

**State of Montana
Oil & Gas Lease Sale - June 4, 2013
Lease Sale Results**

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, beginning at 9:00 am, June 4, 2013.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6	1.N	34.E	36	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
Cascade									
2	1, 2, 3, 4, 5, 6, 7, 10	14.N	1.E	2	Lots 1, 2, S2NE4, SE4	318.26	\$1.75	\$556.96	LONEWOLF ENERGY, INC.
3	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	4	S2	320.00	\$1.50	\$480.00	BECKMAN BROTHERS PETROLEUM, LLC
4	1, 2, 3, 4, 5, 6, 7, 10	14.N	1.E	10	NW4NE4, S2NE4, S2SE4, E2SW4	280.00	\$1.50	\$420.00	BECKMAN BROTHERS PETROLEUM, LLC
5	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	12	W2W2, SE4NW4, SW4NE4, NW4SE4	280.00	\$1.50	\$420.00	BECKMAN BROTHERS PETROLEUM, LLC
6	1, 2, 3, 4, 5, 6, 7	14.N	1.E	14	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
7	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	16	All	* 640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
8	1, 2, 3, 4, 5, 6, 7	14.N	1.E	20	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
9	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	36	All	640.00	\$1.75	\$1,120.00	LONEWOLF ENERGY, INC.
Dawson									
10	1, 2, 3, 4, 5, 6, 11	15.N	53.E	18	E2	320.00	\$76.00	\$24,320.00	ALAMEDA ENERGY, INC.
11	1, 2, 3, 4, 5, 6	18.N	52.E	36	All	640.00	\$165.00	\$105,600.00	ALAMEDA ENERGY, INC.
12	1, 2, 3, 4, 5, 6	18.N	53.E	30	Lots 1, 2, 3, 4, E2W2	315.16	\$270.00	\$85,093.20	HARVEY MINERAL PARTNERS, LP
Fergus									
13	1, 2, 3, 4, 5, 6, 7	17.N	17.E	2	Lot 4	* 40.98	\$2.75	\$112.70	PETROSHALE ENERGY, LLC
14	1, 2, 3, 4, 5, 6, 7, 12	17.N	17.E	7	NE4NE4	* 40.00	\$150.00	\$6,000.00	JAMES W. GARDNER
15	1, 2, 3, 4, 5, 6	17.N	18.E	7	E2NE4NE4	* 20.00	\$75.00	\$1,500.00	PETROSHALE ENERGY, LLC
16	1, 2, 3, 4, 5, 6, 9	22.N	20.E	12	SW4NE4, SW4	200.00	\$1.75	\$350.00	PETROSHALE ENERGY, LLC
17	1, 2, 3, 4, 5, 6	22.N	20.E	33	NE4NW4, NW4NE4, SE4SE4, N2SW4	* 200.00	\$1.75	\$350.00	PETROSHALE ENERGY, LLC
Gallatin									
18	1, 2, 3, 4, 5, 6	2.N	7.E	16	SE4	* 160.00	\$1.50	\$240.00	TRILATERAL ENERGY USA INC.
19	1, 2, 3, 4, 5, 6	3.N	7.E	36	All	640.00	\$1.50	\$960.00	TRILATERAL ENERGY USA INC.
20	1, 2, 3, 4, 5, 6, 7, 12	5.N	7.E	16	All	640.00	\$1.50	\$960.00	TRILATERAL ENERGY USA INC.
21	1, 2, 3, 4, 5, 6, 7, 12	5.N	7.E	36	All	640.00	\$1.50	\$960.00	TRILATERAL ENERGY USA INC.
Glacier									
22	1, 2, 3, 4, 5, 6, 11	36.N	5.W	20	SW4SE4	40.00	\$22.00	\$880.00	VECTA OIL & GAS, LTD.
23	1, 2, 3, 4, 5, 6, 11	36.N	5.W	27	SW4NW4, NW4SW4, S2SW4	160.00	\$21.00	\$3,360.00	VECTA OIL & GAS, LTD.
24	1, 2, 3, 4, 5, 6, 11	36.N	5.W	29	NW4NE4, S2N2	200.00	\$20.00	\$4,000.00	VECTA OIL & GAS, LTD.
25	1, 2, 3, 4, 5, 6	37.N	5.W	15	NW4, NW4NE4, S2NE4, W2SW4, below the base of the Sawtooth formation	* 360.00	\$7.00	\$2,520.00	VECTA OIL & GAS, LTD.
26	1, 2, 3, 4, 5, 6	37.N	5.W	16	W2NW4, W2NE4, SE4	* 320.00	\$15.00	\$4,800.00	VECTA OIL & GAS, LTD.
27	1, 2, 3, 4, 5, 6	37.N	5.W	16	SW4, E2NE4, E2NW4, below the base of the Sawtooth formation	* 320.00	\$18.00	\$5,760.00	VECTA OIL & GAS, LTD.
28	1, 2, 3, 4, 5, 6, 11	37.N	5.W	32	SE4	* 160.00	\$21.00	\$3,360.00	VECTA OIL & GAS, LTD.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Hill									
29	1, 2, 3, 4, 5, 6, 7	31.N	16.E	16	All	640.00	\$1.75	\$1,120.00	WILLIS OIL & GAS, INC.
30	1, 2, 3, 4, 5, 6, 7, 13	32.N	16.E	16	N2NW4, E2, NE4SW4, S2SW4	* 520.00	\$1.75	\$910.00	WILLIS OIL & GAS, INC.
Lewis and Clark									
31	2, 3, 4, 5, 6, 14	20.N	7.W	20	NW4NW4, S2NW4, NE4, S2	* 600.00	\$1.50	\$900.00	BIG HORN OIL & GAS, INC.
32	2, 3, 4, 5, 6, 15	21.N	8.W	26	E2E2, SW4SE4, SE4SW4	240.00	\$1.50	\$360.00	BIG HORN OIL & GAS, INC.
33	2, 3, 4, 5, 6, 15	21.N	8.W	35	N2NE4	80.00	\$1.50	\$120.00	BIG HORN OIL & GAS, INC.
34	2, 3, 4, 5, 6, 15	21.N	8.W	36	Lots 1 thru 7, NW4, W2NE4, NW4SE4, N2SW4	650.62	\$1.50	\$975.93	BIG HORN OIL & GAS, INC.
McCone									
35	1, 2, 3, 4, 5, 6, 7, 10	25.N	50.E	36	All	640.00	\$115.00	\$73,600.00	JBLS MONTANA, INC.
Meagher									
36	1, 2, 3, 4, 5, 6, 7	6.N	7.E	36	All	640.00	\$1.50	\$960.00	TRILATERAL ENERGY USA INC.
37	1, 2, 3, 4, 5, 6, 7	14.N	2.E	2	Lots 3, 4, S2NW4, SW4	325.74	\$1.50	\$488.61	BECKMAN BROTHERS PETROLEUM, LLC
38	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	4	Lots 1, 2, 3, 4, S2N2, N2S2, S2SE4	567.32	\$1.50	\$850.98	BECKMAN BROTHERS PETROLEUM, LLC
39	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	8	NW4, NE4NE4, S2NE4, NW4SE4, S2S2	480.00	\$1.50	\$720.00	BECKMAN BROTHERS PETROLEUM, LLC
40	1, 2, 3, 4, 5, 6, 7	14.N	2.E	10	NW4, W2NE4, N2SE4, NE4SW4, S2SW4	440.00	\$1.50	\$660.00	BECKMAN BROTHERS PETROLEUM, LLC
41	1, 2, 3, 4, 5, 6, 7, 10	14.N	2.E	12	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
42	1, 2, 3, 4, 5, 6, 7	14.N	2.E	14	W2W2, NE4, E2SE4, NE4SW4	440.00	\$1.50	\$660.00	BECKMAN BROTHERS PETROLEUM, LLC
43	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	16	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
44	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	20	S2NW4, E2NE4, S2	480.00	\$1.50	\$720.00	BECKMAN BROTHERS PETROLEUM, LLC
45	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	22	W2, N2NE4, N2SE4	480.00	\$1.50	\$720.00	BECKMAN BROTHERS PETROLEUM, LLC
46	1, 2, 3, 4, 5, 6, 7, 10	14.N	2.E	24	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
47	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	26	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
48	1, 2, 3, 4, 5, 6, 7	14.N	2.E	28	N2	320.00	\$1.50	\$480.00	BECKMAN BROTHERS PETROLEUM, LLC
49	1, 2, 3, 4, 5, 6, 7	14.N	2.E	32	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
50	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	36	All	* 640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
51	1, 2, 3, 4, 5, 6, 7, 10	14.N	3.E	16	All	640.00	\$1.50	\$960.00	BECKMAN BROTHERS PETROLEUM, LLC
Musselshell									
52	1, 2, 3, 4, 5, 6, 7	7.N	27.E	16	All	640.00	\$1.50	\$960.00	ZONE EXPLORATION, INC.
53	1, 2, 3, 4, 5, 6, 7	7.N	27.E	36	Lots 1, 2, 3, 4, N2, N2S2	640.68	\$1.50	\$961.02	ZONE EXPLORATION, INC.
54	1, 2, 3, 4, 5, 6, 7	7.N	28.E	16	All	640.00	\$1.50	\$960.00	ZONE EXPLORATION, INC.
55	1, 2, 3, 4, 5, 6, 7	7.N	28.E	36	All	640.00	\$1.50	\$960.00	ZONE EXPLORATION, INC.
56	1, 2, 3, 4, 5, 6, 7	7.N	29.E	16	All	640.00	\$1.50	\$960.00	ZONE EXPLORATION, INC.
57	1, 2, 3, 4, 5, 6, 7	7.N	29.E	36	Lots 1, 2, 3, 4, W2, W2E2	636.24	\$1.50	\$954.36	ZONE EXPLORATION, INC.
58	1, 2, 3, 4, 5, 6	9.N	24.E	34	SE4, excluding the 1st Cat Creek formation	160.00	\$160.00	\$25,600.00	VECTA OIL & GAS, LTD.
59	1, 2, 3, 4, 5, 6, 7	9.N	28.E	36	All	640.00	\$16.00	\$10,240.00	VECTA OIL & GAS, LTD.
Park									
60	1, 2, 3, 4, 5, 6, 7	3.N	8.E	16	All	* 640.00	\$1.50	\$960.00	TRILATERAL ENERGY USA INC.
61	1, 2, 3, 4, 5, 6, 12	3.N	8.E	22	W2NW4, NW4SW4, W3E2NW4, W3NE4SW4	160.00	\$1.50	\$240.00	TRILATERAL ENERGY USA INC.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Richland									
62	1, 2, 3, 4, 5, 6, 7	24.N	51.E	12	N2	320.00	\$52.00	\$16,640.00	JBLS MONTANA, INC.
63	1, 2, 3, 4, 5, 6	24.N	51.E	16	All	640.00	\$41.00	\$26,240.00	JBLS MONTANA, INC.
Toole									
64	1, 2, 3, 4, 5, 6, 7	35.N	3.E	36	All	640.00	\$1.50	\$960.00	TYLER OIL COMPANY
Wibaux									
65	1, 2, 3, 4, 5, 6, 7, 8	15.N	59.E	36	NE4, S2	480.00	\$200.00	\$96,000.00	MONTANA OIL PROPERTIES, INC.

* Part or all of tract is not state-owned surface

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	29,355.00	65

Oil and Gas Lease Sale Summary

Total Tracts	65
Total Acres	29,355.00
Total Bid Revenue	\$531,563.76
Average Bid Per Acre	\$18.11

State of Montana
Oil & Gas Lease Sale - June 4, 2013
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 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 11 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 12 Any activity within 1/8 mile of the river, stream, floodplain, or lake/reservoir on or adjacent to this tract must be approved in writing by the TLMD prior to commencement. No surface occupancy is allowed within the bed of the river and/or stream, abandoned channels, the bed of the lake/reservoir, or on islands and accretions associated with the river, stream, or lake/reservoir.
- 13 Due to existing surface uses and the potential for future surface development, utilization of the surface for mineral exploration and development may be restricted or denied. Review of operating plans for exploration and/or development will include consideration of both existing and potential surface development to minimize conflicts and ensure that both mineral and surface uses are consistent with one another and in the best long-term interest of the school trust.

- 14 This lease is located near the Rocky Mountain Front and includes areas that are environmentally sensitive. Therefore, except as otherwise provided below, the lessee shall not conduct any surface operations on the lease premises. If the lessee determines that surface operation on the lease premises may be required, the lessee shall submit a proposed Operating Plan or Amendment to an existing Operating Plan to the State Board of Land Commissioners describing in detail the proposed operations. No surface activities shall occur on the lease premises unless and until the Operating Plan or Amendment is approved by the Board. In determining whether to approve the proposed Operating Plan or Amendment, the following provisions shall apply:
- 1) If the lessee proposes an activity that does not entail any significant surface disturbance, the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA) and an opportunity for public comment on the proposed activity has been provided.
 - 2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance, an environmental impact statement (EIS) shall be completed in accordance with MEPA. The EIS shall analyze the potential impacts of alternative and future potential levels of oil and gas development and extraction on an ecosystem scale as the ecosystem is defined by the "Limits of Acceptable Change - Bob Marshall Wilderness Complex" adopted by the Montana Department of Fish, Wildlife and Parks in December 1991. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans. Public involvement in the environmental review process shall be actively solicited by the preparer of the environmental review document and shall include, at minimum, adequately noticed public meetings in at least three communities including Great Falls and Helena.
 - 3) The proposed surface activity shall adhere to the "Interagency Rocky Mountain Front, Wildlife Monitoring/Evaluation Program, Management Guidelines for Selected Species" adopted by the Montana Department of Fish, Wildlife and Parks in September 1987, or any successor guidelines thereto.
 - 4) The Board may refuse to approve any proposed surface operations if it determines that they do not constitute the best use of trust resources or are not in the best interest of the State of Montana.
- 15 This lease is located within the Sun River Game Range. Due to federal actions and environmental sensitivity, no surface occupancy shall be allowed on this tract unless otherwise approved in writing by the State Board of Land Commissioners.