

Appendix 8

**BLM Lease Offering: Form AK
3130-1**

APPENDIX 8. BLM LEASE OFFERING: FORM AK 3130-1

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT ALASKA STATE OFFICE OFFER TO LEASE AND LEASE FOR OIL AND GAS						Serial No.
<p>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 Naval Petroleum Reserve Production Act of 1976 (42 U.S.C. 6501 et seq.), as amended.</p> <p style="text-align: center;">READ INSTRUCTIONS BEFORE COMPLETING</p>						
1. Name						
Street						
City, State, Zip Code						
2. This application/offer/lease is for Public Domain Lands in the National Petroleum Reserve - Alaska (NPR-A)						
Legal description of land requested:		*Tract No.:		Sale Date (m/d/y):		
*SEE INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE						
T.	R.	Meridian	State	County		
						Total acres applied for
Amount required: 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 \$
<p>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 on of lease insurance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provision on this lease.</p> <p>NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR Part 3130 and is subject to the provisions of that bid or nomination and those specified on this form.</p>						
Type and primary term of lease: <input type="checkbox"/> Noncompetitive lease (ten years) <input type="checkbox"/> Competitive lease (ten years) <input checked="" type="checkbox"/> Other Competitive NPR-A Lease (ten years)				THE UNITED STATES OF AMERICA		
				by _____		
				(Signing Officer)		
				(Title)		(Date)
				EXPIRE DATE OF LEASE: _____		

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 Part 3130 and the leasing authorities; (3) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located.

(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.

5. 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.

NOTICE

The Privacy Act of 1974 and the regulations at 43 CFR 2.48(d) provide that you be furnished with the following information:

AUTHORITY: 50 Stat. 900, 25 U.S.C. 500

PRINCIPAL PURPOSE: The primary uses of the records are (1) to determine your qualification to receive an oil and gas lease, and (2) to provide information concerning oil and gas leases for administrative and public use.

ROUTINE USES: BLM and the Department of the Interior (DOI) may disclose your information on this form: (1) to members of the public who request the information that is maintained by BLM for public record; (2) to the U.S. Department of Justice, court, or other adjudicative body when DOI determines the information is necessary and relevant to litigation; (3) to appropriate Federal, State, local or foreign agencies responsible for investigating, prosecuting violations, enforcing or implementing this statute, regulation, or lease; and (4) to a congressional officer when you request the assistance of the Member of Congress in writing.

EFFECT OF NOT PROVIDING THIS INFORMATION: If you do not furnish all the information required by this form, your application may be rejected.

Duly executed this	day of	20	(Signature of Lessee or Attorney-in-fact)
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LEASE TERMS

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

- (a) \$5 for Area A
- (b) \$3 for Area B
- (c) Other, see attachment; or as specified in the detailed statement of sale.

If this lease or a portion thereof is contained in 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, you must pay royalties on the production allocated to this lease. However, you must continue to pay annual rentals at the rate specified in (a), (b), or (c) for those lands not within a participating area.

Failure to pay annual rent, within 30 days after receipt of a Notice of Delinquency shall cause this lease to terminate. 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 rules are:

- (a) Noncompetitive lease, 120%;
- (b) Competitive lease, 120%;
- (c) Other, see attachment, or for NPR-A: 160% for Area A, 12.5% for Area B as specified in the detailed statement of sale.

Lessee 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 lessee, in marketable condition to the premises where produced without cost to lessee. 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 the lessee.

Minimum royalty in lieu of rental will be that 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 rules, regulations, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds - A bond shall be filed as required for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage - Lessee must exercise reasonable diligence in developing and producing, and must prevent unnecessary damage to, loss of, or waste of leased resources. Lessee reserves the right to specify rate 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 unit, 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 lessee, among the separate tracts of land occupying the drilling or spacing unit if lessee determines it to be in the public interest.

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. As such times and in such form as lessor may prescribe, lessee shall furnish annual statements showing amounts and quality of oil products removed and sold, proceeds therefrom, and amount used for production purposes or

otherwise lost. Lessee may be required to provide plans 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 must 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 support costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting office for lease 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 will be protected from disclosure to the public to the extent permitted by 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, modifications to siting or design of facilities, timing of operations, and specification of alarm and final action measures. Lessee reserves the right to continue existing uses and to authorize future uses upon it 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.

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Prior to disturbing the surface of the leased lands, lessee shall contract lessee to be apprised for procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require investigations or special studies to determine the extent of impacts to other resources. Lessee may be required to complete other investigations or studies or special studies known as cumulative impacts investigations or other special studies under guidelines provided by lessor. If in the conduct of operations, the lessee observes threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee must immediately contact lessor. Lessor must cease any operations that would result in the destruction of such species or objects until lessor authorizes lessee to resume.

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, lessee 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 investment 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 agency practices; and take measures necessary to protect the health and safety of the public.

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Sec. 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, include 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 productive wells.

Sec. 13. Proceedings in case of default - If lessor fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease is subject to cancellation unless or until the leasehold contains a well capable of production of oil and gas in paying quantities, or the lease is commuted to an approved cooperative or unit plan, or communitization agreement which contains a well capable of production of natural substances in paying quantities. This provision shall be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. As such remedy or waiver shall prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FIDORAMA (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.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. Lessor operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated necessary 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 lessor nor lessor's subcontractors shall maintain segregated facilities. During the performance of this lease, the Lessee must comply fully with paragraphs (1) through (7) of 41 CFR 60-1.6(a) with respect to employment discrimination on the basis of race, color, religion, sex or national origin, and must incorporate the requirements set forth in those paragraphs in every subcontract or purchase order, as provided by that regulation.

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.

INSTRUCTIONS

A. General

1. The front of this form is to be completed only by parties filing for a noncompetitive lease. The BLM will complete front of the form for all other types of leases.
2. Entries must be typed or printed plainly in ink. Offeror must sign Item 4 in ink.
3. An original and two copies of this offer must be prepared and filed in the proper BLM State Office. See regulations at 43 CFR 1821.2-1 for office locations.
4. If more space is needed, additional sheets must be attached to each copy of the form submitted.

B. Special:

- Item 1 - Enter offeror's name and billing address.
- Item 2 - A single tract number and Sale Date shall be the only acceptable description.
- Item 3 - This space will be completed by the United States.

PAPERWORK REDUCTION ACT STATEMENT

The Paperwork Reduction Act of 1990 (44 U.S.C. 3501 et seq.) requires us to inform you that:

1. This information is being collected pursuant to the law.
2. This information will be used to create and maintain a record of oil and gas lease activity.
3. Response to this request is required to obtain a benefit.

EFFECT OF NOT PROVIDING INFORMATION - If you do not provide all the information, the offer may be rejected. See regulations at 43 CFR Part 3130.

AK-3130-1 (March 2002)