POLICY

Effective Date
March 1, 2014

Suspension of Operations Policy

The Office of State Lands and Investments (Office) shall be notified of all non-producing shut-in wells, or non-hydrocarbon producing wells (dewatering wells) located on State leases. Operators shall submit to the Office a Property Information Request form (full lease suspensions) when:

1. The lease has completed wells which are not producing, regardless if the lease is within or past the five (5) year primary term.
2. The operator anticipates shutting in all lease wells for a period of greater than ninety (90) days.
3. The operator has had all lease wells shut in for a period of ninety (90) days.
4. A previously approved suspension has expired and the lease is still not producing.

Show Cause Beyond Fifth Suspension of Operations

Effective June 7, 2012, any operator requesting a suspension of operations beyond the fifth (5th) request, will be required to show cause as to why the additional suspension of operations should be granted.

In order for the Wyoming Board of Land Commissioners to have adequate information pursuant to rendering a decision on requests for granting consecutive suspensions of operation for State of Wyoming oil and gas leases beyond a fifth (5th) such action, the board approved policy changes on June 7, 2012. Applicable Board policy subsequent to June 7, 2012, in addition to the standard express conditions most petitioners have experienced for some time now in receiving these grants, is as follows:

For applicants requesting and receiving a fifth (5th) suspension of operations - The Director recommends that any applicant requesting its fifth (5th) suspension of production operations be notified that no additional suspensions will be granted absent a compelling showing that such action is warranted. Further, any such applicant should be advised that the grant of any additional suspension requests will be conditioned on adequate bonding, supplemental consideration deemed necessary by the Board to justify the significant accommodation made through additional suspensions and any other terms and conditions the Board considers appropriate.
As such, this is to inform you that the subject oil and gas lease(s) received Board approval for the requested fifth (5th) suspension and must meet the above-noted requirement for show cause. A form will be provided on the Office web site (http://lands.state.wy.us) to allow the lessee to documenting the reasons that would establish the necessity for Board consideration of an additional grant of suspension beyond the fifth (5th). Additionally, please note that specific non-hydrocarbon producing well bore bonding will be required pursuant to the grant of suspension, as well as potentially, other concessions and/or changes to the conditions of the terms of the affected lease document.

**Lease Suspension of Operations Rental Payment Schedule**

ALL LEASES ISSUED AFTER MARCH 1, 1982 PROVIDE FOR A FIVE (5) YEAR PRIMARY TERM AND ALLOW FOR A SUSPENSION OF OPERATIONS WHERE A WELL CAPABLE OF PRODUCING IN PAYING QUANTITIES EXISTS ON THE LEASE BUT A SATISFACTORY MARKET IS NOT YET DEVELOPED, AS LONG AS LEASE RENTALS ARE PAID YEARLY BY THE LEASE ANNIVERSARY DATE. LEASE TERMS PROVIDE THAT RENTALS FOR ANY YEAR AFTER DISCOVERY IS MADE WILL BE AT $2.00/ ACRE UNLESS CHANGED BY AGREEMENT. IN GRANTING A REQUESTED SUSPENSION OF OPERATIONS, THE OFFICE OF STATE LANDS AND INVESTMENTS AND THE PETITIONER ARE AGREING ON THE RENTAL SCHEDULE SHOWN HEREIN BELOW (CHANGING BY AGREEMENT) AS A CONDITION OF THE GRANT OF SUSPENSION.

- SUSPENDED DURING PRIMARY TERM: $2.00 PER ACRE
- UNDER 1st SUSPENSION OF OPERATIONS: $2.00 PER ACRE
- UNDER 2nd SUSPENSION OF OPERATIONS: $5.00 PER ACRE
- UNDER 3rd SUSPENSION OF OPERATIONS: $10.00 PER ACRE
- UNDER 4th & 5th SUSPENSION OF OPERATIONS: $20.00 PER ACRE
- UNDER 6th or GREATER SUSPENSION OF OPERATIONS: $50.00 PER ACRE

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<tr>
<th>Effective Date: March 1, 2014</th>
<th>Revision/Review Date: March 1, 2019</th>
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<tbody>
<tr>
<td><strong>Summary of Revision/Review:</strong></td>
<td><strong>Supersedes Existing Policy:</strong></td>
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<tr>
<td>To be completed in 2019</td>
<td>Any policy and/or documentation prior to March 1, 2014</td>
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