompetitive lease (sea years)	Chief,	Branch of Lands JUL 19 18
NV-51-72-1111 DONY 1 9.2 DACE 1 0 1	Simultaneous noncompetative lease (ten years)  Regular noncompetative lease (ten years)	Chief,	Branch of Lands  JUL 19 11  erals Operations (Table)
NV-5172-111 DONY 1 92 DAGE 1 0 1	Simultaneous noncompetative lease (ten years) Regular noncompetative lease (ten years) Competative lease (five years)	Chief, i and Min	Branch of Lands  erals Operations  AUC 4 1998
	Simultaneous noncompetitive lease (sea years) Regular aoneompetaive lease (ten years) Competitive lease (five years) Other	Chief, i and Min	Branch of Lands  erals Operations  AUC 4 1998

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4. (a) Undersigned cerufies that (1) offeror is a course of the United States; as association of such citatens; a manucipality; or a corporation or granted under the law's of the United States or of any State or Territory thereof. (2) all patients become a success in the offer are in compliance with 4) CFR 3100 and the leating authoritors. (3) offeror is chargedly intergra, duried and indirect, in other paties domain or required lands do not excess 700,000 acres in oil and gas oritons or 746,000 acres in options and leaves in the same State, or 100,000 fector in oil and gas oritons or 746,000 acres in options and leaves in the same State, or 100,000 fector in oil and gas oritors oritors

uted in accordance with the regulations, or if it is any Department or agency of the United States THE ANSCHUTZ CORPORATION

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Allin 9- Alots an F. Lentz, Asst. V-P Lillian F. Lentz, Asst. ners of Laure or Appropriately

## LEASE TERMS

c. 1. Rentals—Restals shall be paid to proper effice of lessor in advisoral restal rates per acre or fraction thereof are:

- (a) Simulatinous noncompetitive lease, \$1.00 for the first 5 years, thereafter, \$3.00; (b) Repular innocempetitive lease, \$1.00. (c) Competitive lease, \$1.00, or (d) Other, are antichaped.

art of a neocompositive leasehold in determined to be within a known geological a favorable petroleum geological prisonner, natural restal shall become \$2.00, the beliese year following notice of such determination. However, a lease that would subject to retail of more than \$2.00 shall contains to be subject to the higher restal. If all or part of a meacompen eginning with the therwise be subje

otherwise be subject to entail of more than \$2.00 stable continues to be subject to the higher restal.

If this lease or a portion thereof is communated to an approved cooperative or unst plan which includes a well capable of producing leased reassures, and the plan contains a provision for allocation of producinos, evvidents shall be pastd on the production allocated to this lease. However, answell restals that contains to be due at the rate specified in (a), (b), (c), or (d) for those lands not within a participating area.

Failure to pay assess! restal, if due, on or before the storierary date of this lease (or sext official working day if office is closed) shall assessmentally terminate this lease by operation of law. Remails may be warred, reduced, or asspended by the Socretary upon a sufficient showing by leases.

Sec. 2. Royalties—Royalties shall be paid to proper effice of lessor. Royalties shall be or puted in accordance with regulations in produceme removed or sold. Royalty rates are:

- (a) Sumultaneous noncompetutive lease, 12% %;
  (b) Regular concompetitive lease, 12% %;
  (c) Competitive lease, see anachment; or
  (d) Other, see attachment.

(d) Other, see attachment.

Lesso reserves the right to specify whether mealty is to be paid in value or in hand, and the right to establish reasonable manimum values on products after giving lesses assice and an opportunity to be heard. When paid in value, resulties shall be due and payable on the last day, of the mount following the mount has when production received. When paid in value, production shall be detivered, unless otherwise agreed to by lessor, in merchantable condens on the persuases where producted without cost to lessor. Lesses shall not be required to hold such production occurred, nor shall lesses be ledd table for loss or destruction of royally oil or other products in storage from causes beyond the reasonable commol of lesses.

Maintains royally shall be due for any lesses seen after discovery in which royally payments aggregate less than \$1.00 per are. Lesses shall now such difference at end of lesse year. This minimum royally naw be waived, suspended, or indicated, and the above royally earse may be roluced, for all or portions of this lesse if the Sectionary determines that such arison is sectionary to encourage the greatest observed on the towalty payments or or underpayments in accordance with the Footrai Oil and Gas Royaliy. Management Act of 1982 (FOGRNA) (96 Sea: 2447). Lesses shall be lattled for royally payments on oil and gas lost or wasted from a lesses set when such loss or waste is due to methylance on the past of the FOGRNA) or the lesses gasthority, with any rule, regulation, order, or citation united under FOGRNA or the lesses gasthority.

Sec. 3. Bonds—Lessee shall file and maintain any bond required under regula

Sec. 4. Dilipeace, rate of development, unitazione, and drainage—Lessee shall exercise reasonable dilipeace in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of lexical encountry. Lessie secrees vegets to specify rate of development and production in the public interest and to requise brace to sub-virtue to a convertise or on an plan, within 30 days of notice, if demon directions are proper development and uperation of area, field, or pool embracing development affects between chall drift and produce with secretary to protect leased lands trom drainage or ply compensatory royally for drainage in amount determinated by lessee. protect leased tenus : determined by lessor.

determined by levice.

Soc. 5. Docurrents, evidence, and inspection—Lessice shall file with proper office of lessor, not later than 30 days and estimated the terrors, now command to evidence of other arrangement for sale or disposal of production. At soch times and in such form as lessive may presente, lessee shall hursult densited statements showing amounts and quality of all products removed and sold, proceeds distriction, and amount used for productions purposes or unavoidably loss. Lessoe may be required to provide plats and stimentic diagrams subwing development, not and improvements, and reports with respect to parties in amore, expenditures, and depreciation octals in the form prescribed by lessor, lessee shall seep a dark drilling record, a log, information will unrively and exist, and a record of submarkace investigations and farmats copies to lessor when required Lessoe shall keep open at all reasonable times for imprection by an authorized officer of lessor, the based presumes and all works, improvements, machinery, and fastures therong, and all books, scounts, magn, and records tolkings, anothers, or similar documentation to the held and and all Lessoes shall insurance to pressure. corazion such as billiangs, at COUNTER PECONES, and door occes, or sumilar duck

supports costs claimed as manufacturing, preparatic a, and/or transportation costs. All shall be maintained in lesser's accounting offices for future sudit by lessor. Lesso than required records for by cars after thely are generated or, if an addit or investiga-way, usual released of the obligation to maintain such records by lessor.

During existence of this least, information obtained under this section shall be closed to spection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552). inspection by the public in accordance with the Frendron of Information Act G U.S.C. 532). Sec. 6. Conduct of operation—Linease that Induction contains in a manner that missimizes obserse impacts to the land, sir, and water, to cultural, bological, visual, and other resources, and to other land sust or users. Lesses shall take reasonable measures demonst necessary by lessor to accomplish the intent of this section. To the extent consistent with lesser right personds, such measures may include, but are not limited to, modification to string or design of facilities, though of operations, and specification of intentin and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the tessed lands, including the approval of easternant or rights—of-ways, Such uses shall be conditioned so as to present unnecessary or unreasonable interference with rights of lessee.

unnecessary or unreasonable unreference with rights of lessee.

Prior to disturbing the surface of the leased lends, lessee shall contact lessor to be apprised of procedures to be followed and modificances or reclasmation measures that may be necessary.

Areas to be disturbed may require inventores or special studies to determine the extent of impacts to other resources. Lessee may be required to complete innor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historie or accentific interest, or substantial unanticipated environmental effects are observed, lessee shall intended to control 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 substantially different or greater than those associated with normal drilling operations the right to deny approval of such operations.
- Sec. 8. Extraction of helium—Lessor reserves the option of extracting or having ext helium from gas production in a mainer specified and by means provided by lessor expense or loss to lessee or owner of the gas. Lessee shall include in any contract or a 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 bodd lessor harmless from all claims for damage or harm to persons or property as a result of lesse operations.

Sec. 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all taxes legally asserted and levied under laws of the State or the United States: accord all employees compiete 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 monapoly. If lessee operating a pipeline, which may be operated accessable to oil derived from these teased lands, lesses that lecomply with action 28 of the Mineral Lessing Act of 1920.

Lesses shall comply with Executive Order No. 11240 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor seased partiasis thereto. Norther lesses not lessee's subcontractors shall maintain segregated facilities.

- Sec. 11. Transfer of lease interests and reinquishment of lease—As required by regulation leaves that five with lesson any assignment or other transfer of an interest in this lease. Lease may relanquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be reflective as of the date of faling, subject to the consumed obligate of the lease and surery to pay all accrued remain and toyalues.
- Sec. 12. Delin ery of premises—As such tune as all or portions of this lease are returned to lease leaser shall place affected wells in condition for suspension or abandoment, reclaim the lass specified by leasor and, within a reasonable period of time, remove equipment a improviments not deemed necessary by leasor for preservation of producible wells.
- singularities and united accessed by a Section of the Section of Se
- Sec. 14. Heurs and successors in interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall soure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties bereto.

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RECORDED AT THE REQUEST OF

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The Anschutz Corp

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OFFICIAL RECORDS
EURENA COUNTY, NEVADA
M.N. REBALLATI, RECURDER
FILE NO. FEE \$ 790
120664

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WHEN RECORDED, PLEASE RETURN TO THE ANSCHUTZ CORPORATION 2400 ANACONDA TOWER DENVER, COLORADO 80202