

ORIGINAL

Serial No. N-61506

OFFER TO LEASE AND LEASE FOR OIL AND GAS 169879

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 FORELAND CORPORATION
Street 12596 W. BAYAUD ST. #300
City, State, Zip Code LAKEWOOD, CO 80228

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: _____
Legal description of land requested: _____
Parcel No.: NV-97-03-0031

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

T. _____ Meridian _____ State _____ County _____

Interest Period: _____
MAT Plat: _____
OG Plat: 4-9-97
USE Plat: _____
MI Plat: _____
CO Plat: _____

Amount remitted: Filing fee \$ 75.00
Rental fee \$ 1,921.50
Total acres applied for 1,280.94
Total \$ 1,976.50

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 29N R. 52E Meridian MD State NV County Eureka

sec. 26, all;
sec. 34, lots 1-8.

I CERTIFY THIS PAGE BEARING THE BUREAU OF LAND MANAGEMENT SEAL IS A TRUE COPY OF A DOCUMENT ON FILE IN THE STATE OFFICE, RENO, NEVADA.

DATE: February 27, 1998
CERTIFYING OFFICER: _____

Total acres in lease 1,280.94
Rental retained \$ 1,921.50

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 (ten years)

Other _____

BOOK 3 | 8 PAGE 3 | 9

THE UNITED STATES OF AMERICA
by _____
Minerals Adjudication Team Leader
March 28, 1997
EFFECTIVE DATE OF LEASE April 1, 1997

(Continued on reverse)

NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferee has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferee is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferee compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

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RENO, NEVADA.
DATE: February 27, 1998
Joseph A. Lyons
CERTIFYING OFFICER

BOOK 9 | 8 PAGE 321

Antiquities and objects of Historic Value

ARCHAEOLOGICAL STIPULATION

To secure specific compliance with the stipulations under Sec. 6, paragraph (2) of the oil and gas lease form, the lessee shall, prior to operations, furnish to the Bureau of Land Management's authorized officer a certified statement that either no archaeological values exist or that they may exist on the leased lands to be disturbed or occupied, to the best of the lessee's knowledge and belief, and that they might be impaired by oil and gas operations. Such certified statement must be completed by a qualified archaeologist acceptable to the authorized officer.

If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the authorized officer, to survey and salvage, in advance of any operations, such archaeological values on the lands involved. The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the lessor or the surface owner.

DESCRIPTION OF LANDS

ALL LANDS WITHIN

PARCEL NV-97-03-0001

THRU

PARCEL NV-96-03-0015

PARCEL NV-97-03-0025

THRU

PARCEL NV-97-03-0038

PARCEL NV-97-03-0050

THRU

PARCEL NV-97-03-0081

PARCEL NV-97-03-0145

THRU

PARCEL NV-97-03-0242

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RENO, NEVADA

DATE:

February 27, 1998

CERTIFYING OFFICER

OG-23

MULE DEER SPECIAL STIPULATION

The following described lands have been identified as critical habitat for wintering herds of mule deer. Therefore, prior to entry onto the lands within the described area, the lessee (operator) will discuss the proposed activities with the appropriate Bureau of Land Management's authorized officer who may require additional measures for the protection of mule deer. Such measures may include:

- a. Restriction of activity in identified areas during the winter months of November through March.
- b. No surface occupancy of selected areas.
- c. Special reclamation techniques.

This limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation, in any year, may be specifically authorized in writing by the Bureau of Land Management's authorized officer.

DESCRIPTION OF LANDS

ALL LANDS	PARCEL NO. NV-97-03-0012
ALL LANDS	PARCEL NO. NV-97-03-0013
ALL LANDS	PARCEL NO. NV-97-03-0014
ALL LANDS	PARCEL NO. NV-97-03-0015
ALL LANDS	PARCEL NO. NV-97-03-0027
ALL LANDS	PARCEL NO. NV-97-03-0028
ALL LANDS	PARCEL NO. NV-97-03-0029
ALL LANDS	PARCEL NO. NV-97-03-0030
ALL LANDS	PARCEL NO. NV-97-03-0031
ALL LANDS	PARCEL NO. NV-97-03-0155
ALL LANDS	PARCEL NO. NV-97-03-0174
ALL LANDS	PARCEL NO. NV-97-03-0194
ALL LANDS	PARCEL NO. NV-97-03-0226

BOOK 318 PAGE 319
 OFFICIAL RECORDS
 RECORDED AT THE REQUEST OF
Dorsey & Shively LLP
 98 MAR 10 AM 9:38
 COUREKA COUNTY NEVADA
 M.L. REDELEATL, RECORDER
 FILE NO. OG-31
 FEES 11.00
169879

BOOK 318 PAGE 323

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 RENO, NEVADA.
 DATE: *February 27, 1998*
Josephine Lyons
 CERTIFYING OFFICER