

## LEASE TERMS

**Section 1. Rights of lessee.**—The lessee is granted the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits, except helium gas, in the lands leased, together with the right to construct and maintain thereupon, all works, buildings, plants, waterways, roads, telephone and telegraph lines, and other structures necessary to the full enjoyment thereof, for a period of 16 years, and so long thereafter as oil or gas is produced in paying quantities; subject to any unit agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistent with the terms of this lease.

**Sec. 2. The lessor's acre.**—(1) File any bond required by this lease and the current regulations and until such bond is filed not to enter on the land under this lease. (2) To maintain any bond furnished by the lessee as a condition for the issuance of this lease. (3) To furnish a bond in a sum double the amount of \$1 per acre annual rent, but not less than \$1,000 nor more than \$5,000, upon the issuance of this lease, to be filed within 30 days after the geologic structure of a producing oil or gas field. (4) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessee a bond in the penal sum of \$10,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon completion of the leasehold, and the lessee may file such other bond as may be being maintained or unless such a bond furnished by an operator of the lease is accepted. (5) Until a general lease is filed to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In lieu of any of the bonds described herein, the lessee may file such other bond as the regulations may permit.

(a) **Bonds.**—(1) File any bond required by this lease and the current regulations and until such bond is filed not to enter on the land under this lease. (2) To maintain any bond furnished by the lessee as a condition for the issuance of this lease. (3) To furnish a bond in a sum double the amount of \$1 per acre annual rent, but not less than \$1,000 nor more than \$5,000, upon the issuance of this lease, to be filed within 30 days after the geologic structure of a producing oil or gas field. (4) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessee a bond in the penal sum of \$10,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon completion of the leasehold, and the lessee may file such other bond as may be being maintained or unless such a bond furnished by an operator of the lease is accepted. (5) Until a general lease is filed to furnish and maintain a bond in the penal sum of not less than \$1,000 in those cases in which a bond is required by law for the protection of the owners of surface rights. In lieu of any of the bonds described herein, the lessee may file such other bond as the regulations may permit.

(b) **Cooperative or unit plan.**—Within 30 days of demand, or, if the leased land is committed to an approved unit or cooperative plan and such plan is terminated prior to the expiration of this lease, within 30 days of demand made by the lessee, to furnish to the operator under such a lease an alternative cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may then determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) **Wells.**—(1) To drill and produce all wells necessary to protect the leased land and to drill and produce all wells necessary to protect the leased lands owned by the United States, including, for royalty rate, or as to which the royalties and rentals are paid into different funds than are those of this lease; or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined by said Director; (2) at the election of the lessor, to drill and produce other wells, to compensate the lessor in full the cost of such wells, and all expenses affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) promptly after due notice in writing to drill and produce such other wells as the Secretary of the Interior may reasonably require in order that the leased premises may be properly and timely developed and produced in accordance with good operating practice.

(d) **Rentals and royalties.**—(1) To pay rentals and royalties in amount or value of production removed or sold from the leased lands as follows:

**Rents.**—To pay the lessor in advance an annual rental at the following rates:

(a) If the lands are wholly outside the known geologic structure of a producing oil or gas field:

(i) For each lease year a rental of 50 cents per acre or fraction of an acre.

(b) If the lands are wholly or partly within the known geologic structure of a producing oil or gas field:

(i) For each lease year a rental of \$1 per acre or fraction of an acre.

(ii) If this lease is committed to an approved cooperative or unit plan which includes a well care and unit production plan, the cost of such plan, plus the cost for allocation of production to the rental prescribed for the respective lease years in subparagraph (a) of this section, shall apply to the acreage not within a participating area.

**Minimum royalty.**—Commencing with the lease year beginning on or after a discovery on the leased land to pay the lessor in lieu of rental, a minimum royalty of \$1 per acre or fraction of an acre, or the greater of each lease year, or the difference between the actual royalty paid during the year if less than \$1 per acre, and the prescribed minimum royalty of \$1 per acre, provided that if this lease is unitized, the minimum royalty shall be payable only on the participating acreage and rental shall be payable on the nonparticipating acreage as provided in subparagraph (b) (ii) above.

**Royalty on production.**—To pay the lessor 12½ percent royalty on the production removed or sold from the leased lands computed in accordance with the Oil and Gas Operating Regulations (30 CFR Pt. 221).

(2) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any oil or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the calendar month next following the calendar month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such manner as may be reasonably required by the lessee, to whom the lessor, by no means shall the lessor be held liable for the loss or destruction of royalty oil or other products in storage beyond the last day of the calendar month next following the calendar month in which produced nor be responsible or held liable for the loss or destruction of royalty oil or other products in storage over which he has no control.

(4) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any oil or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(5) The offeror shall mark one of the copies first filed at the top with the word "original." If that is not done, the manager will so mark one copy. If there is any variation in the land descriptions among the five copies, the one marked "original" shall govern as to the lands covered by the lease.

(6) If additional space is needed in furnishing any of the required information, such offeror may attach additional sheets, initialed and attached and made part of this offer to the extent such additional sheets is to be attached to each copy of the form submitted.

(7) If any of the land described in item 2 of the offer is open to oil and gas lease filing when the offer is filed but is omitted from the lease for any reason and thereafter becomes available for leasing to the offeror, the original lease will be amended to include the omitted land, unless, before the issuance of the amendment on Form 4-1163, the land office receives the withdrawal of the offer as to such land or an election to receive a separate lease to be dated in accordance with 43 CFR 192.40a, in which such section is open. If the lease is amended the rental charged and the lease term will be the same as though the added land had been included in the original lease when it was issued.

(8) As an incident to the assignment of the whole interest in all or any part of the lease, the lessee may assign the whole interest in all or any part of the offer. As an incident to the assignment of an undivided fractional interest in the whole lease, the lessor may assign an undivided fractional interest in the whole lease. Applications for approval of assignments of an offer must include a statement that the assignee agrees to be bound by the offer, to the extent it is assigned and must be signed by the assignee. In other instances assignments of the offer will not be approved prior to the issuance of a lease for the lands or deposits covered by said assignments.

(4) **Rentals or minimum royalties.**—may be waived, suspended or segregated for royalty purposes may be reduced if the Secretary of the Interior finds that, for the purpose of encouraging the greatest ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(e) **Payments.**—Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to the lessor, to the order of the Bureau of Land Management at the places mentioned in the regulation 43 CFR 191.12. If there is no well on the leased lands or no well of producing oil or gas, the lease shall automatically terminate on or before the anniversary date shall automatically terminate the lease by operation of law. However, if the time for payment falls on a day in which the proper office to receive payment is closed, payment shall be deemed timely if made on the next official working day.

(f) **Contracts for disposal of products.**—To file with the Oil and Gas Surveyor of the Geological Survey not later than 30 days after the effective date thereof any contract, or evidence of other arrangement, for the sale or disposal of oil, gas, natural gasoline, and other products of the leased lands, or any interest therein, or any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(g) **Statements, plots and reports.**—At such times and in such form as the lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; a plot showing development work and improvements on the leased lands; and a report with respect to stockholders, investments, depreciation and costs.

(h) **Well records.**—To keep a daily drilling record, a log, and complete information on all wells drilled on the leased lands, and to furnish an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof, to the lessor when required. All information obtained under this paragraph, upon the request of the lessor, shall not be open to inspection by the public until the expiration of the lease.

(i) **Inspection.**—To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises and all wells, improvements, machinery, fixtures thereon and such accessories as may be required for the conduct of operations and surveys or investigations on the leased lands or under the lease. All information obtained pursuant to any such inspection, upon the request of the lessor, shall not be open to inspection by the public until the expiration of the lease.

(j) **Diligence, prevention of waste, health and safety of workers.**—To provide for unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations in accordance with approved methods and practice as provided in the Oil and Gas Operating Regulations, having due regard for the prevention of waste of oil or gas or coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations, and for the health and safety of workmen and employees; to plus properly and effectively all wells drilled in accordance with the provisions of this lease or of any prior lease or permit upon which the right to drill and produce is granted, before commencing the same; to conduct all operations at the expense of the lessor; all reasonable expenses to be paid by the lessor to the contractor, to the lessor to the matters in this paragraph, and that on failure of the lessor so to do the lessor shall have the right to enter on the property and to accomplish the purpose of such orders at the lessor's cost: *Provided*, That the lessee shall not be held responsible for delays or costs occasioned by causes beyond lessee's control.

(k) **Taxes and wages, freedom of purchase.**—To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil and gas produced from the lands hereunder, or any rights, interest or property of the lessor; to accord all workmen and employees complete freedom of purchase, and to pay wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) **Nondiscrimination.**—In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or reemployment; advertising; layoff or termination; rates of pay or other terms of compensation; and selection for training,晋升, or promotion. The contractor agrees to place his office in conspicuous places, available for employees and applicants for employment, noticed to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

The contractor further agrees to furnish the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

(m) **Assignment of oil and gas lease or interest therein.**—As required by applicable law, to file for approval by the lessor any instrument of transfer made of this lease or any interest therein, including assignments of record title, operating agreements and subleases, working or royalty interests, within 90 days from the date of final execution thereof.

(n) **Pipelines to purchase or convey at reasonable rates and without discrimination.**—If operator, or operator, or owner of a controlling interest in any pipeline or oil and gas company, or any other entity which may be accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipeline, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of this act, or under the provisions of the act of August 7, 1947 (61 Stat. 913, 30 U. S. C. sec. 32).

(o) **Lands patented with oil and gas deposits reserved to the United States.**—To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) **Reserved or segregated lands.**—If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereon in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(q) **Landings.**—If any of the land included in this lease is in a stream or on a hillside, to land the oil or gas in such a manner as to be safe for the landing of the same, and to remove the same from the landings as soon as practicable.

(r) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(s) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(t) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(u) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(v) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(w) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(x) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(y) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(z) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(aa) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(bb) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(cc) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(dd) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ee) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ff) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(gg) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(hh) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ii) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(jj) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(kk) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ll) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(mm) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(nn) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(oo) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(pp) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(qq) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(rr) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ss) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(tt) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(uu) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(vv) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ww) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(xx) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(yy) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(zz) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(aa) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(bb) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(cc) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(dd) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ee) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ff) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(gg) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(hh) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ii) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(jj) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(kk) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ll) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(mm) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(nn) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(oo) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(pp) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(qq) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(rr) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ss) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(tt) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(uu) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(vv) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ww) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(xx) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(yy) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(zz) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(aa) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(bb) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(cc) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(dd) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ee) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.

(ff) **Oil and gas waste.**—To remove oil and gas waste from the landings as soon as practicable.