

3-28-27-011-0033-00

Form 3100-08
Date 1959UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

125530

Contract No.

H-41617

OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (reverse) 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. 101 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 (60 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1. Name

Street: Anadarko Petroleum Corporation
 City, State, Zip Code: 7600 1/2 Orchard Road
 Fort Worth, Texas 76111

2. This application/offer/lease is for: 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. 111-11-107

Sale Date (month/year): 11 / 1 / 89

*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. R. M. S. County

Amount retained: \$ 250.00

Amount bid: \$ 1,200.00

Total acres applied for 1216.15

Total \$ 1200.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T.	R.	M.	S.	County
14 N.,	53 E.,	Mount Diablo	Nevada	Eureka
sec. 5, lots 8 - 14, SW 1/4, SE 1/4, E 1/4, SE 1/4;				
sec. 7, lots 5 - 8, E 1/4, E 1/4;				
sec. 11, SW 1/4, SW 1/4;				

Total acres in lease 1216.15

Total retained \$ 1200.00

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 thereon 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 time 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 bidder's corrected bid or combination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or combination and those specified on this form.

Type and primary term of lease:

 Noncompetitive lease (ten years) Competitive lease (five years) Other _____

THE UNITED STATES OF AMERICA

Mark B. Borel

Chief, Branch of Land

(Signature)

& Mineral Operators

NOV 21 1988

(Title)

(Date)

BOOK 102 PAGE 134 EFFECTIVE DATE OF LEASE DEC 1 1988

(*continued on reverse)

4. This offer is open to acceptance. (1) Offeror is a citizen of the United States, an association of such citizens, a municipality or a corporation registered under the laws of the United States or State of Alaska, or foreign nation; (2) all parties holding an interest in the offer are in compliance with §§ 301-310 of the Mineral Leasing Act; (3) offeror is a chargeable interests, direct and indirect in either public or private ownership lands do not exceed 200,000 acres in federal oil and gas leases in the same State, of which not more than 200,000 acres are held under option, or 100,000 acres in leases, all acreage less than 100,000 in options to either leasing lessee in Alaska; (4) offeror is not considered a minor under the laws of the State in which plots proposed by this offer are located, and is not subject to regulation or qualifications concerning federal coal lease holdings provided in sec. 2(a)(2)(A) of the Mineral Leasing Act; (5) offeror is in compliance with § 10(g) of the Mineral Leasing Act, and (6) offer is not in violation of sec. 41 of the Act.

5. All terms and conditions set out in this offer constitute acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment of any term, condition, and stipulation 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 offer is valid whether in whole, or in part, unless withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever is the last described in the withdrawal, has been agreed on behalf of the United States.

This offer will be rejected and will afford offeror no property if it is not properly completed and executed to accordance with the regulations, or if it is not accompanied by the required payment(s) of \$1.00 per 1000 acre for any areas according and willfully to make to the Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Offer received day 1st day of November 1986 by ANADARKO PETROLEUM CORPORATION

By: Paul E. Feldman, Partner of Law, or Attorney-in-fact

Agent and Attorney-in-fact

LEASE TERMS

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

Sec. 2. Initial Royalties: A \$1.50 for the first 5 years, thereafter \$2.00;

Sec. 3. Commodity lease: \$1.50 for primary term, thereafter \$2.00;

Sec. 4. Assignment: Not

Sec. 5. Regulations: All terms in the field is contained in an approved cooperative or unit plan which contains a specific method of producing leased resources, and the plan contains a provision for production sharing royalties shall be paid to the producer allocated to this lease. However, severance royalties continue to be due at the rate specified in (a), (b), or (c) for those lands not covered by the unit plan.

Sec. 6. Royalties: If offer is closed, shall annually commence this lease in operation of the field, may be waived, reduced, or suspended by the Secretary upon a sufficient showing of lessee.

Sec. 7. Royalties: Royalties shall be paid to proper office of lessee. Royalties shall be computed in accordance with regulations on production received or sold. Royalty rates are:

Sec. 8. Gasoline lease: 12%;

Sec. 9. Commodity lease: 12%;

Sec. 10. Assignment: Not

Sec. 11. Regulations: All terms in the field is contained in an approved cooperative or unit plan which contains a specific method of producing leased resources, and the plan contains a provision for production sharing royalties shall be due at the rate specified in (a), (b), or (c) for those lands not covered by the unit plan.

Sec. 12. Royalties: Royalties shall be paid to proper office of lessee in advance of each lease year.

Sec. 13. Minimum royalty: In lieu of rental or notice, than the rental which otherwise would be required for that lease year, shall be paid at the end of each lease year beginning on or after discovery of the producing area. The minimum royalty may be waived, suspended, or reduced, and the lesser royalty may be reduced for all or portions of the lease if the Secretary determines that such actions are necessary to encourage the greatest ultimate recovery of the leased resources, or other wise justified.

Sec. 14. Interest charge: Shall be assessed on late rentals, payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701).

Sec. 15. Lease: Lessee shall pay taxes on oil and gas less than 800 feet from a lease site where royalties are due to the operator on the part of the operator, or due to the failure to comply with any rule or regulation issued under FOGRMA in the leasing authority.

Sec. 16. Leasehold: Leasehold shall be filed and maintained for lease operations as required under regulations.

Sec. 17. Drilling, use of development, utilization and drainage: Lessee shall exercise reasonable diligence in drilling, and producing, and shall prevent unnecessary damage to, loss of, or waste of oil and gas resources. Lessee reserves right to specify rates of development and production, the location, direction, and to require lessee to submit to a cooperative or unit plan, within 30 days of receipt of application necessary for proper development and operation of area, field, and leasehold in the leased lands. Lessee shall drill and produce wells necessary to protect leased lands from damage of a comparative royalty for drainage in amount determined by lessee.

Sec. 18. Equipment, evidence, and inspection: Lessee shall file with proper office of lessee, a cost ledger, and effective date thereof, any contracts, or evidence of other arrangement, or sale of equipment or production. At such times and in such form as lessee may prescribe, lessee shall furnish to lessee detailed bills showing amounts and quality of all products removed and sold, delivered to lessee, and consumed for production purposes as reasonably kept. Lessee may be requested to file price and ultimate diagram showing development costs and depreciation, and expenses with respect to parties to interest, expenditures, and depreciation of wells, and other property, as well as lease. Lessee shall keep a daily drilling record, a log, information necessary to the conduct and conduct of subsurface investigations and furnish copies to lessee at such times as shall be requested at all reasonable times for inspection by any authorized government, the lessee, permit and oil well, improvements, machinery, and fixtures thereon, and shall furnish to lessee, and to state to government surveyor, or investigator, copies of the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and other documents, such as bills, invoices, account, or similar documentation that supports

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

Sharing existence of lease, information obtained under this section shall be closed to

Information by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 19. Conduct of operations: Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land users or uses. Lessee shall take reasonable measures deemed necessary by lessee to accomplish the intent of the section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to stage 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 cements or rights-of-way. Such use shall be conditioned so as to prevent unreasonable interference with rights of lessee.

Draw 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 many inventories or short term special studies under guidelines provided by lessee. 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.

Sec. 20. 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. 21. Extraction of helium: Lessee reserves the option of extracting or having extracted helium gas production in a manner specified and by means provided by lessee 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.

Sec. 22. 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 on a result of lease operations.

Sec. 23. Protection of diverse interests and equal opportunity: Lessee shall pay when due all rents legally assessed and levied under laws of the State or the United States, accord oil 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.

Lessee reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly by lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated or leased from these leased lands. Lessee shall comply with section 20 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11240 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessor nor lessee's subcontractors shall maintain segregated facilities.

Sec. 24. 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 lessor and lessee to pay all accrued rentals and royalties.

Sec. 25. Delivery of premises: At such time as all or portions of this lease are returned to lessor, lessor shall place affected wells in circulation for suspension or abandonment, reclaim the land as specified by lessee and, within a reasonable period of time, remove equipment and debris necessary to lessor for preservation of productive wells.

Sec. 26. Proceedings in case of default: If lessor 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 leasedhold 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 communication agreement which contains a well capable of production of oil or gas in paying quantities. This provision shall not be construed to prevent the exercise of lessor's other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent lessor cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701)

Sec. 27. Succession and assignment of interest: Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall accrue to the heirs, executors, administrators, successors, and assigns of the respective parties hereto.

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RECORDING STAMP PAGE

AFFIXED TO FEDERAL LEASE

RECORDED AT THE REQUEST OF

BOOK 192 PAGE 134

Anadarko
20 DEC -9 P2 03

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.M. REBALLET, RECORDER
FILE NO. 118 S. 702

125530

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SEARCHED
INDEXED
SERIALIZED
FILED