

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

0060433

OFFER TO LEASE AND LEASE FOR OIL AND GAS

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, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1. Name THE MERAMAR COMPANY
Street 518 17TH ST #1030
City, State, Zip Code DENVER, CO 80202

2. This application/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: _____ *Parcel No.: _____ *Sale Date (m/d/y): 05 / 01 / 97

*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. _____ R. _____ Meridian _____ State _____ County _____

Amount remitted: Filing fee \$ _____

Rental fee \$ _____

Total acres applied for _____

Total \$ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 7 S., R. 95 W., Meridian 6th P.M. State Colorado County Garfield
Sec. 25: Lot 6;
Sec. 25: SESW;
Sec. 26: Lot 3;
Sec. 35: S2S2;
Sec. 36: Lots 3, 4, 13-16;

S. _____ HI 5/28/97
P. CKD 5-28-97
HI CKD 5/30/97

Total acres in lease 527.350

Rental retained \$ 792.00

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 when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Type and primary term of lease:

Noncompetitive lease (ten years)

Competitive lease (XXXXX (ten years))

Other _____

THE UNITED STATES OF AMERICA
/s/ Bonnie L. Blair

LAND LAW EXAMINER (Title) MAY 21 1997 (Date)
OIL & GAS LEASING

EFFECTIVE DATE OF LEASE JUN 01 1997

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

On the lands described below:

T. 7 S., R. 95 W., 6th P.M.

Sec. 25: SESW;

Sec. 35: S2S2;

For the purpose of:

Protecting fragile soils. Prior to surface disturbance of fragile soils, it must be demonstrated to the Authorized Officer through a plan of development that the following performance objectives will be met.

Performance Objectives:

- I. Maintain the soil productivity of the site.
- II. Protect off-site areas by preventing accelerated soil erosion (such as land-sliding, gullyng, rilling, piping, etc.) from occurring.
- III. Protect water quality and quantity of adjacent surface and groundwater sources.
- IV. Select the best possible site for development in order to prevent impacts to the soil and water resources.

Fragile soil areas, in which the performance objective will be enforced, are defined as follows:

- a. Areas rated as highly or severely erodible by wind or water, as described by the Soil Conservation Service in the Area Soil Survey Report or as described by on-site inspection.
- b. Areas with slopes greater than or equal to 35 percent, if they also have one of the following soil characteristics: (1) a surface texture that is sand, loamy sand, very fine sandy loam, fine sandy loam, silty clay or clay; (2) a depth to bedrock that is less than 20 inches; (3) an erosion condition that is rated as poor; or (4) a K factor of greater than 0.32.

Performance Standards:

- I. All sediments generated from the surface-disturbing activity will be retained on site.
- II. Vehicle use would be limited to existing roads and trails.

III. All new permanent roads would be built to meet primary road standards (BLM standards) and their location approved by the Authorized Officer. For oil and gas purposes, permanent roads are those used for production.

IV. All geophysical and geochemical exploration would be conducted by helicopter, horseback, on foot, or from existing roads.

V. Any sediment control structures, reserve pits, or disposal pits would be designed to contain a 100-year, 6-hour storm event. Storage volumes within these structures would have a design life of 25 years.

VI. Before reserve pits and production pits would be reclaimed, all residue would be removed and trucked off-site to an approved disposal site.

VII. Reclamation of disturbed surfaces would be initiated before November 1 each year.

VIII. All reclamation plans would be approved by the Authorized Officer in advance and might require an increase in the bond.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Date Printed: 05/12/97

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

On the lands described below:

T. 7 S., R. 95 W., 6th P.M.
Sec. 25: SESW;

For the purpose of:

To protect perennial water impoundments and streams, and/or riparian/wetland vegetation by moving oil and gas exploration and development beyond the riparian vegetation zone.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

Exceptions may be granted only if an on-site impact analysis shows no degradation of the resource values.

Date Printed: 05/12/97

BUREAU OF LAND MANAGEMENT
COLORADO STATE OFFICE
2850 YOUNGFIELD STREET
LAKEWOOD, COLORADO 80215-7076

COMPETITIVE OIL AND GAS LEASE SALE
BIDDER RECORD

Part I (BLM Completes this part)

Parcel Number 433 Date of Sale May 1, 1997

Serial Number COC60433

High Bonus Bid (per acre) \$ 25

High Bidder Number 14

Total Acreage 527.350

Part II – Instructions:

1. Take this form and Form 3000-2, (Competitive Oil and Gas or Geothermal Resources Lease Bid) signed by the lessee or the lessee's authorized agent to the Payment Center located at the auction site. You will be required to make payment in the form of a personal check, cashier's check, certified check or money order. You may also pay by credit card. We accept Mastercard and Visa only. No debit cards or cash will be accepted. At the minimum, payment must include a \$75 administration fee, the first year's rental, and a bonus bid deposit of at least \$2 per acre or fraction thereof. The balance of the bonus bid may be paid at the sale or must be received by the Colorado State Office at the above address no later than ten (10) working days after the close of the sale. Failure to do so will result in forfeiture to the United States of all other fees, rentals and bonuses paid for this parcel. An entity which fails to submit the bonus bid balance on any three (3) parcels (whether at a single sale or different sales totaling three times) shall be prohibited from bidding at any future sales held by the Colorado State Office. Personnel in the Payment Center will help you calculate the total amount due and give you a receipt.

2. Payment for more than one successful high bid may be made with a single remittance.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COMPETITIVE OIL AND GAS OR
GEOTHERMAL RESOURCES LEASE BID
30 U.S.C. 181 et seq.; 30 U.S.C. 351-359;
30 U.S.C. 1001-1025; 42 U.S.C. 6508

FORM APPROVED
OMB NO. 1004-0074
Expires: November 30, 1996

State <u>COLORADO</u>		Date of sale <u>5-1-9</u>
PARCEL NUMBER	AMOUNT OF BID (See Instructions below)	
	TOTAL BID	PAYMENT \$ WITH
THE BID IS FOR (Check one): <input checked="" type="checkbox"/> Oil and Gas Parcel Number <u>COC 60433</u>	<u>\$ 13,200.00</u>	<u>\$ 14,067 13,200</u>
<input type="checkbox"/> Geothermal Parcel Number _____ Name of Known Geothermal Resource Area (KGRA) _____		

The appropriate regulations applicable to this bid are: (1) for oil and gas leases—43 CFR 3120; (2) for National Petroleum Reserve-A leases—43 CFR 3132; and (3) for Geothermal resources leases—43 CFR 3220. (See details concerning lease qualifications on reverse)

I CERTIFY THAT I have read and am in compliance with, and not in violation of, the lessee qualification requirements under the applicat for this bid.

I CERTIFY THAT this bid is not in violation of 18 U.S.C. 1860 which prohibits unlawful combination or intimidation of bidders. I furth this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competitic

IMPORTANT NOTICE: Execution of this form, where the offer is the high bid, constitutes a binding lease offer, including all applicat conditions. Failure to comply with the applicable laws and regulations under which this bid is made shall result in rejection of the bid and all monies submitted.

THE MERAMAR COMPANY
Print or Type Name of Lessee
518 17th STREET, #1030
Address of Lessee
Denver CO 80202
City State Zip Code

Johann M. Muehler
Signature of Lessee or Bidder
VICE-PRESIDENT

INSTRUCTIONS

INSTRUCTIONS FOR OIL AND GAS BID
(Except NPR-A)

1. Separate bid for each parcel is required. Identify parcel by the parcel number assigned in the *Notice of Competitive Lease Sale*.
2. Bid **must** be accompanied by the national minimum acceptable bid, the first year's rental and the administrative fee. The remittance **must** be in the form specified in 43 CFR 3103.1-1. The remainder of the bonus bid, if any, **must** be submitted to the proper BLM office within 10 working days after the last day of the oral auction. **Failure to submit the remainder of the bonus bid within 10 working days will result in rejection of the bid offer and forfeiture of all monies paid.**
3. If bidder is not the sole party in interest in the lease for which the bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.
4. This bid may be executed (*signed*) before the oral auction. If signed before the oral auction, this form cannot be modified without being executed again.
5. In view of the above requirement (4), bidder may wish to leave AMOUNT OF BID section blank so that final bid amount may be either completed by the bidder or the Bureau of Land Management at the oral auction.

INSTRUCTIONS FOR GEOTHERMAL OR
NPR-A OIL AND GAS BID

1. Separate bid for each parcel is required. Identify pa number assigned to a tract.
2. Bid **must** be accompanied by one-fifth of the total amount remittance **must** be in the form specified in 43 CFR 3 Geothermal Resources bid and 3132.2 for a NPR-A leas
3. Mark envelope Bid for Geothermal Resources Lease ir *KGRA*) or Bid for NPR-A Lease, as appropriate. Be s parcel number of tract on which bid is submitted and opening are noted plainly on envelope. No bid may be r withdrawn unless such modification or withdrawal is rec to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indic *Notice of Competitive Lease Sale*.
5. If bidder is not the sole party in interest in the lease for w submitted, all other parties in interest may be required evidence of their qualifications upon written request by the officer.

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

QUALIFICATIONS

For leases that may be issued as a result of this sale under the Mineral Leasing Act (The Act) of 1920, as amended, the oral bidder must: (1) Be a citizen of the United States; an association (including partnerships and trusts) of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, in oil and gas leases in the State identified do not exceed 246,080 acres each in public domain or acquired lands including acreage covered by this bid, of which not more than 200,000 acres are under options. If this bid is submitted for lands in Alaska, the bidder's holdings in each of the Alaska leasing districts do not exceed 300,000 acres, of which no more than 200,000 acres are under options in each district; (3) Be in compliance with Federal coal lease holdings as provided in sec. 2(a)(2)(A) of the Act; (4) Be in compliance with reclamation requirements for all Federal oil and gas holdings as required by sec. 17 of the Act; (5) Not be in violation of sec. 41 of the Act; and (6) Certify that all parties in interest in this bid are in compliance with 43 CFR Groups 3000 and 3100 and the leasing authorities cited herein.

For leases that may be issued as a result of this sale under the Geothermal Steam Act of 1970, as amended, the bidder must: (1) Be 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; and (2) Be in compliance with acreage limitation requirements wherein the bidder's interests, direct and indirect, do not exceed 51,200 acres; and (3) Certify that all parties in interest in this bid are in compliance with 43 CFR Group 3200 and the leasing authority cited herein.

For leases that may be issued as a result of this sale under the Department of the Interior Appropriations Act of 1981, the bidder must: (1) Be a citizen or national of the United States; an alien lawfully admitted for permanent residence; a private, public or municipal corporation organized under the laws of the United States or of any State or Territory thereof; an association of such citizens, nationals, resident aliens or private, public or municipal corporations, and (2) Certify that all parties in interest in this bid are in compliance with 43 CFR Part 3130 and the leasing authorities cited herein.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this bid for a Competitive Oil and Gas or Geothermal Resources Lease.

AUTHORITY: 30 U.S.C. 181 et seq.; 30 U.S.C. 351-359; 30 U.S.C. 1001-1025; 42 U.S.C. 6508

PRINCIPLE PURPOSE: The information is to be used to process your bid.

ROUTINE USES: (1) The adjudication of the bidder's right to the resources for which this bid is made. (2) Documentation for public information. (3) Transfer to appropriate Federal agencies when comment or concurrence is required prior to granting a right in public lands or resources. (4)(5) Information from the record and or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. If all the information is not provided, your bid may be rejected.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected in accordance with 43 CFR 3120, 43 CFR 3130, or 43 CFR 3220.

This information will be used to determine the bidder submitting the highest bid

Response to this request is required to obtain a benefit.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 2 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, (Alternate) Bureau Clearance Officer, (WO-771), 1849 C Street, N.W., Washington, D.C. 20240, and the Office of Management and Budget, Paperwork Reduction Project (1004-0074), Washington, D.C. 20503.