

**State of Montana
Oil & Gas Lease Sale - September 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, September 4, 2013.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 7	1.N	33.E	36	All	640.00	\$11.00	\$7,040.00	BRISCOE PETROLEUM, LLC
2	1, 2, 3, 4, 5, 6, 7	1.N	34.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
3	1, 2, 3, 4, 5, 6	1.N	35.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
4	1, 2, 3, 4, 5, 6, 8, 12	2.N	33.E	36	Lot 1, NE4NW4, S2NW4, NE4, S2	640.00	\$17.00	\$10,880.00	TRINITY WESTERN LAND & EXPLORATION, LLC
5	1, 2, 3, 4, 5, 6, 7	2.N	34.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
6	1, 2, 3, 4, 5, 6, 7	2.N	34.E	36	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
Blaine									
7	1, 2, 3, 4, 5, 6, 7, 13	33.N	22.E	36	All, below the base of the Eagle formation	640.00	\$1.75	\$1,120.00	TRINITY WESTERN LAND & EXPLORATION, LLC
8	1, 2, 3, 4, 5, 6, 9	34.N	19.E	27	E2E2	160.00	\$15.00	\$2,400.00	COMET RIDGE MONTANA, LLC
Richland									
9	1, 2, 3, 4, 5, 6, 11, 12	21.N	59.E	7	Yellowstone Riverbed and related acreage	24.00	\$160.00	\$3,840.00	TRINITY WESTERN LAND & EXPLORATION, LLC
Roosevelt									
10	1, 2, 3, 4, 5, 6, 14	27.N	57.E	5	N2, SE4	* 480.00	\$1,110.00	\$532,800.00	NORTHERN OIL AND GAS, INC
Yellowstone									
11	1, 2, 3, 4, 5, 6, 10, 11, 12	2.S	24.E	13	Yellowstone Riverbed and related acreage	65.00	\$1.54	\$100.00	TRINITY WESTERN LAND & EXPLORATION, LLC
12	1, 2, 3, 4, 5, 6, 10, 11, 12	2.S	24.E	24	Yellowstone Riverbed and related acreage	45.00	\$2.22	\$100.00	TRINITY WESTERN LAND & EXPLORATION, LLC

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	5,254.00	12

Oil and Gas Lease Sale Summary

Total Tracts	12
Total Acres	5,254.00
Total Bid Revenue	\$562,120.00
Average Bid Per Acre	\$106.99

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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 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 perennial 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.
- 9 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.
- 10 The Montana Supreme Court has declared the Yellowstone River a navigable river at the location of this tract. The State of Montana owns the beds, islands and related landforms on navigable rivers, and asserts ownership of the area covered by this lease.
- 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.
- 13 No surface occupancy of the airport and/or related facilities is permitted without written approval of TLMD.

14 Lessee shall, within one year from the effective date of this lease, commence drilling a horizontal Bakken/Three Forks well to effectively offset the Hawkins 29-32 1-H well, which is located adjacent to the north boundary of the lease premises. Failure to do so will subject the lease to cancellation or the imposition of compensatory royalties.