

59

INSTRUCTIONS

1. *Use of Form.*—This form is to be used only for assignment of record title interests in oil and gas leases. It is not to be used for assignments of working or royalty interest, operating agreements or subleases. The assignor must fill in items 1 to 5 inclusive, and also insert in the appropriate spaces the office, serial number, and effective date of the lease involved in the assignment. If less than all of the lands in the lease are assigned, the specific subdivisions involved must be shown.

2. *Copies and Fees.*—All record title assignments must be filed in triplicate in the proper land office. If the land is in a State in which there is no land office they must be filed with the Bureau of Land Management, Washington 25, D. C. Where more than one assignment is made out of a lease a separate instrument of transfer for each assignment must be filed. An assignment may cover lands in only one lease. Assignments must be filed within 90 days from date of final execution and each must be accompanied by a fee of \$10. Such fee will not be returned even though the assignment later be withdrawn in whole or in part. Any assignment unaccompanied by the required fee will not be accepted.

3. *Citizenship.*—An individual must show that he is 21 years of age or over and will indicate whether a citizen by birth or naturalization. If production is obtained under the lease or allocated to it, the citizenship status of the assignee will be verified.

4. *Qualifications of Corporations.*—If assignee is a corporation it must show it is qualified with respect to the citizenship provision by filing a copy of its articles of incorporation, certified to by the Secretary of the State of incorporation and it must furnish a statement showing the percentage of each class of its stock which is owned or controlled by or on behalf of persons whom the corporation knows to be or who the corporation has reason to believe are aliens, or who have addresses outside of the United States, indicating which classes of stock have voting rights. If more than 10 percent of the voting stock or if all of the stock is owned or controlled by or on behalf of such persons, the corporation must give their names and addresses, the amount and class of stock held by each, and, to the extent known to the corporation, or which can be reasonably ascertained by it, the facts as to the citizenship of each such person. If any appreciable percentage of the stock of the corporation is held by aliens of the excepted class, its application will be denied. If 20 percent or more of the stock of any class is owned or controlled by or on behalf of any one stockholder, a separate showing of his citizenship and holdings must be furnished. A corporation also must furnish either the minutes of the meeting of the board of directors, or a copy of the bylaws indicating the officer signing the application has authority to do so, or a certificate of the Secretary or assistant secretary of the corporation to that effect over the corporate seal. Where a corporation has previously filed in any land office any of the documents required by this and the previous paragraph, a reference to that file by serial number may be made in lieu of the document together with a statement of any subsequent amendments. A single copy of any additional information required by the provisions of this and the preceding paragraph will be sufficient.

5. *Payment Out of Production.*—Any overriding royalties or payments out of production created by an assignment but not set out therein must be described in an accompanying statement. If payments out of production are reserved, outline in detail the amount, method of payment, and other pertinent terms.

6. *Bonds.*—Where an assignment is of an entire lease which is covered by an outstanding lease bond, it must be accompanied by a new bond or in lieu thereof the consent of the surety on the bond of record to remain bound thereunder with the assignee as the substituted principal. If an undivided lease interest is assigned, the assignment must be accompanied by the consent of the surety on the bond of the assignor to inclusion of the assignee as a joint-principal on the bond, or a new bond with assignor and assignee as joint-principals may be furnished. Any assignment which does not convey the assignor's record title in all of the lands in the lease must also be accompanied by consent of his surety to remain bound under the bond of record for the lease interest retained by said assignor, if the bond, by its terms, does not contain such consent. If a party to the assignment has previously furnished a Nation-wide bond on either form 4-1167 or 4-1168 applicable to the State and the act under which the lease issued, no additional showing is necessary by such party as to the bond requirement.

7. *Lease Account.*—All rentals and royalties due under a lease must be paid when an assignment is filed, or before the assignment is reached for action, otherwise the lease may be canceled.

8. *Assignment of Separate Zone or Deposit.*—An assignment of a separate zone or deposit or of a part of a legal subdivision will not be approved unless the necessity therefore is established by clear and convincing evidence which must accompany the request for approval of the assignment.