

Form 3110-1  
Eleventh Edition  
(March 1977)  
(Formerly  
BUREAU OF LAND MANAGEMENT  
NEVADA STATE OFFICE)

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Form approved  
Budget Bureau No. 42-2090

Office NEVADA

Serial No. 32736

OFFER TO LEASE AND LEASE FOR OIL AND GAS  
(Sec. 17 Noncompetitive Public Domain Lease)

The undersigned hereby offers to lease all or any of the lands described in item 2 that are available for lease, pursuant and subject to the terms and provisions of the Act of February 26, 1920 (41 Stat. 437, 30 U. S. C. sec. 181), as amended, hereinafter referred to as the Act and to all reasonable regulations of the Secretary of the Interior now or hereafter in force, when not inconsistent with any express and specific provisions herein, which are made a part hereof.

Mr. C. L. MILBURN - 50%  
Mrs. PAUL W. RUTTER - 50%  
1. Name (First Name, Middle Initial, Last Name)  
P. O. BOX 141  
(Number and Street)  
MIDLAND, TX. 79702  
(City, State, ZIP Code)

2. Land requested: State NEVADA County LINCOLN T. 4 S. : R. 68 E. : MD Meridian  
SEC. 2 : ALL                      SEC. 21 : ALL  
SEC. 4 : ALL                      SEC. 23 : ALL                      SEC. 34 : ALL  
SEC. 12 : ALL                      SEC. 27 : ALL                      SEC. 36 : ALL  
SEC. 14 : ALL                      SEC. 29 : ALL  
SEC. 19 : ALL                      SEC. 31 : ALL

3. Land included in lease: State \_\_\_\_\_ County Lincoln T. \_\_\_\_\_ : R. \_\_\_\_\_ : \_\_\_\_\_ Meridian  
T. 4 S., R. 68 E., MDM, Nevada  
sec. 2, Lots 1, 2, 3, 4, S<sub>1/2</sub>N<sub>1/2</sub>, S<sub>1/2</sub>(all);                      sec. 29, All;  
sec. 4, Lots 1, 2, 3, 4, S<sub>1/2</sub>N<sub>1/2</sub>, S<sub>1/2</sub>(all);                      sec. 31, Lots 1, 2, 3, 4, E<sub>1/2</sub>, E<sub>1/2</sub>(all);  
sec. 12, All;                      sec. 34, All;  
sec. 14, All;                      sec. 36, All.  
sec. 19, Lots 1, 2, 3, 4, E<sub>1/2</sub>, E<sub>1/2</sub>(all);  
sec. 21, All;  
sec. 23, All;  
sec. 27, All;  
(Offeror does not fill in this block)                      Total Area 7678.76 Acres                      Rental retained \$ 7679.00  
NOT IN A KNOWN GEOLOGIC STRUCTURE ON DATE OF USGS REPORT  
Return to:  
TXO PRODUCTION CORP.  
Fidelity Union Tower  
Dallas, Texas 75201

4. Amount remitted: Filing fee \$10, Rental \$ 7679., Total \$ 7689.

5. Undersigned certifies as follows:  
(a) Offeror is a citizen of the United States. Native born YES Naturalized \_\_\_\_\_ Corporation or other legal entity (specify what kind): \_\_\_\_\_  
(b) Offeror's interests, direct and indirect, do not exceed 200,000 acres in oil and gas options or 246,080 chargeable acres in options, offers to lease and leases in the same State, or 300,000 chargeable acres in leases, offers to lease and options in each leasing district in Alaska. (c) Offeror accepts as a part of this lease, to the extent applicable, the stipulations provided for in 43 CFR 3103.2. (d) Offeror is 21 years of age or over (or if a corporation or other legal entity, is duly qualified as shown by statements made or referred to herein). (e) Offeror has described all surveyed lands by legal subdivisions, all lands covered by protracted surveys by appropriate subdivisions thereof, or all unsurveyed lands not covered by protracted surveys by metes and bounds, and further states that there are no settlers on unsurveyed lands described herein.  
6. Offeror  is  is not the sole party in interest in this offer and lease, if issued. (If not the sole party in interest, statements should be filed as prescribed in Item 6 of the Special Instructions.)  
7. Offeror's signature to this offer shall also constitute offeror's signature to, and acceptance of, this lease and any amendment thereto that may cover any land described in this offer open to lease application at the time the offer was filed but omitted from this lease for any reason, or signature to, or acceptance of, any separate lease for such land. The offeror further agrees that (a) this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the land office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed in behalf of the United States, and (b) this offer and lease shall apply only to lands not within a known geologic structure of a producing oil or gas field.  
8. If this lease form does not contain all of the terms and conditions of the lease form in effect at the date of filing, the offeror further agrees to be bound by the terms and conditions contained in that form.  
9. It is hereby certified that the statements made herein are complete and correct to the best of offeror's knowledge and belief and are made in good faith.

Offeror duly executed this instrument this 3<sup>RD</sup> day of APRIL, 1981.  
[Signature]                      Paul W. Rutter  
(Offeror signature)                      (Lessee signature)

This lease for the lands described in item 2 above is hereby issued, subject to the provisions of the offer and on the reverse side hereof.

Subject to the attached stipulations                      THE UNITED STATES OF AMERICA                      FOR  
By [Signature]                      Acting Chief, Branch of Lands & Minerals Operations                      (Signing officer)                      (Title)  
Effective date of lease                      SEP 01 1981                      AUG 10 1981  
(Date)                      (Date)

THIS OFFER MAY BE REJECTED AND RETURNED TO THE OFFEROR AND WILL AFFORD THE OFFEROR NO PRIORITY IF IT IS NOT PROPERLY FILLED IN AND EXECUTED OR IF IT IS NOT ACCOMPANIED BY THE REQUIRED DOCUMENTS OR 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 statements or representations as to any matter within its jurisdiction.  
This form may be reproduced provided that the copies are exact reproductions on one sheet of both sides of this official form, in accordance with the provisions of 43 CFR 3125.1(a)



N-32796

NO SURFACE OCCUPANCY SPECIAL STIPULATION

The Las Vegas District Calliente-Virgin Valley EAR recommends no surface occupancy stipulation on the lands described below.

Surface occupancy on these lands for 1/4 mile of the canyon for the purpose of oil and gas exploration or development is prohibited. The underlying oil and gas resources may be developed so long as no portion of the surface of the described lands are occupied or disturbed. The provisions of this stipulation may be modified only with the mutual consent of the Lessee, Surface Management Agency, and the Area Oil and Gas Supervisor.

The lands subject to this stipulation are described as:

T. 4 S., R. 68 E., MDM, Nevada  
sec. 27, W<sup>1</sup>/<sub>2</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>;  
sec. 34, All.

\_\_\_\_\_  
Signature  
7-10-81  
\_\_\_\_\_  
Date

RECEIVED  
Bur. of Land Management  
NEVADA LAND OFFICE  
7:30  
A.M. JUL 13 1981  
NEVADA STATE OFFICE  
RENO, NEVADA

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ARCHAEOLOGICAL STIPULATION

Antiquities and Objects of Historic Value -

To secure specific compliance with the stipulations under Sec. 2, paragraph (q) of the oil and gas lease form, the lessee shall, prior to operations, furnish to the 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.

*Eric Miller*  
Lessee's Signature

*Paul W. Allen, R. L. P.*  
Title

7-10-81  
Date

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7:30  
A.M. JUL 13 1981

NEVADA STATE OFFICE  
RENO. NEVADA

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DEPARTMENT OF ENERGY  
Special Stipulation

This lease is issued pursuant and subject, to the extent applicable, to the terms and provisions of Section 302 of the Department of Energy Organization Act (42 U.S.C. 7152) and to the regulations of the Secretary of Energy promulgated thereunder relating to the:

- (1) fostering of competition for Federal leases (including but not limited to, prohibition on bidding for development rights by certain types of joint ventures);
- (2) implementation of alternative bidding systems authorized for the award of Federal leases;
- (3) establishment of diligence requirements for operations conducted on Federal leases (including, but not limited to, procedures relating to the granting or ordering by the Secretary of the Interior of suspension of operations or production as they relate to such requirements);
- (4) setting rates or production for Federal leases; and
- (5) specifying the procedures, terms and conditions for the acquisition and disposition of Federal royalty interests taken in kind.

*Paul Warren Rutter*  
 \_\_\_\_\_  
 Paul Warren Rutter  
 Signature

7-10-81  
 Date

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 Bur. of Land Management  
 NEVADA LAND REGION  
 7:30 A.M. AUG 3 1981  
 NEVADA STATE OFFICE  
 RENO, NEVADA

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 RENO, NEVADA

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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SURFACE DISTURBANCE STIPULATIONS

Area Oil and Gas Supervisor or  
District Engineer (Address, include zip code)  
US Geological Survey  
Deputy Conservation Manager  
Oil and Gas, Western Region  
345 Middlefield Road - MS 94  
Menlo Park, CA 94025

Management Agency (name)

Las Vegas District Manager  
Bureau of Land Management  
4765 Vegas Drive  
Las Vegas, Nevada 89108

Address (include zip code)

1. Notwithstanding any provision of this lease to the contrary, any drilling, construction, or other operation on the leased lands that will disturb the surface thereof or otherwise affect the environment, hereinafter called "surface disturbing operation," conducted by lessee shall be subject, as set forth in this stipulation, to prior approval of such operation by the Area Oil and Gas Supervisor in consultation with appropriate surface management agency and to such reasonable conditions, not inconsistent with the purposes for which this lease is issued, as the Supervisor may require to protect the surface of the leased lands and the environment.

2. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, lessee shall submit for approval two (2) copies of a map and explanation of the nature of the anticipated activity and surface disturbance to the District Engineer or Area Oil and Gas Supervisor, as appropriate, and will also furnish the appropriate surface management agency named above, with a copy of such map and explanation.

An environmental analysis will be made by the Geological Survey in consultation with the appropriate surface management agency for the purpose of assuring proper protection of the surface, the natural resources, the environment, existing improvements, and for assuring timely reclamation of disturbed lands.

3. Upon completion of said environmental analysis, the District Engineer or Area Oil and Gas Supervisor, as appropriate, shall notify lessee of the conditions, if any, to which the proposed surface disturbing operations will be subject.

Said conditions may relate to any of the following:

- (a) Location of drilling or other exploratory or developmental operations or the manner in which they are to be conducted;
- (b) Types of vehicles that may be used and areas in which they may be used; and
- (c) Manner or location in which improvements such as roads, buildings, pipelines, or other improvements are to be constructed.

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TXO PROD. CORP.  
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Harold Herndon, Deputy