

The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, 9:00 am, December 7, 2010

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bid \$/Acr	Total Price	Lessee
<b>Big Horn</b>									
1	1, 2, 3, 4, 5, 6, 7	2.N	37.E	36	All	640.00	\$1.50	\$960.00	MANU DUBEY
2	2, 3, 4, 5, 6, 15	6.S	38.E	36	Lots 1, 2, 3, 4, E2E2	* 196.56	\$1.50	\$294.84	PINNACLE GAS RESOURCES, INC.
3	1, 2, 3, 4, 5, 6, 7	6.S	40.E	16	All	640.00	\$1.50	\$960.00	PINNACLE GAS RESOURCES, INC.
4	1, 2, 3, 4, 5, 6, 7	6.S	40.E	36	All	640.00	\$1.50	\$960.00	PINNACLE GAS RESOURCES, INC.
5	2, 3, 4, 5, 6, 15	7.S	38.E	36	Lots 1, 2, 3, 4, E2E2	184.16	\$1.50	\$276.24	PINNACLE GAS RESOURCES, INC.
<b>Chouteau</b>									
6	1, 2, 3, 4, 5, 6	24.N	5.E	34	S2N2, NW4SW4	200.00	\$1.50	\$300.00	TOMMY C. CRAIGHEAD
7	1, 2, 3, 4, 5, 6	24.N	5.E	35	N2	320.00	\$1.50	\$480.00	TOMMY C. CRAIGHEAD
8	1, 2, 3, 4, 5, 6	24.N	5.E	36	All	* 640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
9	1, 2, 3, 4, 5, 6	24.N	6.E	7	NE4SE4	* 40.00	\$2.50	\$100.00	TOMMY C. CRAIGHEAD
10	1, 2, 3, 4, 5, 6, 8	24.N	6.E	8	S2SE4, NE4SW4, SW4SW4	160.00	\$1.50	\$240.00	TOMMY C. CRAIGHEAD
11	1, 2, 3, 4, 5, 6, 8, 11, 12	24.N	6.E	9	S2SW4, Teton Riverbed and related acreage	85.00	\$1.50	\$127.50	TOMMY C. CRAIGHEAD
12	1, 2, 3, 4, 5, 6, 10, 11, 12	24.N	6.E	10	SE4NE4, Teton Riverbed and related acreage	* 47.00	\$2.13	\$100.00	TOMMY C. CRAIGHEAD
13	1, 2, 3, 4, 5, 6, 11, 12	24.N	6.E	11	SW4NW4, Teton Riverbed and related acreage	* 44.00	\$2.27	\$100.00	TOMMY C. CRAIGHEAD
14	1, 2, 3, 4, 5, 6, 7	24.N	6.E	14	W2NW4	80.00	\$1.50	\$120.00	TOMMY C. CRAIGHEAD
15	1, 2, 3, 4, 5, 6, 7	24.N	6.E	15	N2NW4, NE4	240.00	\$1.50	\$360.00	TOMMY C. CRAIGHEAD
16	1, 2, 3, 4, 5, 6	24.N	6.E	27	W2	* 320.00	\$1.50	\$480.00	TOMMY C. CRAIGHEAD
17	1, 2, 3, 4, 5, 6	24.N	6.E	28	S2NE4, N2SE4	* 160.00	\$1.50	\$240.00	TOMMY C. CRAIGHEAD
18	1, 2, 3, 4, 5, 6, 7	24.N	6.E	36	All	* 640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
19	1, 2, 3, 4, 5, 6	24.N	7.E	16	All	* 640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
20	1, 2, 3, 4, 5, 6	25.N	6.E	14	N2	* 320.00	\$1.50	\$480.00	TOMMY C. CRAIGHEAD
21	1, 2, 3, 4, 5, 6	25.N	6.E	16	All	* 640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
22	1, 2, 3, 4, 5, 6	25.N	6.E	19	SW4SE4	40.00	\$2.50	\$100.00	TOMMY C. CRAIGHEAD
23	1, 2, 3, 4, 5, 6	25.N	6.E	20	All	* 640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
24	1, 2, 3, 4, 5, 6	25.N	7.E	16	All	640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
25	1, 2, 3, 4, 5, 6	25.N	7.E	20	E2	320.00	\$1.50	\$480.00	TOMMY C. CRAIGHEAD
26	1, 2, 3, 4, 5, 6	25.N	7.E	22	NW4, SE4, N2SW4	400.00	\$1.50	\$600.00	TOMMY C. CRAIGHEAD
27	1, 2, 3, 4, 5, 6	25.N	7.E	26	NW4	160.00	\$1.50	\$240.00	TOMMY C. CRAIGHEAD
28	1, 2, 3, 4, 5, 6	25.N	7.E	27	NE4, NW4SE4	200.00	\$1.50	\$300.00	TOMMY C. CRAIGHEAD
29	1, 2, 3, 4, 5, 6	25.N	7.E	36	All	640.00	\$1.50	\$960.00	TOMMY C. CRAIGHEAD
30	1, 2, 3, 4, 5, 6, 8	27.N	9.E	16	All	640.00	\$3.25	\$2,080.00	HARVEY MINERAL PARTNERS, LP

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bid \$/Acr	Total Price	Lessee
31	1, 2, 3, 4, 5, 6	27.N	9.E	36	All	640.00	\$5.00	\$3,200.00	TOMMY C. CRAIGHEAD
32	1, 2, 3, 4, 5, 6	27.N	10.E	16	All	* 640.00	\$3.50	\$2,240.00	TOMMY C. CRAIGHEAD
33	1, 2, 3, 4, 5, 6	27.N	10.E	36	All	640.00	\$5.25	\$3,360.00	TOMMY C. CRAIGHEAD
34	1, 2, 3, 4, 5, 6, 7	27.N	15.E	29	SE4NW4, S2NE4, SE4, E2SW4	360.00	\$8.00	\$2,880.00	HANCOCK ENTERPRISES
35	1, 2, 3, 4, 5, 6, 9	28.N	9.E	16	All	640.00	\$10.00	\$6,400.00	TOMMY C. CRAIGHEAD
36	1, 2, 3, 4, 5, 6, 8	28.N	9.E	36	All	* 640.00	\$9.50	\$6,080.00	TOMMY C. CRAIGHEAD
37	1, 2, 3, 4, 5, 6, 8	28.N	10.E	16	All	640.00	\$9.75	\$6,240.00	HARVEY MINERAL PARTNERS, LP
38	1, 2, 3, 4, 5, 6	28.N	10.E	36	All	* 640.00	\$5.25	\$3,360.00	HARVEY MINERAL PARTNERS, LP
<b>Daniels</b>									
39	1, 2, 3, 4, 5, 6, 8	34.N	45.E	12	N2NE4, SE4SE4, W2SW4	200.00	\$52.00	\$10,400.00	BAKKEN OIL LLC
40	1, 2, 3, 4, 5, 6, 8	35.N	45.E	36	All	640.00	\$86.00	\$55,040.00	BAKKEN OIL LLC
<b>Fallon</b>									
41	1, 2, 3, 4, 5, 6	3.N	60.E	16	All	640.00	\$1.50	\$960.00	MANU DUBEY
<b>Hill</b>									
42	1, 2, 3, 4, 5, 6, 13	33.N	16.E	18	Lots 1, 2, 3, 4, E2W2, E2	635.56	\$1.50	\$953.34	NFR BEAR PAW BASIN LLC
<b>Powder River</b>									
43	1, 2, 3, 4, 5, 6, 7	8.S	46.E	4	NW4SE4, S2SE4	120.00	\$2.00	\$240.00	GARY JENKINS
<b>Richland</b>									
44	1, 2, 3, 4, 5, 6, 11, 12	26.N	59.E	6	Missouri Riverbed and related acreage	3.60	\$260.00	\$936.00	WILLIS OIL & GAS, INC.
45	1, 2, 3, 4, 5, 6, 7	27.N	51.E	36	All	* 640.00	\$61.00	\$39,040.00	YATES PETROLEUM CORPORATION
<b>Roosevelt</b>									
46	1, 2, 3, 4, 5, 6, 8, 14	30.N	57.E	36	All	* 640.00	\$735.00	\$470,400.00	G3 ENERGY, LLC
<b>Rosebud</b>									
47	1, 2, 3, 4, 5, 6, 7	7.S	41.E	16	All	640.00	\$1.75	\$1,120.00	GARY JENKINS
<b>Sheridan</b>									
48	1, 2, 3, 4, 5, 6, 8	36.N	52.E	36	All	* 640.00	\$100.00	\$64,000.00	YATES PETROLEUM CORPORATION
49	1, 2, 3, 4, 5, 6, 8	37.N	51.E	12	S2SE4	80.00	\$103.00	\$8,240.00	DASINGER, KIRBY L
50	1, 2, 3, 4, 5, 6, 7	37.N	51.E	13	N2NE4	80.00	\$107.00	\$8,560.00	DASINGER, KIRBY L
51	1, 2, 3, 4, 5, 6, 7	37.N	51.E	16	All	640.00	\$104.00	\$66,560.00	YATES PETROLEUM CORPORATION

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bid \$/Acr	Total Price	Lessee
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***Summary by Lessor***

<i>Dept of Natural Resources &amp; Conservation</i>	<i>20995.88</i>	<i>51</i>
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\* Part of all of tract is not state-owned surface

**Oil and Gas Lease Sale Summary**

<b>Lease Sale Totals</b>	<b>Tracts</b>	51
	<b>Acres</b>	20,995.88
	<b>Total Bid Revenue</b>	\$777,307.92
	<b>Avg Bid Per Acre</b>	\$37.02

## Stipulations

1. Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
2. Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
4. The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
7. Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
8. The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
9. Active sage grouse lek(s) have been identified on or adjacent to this tract. No activities shall occur on the tract until the proposed action has been approved in writing by the Director of the Department. If surface activity is proposed on the tract, the department will consult with the Director of the Department of Fish, Wildlife and Parks for his or her comments, concerns and recommendations. Additional mitigation measures may be required, including no-surface-occupancy buffers and/or timing restrictions, which may encompass part or all of the tract.
10. Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/4 mile of the mean high water mark of a navigable river, lake or reservoir, including direct tributary streams of navigable waterways, on or adjacent to this tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.

## Stipulations

11. This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
12. If the lessee completes a successful oil and/or gas well, and if land title is disputed, the lessee shall fund professional land surveys as needed to determine the location and acreage encompassed by the spacing and/or pooling unit and the state lease acreage within that unit. Surveys shall be conducted by a licensed land surveyor acceptable to the Department, and shall be prepared pursuant to survey requirements provided by the Department. If necessary, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which title is disputed. The lessee shall name all potential royalty claimants as defendants.
13. This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well(s) and any existing facilities. The lessee may not enter the well(s) until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation. The(se) well(s) must be returned to commercial production or plugged and the well site(s) reclaimed within 6 months from the effective date of this lease.
14. This tract has an existing well that is temporarily abandoned. The prior lessee has been directed to plug and abandon the well.
15. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.