

Form 3100-11  
(Rev. 1983)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
OFFER TO LEASE AND LEASE FOR OIL AND GAS

123528

3-28-27-011-0031-00

Serial No.

11-40000

The undersigned (reverses) 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, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1. Name

Street Anderson Petroleum Corporation  
City, State, Zip Code 7500 E. Orchard Road  
Englewood, CO 80111

2. This application/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: \_\_\_\_\_ \*Parcel No.: 123528 \*Sale Date (m/d/y): 11/1/88

\*SEE ITEM 3 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_

Amount returned: Filing fee \$ 75.00

Deed fee \$ 100.00

Total acres applied for 2411.75  
Total \$ 175.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_  
19 E., 20 E., Mount Diablo Nevada Eureka  
sec. 6, lots 1 - 2, S. 1/4, S. 1/4, S. 1/4, S. 1/4;  
sec. 7, lots 1 - 2, E. 1/4, E. 1/4;  
sec. 10, lots 1 - 2, E. 1/4, E. 1/4;  
sec. 10, lots 3 - 4, N. 1/4, N. 1/4, S. 1/4, S. 1/4.

Total acres in lease 2411.75  
Rental retained \$ 2411.75

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.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or application form submitted under 43 CFR 3130 and is subject to the provisions of that bid or application and those specified on this form.

Type and primary term of lease

Non-competitive lease (ten years)

Competitive lease (five years)

Other \_\_\_\_\_

THE UNITED STATES OF AMERICA

by Marla A. Pohl  
Chief, Branch of Lands & Minerals Operations (Signing Officer)

NOV 21 1988  
(Date)

(Title)

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EFFECTIVE DATE OF LEASE

DEC 1 1988  
(Date)

(Continued on reverse)

4. The offeror is a citizen of the United States, an association of such citizens, a municipality, or a corporation organized under the laws of the United States or any State. The offeror is not a party holding an interest in the offer or in compliance with 43 C.F.R. 3100 and the leasing authority. (3) Offeror's chargeable interests, direct and indirect, in the oil and gas lands do not exceed 246,699 acres in Federal oil and gas leases in the same State, of which not more than 200,000 acres are held under option, or 300,000 acres in Alaska. (4) Offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located. (5) Offeror is in compliance with all applicable laws, regulations, and stipulations concerning Federal coal lease holdings provided in sec. 21602(a) of the Mineral Leasing Act, and (7) offeror is not in violation of sec. 41 of the Act.

The offeror agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or modification of this offer, including any lease described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this lease shall be binding on the offeror and its heirs, assigns, and successors, unless the substantial is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever is later, is signed in the substantial, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payment of \$1,000. BLM makes it a condition for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations or to any officer within its jurisdiction.

This lease is made this 1st day of November, 1988.

MADARCO PETROLEUM CORPORATION

By: [Signature]  
Paul E. Reidman (Signature of Lessee or Attorney-in-Fact)  
Agent and Attorney-in-Fact

#### LEASE TERMS

1. Royalties shall be paid to proper office of lessor in advance of each lease year. Royalties shall be paid to lessor in advance of each lease year.

2. Royalties shall be paid to lessor in advance of each lease year. Royalties shall be paid to lessor in advance of each lease year.

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costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessor's accounting records for future audit by lessor. Lessee shall maintain records for 8 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

18. 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).

19. Sec. 6. Conduct of operations. Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessee reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lease.

20. 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 may require inventories or special studies to 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. Lessee shall cease any operations that would result in the destruction of such species or objects.

21. 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.

22. 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 lessor or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.

23. 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.

24. 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.

25. Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopolies. 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 section 28 of the Mineral Leasing Act of 1920.

26. Lessee shall comply with Executive Order No. 11246 of September 24, 1963, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessor's subcontractors shall maintain segregated facilities.

27. 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.

28. 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 lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of productive wells.

29. 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 thereof, this lease shall be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall not be construed to prevent the exercise by 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. Lessee shall be subject to applicable provisions and penalties of FGRMA (30 U.S.C. 1701).

30. 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 assignees of the respective parties herein.

RECORDING STAMP PAGE

AFFIXED TO FEDERAL LEASE \_\_\_\_\_

RECORDED AT THE REQUEST OF  
BOOK 192 PAGE 128  
*Anadarko*  
88 DEC -9 P2:02

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
MIN. REGALATI. RECORDER  
FILE NO. 700

125528

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