Unite 1989) DEPARENT OF THE INTERSECTION OF FER TO LEASE AND LEASE FO	EMENT I I I I I I I I I I I I I I I I I I I
The understand traument offers to be a second traument of the second	le for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. (III 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Att). Gen. 41), or the
READ INSTRUCT	TONS BEFORE COMPLETING
Street P.O. Box 2810 City, State, Zip Code Farmington, N.M.	87499
2. This application/offer/lease is for: (Clarch only One) X=XPUBLIC DOMAIN LANDS	
Surface managing agency if other than BLM:	Unit/Project
Legal description of land requested: *Parcel No *SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCE	NV = 05 = 90 = 1 4 2
Amount remained: Filing for S 75.00 Remai for S 1	Total scres applied for 314.7 Total 5_547.50
DO NOT WILL	ITE BELOW THIS LINE
Land included in lease: T. R. Mendian	State County
T. 07 N., R. 54 E., MDM, Nevada sec. 18, lots 1-4, ELW4.	
T. 07 N., R. 54 E., MDM, Nevada sec. 18, lots 1-4, ELWL. Lincoln County, Nevada 314.77	Acres
sec. IN, lots 1-4, ELVI.	Acres .
sec. IN, lots 1-4, ELVI.	Total acres in lease
Lincoln County, Nevada 314.77 Lincoln County, Nevada 314.77 This lease is issued graning the exclusive right to drill for, more extract, remove and dispose and maintain necessary improvements thereupon for the term indicated below, subject to zero policable laws, the arrain, conflictions, and attached stipulisations of this lease; the Secretary of orders hereafter promulgated when not incommised with lease rights granted or specific pro-	Total acres in lease Rental retained \$ 314.77 472.50 e of all the oil and gas teacept helium; in the lands described in Item 3 together with the right to build newal or extension in accordance with the appropriate leasing authority. Rights granted are subject to the Internot's regulations and formal orders in effect as of lease assumed, and to regulations and formal wassons of this lease.
Lincoln County, Nevada 314.77 Lincoln County, Nevada 314.77 This lease is issued graning the exclusive right to drill for, more extract, remove and dispose and maintain necessary improvements thereupon for the term indicated below, subject to zero policable laws, the errors, confidence, and attached significance of this lease, the Secretary of orders beceafter promulgated when not uncommisters with terms rights granted or specific providers beceafter promulgated when not uncommisters with terms rights granted or specific providers.	Total acres in locate Rental retained \$ 314.77 472.50 et of all the oil and gas tracept helium; in the lands described in hem 3 together with the right to build newal or extension is accordance with the appropriate leasure authority. Bubbs regarded are whose to
This lease is issued granting the exclusive right to drill for, mine extract, remove and dispose and majoritant excessery improvements thereupon for the term indicated below, subject to zen applicable laws, the terms, confidence, and artached significance of this lease, the Secretary of others hereafter promulgated when not incomsistent with truse rights granted or specific pro-	Total acres in lease Rental retained \$ 314.77 472.50 e of all the oil and gas teaceps helium; in the lands described in hem 3 together with the right to build newal or extension in accordance with the appropriate leasing authors; Rights granted are subject to the Internor's regulations and formal orders in effect as of lease instance, and to regulations and formal orders in effect as of lease instance, and to regulations and formal orders in effect as of lease instance, and to regulations and formal orders in effect as of lease instance.
This lease is issued granting the exclusive right to drill for, make extract, remove and dispose and maintain necessary improvements thereupon for the term indicated below, subject to reapplicable laws, the terms, conditions, and attached stupulations of this lease; the Secretary of indicated below, subject to reapplicable laws, the terms, conditions, and attached stupulations of this lease; the Secretary of indicated below to the high bidder pursuant to his/her duly executed hid or nomination and those specified on this forms.	Total acres in lease Rental retained 5 31.6.77 472.50 e of all the oil and gas traceps helium; in the lands described in hem 3 together with the right to build newal or extension in accordance with the appropriate leasing authors; Rights granted are subject to the Internor's regulations and formal orders in effect as of lease instance, and to regulations and formal organizations of this lease. Rentination forms submitted under 43 CFR 3120 and in ambject to the provisions of that bid or
Lincoln County, Nevada 314.77 This lease is issued graning the exclusive right to drill for, mine, extract, remove and dispose and maintain necessary improvements between the term indicated below, subject to remepplicable laws, the terms, conditions, and attacked signalisms of this lease, the terms, conditions, and attacked signalisms of this lease, the Secretary of orders hereafter promulgated when not unconsusers with lease rights granted or specific promoters hereafter promulgated when not unconsusers with lease rights granted or specific promoters for the same is based to the high bidder pursuant to his/her duly executed hid or sometimetion and those specified on this forms.	Total acres in lease Rental retained 5 31.6.77 472.50 e of all the oil and gas traceps helium; in the lands described in hem 3 together with the right to build newal or extension in accordance with the appropriate leasing authors; Rights granted are subject to the Internor's regulations and formal orders in effect as of lease instance, and to regulations and formal organizations of this lease. Rentination forms submitted under 43 CFR 3120 and in ambject to the provisions of that bid or

Offerer is in compliance with qualifications concerning feederal cost leave findings provide in sec. Carchinologie Mineral Leaving Act. (Blueffigure is in compliance with reclaration requirements, for all Federal oil and gas leave holdings as required by me. Lifeji of the Mineral Leaving Act. and (7) offeror is next in solution of sec. of of the Act. of 1. Independent of the Compliance of the Compliance acceptance of this beare, including all arrives. Compliance, and significance of which offeror has been given noises, and any amendment or separate leave that mes sociated mp. land described in that offer open no leaving at the time this offer was filed but omitted for any reason from this leave. The offeror further agrees that the offer causes the widers into the results of the offer causes the widers with the results of the offer offer causes the widers with extern or whole or in part, values after withdraws at the widers with the control of the causes the widers with the offer offer causes the substance of the widers with the control of the widers with the widers with the control of the widers with the widers with the control of the widers with the widers wi

This offer will be rejected and will afford offeror me priority if it is not property excepted and executed in accordance with the regulations, or if it is not accompanied by the required systems. If C.S.C. Sec. 1801 makes it a crime for may person howevingly and willfully to make to may Department or agency of the United States may finder, fitticious or frauculent natements or representations as to may meeter within the particularity and willfully to make to may Department or agency of the United States may finder, fitticious or frauculent natements or representations as to may meeter within the particularity and make to may Department or agency of the United States may finder, fitticious or frauculent natements or agency of the United States may find the required by the required may be used to be used

Duty executed this _____ 9 th day of ___ Hav

LEASE TERMS

- Rentals—Rentals shall be paid to proper office of lessor in advance of each losse year at rental rates per acre or fraction thereof are:
- (a) Noncompetaive lense. \$1.50 for the first 5 years, thereafter \$2.00. (b) Competitive lears, \$1.50; for prunary term, thereafter \$2.00. (c) Other, are statchment, or as specified in regulations at the time this lease is selected.

A specified in regulations in the time can easie to meeter.

If this lease or a portion thereof is committed or an approved ecoperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of producing, noyalices shall be just on the producing allocation of producing, noyalices shall be just on the producing allocation of producing, noyalices shall be just on the producing allocation of producing a shall contains to be due in the time apportful as (a), (b), or (c) for those lands not within a participating area.

Fighers to pay angual rental, if due, on or before the amoversary date of this bease for text official working day if 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

- 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 esset are:
- (a) Noncompetitive lease, 125/\$; (b) Concertions lease, 125/\$;
- compositive scase. 12 % %; positive lease, 12 % %; r. see attachment: ae I an regislations at the time this lease as igni

as apoched an registrone at the time this lease as second.

Lessor reserves the right to specify whether regality is no be poid in value or in kind, and the right to establish reasverable manaman values on products after gravity lesses accross and an opportunity to be heard. When paid in value, royalines shall be due and payable on the last day of the mosts following the montain an which production occurred When paid in tank, production shall be deformed, selects otherwise agreed to by leaster, an interchantable condition on the premises where produced webout out to lessor. Lesses shall not be equivaled to look and production in storage beyond the last day of the month following the storage beyond the last day of the month following the storage has which production occurred, nor shall leasted be held lastle for loss or destruction of royalsy and or other products in storage from causes beyond the reasonable control of lesser.

Minamum reyalty to be so forestal of not less than the recent 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 are paying quanties. Thus maintain royalty may be warred, suspended, or reduced, and the above royalty rates may be reduced, for all or portuous of this lease if the Secretary determines that such action is necessary to incourage the greatest ultimine racovery of the feesed recommend or a otherwise pushfield.

An ornerest charge shall be assessed on late royalny pavaments or underpayments as accordance with the Federal Od and Gas Royally Management Act of 1982 (FOGRMA+780 U.S.C. 1781). Lessee shall be hable for tryatity payments on od and gan lost or wasted from a feare site when such losts or wasted from a feare site when such losts or wasted are to due to the feature so complete one of the total feature so complete the state of the present of the open and the open and the state of the control wasted under FOGRMA or the leaning authority.

- Sec. 3. Bonds—A bond shall be filed and maintenent for lease operations as requ
- Sec. 6 Diagence, rate of development, unstrazion, and drainage.—Lease shall carecine reasonable diagence in developme and producing, and shall prevent unaccissing damage to, loss of, or water of leased resources. Levelor reserves right to specify rates of development and grounders in the public interest and to require lesser to subscribe to a consperative of unit plan, within 10 only 10 industry, in deep or the proper development and operation of area, field, or good embracing these leased lands. Lease shall effect and produce meets necessary to protect leaned ands from drainage or pay compensation, require land produce meets necessary to protect leaned and from drainage or pay compensation, required.
- cands from dramage or pay compensatory regulty for dramage in amount determined by lessor.

 5c. 5 Decuments, evidence, and inspection—Lasses shall fill with proper inflice of lessor, over the control of the control o

costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be mustuased in lesses's accounting offices for future and it by lessor. Lesses shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section shall be closed to aspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552). inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 532).

Sec. 6. Credit of operations—Lease shall conduct operations in a manner that mammates adverse impacts to the land, sie, and water, to cultural, biological, visual, and other resources, and so other land uses or users. Leases shall take reasonable measures decerned increasery by leaser in accomplical the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to sitting or design of furcibies, turing of operations, and specification of intentin and final reclamation measures. Leasor reserves the right to continue examing uses and to authorize future uses upon or in the leased lands, including the approval of easeness or rights-of-way. Such uses shall be conditioned so as to prevent uncertainty or untrasonable timerference with rights of leases.

annocessary or unreasonable transference with rights of lessee.

Prior to disturbing the surface of the lessed lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary.

Areas to be disturbed way require inventories or special studies to determine the extent of unparts to other resources. Lessee may be required to complete minor trentories or short term special studies under guidelines provided by lessor. If in the conduct of operations, transacrated or endangered species, objects of baseonic or scientific interest, or substantial unanalization enterest provided any operations that would result in the destruction of such species or objects.

- any operatoris that wenter estati in the destruction of such species or objects. See 7. Mining operations—To the extent that impacts from mining operations would be substantially different or gleater than those associated with normal dralling operations, leaser reserves the right to derry approval of such operations.

 Sec. 2. Extraction of helium—Lessor reserves the option of extracting or having attracted helium from gas production in a manner specified and by means provided by leaser at no expanse or loss to lessee or owner of the gas. Lessoe shall include in any contract of sale of gas the provisions of this section.
- of this section.

 See 9. Damajes to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor humbers from all claims for damage or harm to persons or property as a result of lessee operation.

 Sec 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all mazes legably assessed and leved under lesses of the State or the United States, accord all employees complete frendom of purchase, pay all wages at least twice each month in lawful moses of the Direct States, maintain as size working environment as scoordance with standard undustry practices; and take measures necessary to proceet the health and safety of the public.
- Lessor reserves the right to ensure that production is sold as maximable proces and to prevent monopoly. If lessee operation a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to old derived from these lessee lesses that comply with section 28 of the Miserial Lessing Act of 1920.
- Lessee shall comply with Executive Order No. 31246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor assure pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.
- Soc. 11. Transfer of lease uncerstand relinquishment of lease—As required by regulations, lessue shall file with lessor any assignment or other transfer of an interest in this lesse. Lessue relamptishment between 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 the lesser and survey to pay all accrued reneals and royalises.
- Sec 17. Delivery of prenates—At such time as all or portions of this fease are returned to leasor, lessee shall place affected wells in conductor for inspension or abandoment, reclaim the liand as specified by lessor and, within a reasonable period of time, returner equipment and improvements not deemed necessary by lessor for preservation of producible wells.
- improvements not deemed necessary by lessor for preservation of producible 'wells.

 See 13 Proceedings is case of default-life lessoe fauls to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereoff, this lesse shall be subject to cancellation intens or until the leasefold contains a well capable of production of oil or get an pieving quantities, or the lease is commented to an approved competitive or unit plan or communications agreement which constains a well capable of production of substances in polying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal and equivable remedy, including waiver of the default. Any such remeast or asset thall not preven later ancellation for the same default occurring at any other same. I have the such as the substance of production of the same of feed of control of the control of the default occurring at any other such as the substance of the default occurring at any other such that the subsect was placed to produce the such asset feed to control of the default occurring at any other same. Lessoe shall be subsect to applicable provisions and presultes of FOGRMA (30 U.S.C. 1701).

 See 16 Hers and the subsect to applicable provisions and presultes of FOGRMA (30 U.S.C. 1701).

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

e u 5 GP<u>O</u> 1968-0-573 017-96033

State of Nevada)
)SS.
County of Washoe)

Before me, the undersigned authority, on this ______ day of July, 1990 personally appeared Betty Briggs, Agent of Hixon Development Company, a Texas Corporation, who is known to me to be the person who, being by me duly sworn, did say that she executed the foregoing instrument on May 9th, 1990 and who acknowledged to me that she executed the same as her free act and deed for all of the purposes therein stated.

My commission expires

Deurly & Brawn

BEVERLY B. BROWN
Notary Public - State of Nevada
Appendituse Second in Wisher County
MY APPOINTMENT EXPRES NOV. 24, 1972

SPECIAL STIPULATIONS FOR OIL AND GAS LEASING WITHIN THE ELY DISTRICT

The Lessee shall comply with the following special conditions and stipulations unless they are modified by mutual agreement of the lessee, and the authorized officer:

- 1. No drilling or storage facilities will be allowed within 500 feet of any pond, reservoir, canal, spring or stream. Other buffer zones and areas near water may be restricted to protect riparian habitat. This distance may be modified when specifically approved in writing by the Ely District Manager, BLM. Restricted surface occupancy may be required in other buffer zones to protect other resource values, including threatened or endangered flora and fauna.
- 2. 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 authorized officer, a certified statement that either no archaeological values exist or that they may exist on the leased lands 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 comer.

- 3. The use of wide or balloon tired vehicles and/or helicopters may be required for any activities in off-road areas where deemed necessary to protect the soil and other resources.
- 4. Springs and water developments on Federal lands may be used only with the prior written approval of the authorized officer.
- 5. The lease area may contain critical habitat for wild and free roaming horses and burnos. Therefore, prior to entry onto the lands within the described areas the lessee (operator) will discuss the proposed activities with the surface management agency's authorized officer who may require additional measures for the protection of the horses and burnos.

Such measures may include:

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Francisco

The fencing of mud pits on drill sites.

. The protection of springs and water developments.

c. The rehabilitation of areas of surface disturbance to reestablish the vegetative cover.

6. To maintain aesthetic values, all semipermanent and permanent facilities will be painted or camouflaged to blend with the natural surroundings. The paint selection or method of camouflage will be subject to approval by the Bureau of Land Management's authorized officer.

7. In order to minimize watershed damage during muddy and/or wet periods, the Bureau of Land Management's authorized officer, may prohibit exploration, drilling or other development. This limitation does not apply to maintenance and operations of producing wells.

Description of Lands

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AAR051-NV-05-00-016	ALL-LANGE. G BOTTE
PARCEL NY-05-90-017	ALL LANDS.
PARCEL NY-05-90-018	ALL LANDS, at assent 31
PARCEL NY-05-90-021	ALL LANDS
PARCEL NY-05-90-022	ALL LANDS . Sestons tolk land
PARCEL NY-05-90-023	ALL LANDS TEXTS RE MEMBER
PARCEL NY-05-90-024	ALL LANDS ONT DEVLOYOR
PARCEL NY-05-90-025	ALL LANDS, od Tituespaviser
PARCEL NY-05-90-026	ALL LANDS. 30 VITAGOR SITE
PARCEL MY-05-90-027	ALL LANDS.
PARCEL NY-05-90-028	ALL LANDS IN DO THE
PARCEL MY-05-90-029	ALL LANDS: VIETE STATES
RERCEL NY-05-50-020	protect the sea seas IA
PARCEL NY-05-90-036	ALL LANUS.
PARCEL WY-05-90-037	ALL CANDS.
PARCEL NY-05-90-038	AL LANDS.
PARCEL NY-05-90-039	ALL LANDS.
PARCEL NY-05-90-040	ALL LAKOS.
PARCEL NY-05-90-046	ALL LANDS.
PARCEL NV-05-90-047	ALL LANDS.
PARCEL NV-05-90-048	ALL LANDS.
PARCEL NY-05-98-049	ALL LANDS. See - Another DOS
PARCEL NY-08-90-052	AL LANDS.
PARCEL NY-05-90-053	ALL LANDS.
PARCEL NV-05-90-055	ALL LINDS.
PARCEL NY-05-90-056	ALL LANDS
PARCEL NY-05-50-057	ALL I ANDS.
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PARCEL NY-05-90-121
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PARCEL NY-05-90-122
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PARCEL NY-05-90-123
PARCEL NV-05-90-124
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PARCEL NV-05-90-125
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PARCEL NV-05-90-126
PARCEL NY-05-90-127
PARCEL NY-05-90-128
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PARCEL NY-05-90-167
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PARCEL NY-05-90-169
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No 094640

FRED AND RECORDED AT PROJECT OF HEXON DEVELOPMENT CO.

26 July 1990

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A. IN BOOK 91 OF OFFICIAL
RECORDS, PAGE 483 UNICOLO

COUNTY NEVADA

FRANK C. HULSE

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