

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

Serial No.

N-51252

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. 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 Anadarko Petroleum Corporation 127343
Street P.O. Box 5050
City, State, Zip Code Denver, CO 80217

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.: 11V-05-00-039 *Sale Date (m/d/y): 5-9-89
*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.
T. _____ R. _____ Meridian _____ State _____ County _____

Amount remitted: Filing fee \$ _____

Rental fee \$ _____

Total acres applied for _____
Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. _____ R. _____ Meridian _____ State _____ County _____
T. 16 N., R. 50 E., MDM, Nevada (Pro. Dia. No. 206)
sec. 03, all;
sec. 04, all;
sec. 09, all;
sec. 10, all.

Eureka County, Nevada

Total acres in lease 2523.00
Rental retained \$ 3784.50

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 nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination 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

by Wayne M. Swanson
Acting Chief, Branch (Signing Officer)
and Minerals Operations
(Title)

May 10, 1989
(Date)

EFFECTIVE DATE OF LEASE JUN 1 - 1989

(Continued on reverse)

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4. (a) Under signed certifies that it is either 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 the State of Colorado, and that all parties to this lease are in compliance with 42 C.F.R. 170.10 and the regulations promulgated thereunder. (b) The lessor certifies that it is in compliance with reclamation requirements for all Federal oil and gas leaseholdings acquired by the Dept. of the Mineral Leasing Act, and that the offer is not in violation of 42 C.F.R. 170.10. (c) The offer is made in compliance with the provisions of the Mineral Leasing Act of 1920 and the United States Department of the Interior, and the offer is in compliance with reclamation requirements for all Federal oil and gas leaseholdings acquired by the Dept. of the Mineral Leasing Act, and that the offer is not in violation of 42 C.F.R. 170.10. (d) Under signed agrees that upon the offer containing acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may hereinafter be described in the offer open to being at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn in whole or in part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will affect no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments, 18 U.S.C. Sec. 1091 and/or by a surety for any payments to be made and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this _____ day of _____ 19____ (Signature of Lessee or Agency-in-fact)

LEASE TERMS

Sec. 1. Rentals. Rentals shall be paid to proper office of BLM in advance of each lease year. Annual rental rates per acre on land from thereof are:
(a) Non-competitive lease: \$1.70 for the first 5 years, thereafter \$3.00
(b) Competitive lease: \$1.70 for primary term, thereafter \$3.00
(c) Other, see attachment, or as specified in regulations at the time the lease is awarded.

If this lease is a portion thereof is committed 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, the rentals shall be paid in accordance with the plan. However, if annual rentals shall continue to be due at the rate specified in this plan, or for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of the lease for next official working day of office or lessee 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 by proper office of BLM. Royalties shall be computed in accordance with conditions on production removed or sold. Royalty rates are:
(a) Non-competitive lease: 12.5%
(b) Competitive lease: 12.5%
(c) Other, see attachment, or as specified in regulations at the time the lease is awarded.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum value on products after giving lessee notice 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 the production occurred. When paid in kind, production shall be delivered to the lessee on the last day of the month following the month in which the production occurred. The lessee shall be responsible for the transportation of such products to a market place and the lessee shall be responsible for the transportation of such products to a market place. The lessee shall be responsible for the transportation of such products to a market place. The lessee shall be responsible for the transportation of such products to a market place.

Minimum royalty value of products shall be the greater of the value which otherwise would be required for that lease year shall be payable at the end of each lease year or after a discovery in paying quantities. The minimum royalty value shall be based on pooled, or reduced, and the above royalty rates may be reduced for all or portions of the lease if the Secretary determines that such a reduction is necessary to encourage the production of mineral resources of the leased resources or is otherwise justified.

An interest charge shall be assessed on late royalty payments or on late payments in accordance with the Federal Oil and Gas Leasing Management Act of 1983 (42 U.S.C. 1701-1705). Lessee shall be liable for the cost of any such interest charge. The cost of any such interest charge shall be the amount of such interest charge plus the cost of any such interest charge. The cost of any such interest charge shall be the amount of such interest charge plus the cost of any such interest charge.

Sec. 3. Bonds. A bond shall be filed and maintained for lease operations as required under regulations.

Sec. 4. Duty of care. The lessee shall exercise reasonable diligence in developing and producing and shall prevent unnecessary damage to, loss of, or impairment of leased resources. The lessee shall prevent unnecessary damage to, loss of, or impairment of leased resources. The lessee shall prevent unnecessary damage to, loss of, or impairment of leased resources. The lessee shall prevent unnecessary damage to, loss of, or impairment of leased resources.

Sec. 5. Preservation of leasehold. The lessee shall comply with proper office of BLM, and shall comply with the provisions of the Mineral Leasing Act of 1920 and the regulations promulgated thereunder. The lessee shall comply with the provisions of the Mineral Leasing Act of 1920 and the regulations promulgated thereunder. The lessee shall comply with the provisions of the Mineral Leasing Act of 1920 and the regulations promulgated thereunder. The lessee shall comply with the provisions of the Mineral Leasing Act of 1920 and the regulations promulgated thereunder.

records claimed as mandatory, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until release 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. 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 uses or uses. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent of modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing use, 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 lessee.

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 investigations 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.

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. Lessee may recover the option of extracting or having extracted helium from gas production in a new or existing well, or by means provided by lessor at no expense or financial obligation to the lessee. Lessee shall include in any contract of sale of gas the provisions of this section.

Sec. 9. Damage to property. Lessee shall pay lessor for damage to lessor's improvements, and shall release and hold 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 public 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 a controlling interest in a pipeline or a company operating a pipeline, which have been operated accessible to oil derived from these leased lands, lessor shall comply with section 20 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11766 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. 11. Transfer of lease interests and relinquishment of lease. As required by regulations, lessor shall file with lessor notice of assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any part of this lease 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 heirs to pay all accrued rentals and royalties.

Sec. 12. Return of equipment. At such time as all or portions of this lease are returned to lessor, lessor shall place a lien on the leasehold for the purpose of re-purchase 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 producible wells.

Sec. 13. Free production of oil and gas. 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, on or until the leasehold contains a well capable of production or oil or gas in paying quantities. The lessee is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substance in paying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal or equitable remedy, including waiver of the default. Any such remedy or waiver shall not preclude later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FCGRMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors. All obligations 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 parties hereto.

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
**COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID**
30 U.S.C. 181 et seq.; 30 U.S.C. 351-359;
30 U.S.C. 1001-1025; 42 U.S.C. 6508

FORM APPROVED
OMB NO. 1004-0074
Expires: Feb. 28, 1991

State NEVADA		Date of sale May 9, 1989
PARCEL NUMBER <i>(Include name of known geothermal resource area if bid is for geothermal resources lease)</i>	AMOUNT OF BID <i>(See Instructions on reverse)</i>	
	TOTAL BID	PAYMENT SUBMITTED WITH BID
Parcel No. NV-05-89-039 2523.00 acres	\$	\$ 8,905.50

RECORDED AT THE REQUEST OF
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Anadarko
'89 JUN 12 10:02

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.N. REBALFATI, RECORDER
FILE NO. FILE # 792
127343

The appropriate regulations applicable to this bid are: (1) for oil and gas leases—43 CFR 3120; (2) for National Petroleum Reserve-Alaska (NPR-A) leases—43 CFR 3132; and (3) for Geothermal resources leases—43 CFR 3220. *(See details concerning lease qualifications on reverse.)*

I CERTIFY THAT I have read and am in compliance with, and not in violation of, the lessee qualification requirements under the applicable regulations for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

IMPORTANT NOTICE: Execution of this form, where the offer is the high bid, constitutes a binding lease offer, including all applicable terms and conditions. Failure to comply with the applicable laws and regulations under which this bid is made shall result in rejection of the bid and forfeiture of all monies submitted.

ANADARKO PETROLEUM CORPORATION

(Print or type name of Bidder) (Lessee)

P. O. Box 5050

(Address of Bidder) (Lessee)

By: *Paul E. Feldman*

Denver, CO 80217-5050

Paul E. Feldman (Signature of Bidder) (Lessee) Agent and Attorney-in-Fact

(City, State, and zip code)

Title 18 U.S.C. Section 1001, makes it a crime 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 as to any matter within its jurisdiction.

(Continued on reverse)

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