

**State of Montana
Oil & Gas Lease Sale - September 5, 2012
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, September 5, 2012.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Blaine									
1	1, 2, 3, 4, 5, 6	34.N	21.E	16	W2, N2NE4, SE4NE4, SW4SE4	480.00	\$87.00	\$41,760.00	COMET RIDGE MONTANA, LLC
2	1, 2, 3, 4, 5, 6	36.N	20.E	16	All	640.00	\$26.00	\$16,640.00	COMET RIDGE MONTANA, LLC
3	1, 2, 3, 4, 5, 6, 7	36.N	21.E	36	All	640.00	\$28.00	\$17,920.00	COMET RIDGE MONTANA, LLC
4	1, 2, 3, 4, 5, 6	37.N	19.E	36	All	640.00	\$30.00	\$19,200.00	COMET RIDGE MONTANA, LLC
5	1, 2, 3, 4, 5, 6	37.N	20.E	36	All	640.00	\$28.00	\$17,920.00	COMET RIDGE MONTANA, LLC
Dawson									
6	1, 2, 3, 4, 5, 6, 10, 11	14.N	55.E	8	Yellowstone Riverbed and related acreage	213.00	\$33.00	\$7,029.00	HARVEY MINERAL PARTNERS, LP
7	1, 2, 3, 4, 5, 6	15.N	58.E	6	Lot 1, SE4NW4, S2NE4, N2SE4, SE4SE4	* 290.11	\$23.00	\$6,672.53	HARVEY MINERAL PARTNERS, LP
8	1, 2, 3, 4, 5, 6, 7	15.N	58.E	10	E2	320.00	\$26.00	\$8,320.00	HARVEY MINERAL PARTNERS, LP
9	1, 2, 3, 4, 5, 6, 7	15.N	58.E	16	S2	320.00	\$56.00	\$17,920.00	INTERSTATE EXPLORATIONS LLC
10	1, 2, 3, 4, 5, 6	15.N	58.E	18	Lots 3, 4, SE4NW4, SW4NE4, W2SE4, E2SW4	317.40	\$77.00	\$24,439.80	HARVEY MINERAL PARTNERS, LP
11	1, 2, 3, 4, 5, 6	15.N	58.E	20	SE4NW4, NE4, N2SE4, NE4SW4	320.00	\$77.00	\$24,640.00	HARVEY MINERAL PARTNERS, LP
Garfield									
12	1, 2, 3, 4, 5, 6, 9	17.N	34.E	4	SW4NW4, NW4SW4	* 80.00	\$3.50	\$280.00	AMERICAN PATRIOT OIL AND GAS LLC
13	1, 2, 3, 4, 5, 6, 9	17.N	34.E	5	S2NE4, SE4	* 240.00	\$4.50	\$1,080.00	AMERICAN PATRIOT OIL AND GAS LLC
14	1, 2, 3, 4, 5, 6, 7, 9	17.N	34.E	12	SE4	* 160.00	\$1.50	\$240.00	AMERICAN PATRIOT OIL AND GAS LLC
15	1, 2, 3, 4, 5, 6	17.N	34.E	15	NE4NW4, S2NW4, SW4	* 280.00	\$4.00	\$1,120.00	AMERICAN PATRIOT OIL AND GAS LLC
16	1, 2, 3, 4, 5, 6, 7	17.N	34.E	16	All	* 640.00	\$10.00	\$6,400.00	AMERICAN PATRIOT OIL AND GAS LLC
17	1, 2, 3, 4, 5, 6	17.N	34.E	21	SE4NW4, N2SE4, SW4SE4, E2SW4	* 240.00	\$1.50	\$360.00	AMERICAN PATRIOT OIL AND GAS LLC
18	1, 2, 3, 4, 5, 6	17.N	34.E	22	NW4NW4, S2NW4, N2SW4	* 200.00	\$1.50	\$300.00	AMERICAN PATRIOT OIL AND GAS LLC
19	1, 2, 3, 4, 5, 6	17.N	34.E	28	E2NW4, W2NE4, NW4SE4, NE4SW4	* 240.00	\$11.00	\$2,640.00	AMERICAN PATRIOT OIL AND GAS LLC
20	1, 2, 3, 4, 5, 6	17.N	34.E	33	S2NE4, SE4	240.00	\$15.00	\$3,600.00	AMERICAN PATRIOT OIL AND GAS LLC
21	1, 2, 3, 4, 5, 6	17.N	34.E	34	S2SW4	80.00	\$12.00	\$960.00	AMERICAN PATRIOT OIL AND GAS LLC
22	1, 2, 3, 4, 5, 6	18.N	34.E	36	N2, N2S2	480.00	\$10.00	\$4,800.00	AMERICAN PATRIOT OIL AND GAS LLC
23	1, 2, 3, 4, 5, 6	19.N	36.E	11	SE4NE4, E2SE4	120.00	\$1.50	\$180.00	AMERICAN PATRIOT OIL AND GAS LLC
24	1, 2, 3, 4, 5, 6	19.N	36.E	14	NE4NW4, NE4	200.00	\$1.50	\$300.00	AMERICAN PATRIOT OIL AND GAS LLC
25	1, 2, 3, 4, 5, 6, 7, 9	19.N	36.E	16	All	* 640.00	\$2.00	\$1,280.00	PETROSHALE ENERGY, LLC
Hill									
26	1, 2, 3, 4, 5, 6	35.N	16.E	13	S2	320.00	\$5.00	\$1,600.00	UNCONVENTIONAL ENERGY PARTNERS, LLC
Liberty									
27	1, 2, 3, 4, 5, 6	37.N	6.E	2	S2	320.00	\$1.50	\$480.00	UNCONVENTIONAL ENERGY PARTNERS, LLC
Musselshell									
28	1, 2, 3, 4, 5, 6	9.N	26.E	16	All	640.00	\$61.00	\$39,040.00	VECTA OIL & GAS, LTD.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Pondera									
29	1, 2, 3, 4, 5, 6, 8	28.N	5.W	36	All, below the base of the Sun River Dolomite formation	640.00	\$21.00	\$13,440.00	GREAT NORTHERN ENERGY, LLC
30	1, 2, 3, 4, 5, 6, 7	28.N	6.W	34	S2NW4, SW4SE4, NW4SW4, SE4SW4, below the base of the Mission Canyon formation	* 200.00	\$12.00	\$2,400.00	GREAT NORTHERN ENERGY, LLC
Richland									
31	1, 2, 3, 4, 5, 6, 10, 11	26.N	58.E	6	Missouri Riverbed and related acreage	41.00	\$185.00	\$7,585.00	WILLIS OIL & GAS, INC.
32	1, 2, 3, 4, 5, 6, 10, 11	26.N	59.E	24	Missouri Riverbed and related acreage	41.00	\$390.00	\$15,990.00	ST. ANDREW'S HOLDING COMPANY
33	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	28	Any and all State interest under the Missouri Riverbed and related acreage	63.00	\$6.00	\$378.00	WILLIS OIL & GAS, INC.
34	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	29	Any and all State interest under the Missouri Riverbed and related acreage	63.00	\$105.00	\$6,615.00	WILLIS OIL & GAS, INC.
35	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	30	Any and all State interest under the Missouri Riverbed and related acreage	5.00	\$25.00	\$125.00	TRINITY WESTERN LAND & EXPLORATION, LLC
36	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	31	Any and all State interest under the Missouri Riverbed and related acreage	47.00	\$110.00	\$5,170.00	TRINITY WESTERN LAND & EXPLORATION, LLC
37	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	33	Any and all State interest under the Missouri Riverbed and related acreage	14.00	\$32.00	\$448.00	TRINITY WESTERN LAND & EXPLORATION, LLC
38	1, 2, 3, 4, 5, 6, 10, 11	28.N	53.E	34	Any and all State interest under the Missouri Riverbed and related acreage	59.00	\$105.00	\$6,195.00	WILLIS OIL & GAS, INC.
39	1, 2, 3, 4, 5, 6, 10, 11	28.N	54.E	31	Any and all State interest under the Missouri Riverbed and related acreage	6.00	\$50.00	\$300.00	TRINITY WESTERN LAND & EXPLORATION, LLC
40	1, 2, 3, 4, 5, 6, 10, 11	28.N	54.E	32	Any and all State interest under the Missouri Riverbed and related acreage	37.00	\$115.00	\$4,255.00	WILLIS OIL & GAS, INC.
41	1, 2, 3, 4, 5, 6, 10, 11	28.N	55.E	33	Any and all State interest under the Missouri Riverbed and related acreage	49.00	\$120.00	\$5,880.00	WILLIS OIL & GAS, INC.
42	1, 2, 3, 4, 5, 6, 10, 11	28.N	55.E	34	Any and all State interest under the Missouri Riverbed and related acreage	205.00	\$75.00	\$15,375.00	WILLIS OIL & GAS, INC.
Roosevelt									
43	1, 2, 3, 4, 5, 6, 10, 11	28.N	55.E	27	Missouri Riverbed and related acreage	1.00	\$110.00	\$110.00	TRINITY WESTERN LAND & EXPLORATION, LLC
Rosebud									
44	1, 2, 3, 4, 5, 6, 7	11.N	34.E	31	Lots 1, 2, 3, 4, E2, E2W2, from the surface to the base of the Cretaceous (3rd Cat Creek) formation	629.08	\$25.00	\$15,727.00	MBI OIL AND GAS, LLC
Teton									
45	2, 3, 4, 5, 6, 13	23.N	8.W	5	Lot 1, SE4NE4	74.60	\$1.50	\$111.90	PRIMARY PETROLEUM COMPANY LLC
46	1, 2, 3, 4, 5, 6	27.N	5.W	4	SE4, below the base of the Sun River Dolomite formation	160.00	\$6.00	\$960.00	GREAT NORTHERN ENERGY, LLC
47	2, 3, 4, 5, 6, 12	27.N	7.W	18	S2NE4, SE4SE4	* 120.00	\$15.00	\$1,800.00	PRIMARY PETROLEUM COMPANY LLC

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Valley									
48	1, 2, 3, 4, 5, 6	31.N	39.E	3	Lots 1, 2, 3, 4, S2N2, S2	640.40	\$30.00	\$19,212.00	HARVEY MINERAL PARTNERS, LP
49	1, 2, 3, 4, 5, 6	31.N	39.E	4	Lots 1, 2, 3, 4, S2N2, S2	640.24	\$40.00	\$25,609.60	HARVEY MINERAL PARTNERS, LP
50	1, 2, 3, 4, 5, 6	31.N	39.E	5	Lots 1, 2, 3, 4, S2N2, S2	640.40	\$30.00	\$19,212.00	HARVEY MINERAL PARTNERS, LP
51	1, 2, 3, 4, 5, 6	31.N	39.E	8	W2, NE4NE4, S2NE4, SE4	600.00	\$30.00	\$18,000.00	HARVEY MINERAL PARTNERS, LP
52	1, 2, 3, 4, 5, 6	31.N	39.E	9	E2, SW4SW4	360.00	\$30.00	\$10,800.00	HARVEY MINERAL PARTNERS, LP
53	1, 2, 3, 4, 5, 6	31.N	39.E	10	All	640.00	\$46.00	\$29,440.00	HARVEY MINERAL PARTNERS, LP
54	1, 2, 3, 4, 5, 6	32.N	39.E	32	All	640.00	\$50.00	\$32,000.00	HARVEY MINERAL PARTNERS, LP
55	1, 2, 3, 4, 5, 6	32.N	39.E	33	All	640.00	\$51.00	\$32,640.00	UNCONVENTIONAL ENERGY PARTNERS, LLC
56	1, 2, 3, 4, 5, 6	32.N	39.E	34	NW4, S2	480.00	\$49.00	\$23,520.00	HARVEY MINERAL PARTNERS, LP

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	17,676.23	56

Oil and Gas Lease Sale Summary

Total Tracts	56
Total Acres	17,676.23
Total Bid Revenue	\$580,419.83
Average Bid Per Acre	\$32.84

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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. 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.

11. 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.

12. 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.

13. This lease is located within the Rocky Mountain Front area established under federal legislation removing mineral leasing and development on federal fee title lands, and federal minerals and has been identified as environmentally sensitive. The Rocky Mountain Front area is a crucial fish or wildlife area or corridor; has FWP owned surface rights; has an existing or is in the process of having conservation easements established and has important recreational value to the citizens of Montana. 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 and notify the Director of Fish, Wildlife and Parks 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 (not in excess of 1 well pad/640 acres), the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA). As part of the MEPA process, DNRC will provide for an on-the-ground consultation with FWP, and an opportunity for public comment on the proposed activity. 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 three major daily publications including Missoula, Great Falls and Helena; legal notices to those non-daily papers in the affected counties, and detailed notification of landowners who own the surface rights, or directly adjacent rights, who would be impacted by development.

- 2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance (in excess of 1 well pad/640 acres), 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, and any successor thereto. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans, and new data concerning climate change, private lands conservation efforts, and fish and wildlife distribution and migration patterns. 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.