

**State of Montana
Oil & Gas Lease Sale - December 1, 2015
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, December 1, 2015.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Dawson									
1	1, 2, 3, 4, 5, 6, 7	23.N	50.E	16	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
McCone									
2	1, 2, 3, 4, 5, 6, 7, 9	21.N	44.E	36	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
3	1, 2, 3, 4, 5, 6	21.N	47.E	16	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
4	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	16	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
5	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	26	SW4SW4	40.00	\$2.50	\$100.00	AMERICAN PATRIOT OIL AND GAS, INC.
6	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	33	E2NE4, NE4SE4	120.00	\$1.50	\$180.00	AMERICAN PATRIOT OIL AND GAS, INC.
7	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	34	NW4, NW4NE4, S2NE4, S2	600.00	\$1.50	\$900.00	AMERICAN PATRIOT OIL AND GAS, INC.
8	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	35	W2NW4	80.00	\$1.50	\$120.00	AMERICAN PATRIOT OIL AND GAS, INC.
9	1, 2, 3, 4, 5, 6, 7, 9	22.N	45.E	36	E2W2, E2	480.00	\$1.50	\$720.00	AMERICAN PATRIOT OIL AND GAS, INC.
10	1, 2, 3, 4, 5, 6, 9	23.N	45.E	36	W2	320.00	\$1.50	\$480.00	AMERICAN PATRIOT OIL AND GAS, INC.
11	1, 2, 3, 4, 5, 6, 10	23.N	46.E	16	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
12	1, 2, 3, 4, 5, 6, 7, 9	23.N	46.E	36	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
13	1, 2, 3, 4, 5, 6, 7, 9	23.N	47.E	16	N2NW4, SE4NW4, NE4, S2	600.00	\$1.50	\$900.00	AMERICAN PATRIOT OIL AND GAS, INC.
14	1, 2, 3, 4, 5, 6	23.N	47.E	36	All	640.00	\$1.50	\$960.00	AMERICAN PATRIOT OIL AND GAS, INC.
15	1, 2, 3, 4, 5, 6, 9	24.N	46.E	36	S2	320.00	\$1.50	\$480.00	AMERICAN PATRIOT OIL AND GAS, INC.
16	1, 2, 3, 4, 5, 6, 8	24.N	47.E	36	E2SE4	80.00	\$1.50	\$120.00	AMERICAN PATRIOT OIL AND GAS, INC.
McLean, ND									
17	14	150.N	91.W	6	An undivided 8% net interest in Lots 4, 5, E2SW4	11.70	\$10,800.00	\$126,334.08	DAVIS EXPLORATION, LLC
Sheridan									
18	1, 2, 3, 4, 5, 6, 8, 13	33.N	57.E	16	All	640.00	\$1.50	\$960.00	RICHARD E. SAMPSEN
19	1, 2, 3, 4, 5, 6, 12, 13	33.N	57.E	36	All	640.00	\$1.50	\$960.00	RICHARD E. SAMPSEN
Toole									
20	1, 2, 3, 4, 5, 6, 11	35.N	1.E	16	All	640.00	\$1.50	\$960.00	GRASSY BUTTE LLC
21	1, 2, 3, 4, 5, 6, 7	37.N	3.W	34	All	640.00	\$1.50	\$960.00	VECTA OIL & GAS, LTD.

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

Summary by Lessor

	Total Acres	Total Tracts
Dept Fish, Wildlife and Parks	11.70	1
Dept. of Natural Resources and Conservation	9,680.00	20

Oil and Gas Lease Sale Summary

Total Tracts	21
Total Acres	9,691.70
Total Bid Revenue	\$140,894.08
Average Bid Per Acre	\$14.54

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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 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. The lessee's methods of control shall be reviewed and approved by the Department's Unit Office that has jurisdiction for that locale.
- 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 designated sage grouse general habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.
- 10 This lease is located within designated sage grouse core habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.
- 11 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 18 months from the effective date of this lease.
- 12 Due to existing surface uses (such as center pivots, wheel lines, etc.) development on this tract may be restricted.

- 13 If whooping cranes are observed on-site, construction and/or maintenance activities shall be suspended until birds leave the area.
- 14 The following four wells have been drilled and completed in the spacing unit and the lessee's interest in these four wells is subject to a 50% risk penalty pursuant to NDCC 38-08-08.3.b: Peterson 6-5-4HQ, Peterson 6-5-4HD, Peterson 6-5-4HC, and Peterson 6-5-4HZL.

The Department may receive election-to-participate notices for the following four proposed wells prior to the issuance of this lease: North Segment 6-5-4HA, North Segment 6-5-4HW, North Segment 6-5-4HB, and North Segment 6-5-4HY. If received, the lessee shall elect whether to participate in the drilling operations for any or all of the proposed wells by December 18, 2015, or within 30 days of the Department's receipt of election notices, whichever is later.

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Applicant List

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7	22.N	45.E	34	NW4, NW4NE4, S2NE4, S2	600.00	AMERICAN PATRIOT OIL AND GAS, INC.
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McLean, ND						
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Sheridan						
18	33.N	57.E	16	All	640.00	SAMPSEN, RICHARD E.
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Toole						
20	35.N	1.E	16	All	640.00	GRASSY BUTTE LLC
21	37.N	3.W	34	All	640.00	VECTA OIL & GAS, LTD.

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: March 1, 2016 Oil and Gas Lease Sale

In order to give as much advance notice as possible, please be advised that the date of the March 2016 Oil and Gas Lease Sale has been set for **TUESDAY, MARCH 1, 2016**, 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 March is 5:00pm on December 15, 2015. 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