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Form 3100-11  
March 1960

AUG 06 1987

UNITED STATES:  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFBI Laboratory  
OMB No. 1604-0500  
Expires January 31, 1988

Serial No.

H-46503

## OFFER TO LEASE AND LEASE FOR OIL AND GAS

The undersigned (lessee) 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 (30 U.S.C. 181 et seq.) and the Coal Leasing Act for Assured Lands (30 U.S.C. 351-359), or Attorney General's Orders of April 2, 1941 (40 OP. Adm. Gra. 41, 6-182 X) relating to the ~~certified~~ <sup>qualifications concerning Federal coal leaseholdings provided in Sec. 2(a)(2)(A) of MLA.</sup> Read Instructions Before Completing.

## 1. Name

The Anschutz Corporation

Street: 2400 Anaconda Tower  
555 Seventeenth Street  
Denver, CO 80202

City, State, Zip Code:

## 2. This offer is for: (Check Only One)

 PUBLIC DOMAIN LANDS ACQUIRED LANDS (prior to U.S. issued \_\_\_\_\_)

Surface managing agency if other than BLM: \_\_\_\_\_

Unit/Project: \_\_\_\_\_

Legal description of land requested:

T. 27 N. R. 51 E. Section Mount Diablo State Nevada County Eureka

sec. 19, lots 1, 2, Elma, NEV.

Amount remitted: Filing fee \$.

75.00

Rental fee \$.

315.00

Total acres applied for 314.21  
Total \$ 390.00

## 3. Land included in lease:

T.

Section

State

County

SAME AS ITEM 2

NOT IN A KNOWN  
GEOLOGICAL STRUCTURETotal acres in lease 314.21  
Rental received \$ 315.00

In accordance with the above offer, or the previously submitted simultaneous oil and gas lease application or competitive bid, 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 1 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 as effect as of lease issuance, and to regulations and formal orders hereinafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

Type and primary term of lease:

- Simultaneous noncompetitive lease (ten years)
- Regular noncompetitive lease (ten years)
- Competitive lease (five years)
- Other \_\_\_\_\_

Frequency 3110-1, 2, 3, 3120-1, 2, 3130-4, 5, and 7/BOOK 161 PAGE 457

THE UNITED STATES OF AMERICA

Mark L. Bond  
Inter. Branch of Land's  
and Minerals Operations

(Signature)

JUL 31 1987 (Date)

EFFECTIVE DATE OF LEASE AUG 01 1987

NV-5627-A

4. (a) Understood certifies that (1) offeror is a citizen of the United States; an association of such citizens, a municipality, or a corporate organization under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 1100 and the leasing authorities; (3) offeror's share of leasehold interest, direct and indirect, in other public domain or acquired lands do not exceed 200,000 acres in oil and gas options or 240,000 acres in surface and leases in the same State, or 300,000 acres in leases and 200,000 acres in options in either Leasing District in Alaska; and (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(b) Understood 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 separate lease that may include any land described in this offer open to leasing at the time this offer was filed, but counted for my reason from that lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or part, unless the withdrawal is received by the BLM State Office before due date, or 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 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. 18 U.S.C. Sec. 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 statement or representation as to any matter within its jurisdiction.

Offeror certifies compliance with qualifications concerning Federal costs. Lease holdings provided in Section 8(h)(1) of the Mineral Leasing Act.

Duly executed this 1st day of July, 1981 Lillian J. Dent ASST. VICE PRESIDENT  
THE ANSCHUTZ CORPORATION

LEASE TERMS

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

- (a) Simultaneous noncompetitive lease, \$1.00 for the first 3 years; thereafter, \$1.00;
- (b) Regular noncompetitive lease, \$1.00;
- (c) Competitive lease, \$2.00; or
- (d) Other, see attachment.

If all or part of a noncompetitive leasehold is determined to be within a known geological structure or a known petroleum geological province, actual rental shall become \$2.00 beginning with the next year following year of such determination. However, a lease that could otherwise be subject to rental of more than \$2.00 shall continue to be subject to the higher rental.

If this lease is a pasture thereof, it is contained in an approved cooperative oil and gas 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), (c); or (d) 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 one entire working day (if offered) 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) Simultaneous noncompetitive lease, 12 1/2%;
- (b) Regular noncompetitive lease, 12 1/2%;
- (c) Competitive lease, see attachment; or
- (d) Other, see attachment.

Lessor reserves the right to specify whether royalty is to be paid in value or kind, and the right to establish minimum minimum values on products after giving lessor 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 quantities on the premises where produced without cost to lessor. Lessor shall not be required to hold such production or 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 so stored from causes beyond the reasonable control of lessor.

Minimum royalty shall be due for any lease year after discovery in which royalty payments aggregate less than \$1.00 per acre. Lessor shall pay such difference at end of lease year. This minimum royalty may be waived, suspended, or reduced, and the amount so waived 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. A leased interest, or interest, and lessor, to encourage the greatest ultimate recovery.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1981. FOGRM is 49 Stat. 2471. Lessor shall be liable for royalty payments on oil and gas, lost or wasted from a lease or when such loss or waste is due to negligence on the part of the operator, or due to failure to comply with any rule, regulation, order, or citation issued under FOGRM or the leasing contract.

Sec. 3. Bonds—Lessor shall file and maintain any bond required under regulations.

Sec. 4. Delays—Use of development, reworking, and drainage—Lessor shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to land or to waste of leased resources. Lessor reserves right to specify rates of development and production in the annual, initial and to require lessee to submit to a committee of one and four, within 30 days of issue, if deemed necessary for proper development and operation of area, field, or pool containing these leased lands. Lessor shall drill and produce wells necessary to protect leased areas from drainage or per se depreciation effects of drainage as agreed determined by a committee.

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 arrangements for use or disposal of production. At such times as in such form as lessor may prescribe, lessor shall furnish demands statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for products to persons or organizations lessor, Lessor may be required to provide plots and schematic diagrams showing development work and improvements, and reports with respect to persons in interest, expenditures, and depreciation costs in the form prescribed by lessor. Lessor shall keep a daily drilling record, a log, lithological, as 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 of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, records, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessor shall maintain copies of all contracts, lease agreements, accounting records, and documentation back to bills of sale, invoices, or similar documentation that

supports costs claimed to mineral, mining, preparation, sales transportation costs. All such records shall be maintained in lessor's accounting offices for future audit by lessor. Lessor shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the records or as necessary such records by lessor.

During existence of this lease, information contained 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—Lessor shall conduct operations in a manner that minimizes adverse impacts to the land, air, water, or cultural, biological, social, and other resources, and to other land uses 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, accommodation to sizing or design of facilities, timing of operations, and application of energy and fossil fuel reclamation measures. Lessor reserves the right to continue a listing uses and in authorized future uses upon or in the leased lands, including the appurtenant easements or rights-of-way. Such uses 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 operations to be conducted and modifications or reclamation measures that may be required. Areas to be disturbed may require site studies or related studies to 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. If in the conduct of operations, threatened or endangered species, objects of historical 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 option 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 include in any contract or sale of gas the price provisions of this section.

Sec. 9. Damage to property—Lessor shall pay lessor for damage to lessor's improvements, and shall wear and hold lessor 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—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, pay all wages at least once 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 producer is sold at reasonable prices and to prevent monopoly. If lessor operates a pipeline or owns controlling interest in a pipeline or company operating a pipeline, which may be operated according to oil derived from these leased lands, lessor shall comply with section 26 of the Natural Gas Act of 1930.

Lessor shall comply with Executive Order No. 11746 of September 14, 1963, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessor nor its lessee or sub-lessees shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessor shall have the right to assign or transfer 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 consummated obligations of the lessor and subject to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessor shall place after 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 the wells.

Sec. 13. Proceedings in case of default—If lessor fails to comply with any provision of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation. Lessor shall also be subject to applicable provisions and penalties of FOGRM (49 Stat. 2471). However, if this lease includes land known to contain valuable deposits of leased resources, it may be canceled only by judicial proceedings. 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 pre-empt later cancellation for the same default occurring at any other place.

Sec. 14. Hearings and successors in interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereto shall inure to the benefit of, administrators, successors, beneficiaries, or assigns of lessor.

WHEN RECORDED, PLEASE RETURN

THE ANSCHUTZ CORPORATION

2400 ANACONDA TOWER

DFWVTP COLOPACO 80222

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93574

RECORDED AT THE REQUEST OF  
Aaschute Corporation  
BOOK 161 PAGE 457

87 AUG 17 A9:49

OFFICIAL RECORDS  
EUREKA COUNTY, WYOMING  
M.M. REBALC 110704  
FILE NO.  
FEE \$ 7.00

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