

Form 3100-110  
(March 1933)

121777  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

PROVIDED BY  
BUREAU OF LAND MANAGEMENT  
Expires January 31, 1934

OFFER TO LEASE AND LEASE FOR OIL AND GAS

Serial No.  
47039

The undersigned (hereinafter) offers to lease all or any of the lands in item 3 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, 1901 (40 Op. Att. Gen. 41), or the

Need Instructions Before Completing

1. Name The Anschutz Corporation

Street 555 17th Street, Suite 2400

City, State, Zip Code Denver, Colorado 80202

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

☒ PUBLIC DOMAIN LANDS

☐ ACQUIRED LANDS (perman U.S. owned)

Surface managing agency if other than BLM:

Unit/Project

Legal description of land requested:

T. 23N

R. 54E

Mount Diablo

State Nevada

County Eureka

Protraction Diagram 162

Section 1: All

Section 2: All

Section 11: All

Section 12: All

Section 13: All

Section 14: All

Section 23: All

Section 24: All

Section 25: All

Section 36: All

Total acres applied for 5,760.00

Amount submitted: Filing fee \$ 75.00

Rental fee \$ 5,760.00

Total \$ 5,835.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 23N

R. 54E

Mount Diablo

State Nevada

County Eureka

sec. 1, all (Pro. Dia. No. 162);

sec. 2, all (Pro. Dia. No. 162);

sec. 11, all (Pro. Dia. No. 162);

sec. 12, all (Pro. Dia. No. 162);

sec. 13, all (Pro. Dia. No. 162);

sec. 14, all (Pro. Dia. No. 162);

sec. 23, SW $\frac{1}{4}$ ;

sec. 24, all (Pro. Dia. No. 162);

sec. 25, all (Pro. Dia. No. 162);

sec. 36, all (Pro. Dia. No. 162).

sec. 23, N $\frac{1}{2}$ , SE $\frac{1}{4}$  (Pro. Dia. No. 162);

Total acres in lease 5920.00

Rental returned \$ 5920.00

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

by William M. Herman (Signing Officer)  
Acting Chief, Branch of Lands and Minerals Operations  
SEP 19 1933 (Date)

EFFECTIVE DATE OF LEASE OCT 1 1933

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

NV-5674-R

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July received this 12th day of August

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THE ANSCHUTZ CORPORATION

Lillian F. Lentz, Asst. V-P (Signature of Licensed or Attorney-at-law)

### LEASE TERMS

(a) Sporadic noncompetitive lease, \$1.00 for the first 3 years, thereafter, \$1.00.  
(b) Regular noncompetitive lease, \$1.00.  
(c) Competitive lease, \$2.00, or  
(d) Other, see attachment.

If this lease or a portion thereof is commuted to 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, 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, on or before the anniversary date of this lease (or next official working 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 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) ~~Sub~~ Sub noncompetitive lease, 12 1/2 %;  
(b) Regular noncompetitive lease, 12 1/2 %;  
(c) Competitive lease, see attachments, cr  
(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 determine the minimum values on products after giving Lessee notice and an opportunity to be heard. When the minimum values are 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. Lessee shall not be required to hold such production to storage beyond the last day of the month following the month in which production occurred. If paid in kind, lessor, for no other reason, shall not be entitled to royalty on or other products in excess of the minimum values specified in this lease, and shall not be entitled to any other products in excess of the minimum values specified in this lease.

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 portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or if otherwise justified.

An asserted charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (96 Stat. 2447). Lessee shall be liable for royalty payments 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 citation issued under FOGRMA or the lessing authority.

Sec. 3. **Bond**—Lessee shall file and maintain any bond required under regulations

See 4. Diligence, rate of development, unmineralized, and drainage—Lessee 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 or unit plan, in advance of notice, if deemed necessary for proper development and operation of area, field, or pool containing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by Lessor.

Sec. 5. Documents, evidence, and inspection—Lessee 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 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 unavoidably lost. Lessee may, and is required to, provide plots and schematic diagrams showing development work and improvements, and equipment, with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, Lessee shall submit a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and proper copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by proper parties, office or mine, 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. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as bills of lading, invoices, or similar documentation that

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

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. **Lease Operations.** Lessor shall conduct operations in a manner that minimizes adverse impacts to the land and the environment. Lessor shall not use the land for any purpose other than the use specified in the lease. Lessor shall not use the land for any other land use or uses. Lessor shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with least rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of thermal and fluid reclamation measures. Lessor reserves the right to suspend or suspend operations and to authorize third parties to use or on the leased lands, including the approval of such operations, and to take such actions as may be deemed necessary to prevent, unnecessary or unreasonable interference with rights of lessor.

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed include, but are not limited to, operations that determine the extent of impacts to other resources. Lessee may be required to complete minor inventories 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. Lessor shall lease 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, lessor 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 or loss to lessee 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 opportunity**—Lessee shall: pay when due all taxes legally assessed and levied under laws of the State or the United States; accord 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 monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands,

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee 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, lessee shall place affected wells in condition for suspension or abandonment, reclaim the lands so specified by lessor and within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec: 13. Proceedings in case of default- If lessee fails to comply with any provisions of this lease, and the noncompliance 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 FCGMRA (MSA 2-343). However, if this lease includes land known to contain valuable deposits of oil and gas resources, it may be cancelled only by judicial proceedings. This provision shall not be construed to limit the right of the 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. 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.

RECORDED AT THE REQUEST OF

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*The Anschutz Corp*

88 OCT 3 AM 122

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
H.R. REBALEATI, RECORDER

FILE NO. FEE \$ 700

121777

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

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