

UNITED STATES 137760
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OFFER TO LEASE AND LEASE FOR OIL AND GAS

Serial No.

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 CORP.
Street 16501 GREENSPONT PK #200
City, State, Zip Code HOUSTON, TEXAS 77210

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.: 112-01-005-010-01

*Sale Date (m/d/y): 05 / 14 / 91

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

T. R. Meridian State County

Amount remitted: Filing fee \$ 75.00

Rental fee \$ 430.00

Total acres applied for 291.49

Total \$ 513.00

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. R. Meridian State County
T. 20 R., R. 49 E., NV, Nevada
sec. 04, lots 1-4;
sec. 05, lots 1-4;
sec. 06, lots 1-4.
Eureka County.

Total acres in lease 291.49

Rental retained \$ 430.00

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except below) on 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)

THE UNITED STATES OF AMERICA

by *John M. Harman* (Signature)

Chief, Oil and Mineral Leasing Section JUN 24 1991

(Title) (Date)

EFFECTIVE DATE OF LEASE JUN 1 - 1991

011-0046-00

(Continued on reverse)

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States, an association of such citizens, a native corporation or a company incorporated under the laws of the United States or of any State or Territory thereof, (2) all persons holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing requirements concerning oil, gas, or other chargeable interests, direct and indirect in either public or private or acquired lands not to exceed 256,000 acres in Federal oil and gas leases in the same State or which total more than \$60,000 in areas covered under option, (3) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located. Offeror is in compliance with applicable laws concerning Federal oil lease holdings provided in 2603(A) of the Mineral Leasing Act; and (4) offeror is not in violation of sec. 13 of the Act.

(b) Undersigned agrees that stipulations to the other conditions of acceptance of the lease, including all terms, conditions, and stipulations of which may not have been given notice, and an amendment or separate lease that may include any land described in this file open to be leased at the time this offer was filed, but waived for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the proper BLM State Office for the area in question and made in writing, 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 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 payments. BLM (SAC Sec. 100) 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.

Duly executed this 15th day of July

91

[Signature]
ANABARKO PETROLEUM CORPORATION

Paul L. Feldman, Attorney-in-fact
Attorney-in-Fact

LEASE TERMS

Sec. 1. Rentals - Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Non-competitive lease, \$1.50 for the first 5 years, thereafter \$2.00;
- (b) Competitive lease, \$1.50 for primary term, thereafter \$2.00;
- (c) Other, see attachment, or

as specified in regulations at the time this lease is issued.

If the lease or 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, 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), or (c) for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease for five (5) consecutive working days, 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 received or sold. Royalty rates are:

- (a) Non-competitive lease, 12%;
- (b) Competitive lease, 12%;
- (c) Other, see attachment, or

as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values 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 production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where products of without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessor be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessor.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the end of each lease year beginning on or after a discovery in paying quantities. 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 is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGORMA) (30 U.S.C. 1707). Lessor 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 FOGORMA or the leasing authority.

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

Sec. 4. Delays, rate of development, utilization, and drainage - Lessor 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, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool encompassing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from damage by compensation, royalty, or damage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection - Lessor 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, lessor shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidable loss. Lessor may be required to provide plans and schematic diagrams showing development work and improvements, and reports with respect to portions of interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessor shall keep a drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when requested. Lessor shall keep open at all reasonable times for inspection by any authorized officer or lessor, the leased premises and all wells, structures, machinery, and fixtures thereto, and all books, accounts, maps, and records relative to operations, services, or investigations on or in the leased lands. Lessor shall maintain copies of all leases, sales agreements, accounting records, and documentation such as bills of sales, invoices, or similar documentation that supports

costs claimed as part of interest, preparation, or transportation costs. All such records shall be maintained in lessor's accounting offices for statute of limitations period by lessor. Lessor shall maintain required records for fees as often as are generally done, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of the lease, and once in place, consider this section shall be closed or inspected by the party having the right under the FOIA (Code of Information Act (5 U.S.C. 552)).

Sec. 6. Cost of development - Lessor shall incur expenses in a manner that minimizes adverse impacts to the land, air, and water, to culture, biological, visual, and other resources, and to other land users or users. Lessor 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, re-drilling or re-stimulating of existing facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing operations to achieve maximum return upon the leased lands, including the approval of easements or right-of-way. Such leases shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessor.

Prior to disturbing the surface of the leased lands, lessor shall contact lessor to be apprised of procedures to be followed and modifications of reclamation measures that may be necessary. Areas to be disturbed must remain in tact for as long as studies determine the extent of impacts to other resources. Lessor may be required to complete minor inventories or short-term special studies under guidelines provided by lessor or to the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed. Lessor shall immediately contact lessor. Lessor 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 - Lessor reserves the right of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or risk to lessor or owner of the gas. Lessor shall make in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property - Lessor shall pay for damage to lessor's improvements, and shall save and hold lessor harmless from liability for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and land operations - Lessor 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 for all taxes and levies for each month in lawful money of the United States, maintaining cash equivalent account in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to require that production is sold at reasonable prices and to prevent monopoly. If lessor 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, lessor shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessor shall comply with Executive Order No. 11310 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessor nor lessor'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 any assignment or other transfer of an interest in this lease. Lessor 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 lessor and subject to all accrued losses and royalties.

Sec. 12. Delays of permits - At such time as all permits of this lease are returned to lessor, lessor shall place affected wells in condition for inspection or abandonment, to farm 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.

Sec. 13. Proceedings in case of default - If lessor fails to comply with any provisions of this lease, and the non-compliance continues for 60 days after written notice thereof, this lease shall be subject to cancellation or until the leased land 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 producing oil or gas in paying quantities. The 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 preclude lessor's claim for any sum delinquent occurring at any other time. Lessor shall be subject to applicable processes and penalties of FOGORMA (30 U.S.C. 1706).

Sec. 14. Rights and immunities in interest - Each provision of this lease shall extend to and be binding upon, and every benefit heretofore or hereafter to the heirs, executors, administrators, successors, beneficiaries, or assigns of the respective parties hereto.

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Anadarko Petroleum
'91 SEP 11 P2 00
Corp
EUREKA COUNTY, NEVADA
M.M. REGALATEL, RECORDER
FILE NO. 700

132760

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