

#### QUESTIONS #4

1. The Mineral Leasing Act of 1920 originally provided for federal oil and gas leases to be issued with fixed terms of how many years?
2. Federal leases - These terms could be renewed for successive fixed periods of how many years?
3. Federal leases - The Energy Policy Act of 1992 again amended the provisions of the Mineral Leasing Act of 1920 for leases to be issued for a primary term of how many years?
4. Federal leases may be extended for a fixed period of time when elimination from or termination of a federal unit. True or False?
5. Federal leases - Paying quantities has been defined as an amount sufficient to pay the costs of operating the well. In such case, the lease is classified as a producing lease. True or False?
6. Federal leases - A lease does not become a lease in an extended term because of production unless a well producing or capable of producing oil or gas in paying quantities is what?
7. Federal leases - For leases issued on or after February 19, 1982, but before 22 1987, or as a result of an application or offer to lease filed prior to December 22, 1987, provides for the payment rentals in the amount of \_\_\_\_\_ per acre or fraction thereof per year.
8. Federal leases - For these leases the sixth and subsequent lease years the rentals are due at the rate of \_\_\_\_\_ per acre or fraction thereof per year.
9. Federal leases - If the rental payment due is paid on the anniversary date but the amount of payment is deficient and the deficiency is nominal, the MMS will send a notice of deficiency to the lessee and the lessee pays the deficiency within the period prescribed in the notice, the lease does not terminate. True or False?
10. Federal leases – If a lessee fails to make a rental payment for a lease which there is no well capable of producing oil or gas on or before the anniversary date and the deficiency amount is not nominal the lease \_\_\_\_\_?
11. Federal leases –What does a Class II reinstatement carries the penalty of what?
12. Federal leases – An agreement is signed by the lessee and attached and made a part of the lease specifying future rentals to be paid at applicable rates specified for reinstated leases of what?
13. Federal leases – If a lessee commences actual drilling operations prior to the end of the primary term of the lease and is conducting drilling operations diligently at the end of the primary term of the lease, the term of the lease shall be extended for two years and the 1<sup>st</sup> year must be paid on/before the expiration of the primary term.. True or False?
14. Federal leases –When will the lease be extended beyond the primary term even if the operations are not conducted upon lands covered by the lease?
15. Federal leases – A lease is entitled to how many years extension by drilling over the expiration of the primary term even if the lease has a fixed term that ends after the end of the primary term?
16. Federal leases – A lease that is committed to a cooperative or unit plan of development or operation will continue in effect for so long as the lease, or a

- portion thereof, remains subject to the plan, but for a lease to be extended beyond its fixed term by production within a unit, production must be obtained from lands prior to the end of the primary term or fixed extended term of the lease. True or False?
17. Federal leases – If a lease is in a fixed term at the time of commitment to a plan, the segregated portion covering the non-unitized portion continues in force and effect for the term of the lease or for how many years from the date of segregation, whichever is longer?
  18. Federal leases - I a unit contract and **ALL** of the lands covered by the lease are contracted out of the unit the lease is extended. But if only **PART** of the lands covered by the lease is contracted out of the unit the lease is not segregated into separate leases and no extension occurs. True or False?
  19. Federal leases - What is the effect of a suspension of any lease?
  20. When a federal oil and gas lease is being drained what may be expected of the lessee?
  21. What is the responsibility of the Lessee of a federal lease for drainage purposes?
  22. What is the purpose of a communitization agreement?
  23. Federal leases – Name the five classifications of ownerships found within a communitization agreement.
  24. What is the effective date of the CA?
  25. What is the definition of paying quantities under the CA? Approval of a CA will not cause segregation to the committed Federal leases. Therefore the entire lease will be considered HBP. True or False?
  26. The revenue from the CA production will be allocated on What basis?
  27. Upon termination of the CA and drilling agreements the leases are extended for a period of how many years?
  28. Federal leases - Define a unit agreement.
  29. Federal leases - What is the principal of unitization?
  30. Federal leases – How is paying quantities defined in a unit agreement?
  31. Federal leases – List the five classifications of ownership found within a unit agreement.
  32. Federal leases – List the four items that dictates the status of a tract to the unit agreement.
  33. Federal leases - How is the unit boundary decided?
  34. Federal leases - That part of the segregated lease outside the unit will be given a new lease number and a 2 year extension or the term of the leases, whichever is longer. True or False?
  35. Federal leases –When a unit has been granted final approval, the initial unit well must be commenced within how long?
  36. Federal leases –All fully and effectively committed tracts are held by the unit and are immune from expiration because they are committed to the unit for State and Fee Tracts. Is that so for Federal tracts?
  37. Upon automatic termination of the unit agreement, any Fully and Effectively Committed Federal tract whether in its primary or extended term at the time of termination will be granted a 2 year extension by elimination. The extension is for

- 2 years or the term of the lease whichever is the longer. Is this true for State and Fee leases?
38. Federal leases – What is required for a voluntary termination of a Unit Agreement?
  39. Federal leases – State the acreage for the unit size for one well and each additional well.
  40. Federal leases – What date will a unit agreement be effective?
  41. Federal leases – State when the BLM will assign a contract number and when it should be used.
  42. Federal leases – What determines how the allocation of production for the benefit of the working interest?