

Lincoln County

Form 3100-11\*  
March 1960

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0008  
Expires January 31, 1985

Serial No.

OFFER TO LEASE AND LEASE FOR OIL AND GAS

N-46359

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 (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41) and the Signatory certifies compliance with qualifications concerning Federal coal lease holdings provided in Sec. 2(a)(2)(A) of "PLA."  
Read Instructions Before Completing

1. Name Paul F. Sawyer  
Street 693 Dublin Drive  
City, State, Zip Code Hartford, WI 53027

2. This 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:

T. 2 N. R. 60 E. Meridian Mount Diablo State Nevada County Nye and Lincoln  
(Pro. Dia. No. 172)  
sec. 2, All;  
sec. 15, All;  
sec. 16, All;  
sec. 27, All;  
sec. 31, All;  
sec. 32, All;  
sec. 33, All;  
sec. 35, All.

Amount returned: Filing fee \$ 75.00 Rental fee \$ 5120.00 Total acres applied for 5120.00  
Total \$ 5195.00

3. Land included in lease: DO NOT WRITE BELOW THIS LINE

T. R. Meridian State County

SAME AS ITEM 2

NOT IN A KNOWN  
GEOLOGICAL STRUCTURE

Total acres in lease 5120.00  
Rental received \$ 5120.00

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 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 which 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 \_\_\_\_\_

THE UNITED STATES OF AMERICA

by *Maria B. Bahl*  
Chief, Branch of Lands and Minerals Operations (Signing Official)  
MAY 29 1987 (Date)

EFFECTIVE DATE OF LEASE JUN 01 1987 (Date)

\*Formerly 3110-1, 2, 3, 3120-1, 7, 3130-4, 5, and 7)

Lincoln County

4. 19) Underigned certifies that (1) offeror is 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 of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, 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.

Duly executed this 23 day of April 19 67 Paul F. Sawyer Signature of Lessee or Attorney-in-Fact

LEASE TERMS

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

- (a) Simultaneous noncompetitive lease, \$1.00 for the first 5 years, thereafter, \$3.00;
(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 favorable petroleum geological province, annual rental shall become \$2.00, beginning with the lease year following notice of such determination.

If this lease or a portion thereof is commuted 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.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed 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 in kind, and the right to establish reasonable maximum values on products after giving lessee notice and an opportunity to be heard.

Minimum royalty shall be due for any lease year after discovery in which royalty payments aggregate more than \$1.00 per acre. Lessee shall pay such difference at end of lease year.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1962 (EOGRLMA) (30 Stat. 2447).

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

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract of evidence of other arrangement for sale or disposal of production.

Sec. 6. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation.

supports costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit 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. 8. 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 users.

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.

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.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save 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—Lessee shall pay when due all taxes legally assessed and levied under laws of the State or the United States, except all employment, complete freedom of purchase, 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.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessor shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessee and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation.

Sec. 14. Heirs and successors in interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

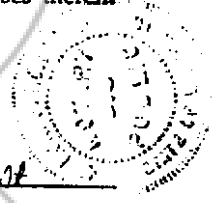
State of Wisconsin )  
                          )SS.  
County of Washington )

Before me, the undersigned authority, on this 12<sup>th</sup> day of June, 1990 personally appeared Paul F. Sawyer, who, being by me duly sworn, did say that he executed the foregoing instrument on April 23, 1987 and who acknowledged to me that he executed the same as his free act and deed for all of the purposes therein stated.

Subscribed and sworn to me this 12<sup>th</sup> day of June, 1990.

My Commission Expires  
5-1-94

Lori J. Horat  
Notary Public  
by: Lori J. Horat



UNSTABLE SOILS SPECIAL STIPULATION

The following described lands contain unstable/highly erodible soils. Therefore, prior to entry onto the lands, the lessee (operator) will discuss the proposed activities with the Bureau of Land Management's authorized officer. Additional measures for the protection of the soils may be required. Such measures may include:

- a. No surface occupancy of selected areas;
- b. Restriction on surface entry during periods of excessive runoff; and/or
- c. Special reclamation techniques.

	<u>Description of Lands</u>
Parcel NV-172	sec. 26
Parcel NV-174	sec. 11
Parcel NV-178	secs. 18, 29, 31
✓ Parcel NV-179	secs. 15, 16, 31, 32
Parcel NV-181	secs. 5, 6, 7
Parcel NV-187	secs. 11, 21
Parcel NV-241	secs. 2, 3, 4, 9, 10, 11, 16, 20, 21, 22
Parcel NV-242	secs. 27, 28, 29, 32, 33
Parcel NV-244	sec. 35
Parcel NV-273	sec. 22
Parcel NV-276	secs. 25, 35
Parcel NV-284	secs. 21, 22, 26
Parcel NV-285	secs. 27, 28, 29, 33, 34, 35, 36
Parcel NV-286	secs. 1, 2, 3, 20
Parcel NV-287	secs. 25, 26, 27, 28, 29, 34, 35
Parcel NV-288	secs. 26, 27, 34, 35, 36

No. **094433**  
 FILED AND RECORDED AT REQUEST OF  
**HIXON DEVELOPMENT**  
 27 June 1990  
 AT 30... S. 10...  
 A... 91... OFFICE  
 RECO... 148...  
 C. NV, NEVADA.  
*Frank C. Hulse*  
 FRANK C. HULSE COUNTY RECORDER