

State of Montana
Oil & Gas Lease Sale - September 3, 2014
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 3, 2014.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 12, 13	1.N	33.E	2	Big Horn Riverbed and related acreage	73.00	\$1.50	\$109.50	BRISCOE PETROLEUM, LLC
2	1, 2, 3, 4, 5, 6, 7, 10, 12, 13	1.N	33.E	11	Lots 1, 5, 6, 9, SE4NE4, E2SE4, Big Horn Riverbed and related acreage	* 435.00	\$1.50	\$652.50	BRISCOE PETROLEUM, LLC
3	1, 2, 3, 4, 5, 6, 7, 9	1.N	36.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
4	1, 2, 3, 4, 5, 6, 7, 9	3.N	34.E	36	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
Lewis and Clark									
5	1, 2, 3, 4, 5, 6, 10	19.N	6.W	11	NW4NW4	40.00	\$2.75	\$110.00	JP FURLONG CO.
6	2, 3, 4, 5, 6, 14	19.N	6.W	15	S2	320.00	\$10.00	\$3,200.00	MAUIFISH, LLC
7	2, 3, 4, 5, 6, 14	19.N	6.W	16	All	640.00	\$12.00	\$7,680.00	MAUIFISH, LLC
8	2, 3, 4, 5, 6, 14	19.N	6.W	18	Lot 2, SE4NW4	76.36	\$12.00	\$916.32	MAUIFISH, LLC
9	2, 3, 4, 5, 6, 14	19.N	6.W	19	Lots 1, 2, 3, 4, E2NW4, NE4, NE4SW4	* 423.55	\$13.00	\$5,506.15	JP FURLONG CO.
10	2, 3, 4, 5, 6, 14	19.N	6.W	20	N2, SE4, N2SW4, SE4SW4	* 600.00	\$13.00	\$7,800.00	MAUIFISH, LLC
11	2, 3, 4, 5, 6, 14	19.N	6.W	21	N2, N2SE4, SW4SE4, SW4	* 600.00	\$14.00	\$8,400.00	MAUIFISH, LLC
12	2, 3, 4, 5, 6, 14	19.N	6.W	22	S2NE4, N2SE4	160.00	\$13.00	\$2,080.00	JP FURLONG CO.
13	2, 3, 4, 5, 6, 14	19.N	6.W	28	All	* 640.00	\$11.00	\$7,040.00	JP FURLONG CO.
14	2, 3, 4, 5, 6, 14	19.N	6.W	34	NW4	* 160.00	\$10.00	\$1,600.00	MAUIFISH, LLC
Teton									
15	1, 2, 3, 4, 5, 6	23.N	1.W	14	S2SW4	* 80.00	\$1.50	\$120.00	LEVIATHAN OIL, LLC
16	1, 2, 3, 4, 5, 6, 7	23.N	1.W	15	NW4SE4, SE4SE4, NE4SW4	* 120.00	\$1.50	\$180.00	LEVIATHAN OIL, LLC
17	1, 2, 3, 4, 5, 6, 8	23.N	1.W	16	All	* 640.00	\$1.75	\$1,120.00	MAUIFISH, LLC
18	1, 2, 3, 4, 5, 6	23.N	1.W	17	E2SE4	80.00	\$1.75	\$140.00	MAUIFISH, LLC
19	1, 2, 3, 4, 5, 6	23.N	1.W	19	Lots 3, 4, S2NE4, SE4SW4	190.43	\$1.75	\$333.25	MAUIFISH, LLC
20	1, 2, 3, 4, 5, 6	23.N	1.W	20	S2NW4, NW4NE4	120.00	\$1.75	\$210.00	MAUIFISH, LLC
21	1, 2, 3, 4, 5, 6	23.N	1.W	21	W2NE4	80.00	\$1.75	\$140.00	MAUIFISH, LLC
22	1, 2, 3, 4, 5, 6	23.N	1.W	23	N2NE4	* 80.00	\$1.75	\$140.00	MAUIFISH, LLC
23	1, 2, 3, 4, 5, 6, 10	23.N	1.W	30	Lots 1, 2, NE4NW4	110.49	\$1.75	\$193.36	MAUIFISH, LLC
24	1, 2, 3, 4, 5, 6, 7, 8	23.N	1.W	35	N2SE4, SE4SW4 less 12.47 acre patented RR R/W	* 107.53	\$1.75	\$188.18	MAUIFISH, LLC
25	1, 2, 3, 4, 5, 6, 13	23.N	1.W	36	All, less part of NW4, including patented RR R/Ws	* 581.90	\$1.75	\$1,018.32	MAUIFISH, LLC

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	7,638.26	25

Oil and Gas Lease Sale Summary

Total Tracts	25
Total Acres	7,638.26
Total Bid Revenue	\$50,797.58
Average Bid Per Acre	\$6.65

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Oil & Gas Lease Sale - September 3, 2014
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 on or into the lease premises, 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 This lease is located within MT-DFWP sage-grouse general habitat. Active general area sage-grouse leks are not currently known to exist on or within 2 miles of this lease. Proposed activities must comply with the Montana Greater Sage-Grouse Habitat Conservation Strategy and amendments thereto.
- 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 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.
- 11 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 12 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.
- 13 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.

- 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.

NOTICE

Several tracts on this lease sale are located in sage-grouse general habitat, as mapped by the Montana Department of Fish, Wildlife & Parks (MT-DFWP). In early 2013, Governor Bullock created a citizen-based Greater Sage-Grouse Habitat Conservation Advisory Council. The Council has worked over the past 10 months to develop and provide to the Governor recommendations on policies and actions for a state-wide strategy to preclude the need to list the greater sage-grouse under the Federal Endangered Species Act. On January 29, 2014, the Council provided its recommendations to the Governor in the form of a proposed Greater Sage-Grouse Habitat Conservation Strategy (Strategy). This document is available from the MT-DFWP at the following website address:

http://governor.mt.gov/docs/GRSG%20strategy%2029Jan_final.pdf

The January 29, 2014 proposed Strategy recommends that the Governor consider several stipulations and mitigations (see pages 19 and 20) for development on tracts located in sage-grouse general habitat. The proposed Strategy also has recommended stipulations and mitigations for MT-DFWP mapped core habitat, but no tracts on this sale are located in core habitat.

Governor Bullock is currently reviewing the Council's recommendations. The Governor will accept, modify or reject the Council's recommendations to produce a final Greater Sage-Grouse Habitat Conservation Strategy. Therefore, applicable stipulations may differ from those included in the Council's January 29, 2014 proposed Strategy. Those tracts on this lease sale that include Lease Stipulation 9 will be subject to the final Strategy ultimately formulated and adopted by the Governor.

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Applicant List

Tract	Twp	Rng	Sec	Description	Acres	Applicant
Big Horn						
1	1.N	33.E	2	Big Horn Riverbed and related acreage	73.00	BRISCOE PETROLEUM, LLC
2	1.N	33.E	11	Lots 1, 5, 6, 9, SE4NE4, E2SE4, Big Horn Riverbed and related acreage	435.00	BRISCOE PETROLEUM, LLC
3	1.N	36.E	16	All	640.00	BRISCOE PETROLEUM, LLC
4	3.N	34.E	36	All	640.00	BRISCOE PETROLEUM, LLC
Lewis and Clark						
5	19.N	6.W	11	NW4NW4	40.00	LEVIATHAN OIL, LLC
6	19.N	6.W	15	S2	320.00	LEVIATHAN OIL, LLC
7	19.N	6.W	16	All	640.00	LEVIATHAN OIL, LLC
8	19.N	6.W	18	Lot 2, SE4NW4	76.36	LEVIATHAN OIL, LLC
9	19.N	6.W	19	Lots 1, 2, 3, 4, E2NW4, NE4, NE4SW4	423.55	LEVIATHAN OIL, LLC
10	19.N	6.W	20	N2, SE4, N2SW4, SE4SW4	600.00	LEVIATHAN OIL, LLC
11	19.N	6.W	21	N2, N2SE4, SW4SE4, SW4	600.00	LEVIATHAN OIL, LLC
12	19.N	6.W	22	S2NE4, N2SE4	160.00	LEVIATHAN OIL, LLC
13	19.N	6.W	28	All	640.00	LEVIATHAN OIL, LLC
14	19.N	6.W	34	NW4	160.00	LEVIATHAN OIL, LLC
Teton						
15	23.N	1.W	14	S2SW4	80.00	LEVIATHAN OIL, LLC
16	23.N	1.W	15	NW4SE4, SE4SE4, NE4SW4	120.00	LEVIATHAN OIL, LLC
17	23.N	1.W	16	All	640.00	LEVIATHAN OIL, LLC
18	23.N	1.W	17	E2SE4	80.00	LEVIATHAN OIL, LLC
19	23.N	1.W	19	Lots 3, 4, S2NE4, SE4SW4	190.43	LEVIATHAN OIL, LLC
20	23.N	1.W	20	S2NW4, NW4NE4	120.00	LEVIATHAN OIL, LLC
21	23.N	1.W	21	W2NE4	80.00	LEVIATHAN OIL, LLC
22	23.N	1.W	23	N2NE4	80.00	LEVIATHAN OIL, LLC
23	23.N	1.W	30	Lots 1, 2, NE4NW4	110.49	LEVIATHAN OIL, LLC
24	23.N	1.W	35	N2SE4, SE4SW4 less 12.47 acre patented RR R/W	107.53	LEVIATHAN OIL, LLC
25	23.N	1.W	36	All, less part of NW4, including patented RR R/Ws	581.90	LEVIATHAN OIL, LLC

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

P.O. Box 201601

Helena, Montana 59620-1601

The following is a list of oil and gas leases, which expired or terminated in June 2014.

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
Big Horn					
	8 S	40 E	16	All, to the base of the Fort Union formation	640.00
	8 S	40 E	25	Part SE4NE4, part N2SE4, part NE4SW4, to the base of the Fort Union formation	102.88
	8 S	40 E	36	All, to the base of the Fort Union formation	640.00
Blaine					
	28 N	22 E	16	Lots 1, 2, 3, 4, W2, W2E2	639.04
	29 N	22 E	16	Lots 1 thru 8, E2W2, E2	725.68
	29 N	22 E	36	All	640.00
	29 N	23 E	16	All	640.00
	29 N	24 E	16	All	640.00
	29 N	24 E	36	All	640.00
Carbon					
	4 S	24 E	16	All	640.00
Cascade					
	14 N	1 E	2	Lots 1, 2, S2NE4, SE4	318.26
	14 N	1 E	4	S2	320.00
	14 N	1 E	10	NW4NE4, S2NE4, S2SE4, E2SW4	280.00
	14 N	1 E	12	W2W2, SE4NW4, SW4NE4, NW4SE4	280.00
	14 N	1 E	14	All	640.00
	14 N	1 E	16	All	640.00
	14 N	1 E	20	All	640.00
	14 N	1 E	36	All	640.00
	20 N	1 E	10	E2NW4, N2NE4, N2SE4, SW4	400.00
	20 N	1 E	11	All	640.00
	20 N	1 E	15	All	640.00
	20 N	1 E	16	All	640.00
	20 N	1 E	17	E2	320.00
	20 N	1 E	22	All	640.00
	20 N	1 E	36	All	640.00
	21 N	1 E	9	N2, SE4, N2SW4, SW4SW4	600.00
	21 N	1 E	16	All	640.00
	21 N	1 E	36	All	640.00
	21 N	2 E	16	All	640.00
	22 N	1 E	16	All	640.00
	22 N	1 E	36	All	640.00
	22 N	2 E	16	All	640.00
	22 N	2 E	27	N2	320.00
	22 N	2 E	33	N2, N2SE4	400.00
	22 N	2 E	36	All	640.00

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
Daniels					
	34 N	50 E	16	W2NW4	80.00
	34 N	51 E	16	N2NW4	80.00
Dawson					
	14 N	55 E	5	Yellowstone Riverbed and related acreage	197.90
Fergus					
	17 N	17 E	2	Lot 4	40.98
	17 N	17 E	7	NE4NE4	40.00
	17 N	18 E	7	E2NE4NE4	20.00
	17 N	21 E	24	SE4SW4	40.00
	22 N	19 E	29	SE4NW4, N2SW4	120.00
	22 N	19 E	31	SE4SW4	40.00
	22 N	20 E	12	SW4NE4, SW4	200.00
	22 N	20 E	33	NE4NW4, NW4NE4, SE4SE4, N2SW4	200.00
	23 N	19 E	36	NW4, N2NE4, S2SE4	320.00
	23 N	20 E	36	N2, SW4	480.00
Glacier					
	36 N	6 W	36	S2SW4, SE4	240.00
Hill					
	30 N	16 E	16	Lots 1, 2, NW4NE4, S2NE4, SE4	317.17
Lewis and Clark					
	15 N	3 W	12	S2	320.00
	15 N	3 W	18	Lots 1, 2, 3, 4, E2W2, E2	600.04
	15 N	4 W	32	Lots 1 thru 8, E2	624.72
	15 N	4 W	36	All	640.00
	16 N	3 W	16	All	640.00
	16 N	3 W	24	Lots 2, 5, S2NW4, W2NE4, NE4NE4, N2SW4, Missouri Riverbed and related acreage	387.82
	16 N	3 W	36	All	640.00
	16 N	4 W	28	N2NW4, SE4NW4, S2SE4	200.00
	16 N	4 W	34	NW4NW4, SE4NW4, NW4SE4, S2S2	280.00
	16 N	4 W	36	N2, E2SE4, W2SW4	480.00
	16 N	5 W	16	NW4, SE4SE4, NW4SW4, S2SW4	320.00
	16 N	5 W	30	Lot 3, NE4, N2SE4	271.05
	16 N	5 W	32	N2SW4, SE4SW4	120.00
	16 N	5 W	34	S2NE4, NE4SE4, S2S2	280.00
	16 N	5 W	36	N2, N2SE4	400.00
	16 N	6 W	16	All	640.00
	17 N	4 W	36	Lots 1, 2, 3, 4, SE4NW4, NE4NE4, S2NE4, S2	637.50
	17 N	5 W	32	NE4NW4, NE4	200.00
	17 N	6 W	28	Lot 1, NE4NW4	78.23
	17 N	6 W	36	All	640.00
	18 N	6 W	20	SW4SW4	40.00

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
Liberty					
	35 N	5 E	7	SE4NW4, W2NE4, NW4SE4, NE4SW4	200.00
Meagher					
	14 N	2 E	2	Lots 3, 4, S2NW4, SW4	325.74
	14 N	2 E	4	Lots 1, 2, 3, 4, S2N2, N2S2, S2SE4	567.32
	14 N	2 E	8	NW4, NE4NE4, S2NE4, NW4SE4, S2S2	480.00
	14 N	2 E	10	NW4, W2NE4, N2SE4, NE4SW4, S2SW4	440.00
	14 N	2 E	12	All	640.00
	14 N	2 E	14	W2W2, NE4, E2SE4, NE4SW4	440.00
	14 N	2 E	16	All	640.00
	14 N	2 E	20	S2NW4, E2NE4, S2	480.00
	14 N	2 E	22	W2, N2NE4, N2SE4	480.00
	14 N	2 E	24	All	640.00
	14 N	2 E	26	All	640.00
	14 N	2 E	28	N2	320.00
	14 N	2 E	32	All	640.00
	14 N	2 E	36	All	640.00
	14 N	3 E	16	All	640.00
Petroleum					
	12 N	27 E	2	Lots 1, 2	64.95
Richland					
	21 N	56 E	16	All	640.00
	21 N	56 E	29	All	640.00
	21 N	56 E	31	All	640.00
	22 N	53 E	16	All	640.00
Roosevelt					
	29 N	55 E	28	W2NE4	80.00
	29 N	56 E	16	All	640.00
	29 N	56 E	27	NE4, N2SE4	240.00
	30 N	58 E	36	All	640.00
Sheridan					
	34 N	57 E	36	N2, SW4	480.00
	37 N	58 E	4	Lots 5, 6, 11, 12, SW4, below the base of the Charles formation	320.00
Teton					
	26 N	1 E	33	N2, SW4	480.00
Toole					
	33 N	1 E	35	W2	320.00
	33 N	1 E	36	All	640.00
	35 N	1 E	14	E2	320.00
	36 N	2 E	16	SE4, to the base of the Madison formation	160.00

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
Valley					
	30 N	40 E	5	Lots 1, 2, 3, 4, S2N2, S2	639.76
	30 N	40 E	6	Lots 1 thru 7, SE4NW4, S2NE4, SE4, E2SW4	607.94
	31 N	39 E	12	All	640.00
	31 N	39 E	14	All	640.00
	31 N	39 E	22	NW4, W2E2, SE4SE4	360.00
	31 N	39 E	36	Lots 1, 2, 3, 4, N2, N2S2	637.96
	31 N	40 E	6	Lots 1 thru 7, SE4NW4, S2NE4	367.89
	31 N	40 E	15	W2SW4	80.00
	31 N	40 E	21	All (subject to subordination)	640.00
	31 N	40 E	22	W2, W2SE4	400.00
	31 N	40 E	27	All (subject to subordination)	640.00
	31 N	40 E	28	All (subject to subordination)	640.00
	31 N	40 E	29	W2	320.00
	31 N	40 E	31	Lots 1 thru 7, E2NW4, NE4, N2SE4, NE4SW4	613.78
	31 N	40 E	32	Lots 1, 2, 3, 4, W2NW4, N2S2	398.87
	31 N	40 E	33	Lots 1, 2, 3, 4, E2NW4, NE4, N2S2 (subject to subordination)	559.84

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Trust Land Management Division



STEVE BULLOCK, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

TO ALL INTERESTED PARTIES:

RE: December 2, 2014 Oil and Gas Lease Sale

In order to give as much advance notice as possible, please be advised that the date of the December 2014 Oil and Gas Lease Sale has been set for **TUESDAY, DECEMBER 2, 2014**, at 9:00 A.M. in the auditorium of the Department of Transportation building at 2701 Prospect Avenue, Helena, Montana, east of the interstate highway. Please call the Department of Natural Resources and Conservation for detailed directions, if necessary.

The deadline filing date for submitting applications on tracts to be nominated for the sale in December is 5:00pm on September 16, 2014. Applications must be received in this office by that date. If you have any questions, please contact me at jmason2@mt.gov or (406) 444-4576.

Julie Mason, Supervisor
Mineral Leasing Section
Minerals Management Bureau