

RESOLUTION OF THE GOVERNING BODY OF
THE THREE AFFILIATED TRIBES OF THE
FORT BERTHOLD RESERVATION

- WHEREAS, This Nation having accepted the Indian Reorganization Act of June 18, 1934, and authority under said Act, and
- WHEREAS, The Constitution and Bylaws of the Three Affiliated Tribes provides that Tribal land may be leased by the Tribal Business Council, with the approval of the Secretary of the Interior, for such periods as a permitted by law, and
- WHEREAS, The Indian Mineral Development Act of 1982 authorizes the Tribes to enter into a lease or other agreement providing for the exploration for, extraction, processing, or other development of oil, gas, uranium, coal, geothermal, or other energy or non energy mineral resources in which the Tribes own a beneficial or restricted interest, or providing for the disposition of the production or products os such mineral resources, and
- WHEREAS, The Indian Mineral Development Act of 1982 also allows individual Indians to include their minerals in a tribal Minerals Agreement, and
- WHEREAS, Individul Tribal members have requested to include their minerals within a tribal Minerals Agreement, and
- WHEREAS, The Tribal Business Council recognizes that the inclusion of individually owned minerals is in the best interest of all parties, and
- NOW THEREFORE BE IT RESOLVED, That the Secretary of the Interior approve the following lease form as devise for the development of minerals as authorized by the Indian Mineral Development Act of 1982.


C E R T I F I C A T I O N

I, the undersigned, as Secretary of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 11 members of whom 7 constitutes a quorum, and that 11 were present at a SPECIAL meeting, thereof duly called, noticed, convened and held on the 30 day of JUNE, 1983; that the foregoing resolution was duly adopted at such meeting by the affirmative vote of 9 members, 0 members opposed, 0 abstained, 2 members not voting, and that said resolution has not been rescinded or amended in any way.

85-152-5

Chairman (voting) (~~not voting~~).

Dated this 30th day of JUNE, 1983.


Secretary, Tribal Business Council

ATTEST:


Chairman, Tribal Business Council

LEASE NO. _____
CONTRACT NO. _____

**THREE AFFILIATED TRIBES
OF THE
FORT BERTHOLD INDIAN RESRVATION
OIL AND GAS MINING LEASE**

AUTHORITY - THIS LEASE IS AUTHORIZED BY PUBLIC LAW 97-382 INDIAN MINERAL DEVELOPMENT ACT OF 1982.

THIS INDENTURE OF LEASE, made and entered into quintuplicate this ___ day _____, 19____, by and between the Three Affiliated Tribes of the Fort Berthold Reservation, _____, an individual(s) enrolled member(s) of the Three Affiliated Tribes, lessors, and _____

_____ of _____, State of _____, lessee:

WITNESSETH

1. Lessor, in consideration of an intial payment of \$ _____, paid to the payee designated by the Superintendent, receipt of which is hereby acknowledged and in consideration of rents and royalties to be paid, and the conditions to be observed as herein set forth, does hereby grant to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all oil and natural gas deposits in or under the following described tracts of land situated in the county of _____, State of North Dakota, and more particularly described as follows:

containing, _____ acres, more or less, with the right to construct and maintain with negotiated compensation thereupon all works, buildings, plants, waterways, roads, telegraph and telephone lines, pipe lines, resevoirs, tanks, pumping stations, or other structures necessary to the full enjoyment hereof for the term of ___ years, from and after approval hereof by the Secretary of the Interior, and as long as there is production in paying quantities.

2. The term "Authorized Officer" as employed herein shall refer to such officer or officers as the Secretary of the Interior may designate to supervise oil and gas operations on Indian lands. The term "Superintendent" as used herein shall refer to the Superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased, or his authorized agents or representatives.

3. In consideration of the foregoing, the lessee hereby agrees:

(A) BOND - To furnish a bond as may be required by the regulations of the Secretary of Interior, with satisfactory surety, or United States Bonds as surety therefor, conditioned upon compliance with the terms of this lease.

Before beginning drilling operations, the operator shall furnish a bond in an amount to be determined by the Authorized Officer and the Secretary, but in no event less than \$10,000.00. The right is specifically reserved to the Secretary to increase the amount of the bond in his discretion.

(B) WELLS - To drill and produce all wells necessary to offset or protect the land from drainage, or in lieu thereof, to compensate the lessor in full each month for the estimated loss of royalty through drainage. Provided, that during the period of supervision by the Secretary of Interior, the necessity for offset wells shall be determined by the Authorized Officer and payment in lieu of drilling and production shall be with the consent of, and in an amount determined by the Secretary of Interior; (2) at the election of the lessee and lessor's approval to drill and produce other wells: PROVIDED, that the right to drill and produce such other wells shall be subject to any system of well spacing or production allotments authorized and approved under applicable law or regulations, approved by the Secretary of Interior and affecting the field or area in which the leased lands are situated; and (3) if the lessee elects not to drill and produce such other wells for any period the Secretary of Interior may, within 10 days after due notice in writing, either require the drilling and production of such wells to the number necessary, in his opinion, to insure reasonable diligence in the development and operation of the property, or may in lieu of such additional diligent drilling and production require the payment on and after the first anniversary date of this lease of not less than \$10.00 per acre per annum, which sum shall be in addition to any rental or royalty hereinafter specified.

(C) RENTAL AND ROYALTY

- (1) To pay, beginning with the date of approval of the lease by the Secretary of the Interior or by his duly authorized representative, a rental of \$_____ per acre per annum, but not less than \$5.00 per acre per annum in advance to the owner(s) of title of the mineral estate, to be divided between the mineral owners in proportion to the percent of minerals owned by each owner, and \$___ per acre per annum, but not less than \$.50 per acre per annum to the owner of title of the surface estate, to be divided between the owners of surface title in proportion to the percent of surface owned by each owner during the continuance hereof. The rental paid to the owner of the mineral estate shall not be credited on production royalty or prorated or refunded because of surrender or cancellation or for any other reason. The rental paid to the surface owner shall be credited against any negotiated compensation for construction and maintenance of facilities necessary for the full enjoyment of this lease. At the discretion of the Superintendent adjustment may be made of the bonus and annual rental because of difference that may be found in the acreage as stated.

To pay a sliding scale royalty based on the amount of hydrocarbons produced as specified in the following schedule:

When the average production for the month in barrels per well per day from this lease is

<125 barrels of oil per day	16.66% of the value
125 to 200 barrels of oil per day	18.00% of the value
200 to 350 barrels of oil per day	19.00% of the value
>350 barrels of oil per day	20.00% of the value

The percent royalty will be based on the value of the oil, gas, and/or natural gasoline, and/or all other hydrocarbon substances produced and saved on the land leased.

- (2) During the period of supervision, "value" for the purposes hereof may, in the discretion of the Secretary, be calculated on the basis of the highest price paid or offered (whether calculated on the basis of short or actual volume) at the time of production for the major portion of the oil of the same gravity, and gas, and/or natural gasoline, and/or leased lands are situated, and the actual volume of the marketable product less the content of foreign substances as determined by the Authorized Officer. The value for gas will be calculated on the basis of interstate/intrastate value in sales, whichever value being highest. The lessee shall submit to the Agency and lessor all pertinent documents related to the marketing value of said hydrocarbons. The actual amount realized by the lessee from the sale of said products shall be deemed mere evidence of such value. When paid in value, such royalties shall be due and payable monthly on the last day of the calendar month following the calendar month in which produced; when royalty on oil produced is paid in kind, such royalty hydrocarbons shall be delivered in containers provided by the lessee on the premises where produced without cost to the lessor unless otherwise agreed to by the parties thereto, at such time as may be required by the lessor: PROVIDED: that the lessee shall not be required to hold such royalty hydrocarbons in storage longer than thirty days after the end of the calendar month in which said oil is produced: AND PROVIDED FURTHER, that the lessee shall, in no manner, be responsible or held liable for loss or destruction of such hydrocarbons in storage caused by acts of God. All rental and a royalty payments, excet as provided in 4(B) shall be made by check or draft drawn on a solvent bank, open for the transaction of business on the day the check or draft is issued to the lessor or payee designated by the Superintendent with a remittance to the Authorized Officer. It is understood that in determining the value for royalty purposes of products, such as natural gasoline, that are derived from treatment of gas, allowance for the cost of manufacture shall be made, such allowance to be the actual cost of the marketable product unless otherwise determined by the Secretary of the Interior or application of the lessee or on his own initiative, and that royalty will be computed on the value of gas or casinghead gas, or on the products thereof (such as residue gas, natural gasoline, propane, butane, and etc.) whichever is the greater.

(D) MONTHLY STATEMENTS - To furnish to the Minerals Management Service,, Superintendent, and lessors statements in detail in such form as prescribed by the Secretary of Interior, pursuant to the Federal Oil and Gas Royalty Management Act of 1982 (P. L. 97-451), and all other applicable laws or regulations, showing the amount, quality, and value of all oil, gas, natural gasoline, or other hydrocarbon substances produced and saved during the preceding calendar month. In addition, the lessee is required to submit to the Superintendent and Tribes copies of production and operating reports such as drilling locations, well abandonments, completion reports, production reports, royalty reports, production reports and all other operational information pertaining to the leased lands. Where lessee reports production or royalty data to the Minerals Management Service on computer tape, a printout shall be furnished to the Superintendent and Tribes.

The leased premises and all wells, producing operations, improvements, machinery, and fixtures thereon and connected therewith and all books and accounts of the lessee shall be open at all times for inspection by any duly authorized representative of the Secretary of the Interior and Tribes upon request.

(E) RECORDS OF DRILLING AND LOG OF WELL - To keep a log in the form prescribed by the Secretary of the Interior of all wells drilled by the lessee on lands indentured by this lease showing the strata and character of the formations passed through by the drill, which log or copy thereof shall be furnished to the Authorized Officer, the Superintendent and the Tribes. Copies of all electrical logs, drill stem tests, and other pertinent information shall be submitted to the Tribes. If desired by the lessee such information shall be kept confidential for a period of time not to exceed 18 months.

(F) DILIGENCE, PREVENTION OF WASTE, MANAGEMENT - To exercise reasonable diligence in drilling and operating wells for oil and gas on the lands covered hereby, while such products can be secured in paying quantities; to carry on all operations hereunder in a good and workmanlike manner in accordance with approved methods and practice, having due regard for the prevention of waste of oil or gas developed on the land, or the entrance of water through wells drilled by the lessee to the productive sands or oil or gas-bearing strata to the destruction or injury of the oil or gas deposits, the preservation and conservation of the property for future productive operations, and to the health and safety of workmen and employees; to plug securely all wells before abandoning the same and to effectually shut off all water from the oil or gas-bearing strata; not to drill any well within 1320 feet of any house or barn now on the premises without the Superintendent's written consent; to carry out at expense of the lessee all reasonable orders and requirements of the Authorized Officer relative to prevention of waste, and preservation of the property and the health and safety of workmen; to bury all pipelines crossing tillable lands below plow depth unless other arrangements therefor are made with the Superintendent; to pay the Superintendent or lessor, as the case may be, for for all damages to crops, buildings, and other improvements damaged by the lessee's operations: PROVIDED, that the lessee shall not be held responsible for delays or casualties damaged by causes beyond the lessee's control.

(G) REGULATIONS - To abide by and conform to any and all regulations of

the Secretary of the Interior now or hereafter in force relative to such contracts, including 30 CFR, Section 221, regulations promulgated pursuant to the Federal Oil and Gas Royalty Management Act of 1982 (P. L. 97-451), regulations promulgated pursuant to the Indian Mineral Development Act of 1982 (P. L. 97-382) and applicable Tribal ordinances and regulations: PROVIDED, That no regulation hereafter approved shall effect a change in rate of royalty or annual rental herein specified without the written consent of the parties to this lease.

(H) ASSIGNMENT OF LEASE - Not to assign this lease or any interest therein by an operating agreement or otherwise, and not to sublet any portion of the leased premises before restrictions are removed, except with the approval of the Secretary of the Interior and lessor. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease. Complete copies of all assignments, partial assignments, operating agreements, designations of operator, farm-out agreements, or reservations of overriding royalties shall be furnished to the Superintendent and the Tribes.

(I) METHOD OF DISPOSITION OF PRODUCTION - All production from the lease shall be measured by a Lease Automatic Custody Transfer meter. Production obtained from the well or wells drilled on lands under this lease shall be disposed of in a manner so as to obtain the fair market value for all of the hydrocarbons not used on the lease, and in a manner so as not to violate the statutes of the United States, the State of North Dakota and the Tribes prohibiting monopolies.

(J) AUDIT PROCEDURES - The Secretary or the Tribes, if by authority of a cooperative agreement entered into pursuant to Section 202 of the Federal Oil and Gas Royalty Management Act of 1982 (P. L. 97-451), shall audit and reconcile, to the extent practicable, any account receiving a royalty by the action of this lease, as warranted. The Secretary shall conduct audits and reconciliations of accounts, if production is obtained in paying quantities from wells drilled on this lease or where this lease obtains a share in production of another lease by committing to a communitization agreement or unit agreement, in conformity with business practices and recordkeeping systems required of the lessee by the Secretary for the period covered by the audit.

Upon the request of any officer or employee, duly designated by the Secretary or the Tribes, conducting an audit or investigation pursuant to P. L. 97-451, the appropriate records, reports, or information which may be required by this section shall be made available for inspection and duplication by such officer or employee, as the case may be.

(K) ACCOUNTING PROCEDURES - Accounting performed by the lessee shall be in accordance with generally accepted accounting principals used in the oil and gas industry, provided they are also acceptable to the Minerals Management Service.

(I) INSURANCE - All agents of the lessee conducting physical activities to develop and produce hydrocarbons from this lease will be insured as required by existing laws and regulations, and those hereafter enacted, of

United States of America, the Tribes and the State of North Dakota in effect at the time of the commencement of the activity.

4. THE LESSOR EXPRESSLY RESERVES:

(A) USE OF GAS - The right to use sufficient gas free of charge and free of royalty to the lessee for any dwelling or other buildings belonging to or operated by the lessor on said lands by making connection at its own expense with the well or wells thereon, the use of such gas to be at the lessor's risk at all times.

(B) ROYALTY IN KIND - The right to elect on 30 days written notice to take lessor's royalty in kind. Lessee agrees to permit lessor to use its gas gathering lines to transport the lessor's royalty gas, with the lessor paying the negotiated cost thereof, and to reserve, in any contract for sale of gas, the right to the lessor to similarly use any pipe line owned by third parties for use by the lessor of its royalty gas on the Reservation, with the lessor paying the negotiated cost of pipeline connections and transport.

(C) DISPOSITION OF SURFACE - The right to lease, sell, or otherwise dispose of the surface of the lands embraced within this lease under existing law or laws hereafter enacted, such disposition to be subject at all times to the right of the lessee herein to the use of so much of said surface as is necessary in the extraction and removal of the oil and gas from the land herein described.

5. SURRENDER AND TERMINATION - The lessee shall have the right at any time during the term hereof to surrender and terminate this lease or any part thereof upon the payment of \$500 and all rentals, royalties, and other obligations due and payable to the lessor; and in the event restrictions have not been removed, upon a showing satisfactory to the Secretary of the Interior that full provision has been made for conservation and protection of the property and the proper abandonment of all wells drilled on the portion of the leased lands surrendered, the lease to continue in full force and effect as to the lands not so surrendered. If this lease has been recorded, lessee shall file a recorded release with his application to the Superintendent for termination of this lease.

6. REMOVAL OF BUILDINGS, IMPROVEMENTS, AND EQUIPMENT - Lessee shall be the owner of and shall have the right to remove from the leased premises, within 90 days after termination of this lease, any and all buildings, structures, casing, material, and/or equipment placed thereon for the purpose of development and operation hereunder, save and except casing in wells and other material, equipment, and structures necessary for the continued operation of wells producing or capable of being produced in paying quantities as determined by the Secretary of the Interior, on said leased land at the time of surrender of this lease or termination hereof; and except as otherwise provided herein, all casing in wells, material, structures, and equipment shall be and become the property of the lessor.

7. DRILLING AND PRODUCING RESTRICTIONS - It is covenanted and agreed that the Secretary of the Interior and the Tribes may impose restrictions as to time or times for the drilling of wells and as to the production from any well or wells drilled when, in his/their judgement, such action may be

necessary or proper for the protection of the natural resources of the leased land and the interests of the Indian lessor, and in the exercise of his/their judgment, the Secretary and the Tribes may take into consideration, among other things, federal laws, State laws, Tribal ordinances, or regulations in effect, or promulgated by competent federal or state or tribal authorities or lawful agreements among operators regulating either drilling or production, or both.

8. CANCELLATION AND FORFEITURE - When, in the opinion of the Secretary of the Interior or the lessor, there has been a violation of any of the terms and conditions of this lease, the Secretary of the Interior shall have the right at any time after 30 days notice to the lessee, specifying the terms and conditions violated, and after a hearing, if the lessee shall so request within 30 days of receipt of notice, to declare this lessee null and void, and the lessor shall then be entitled and authorized to take immediate possession of the land.

9. UNIT OPERATION - No agreement for the cooperative or unit development for the field or area, affecting the leased lands, or any pool thereof, shall be valid without the advance consent of the lessor and the approval of the Secretary of the Interior.

10. CONSERVATION - The lessee, in consideration of the rights herein granted, agrees to abide by the provisions of any act of Congress, or any order or regulation prescribed pursuant thereto, relating to the conservation, production, or marketing of oil, gas, or other hydrocarbon substances. In addition, if so required by the Superintendent, the lessee shall condition, under the direction of the supervision of the Authorized Officer and the Tribes, any wells drilled which do not produce oil and/or gas in paying quantities as determined by said Authorized Officer, but which are capable of producing water satisfactorily for domestic, agricultural or livestock use by the lessor.

Adjustment of cost for conditioning of the well will be made in said cases where it is determined that the well will produce water satisfactorily as aforesaid.

13. EMPLOYMENT OF INDIANS - To employ Indians for all jobs, for which qualified Indians are available, and will comply with Tribal Indian preference regulations in employment policies.

14. HEIRS AND SUCCESSORS IN INTEREST - It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

15. COMPLIANCE:

(A) SURFACE - The Secretary of the Interior or his representative and the Tribes, shall have the right to inspect any and all production facilities gauges, meters, valves and related production equipment, as well as drill sites, pits, fences, access roadways, and other associated improvements as well as reclamation procedures

associated with drilling and production.

- (B) PRODUCTION - The Secretary of the Interior, or his representative, shall reserve the right to gauge, measure, or otherwise verify the the quantity and quality of oil, gas and/or other hydrocarbons produced on said lease.

16. ADDITIONS - Prior to the execution of this lease, provisions(s) no.(s) _____ has (have) been added hereto and by reference is (are) made a part hereof.

ANY BREACH OF RULES AND CONDITIONS CONTAINED HEREIN SHALL BE JUST CAUSE FOR IMMEDIATE CANCELLATION OF THIS LEASE AND MAY PREVENT ANY FUTURE ACTIVITY ON THE FORT BERTHOLD INDIAN RESERVATION BY THIS LESSEE.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned;

Two witnesses to execution by lessor:

P. O. _____ (Seal)

P. O. _____ (Seal)

Two witnesses to execution by lessee:

P. O. _____ (Seal)

P. O. _____ Attest: _____

ACKNOWLEDGMENT

State of _____
County of _____

Before me, a notary public, on this _____ day of _____
19____, personally appeared _____
to me known to be the identical person who executed the within and foregoing
lease, and acknowledged to me that _____ executed the same as
_____ free and voluntary act and deed for the uses and purposes
therein set forth.

My commission expires _____

DEPARTMENT OF THE INTERIOR
Bureau of Indian Affairs

APPROVED: _____, 19____.

Superintendent