United States Department of the Interior

BUREAU OF LAND MANAGEMENT
California State Office
2800 Cottage Way, Suite W-1834
Sacramento, California 95825
www.ca.blm.gov

September 10, 2004

NOTICE OF COMPETITIVE OIL AND GAS LEASE SALE

SALE LOCATION
Holiday Inn Select Convention Center
801 Truxtun Avenue
Bakersfield, California 93301
(661) 323-1900

In accordance with 43 CFR Part 3120, the California State Office is offering for competitive oil and gas lease sale, 16 parcels containing 6,422.75 acres of Federal lands in the State of California. This notice provides:

- the time and place of the sale;
- how to participate in the bidding process;
- the sale process;
- the conditions of the sale;
- how to file a noncompetitive offer after the sale;
- how to file a presale noncompetitive offer; and
- how to file a protest to our offering the lands in this Notice.

Attached to this notice is a list of the lands being offered by parcel number and legal land description. They are listed in Township and Range order and will be offered in that sequence. Below each parcel, we have listed the notices and stipulations that apply to the parcel. These notices and stipulations will be made part of the lease at the time we issue it. For your convenience, we are including copies of the bid form and the lease form.

When and where will the sale take place?

When: The competitive oral sale will begin at 9:00 a.m. on **October 27, 2004**. The sale room will open at 8:00 a.m to allow you to register and obtain your bid number.

Where: The sale will be held at the Holiday Inn Select, 801 Truxtun Avenue, Bakersfield, California 93301. Parking is available.

Access: The sale room is accessible to persons with disabilities. If assistance is needed for the hearing or visually impaired, by October 12, 2004, you should contact **Sonia Santillan at (916) 978-4420, or by email at ssantill@ca.blm.gov, or at the mailing address in the letterhead of this sale notice.**

How do I participate in the bidding process?

To participate in the bidding process, you must register to obtain a bid number. We will begin registering bidders at 8:00 a.m. on the day of the sale. Bidders must register in order to bid on a parcel.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer will offer the parcels in the order they are shown in the attached notice;
- all bids are on a per-acre basis, rounded up to whole acres, for the entire acreage in the parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum acceptable bid; and
- the decision of the auctioneer is final.

The minimum acceptable bid is $2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.501 acres requires a minimum bid of $202 ($2 x 101 acres). After all the parcels have been offered, you may ask the auctioneer to reoffer any unsold parcel.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the State Office Information Access Center (Public Room). If we cancel the sale, we will try to notify all interested parties early enough to stop them from traveling to the sale site.

- **Payment due:** You cannot withdraw a bid. Your bid is a legally binding commitment to sign the bid form; accept the lease; and pay all monies due. For each parcel you win, the **money due the day of the sale** is the total of the bonus bid deposit (at least $2 per acre), the first year's rent ($1.50 per acre), and the administrative fee ($75). **Any unpaid balance of the bonus bid must be submitted to the California State Office by 4:30 p.m., November 10, 2004,** which is the tenth working day following the sale. If you do not pay the balance due by this date, you forfeit the right to the lease and all money paid the day of the sale. If you forfeit a parcel, we may offer it at a later sale.

- **Form of payment:** You can pay by personal check, certified check, money order, or credit card (Visa, MasterCard, American Express, and Discover cards only). If you plan to make your payment using a credit card, you should contact your bank prior to the sale and let them know you will be making a substantial charge against your account. This will help lessen any authorization problems on the day of the sale. Please make certain credit cards are current. We will not be able to take a credit card with an expiration date that has passed. Make checks payable to: **Department of the Interior—BLM.** We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may require that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. ***<u>However, we cannot grant you any extension of time to pay the money that is due the day of the sale.</u>***

- **Bid form:** For each parcel, the successful bidder is required to submit a properly signed Form 3000-2 (dated Oct 1989 or later) with the required payment on the day of the sale. This form constitutes a legally binding offer to accept a lease and can be signed ONLY by the prospective lessee or an authorized representative. You may complete the bid form with the exception of the money part before the sale. You may fill out the money part at the sale. Your completed bid form certifies (1) that you and the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and (2) that both of you have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of and collusion among bidders. ***We will not accept any bid form that has information crossed out or is otherwise altered***.

- **Lease terms:** A lease issued as a result of this sale has a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. Rental at $1.50 per acre or fraction of an acre for the first 5 years ($2 per acre after that) is due on or before the lease anniversary date each year until production begins. Once a lease becomes producing, you must pay a royalty of 12.5 percent of the value or the amount of production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition). A copy of the lease form is included in this notice.

- **Stipulations:** Some parcels have requirements and/or restrictions. Stipulations are included in the parcel descriptions. These stipulations become part of the lease and supercede any inconsistent provisions of the lease form.

- **Lease issuance:** After we receive the bid form, all monies due, and, if appropriate, your unit joinder information, the lease can be issued. The lease effective date is the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.

- **Cellular Phone Usage:** You are restricted from using cellular phones in the saleroom during the oral auction. You must confine your cellular phone usage to the hallway outside the saleroom when the auction is taking place.

What parcels are available for noncompetitive offer to lease?

Unless stated in this Notice, parcels that do not receive a bid at the competitive sale are available for noncompetitive offers to lease beginning the first business day following the day of the sale. If not withdrawn, these parcels are available for a period of two years, following the date of the sale, for noncompetitive offers to lease.

How do I file a noncompetitive day-after-sale offer after the sale?

If you want to file a noncompetitive offer to lease on an unsold parcel, you must submit:

- three copies of Form 3100-11, *Offer to Lease and Lease for Oil and Gas* properly completed and signed. **(Note: We will accept reproductions of the official form, including computer generated forms, that are legible and have no additions, omissions, other changes, or advertising. If you copy this form, you must copy both sides on one page. If you copy the form on 2 pages or use an obsolete lease form, we will reject your offer.)** You must describe the lands in your offer as specified in our regulations at 43 CFR 3110.5; and

- your payment for the total of the $75 filing fee and the advanced first year's advance rental computed at $1.50 per acre. Remember to round up any fractional acreage when you calculate the amount of rental.

All offers filed the first business day after the sale are considered filed simultaneously. When a parcel receives more than one filing by 4:30 p.m. on the day after the sale, a drawing is held to determine the winner. A presale offer has priority over any offer filed after the sale. Thereafter, any parcels remaining are available for a period of two-years. Offers receive priority as of the date and time of filing in the California State Office.

How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that:

- are available;
- have not been under lease during the previous one-year period; or
- have not been included in a competitive lease sale within the previous two-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this sale

Notice. If your presale offer was timely filed, was complete and we do not receive a bid for the parcel that contains the lands in your offer, it has priority over any other noncompetitive offer to lease for that parcel filed after the sale. Your presale offer to lease is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer, follow the guidance listed above for filing a noncompetitive offer after the sale and the regulations at 43 CFR 3110.1(a). **NOTE:** The posting of this notice serves to withdraw the lands listed herein from filings under 43 CFR 3110.1(a)(1)(ii).

How can I find out the results of this sale?

We will post the sale results in our Public Room. You can buy ($5) a printed copy of the results list by contacting our Public Room at (916) 978-4400. Both this sale Notice and the results list will be available at our public Internet site: http://www.ca.blm.gov/caso/compsales.html

May I protest BLM's decision to offer the lands in this Notice for lease?

If you are adversely affected by our decision to offer the lands in this Notice for lease, you may protest the decision to the State Director under regulation 43 CFR 3120.1-3. You must submit your protest in writing to the State Director prior to the date of the sale. Generally, if we are unable to decide the protest before the sale, we will hold the sale while we consider the merits of your protest.

You may review the decision to offer the lands for lease and the supporting National Environmental Policy Act documents in our Public Room. Our Public Room hours are from 8:30 a.m. to 4:30 p.m., Monday through Friday, except National Holidays.

Debra L. Marsh
Chief, Branch of Adjudication
Division of Energy and Mineral Resources

THE FOLLOWING PUBLIC DOMAIN LANDS ARE SUBJECT TO FILINGS IN THE MANNER SPECIFIED IN THE APPLICABLE PORTIONS OF THE REGULATIONS IN 43 CFR, SUBPART 3120.

Parcel CA 10-04-1

T. 22 S., R. 16 E., MD Mer.,
Sec. 34, NENW.

Fresno & Kings Counties 40.00 acres
Split Estate Lands
Hollister/Bakersfield FO
Subject to Information Notices 1-8
Subject to Special Stipulations 1-4

Parcel CA 10-04-2

T. 23 S., R. 17 E., MD Mer.,
Sec. 8, SWNW;
Sec. 18, lots 1, 2, W2E2, E2NW;
Sec. 20, SW.

Kings County 516.36 acres
Split Estate Lands
Bakersfield FO
Subject to Special Stipulations 4 and 5

Parcel CA 10-04-3

T. 23 S., R. 17 E., MD Mer.,
Sec. 22, all;
Sec. 26, NE, N2S2;
Sec. 32, NWNE, NW, N2SW, SWSW.

Kings County 1,280.00 acres
Split Estate Lands
Bakersfield FO
Subject to Special Stipulations 4 and 5

Parcel CA 10-04-4

T. 24 S., R. 19 E., MD Mer.,
Sec. 1, W2E2.

Kings County 160.10 acres
Split Estate Lands
Bakersfield FO
Subject to Information Notice 9
Subject to Special Stipulation 4

Parcel CA 10-04-5

T. 24 S., R. 19 E., MD Mer.,
Sec. 13, SWNW, W2SW, SESW;
Sec. 15, E2W2;
Sec. 23, N2.

Kings County 640.00 acres
Split Estate Lands
Bakersfield FO
Subject to Information Notice 9
Subject to Special Stipulations 4 and 9

Parcel CA 10-04-6

T. 26 S., R. 21 E., MD Mer.,
Sec. 2, lot 6.

Kern County 39.95 acres
Public Land
Bakersfield FO
Subject to Special Stipulations 4, 5, and 8

Parcel CA 10-04-7

T. 29 S., R. 21 E., MD Mer.,
Sec. 31, lots 3, 4, S2SE;
Sec. 32, S2SW.

Kern County 233.29 acres
Split Estate Lands except Sec. 31, lots 3, 4
Bakersfield FO
Subject to Information Notice 9
Subject to Special Stipulation 4

Parcel CA 10-04-8

T. 29 S., R. 22 E., MD Mer.,
Sec. 6, lots 1 & 2 of NW, lots 1 & 2 of SW;
Sec. 8, S2.

Kern County 642.21 acres
Split Estate Lands
Bakersfield FO
Subject to Special Stipulation 4

Parcel CA 10-04-9

T. 28 S., R. 27 E., MD Mer.,
Sec. 6, lots 1 & 2 of NW;
Sec. 10, W2SW, SESW;
Sec. 20, W2NW.

Kern County 360.15 acres
Split Estate Lands
Bakersfield FO
Subject to Special Stipulation 4

Parcel CA 10-04-10

T. 32 S., R. 27 E., MD Mer.,
Sec. 20, lot 2, SESW;
Sec. 28, Lots 3, 4, NWSE;
Sec. 30, N2, E2SE;
Sec. 34, S2NE, W2NW, SE.

Kern County 904.54 acres
Split Estate Lands
Bakersfield FO
Subject to Information Notice 9
Subject to Special Stipulations 4 and 5

Parcel CA 10-04-11

T. 29 S., R. 29 E., MD Mer.,
Sec. 24, W2, SE.

Kern County 480.00 acres
Split Estate Lands
Bakersfield FO
Subject to Special Stipulations 4 and 5

Parcel CA 10-04-12

T. 29 S., R. 29 E., MD Mer.,
Sec. 26, NE.

Kern County 160.00 acres
Split Estate Land
Bakersfield FO
Subject to Special Stipulations 4 and 5

Parcel CA 10-04-13

T. 29 S., R. 29 E., MD Mer.,
Sec. 26, NW.

Kern County 160.00 acres
Split Estate Land
Bakersfield FO
Subject to Special Stipulations 4, 5, and 6

Parcel CA 10-04-14

T. 29 S., R. 29 E., MD Mer.,
Sec. 30, NE.

Kern County 160.00 acres
Split Estate Land
Bakersfield FO
Subject to Information Notice 9
Subject to Special Stipulations 4, 5 and 7

Parcel CA 10-04-15

T. 10 N., R. 24 W., SB Mer.,
Sec. 1, SESW, NESE;
Sec. 2, lots 2, 3, SWNW, NESW, SWSW;
Sec. 3, lots 1, 2, SWNE, SENW, NESW.

Kern County 484.09 acres
Split Estate Land except:
Sec. 1, SESW
Sec. 2, lots 2, 3, SWNW, NESW, SWSW
Bakersfield FO
Subject to Special Stipulation 4

Parcel CA 10-04-16

T. 10 N., R. 24 W., SB Mer.,
Sec. 2, lot 1;
Sec. 3, lot 3, N2SE.

Kern County 162.06 acres
Sec. 2 - Public Land
Sec. 3 - Split Estate Land
Bakersfield FO
Subject to Special Stipulation 4

The following notice will be attached to all issued leases:

NOTICE TO LESSEE
MLA Section 2(a)(2)(A)

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A), or (2) because of a denial or approval by a State Office on a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

Information Notices

1. Cultural Information Notice

A cultural resource inventory will be required prior to authorization of any surface disturbing activity. Proposed activities would be moved up to 200 meters to avoid adverse impacts to all potentially significant archaeological sites. For sites that could not be avoided, an appropriate data recovery plan would be developed in consultation with the State Historic Preservation Officer and the National Advisory Council on Historic Preservation. Implementation of the data recovery plan would be a condition of approval of the proposed activity.

2. Air Quality Information Notice - Offroad Vehicle Use

All oil and gas exploration and development activities that require off-road vehicle use or surface disturbance will be required to obtain an air quality emission permit or verification that such permits are not appropriate from the local Air Pollution Control District.

3. Air Quality Information Notice - Onroad Vehicle Use

All oil and gas exploration and development activities resulting in surface disturbance or requiring the use of motorized vehicles will be required to suppress fugitive dust emissions from paved and unpaved surfaces in accordance with local Air Pollution Control District (APCD) regulations.

4. Surface Disturbing Operations on Slopes Information Notice

Proposed oil and gas developments (pad/access road construction, vegetation removal, etc.) on slopes that exceed 10% will require submission of designs prepared by a licensed professional engineer, incorporating adequate mitigation measures to preclude slope failure or off-site transport of sediments and detailing reclamation procedures that would result in successful restoration and revegetation of the site.

5. Floodplains Information Notice

To prevent contamination of surface waters during flood events, oil sump construction and storage of oil in oil well cellars will not be permitted in floodplains.

6. Known T&E Animal Habitat Information Notice

All or a portion of the lands in this lease are within the habitat of threatened or endangered species. Measures included in the Panoche/Coalinga Area of Critical Concern Guidelines for oil and gas operations in T&E Animal Habitat to mitigate oil and gas exploration and development activities will be implemented on those lands described herein. If these measures are not sufficient to prevent a "may affect" determination to the species, section 7 consultation with the USFWS will be required. The measures are:

Pre-Development Protective Measures

- Installation of temporary fences along the margin of pad sites on oil and gas developments to eliminate off-site vehicle impacts to undisturbed habitat.

- Access roads and pipeline should be planned to utilize existing roads and trails. Where new roads are proposed, route to avoid sensitive habitat features such as shrubs, small mammal and rodent burrows and washes.

- Compensation both on-site and off-site: Rehabilitate additional acreage through reseeding, installation of artificial dens, closure/rehab of roads in other lease areas, etc.

- Season restriction for operational activities to minimize vehicle traffic, noise, etc., during sensitive periods such as denning, nesting, etc.

- Formal programs to increase employee awareness of local wildlife concerns emphasizing unique habitat features and values. This is important to the contractor(s) as well as the applicant.

- Maintain unique or limiting topographic features (will vary from site to site).

- No surface occupancy should be considered in critical or sensitive habitat areas.

- Employees and contractors should be prohibited from carrying firearms onto the worksite.

Developmental Protective Measures

- Where pipelines/steam lines are needed, lay above ground (hang above ground across major washes). Align with roads where possible.

- Size and alignment (or orientation) of pads should be determined to minimize surface disturbance and habitat loss, yet accommodate construction activities (i.e., lengthwise or parallel to existing roads, short side toward sensitive features). Revegetate those portions of the pads not needed for production purposes as soon as possible.

- Waste water should be properly contained and/or removed to a designated disposal site.

- Stockpile topsoil from surface disturbing activities to be used in conjunction with revegetation efforts.

- Maintain buffer zones around sensitive habitat features (minimum 200 feet from active or inactive San Joaquin Kit Fox dens, minimum 100 feet from all intermittent streams, 100 feet from dry washes in blunt-nosed leopard lizard habitat and minimum 200 feet from giant kangaroo rat colonies). Fencing will be used if necessary.

- Keep number of roads to a minimum (one to two access points per well).

- Consolidate maintenance activities to reduce human disturbances.

- Fence/cover all existing and active sumps with fine wire mesh to prevent the entrapment of animals.

Post-Development Protection Measures

- Abandonments will be rehabbed and re-contoured as close as possible to the original contour and condition. The determination for recontouring abandoned well sites will consider possible impacts to RTE species. In some cases, where natural revegetation has occurred around the margins of well sites and RTE species are known to inhabit the site, it may be desirable to rip and reseed pads and roads but avoid disturbing naturally revegetated areas by recontouring.

- Ripping, reseeding and recontouring will be done by the lessee as approved by BLM to all roads, pads, sumps, and all other past surface disturbances (including oil spills from historic operations) not of value to the leasehold operation.

- Reseeding will consist of environmentally compatible plant species (saltbush) in all disturbed areas within construction zones, as well as any additional locations agreed to for the benefit of RTE species and surface protection from erosion.

- Specifications for seeding will include timeframes, rates of seed application, and type of seed.

- Areas to be rehabilitated should be delineated in writing, by map, and staked/flagged on site.

- If in an active field, rehabilitation efforts should be conducted within one year after construction operations have ended.

- If necessary, fence (or block with physical barriers) revegetated sites from vehicular or livestock access.

- Dispose of all well site debris, including equipment, pipelines, and garbage in an acceptable manner (this means removal to a designated disposal site for contaminated soil and/or debris).

In addition to the protective measures listed above, compensation may be required in the form of on-site or off-site habitat enhancement (installation of guzzlers, conversion of oil and gas wells to water wells, seeding of native shrub species, etc.). Project applicants may be required to provide funds for purchase of off-site lands.

7. Exploratory Drilling in Known T&E Animal Habitat Information Notice

Exploratory drilling will be required to use self-contained drilling fluid units to eliminate the need for sumps and to minimize spillage.

8. Development of New Oil and Gas Fields in Known T&E Animal Habitat Information Notice

Development of new oil and gas fields in known T&E animal habitat will be limited to disturbance of 10 percent of the habitat area within the lease.

9. Possible Transfer of Leases to State Lands Commission Notice:

In accordance with the Desert Protection Act of 1994 (the Act), The Bureau of Land Management (BLM) is working with the California State Lands Commission (SLC) to satisfy Section 707 of the Act.

Section 707 states in part:

> "Upon request of the California State Lands Commission, the Secretary shall enter into negotiations for an agreement to exchange Federal Lands or interests therein...for California State School Lands or interests therein which are located within the boundaries of one or more of the wilderness areas or park system units. The Secretary shall negotiate in good faith to reach a land exchange agreement consistent with the requirements of section 206 of the Federal Land Policy and Management Act of 1976. The Secretary of Interior is to determine what lands are suitable for disposal for exchange."

Potential successful lessees are hereby notified and made aware of a possible transfer of the lease and lands therein to the SLC.

Special Stipulations

Stipulation No. 1 - Limited Surface Use - Protected Species (Hollister Field Office Parcel): All or a portion of this lease is within the range of one or more plant or animal species (shown at the end of this stipulation) that are either listed as threatened or endangered, or are proposed for such listing by the U.S. Fish and Wildlife Service (USFWS).

The lessee is notified that time frames for processing applications may be delayed beyond established standards to allow for species surveys, and consultation or conferencing with the USFWS. Notice is also given that surface-disturbing activities may be moved or modified, and that some activities may be prohibited during seasonal time periods. Surface disturbing activities will be prohibited on the lease only where:

a. The proposed action is likely to jeopardize the continued existence of a listed or proposed species, or
b. The proposed action is inconsistent with the recovery needs of a listed species as identified in an approved USFWS Recovery Plan.

Prior to the authorization of any surface disturbing activities, a preliminary environmental review will be conducted to identify the potential presence of habitat for these species. Authorizations may be delayed until completion of the necessary surveys during the appropriate time period for these species. The lessee should be aware that the timing of the surveys is critical, in that some species can only be surveyed during a brief period each year.

The BLM may need to initiate consultation or conference with the USFWS if the site inspection concludes that a listed or proposed species may be affected by the proposed activity. The lessee should be aware that the USFWS has up to 135 days to render their biological opinion, and that there are provisions for an additional 60-day extension. Offsite habitat protection or enhancement for wildlife or vegetation (compensation) may be required by the USFWS when habitat is disturbed. The consultation may also result in some restrictions to the lessee's plan of development, including movement or modification of activities, and seasonal restrictions. Surface disturbing activities will be prohibited on the lease if the consultation or conference concludes that either of the conditions identified in a or b above exist.

Endangered Species List

Common Name	Scientific Name	Status
	Special Status Plants	
California jewelflower	*Caulanthus californicus*	endangered
San Joaquin wooly-threads	*Lembertia congdonii*	endangered
Hoover's woolly-star	*Eriastrum hooveri*	threatened
	Special Status Animals	
Blunt nosed leopard lizard	*Gambelia silus*	endangered
Giant kangaroo rat	*Dipodomys ingens*	endangered
San Joaquin kit fox	*Vulpes macrotis mutica*	endangered
	Special Status Birds	
Bald eagle	*Haliaeetus leucocephalus*	threatened
California condor	*Gymnogypus californianus*	endangered

Stipulation No. 2 - Limited Surface Use - Sensitive Species (Hollister Field Office Parcels): All or a portion of this lease is within the range of one or more plant or animal species (shown at the end of this stipulation) that are either Federal candidates for listing as threatened or endangered (Federal Candidate), are listed by the State of California as threatened or endangered (State Listed), or are designated by the Bureau of Land Management (BLM) as Sensitive (Bureau Sensitive).

The lessee is notified that time frames for processing applications may be delayed beyond established standards to allow for species surveys and coordination with the USFWS and California Department of Fish and Game. Notice is also given that surface-disturbing activities may be relocated beyond the standard 200 meters but not more than 1/4 mile and that surface disturbing activities may be prohibited during seasonal time periods.

Prior to the authorization of any surface disturbing activities, a preliminary environmental review will be conducted to identify the potential presence of habitat for these species. Authorizations may be delayed until completion of the necessary surveys during the appropriate time period for these species. The lessee should be aware that the timing of the surveys is critical, in that some species can only be surveyed during a brief period each year. The BLM may need to coordinate with the USFWS or the California Department of Fish and Game if the site inspection concludes

that a Federal Candidate, State Listed or Bureau Sensitive species may be affected by the proposed activity. Coordination may delay application processing beyond established time frames.

To prevent or reduce disturbance to Federal Candidate, State Listed, or Bureau Sensitive species, surface operations may be moved up to 1/4 mile and surface disturbing activities may be prohibited during seasonal time periods.

Sensitive/Candidate Species List

Common Name	Scientific Name	Status
	Special Status Plants	
Panoche Pepper-Grass	*Lepidium jaredii album*	BLM sensitive
	Special Status Animals	
San Joaquin Antelope Squirrel	*Ammospermophilus nelsoni*	BLM sensitive

Stipulation No. 3 - Limited Surface Use - Raptors: This lease includes lands that have been identified as important raptor foraging, wintering or nesting areas. Notice is given that surface-disturbing activities may be relocated beyond the standard 200 meters, but not more than 1/2 mile or that some activities may be prohibited during seasonal time periods to avoid unnecessary and undue disturbance to sensitive raptor foraging grounds, wintering areas or nest sites.

Stipulation No. 4 - Limited Surface Use - Protected Species (Bakersfield Field Office Parcels): All or a portion of this lease is within the range of one or more plant or animal species (shown in the table following this stipulation) that are either listed as threatened or endangered, or are proposed for such listing by the U.S. Fish and Wildlife Service (USFWS).

The lessee is notified that time frames for processing applications may be delayed beyond established standards to allow for species surveys, and consultation or conferencing with the USFWS. Notice is also given that surface-disturbing activities may be moved or modified, and that some activities may be prohibited during seasonal time periods. Surface-disturbing activities will be prohibited on the lease only where:

a. The proposed action is likely to jeopardize the continued existence of a listed or proposed species, or
b. The proposed action is inconsistent with the recovery needs of a listed species as identified in an approved USFWS Recovery Plan.

Prior to the authorization of any surface-disturbing activities, a preliminary environmental review will be conducted to identify the potential presence of habitat for these species. Authorizations may be delayed until completion of the necessary surveys during the appropriate time period for these species. The lessee should be aware that the timing of the surveys is

critical, in that some species can only be surveyed during a brief period each year.

The Bureau of Land Management (BLM) may need to initiate consultation or conference with the USFWS if the site inspection concludes that a listed or proposed species may be affected by the proposed activity. The lessee should be aware that the USFWS has up to 135 days to render their biological opinion, and that there are provisions for an additional 60-day extension. Offsite habitat protection or enhancement for wildlife or vegetation (compensation) may be required by the USFWS when habitat is disturbed. The consultation may also result in some restrictions to the lessee's plan of development, including movement or modification of activities, and seasonal restrictions. Surface-disturbing activities will be prohibited on the lease if the consultation or conference concludes that either of the conditions identified in a or b above exist.

San Joaquin Valley
Endangered Species List

Special Status Plants

Common Name	Scientific Name	Status
California jewelflower	*Caulanthus californicus*	endangered
San Joaquin wooly-threads	*Monolopia congdonii*	endangered
Hoover's woolly-star	*Eriastrum hooveri*	threatened
Kern mallow	*Eremalche kernensis*	endangered
Bakersfield cactus	*Opuntia treleasei*	endangered
Fleshy owl's-clover	*Castilleja camprestris succulenta*	threatened
Tulare pseudobahia	*Psuedobahia peirsonii*	threatened
Purple Amole	*Chloragalum purpureum*	threatened

Special Status Animals

Bald eagle	*Haliaeetus leucocephalus*	threatened
Blunt nosed leopard lizard	*Gambelia silus*	endangered
Buena Vista Lake shrew	*Sorex ornatus relictus*	endangered
California tiger salamander	*Ambystoma californiense*	candidate
California red-legged frog	*Rana aurora draytonii*	threatened
California condor	*Gymnogypus californianus*	endangered
Fresno kangaroo rat	*Dipodomys nitratoides exilis*	endangered
Giant kangaroo rat	*Dipodomys ingens*	endangered
Mountain plover	*Charadrius montanus*	proposed
San Joaquin kit fox	*Vulpes macrotis mutica*	endangered
Tipton kangaroo rat	*Dipodomys nitratoides nitratoides*	endangered

Stipulation No. 5 - Limited Surface Use - Sensitive Species (Bakersfield Field Office Parcels): All or a portion of this lease is within the range of one or more plant or animal species (shown in the table following this stipulation) that are either Federal candidates for listing as threatened or endangered (Federal Candidate), or are listed by the State of California as threatened or endangered (State Listed), or are designated by the Bureau of Land Management (BLM) as Sensitive (Bureau Sensitive).

The lessee is notified that time frames for processing applications may be delayed beyond established standards to allow for species surveys and coordination with the USFWS and California Department of Fish and Game. Notice is also given that surface-disturbing activities may be relocated beyond the standard 200 meters but not more than 1/4 mile and that surface-disturbing activities may be prohibited during seasonal time periods.

Prior to the authorization of any surface-disturbing activities, a preliminary environmental review will be conducted to identify the potential presence of habitat for these species. Authorizations may be delayed until completion of the necessary surveys during the appropriate time period for these species. The lessee should be aware that the timing of the surveys is critical, in that some species can only be surveyed during a brief period each year. The BLM may need to coordinate with the USFWS or the California Department of Fish and Game if the site inspection concludes that a Federal Candidate, State Listed, or Bureau Sensitive species may be affected by the proposed activity. Coordination may delay application processing beyond established time frames.

To prevent or reduce disturbance to Federal Candidate, State Listed, or Bureau Sensitive species, surface operations may be moved up to 1/4 mile and surface-disturbing activities may be prohibited during seasonal time periods.

Sensitive/Candidate Species List
Special Status Plants

Common Name	Scientific Name	Status
Pale-Yellow Layia	*Layia heterotricha*	BLM sensitive
Munz's Tidy-Tips	*Layia munzii*	BLM sensitive
Calico Monkeyflower	*Mimulus pictus*	BLM sensitive
Oil Neststraw	*Stylocline citroleum*	BLM sensitive
Showy Madia	*Madia radiata*	BLM sensitive
Lost Hills Saltbrush	*Atriplex vallicola*	BLM sensitive
Moss	*Tortula californica*	BLM sensitive
Slough Thistle	*Cirsium crassicaule*	BLM sensitive
Tejon Poppy	*Eschscholzia rhombipetala*	BLM sensitive

Special Status Animals

Burrowing Owl	*Athene cunicularia*	BLM sensitive
California Horned Lizard	*Phrynosoma coronatum frontale*	BLM sensitive
LeConte's Thrasher	*Toxostoma lecontei*	BLM sensitive
San Joaquin pocket mouse	*Perognathus inornatus inornatus*	BLM sensitive
San Joaquin Antelope Squirrel	*Ammospermophilus nelsoni*	BLM sensitive
Short-nosed Kangaroo Rat	*Dipodomys nitratoides*	BLM sensitive
Southwestern Pond turtle	*Clemmys marmorata*	BLM sensitive
Swainson's Hawk	*Buteo swainsoni*	State endangered
Tricolored Blackbird	*Agelaius tricolor*	BLM sensitive
Tulare grasshopper mouse	*Onychomys torridus tularensis*	BLM sensitive
Western Spadefoot Toad	*Scaphiopus hammondi*	BLM sensitive
Western yellow-billed cuckoo	*Coccyzus americanus occidentlis*	Candidate

Special Stipulation No. 6 - Drainage Stipulation for Parcel CA 10-04-13:

Part of the lands contained in this parcel tract may be subject to drainage by the wells listed below, which are located adjacent to this parcel in section 27, T 29 S., R 29 E., MD Mer., Kern County, California.

Well #	Well Name	Operator
10-6A	Racetrack	Naftex Operating Co
11-2	Racetrack	Naftex Operating Co
11-3	Racetrack	Naftex Operating Co
11-4	Racetrack	Naftex Operating Co

The lessee shall, within six (6) months of lease issuance, submit for approval by the authorized officer:

1. Plans for protecting the lease from drainage. The plan must include either (a) an Application for Permit to Drill (APD) for the necessary protective well(s) or (b) a proposal for inclusion in an agreement for the affected portion of the lease. Any agreement should provide for an appropriate share of the production from the offending well to be allocated to the lease; or

2. Engineering, geologic, and economic data to demonstrate to the authorized officer's satisfaction that no drainage has or is occurring and/or that a new protective well would have little or no chance of encountering and/or producing oil or gas in quantities sufficient to yield a reasonable rate of return in excess of the costs of drilling, completing, and operating the well.

If no plan, agreement, or data is submitted and drainage is determined to be occurring, compensatory royalty will be assessed. Compensatory royalty will be assessed effective the first day following expiration of the 6-month period and shall continue until a protective well has been drilled and placed in continued production status or until the offending well ceases production, whichever occurs first.

Authorized Officer: Patricia Gradek, Assistant Field Manager, Minerals
Bakersfield Field Office
3801 Pegasus Drive
Bakersfield, CA 93308
(661) 391-6000

Special Stipulation No. 7 - Limited Surface Occupancy Parcel CA 10-04-14: A portion of this parcel is occupied by Hillcrest Memorial Park. There will be no surface occupancy on the portion that lies within Hillcrest Memorial Park or within 150' buffer zone. Activities may be restricted to location, time of day, and weather condition. Any proposal submitted by lessee or operator will be subject to conditions of approval.

Special Stipulation No. 8 - No Surface Use Parcel CA 10-04-6: This lease is within an area that contains unique or significant natural or cultural values. To prevent or reduce disturbance to unique or significant natural or cultural values, no surface use is allowed on the lease.

Special Stipulation No. 9

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Form 3730-1
(July1984)

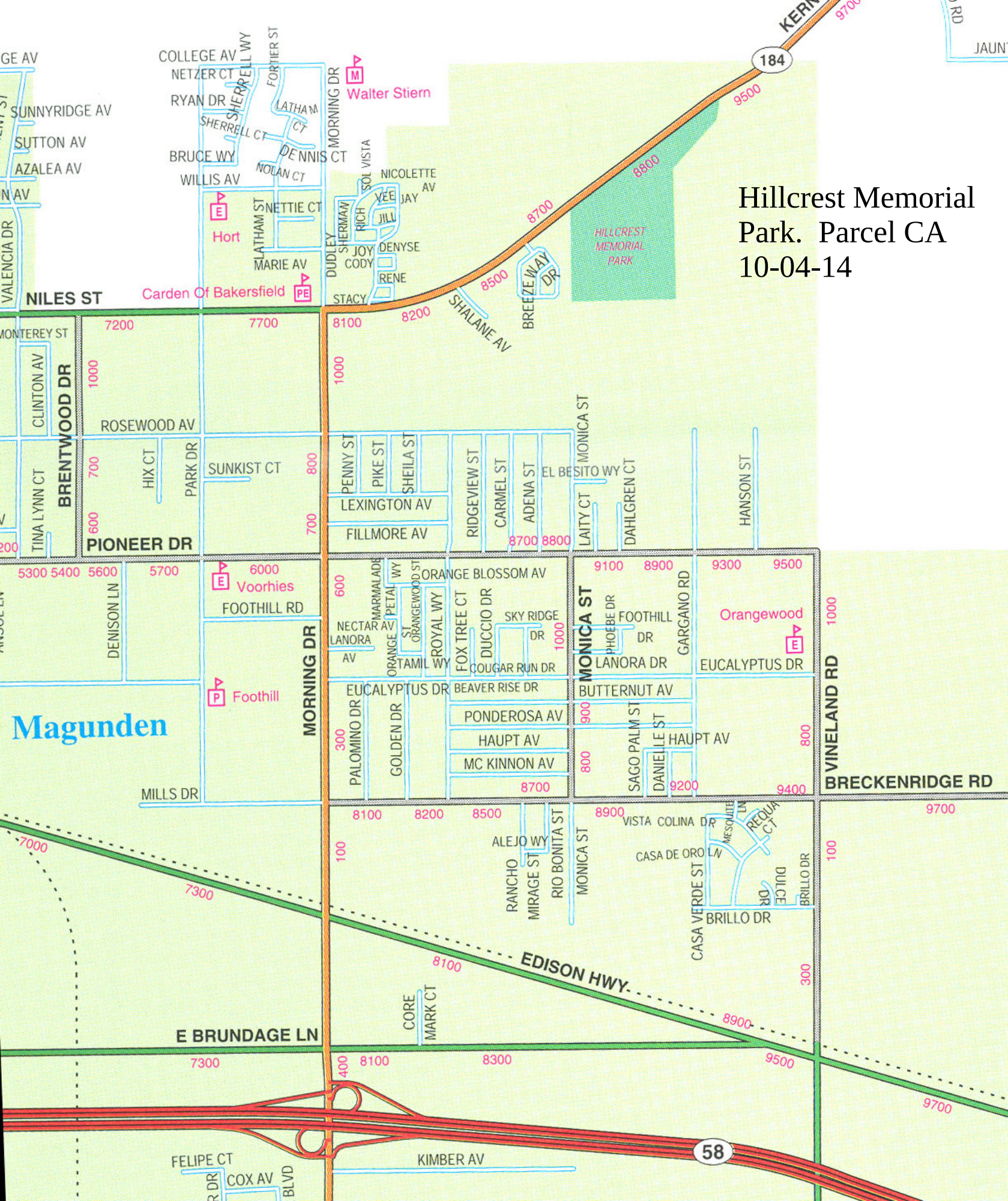
POWERSITE STIPULATION

The lessee or permittee hereby agrees:

(a) If any of the land covered by this lease or permit was, on the date the lease or permit application or offer was filed, within a powersite classification, powersite reserve, waterpower designation, or project on which an application for a license or preliminary permit is pending before the Federal Energy Regulatory Commission or on which an effective license or preliminary permit had been issued by the Federal Energy Regulatory Commission under the Federal Power Act, or on which an authorized power project (other than one owned or operated by the Federal Government) had been constructed, the United States, its permittees or licensees shall have the prior right to use such land for purposes of power development so applied for, licensed, permitted, or authorized and no compensation shall accrue to the mineral lessee or permittee for loss of prospective profits or for damages to improvements or workings, or for any additional expense caused the mineral lessee as a result of the taking of said land for power development purposes. It is agreed, however, that where the mineral lessee or permittee can make adjustments of his improvements to avoid undue interference with power development, he will be permitted to do so at his own expense. Furthermore occupancy and use of the land by mineral lessee or permittee shall be subject to such reasonable conditions with respect to the use of the land as may be prescribed by the Federal Energy Regulatory Commission for the protection of any improvements and workings constructed thereon for power development.

(b) If any of the land covered by this lease or permit is on the date of the lease or permit within a powersite classification, powersite reserve, or waterpower designation which is not governed by the preceding paragraph, the lease or permit is subject to the express condition that operations under it shall be so conducted as not to interfere with the administration and use of the land for powersite purposes to a greater extent than may be determined by the Secretary of the Interior to be necessary for the most beneficial use of the land. In any case, it is agreed that where the mineral lessee or permittee can make adjustments to avoid undue interference with power development, he will be permitted to do so at his own expense.

Hillcrest Memorial Park. Parcel CA 10-04-14



Form 3100-11
(October 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial No.

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 Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484, 486(d)).

READ INSTRUCTIONS BEFORE COMPLETING

1 . Name

Street

City, State, Zip Code

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): ____/____/_____

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

T. R. Meridian State County

Total acres applied for _____

Amount remitted: Filing fee $ _____ Rental fee $ _____ Total $ _____

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. R. Meridian State County

Total acres in lease _____

Rental retained $ _____

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 (ten years)

☐ Other _____

THE UNITED STATES OF AMERICA

by _____
(Signing Officer)

_____ _____
(Title) (Date)

EFFECTIVE DATE OF LEASE _____

(Continued on reverse)

4. (a) Undersigned 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 each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located; (5) offeror is in compliance with qualifications concerning Federal coal lease holdings provided in sec. 2(a)(2)(A) of the Mineral Leasing Act, (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (7) offeror is not in violation of sec. 41 of the Act.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this _____ day of _____ 20 _____ _____

(Signature of Lessee or Attorney-in-fact)

LEASE TERMS

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

(a) Noncompetitive lease, $1.50 for the first 5 years; thereafter $2.00;
(b) Competitive lease, $1.50, for the first 5 years; thereafter $2.00;
(c) Other, see attachment, or
as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed 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. However, annual rentals shall continue to be due at the rate specified in (a), (b), or (c) for those lands not within a participating area.

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. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

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) Noncompetitive lease, 12 1/2 %;
(b) Competitive lease, 12 1/2 %;
(c) Other, see attachment; or
as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty in lieu of rental of not less than the rental 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 in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds - A bond shall be filed and maintained for lease operations as 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. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

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 or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that 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. Lessee 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 inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. 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. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

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. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

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 at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.

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; accord all employees 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.

Lessor reserves the right to ensure that production is sold at reasonable prices; and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee, nor lessee's subcontractors shall maintain segregated facilities.

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. Lessee may relinquish this lease 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 lessee and surety to pay all accrued rentals and royalties.

See. 12. Delivery of premises - At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor 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 unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties 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 inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

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: July 31, 2003

State	Date of sale

PARCEL NUMBER	AMOUNT OF BID (*See Instructions below*)	
	TOTAL BID	PAYMENT SUBMITTED WITH BID
THE BID IS FOR (*Check one*): ☐ Oil and Gas Parcel Number _____		
☐ 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-Alaska (NPR-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 applicable regulations 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 further certify that this bid was arrived at independently and is tendered without collusion with any other bidder for the purpose of restricting competition.

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

_____
Print or Type Name of Lessee

_____
Signature of Lessee or Bidder

_____
Address of Lessee

_____ _____ _____
City State Zip Code

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 parcel by the number assigned to a tract.
2. Bid **must** be accompanied by one-fifth of the total amount of bid. The remittance **must** be in the form specified in 43 CFR 3220.4 for a Geothermal Resources bid and 3132.2 for a NPR-A lease bid.
3. Mark envelope Bid for Geothermal Resources Lease in (*Name of KGRA*) or Bid for NPR-A Lease, as appropriate. Be sure correct parcel number of tract on which bid is submitted and date of bid opening are noted plainly on envelope. No bid may be modified or withdrawn unless such modification or withdrawal is received prior to time fixed for opening of bids.
4. Mail or deliver bid to the proper BLM office or place indicated in the *Notice of Competitive Lease Sale*.
5. If bidder is **not** the sole party in interest in the lease for which bid is submitted, all other parties in interest may be required to furnish evidence of their qualifications upon written request by the authorized officer.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any 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

PRINCIPAL 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 1995 (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.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

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, (1004-0074), Bureau Clearance Officer (WO-630), 1620 L Street, Washington, D.C. 20036