



In Reply To:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>



MTM 94554

Notice of Competitive Lease Sale Oil and Gas

July 26, 2005

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana, North Dakota and South Dakota for oil and gas leasing. We are attaching a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: <http://www.mt.blm.gov/oilgas>.

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, July 26, 2005. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.
- Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.
- Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Elaine Kaufman at (406) 896-5108 or Joan Seibert at (406) 896-5093.

How do I register as a bidder?

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

May I participate in a competitive oil and gas lease sale if my acreage holdings exceed the acreage limitations provided under 43 CFR 3101.2?

No. Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement or development contract that you hold, own or control is excluded from chargeability for acreage limitation purposes.

The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- the auctioneer offers the parcels in the order they are shown on the attached list;
- registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- the decision of the auctioneer is final; and
- names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2). If the United States owns less than 100 percent of the oil and gas rights in a parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in our Public Records and Information Center and announce the withdrawn parcels at the sale.
- **Lease terms:** Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.
- **Bid form:** On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.
- **Payment:**
 - **minimum due by 4:00 p.m. on day of sale:**
 - Bonus bid deposit of \$2.00 per acre or fraction thereof;
 - First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
 - \$75 nonrefundable administrative fee

- **remaining balance due by 4:00 p.m. August 9, 2005.**

If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.

- **Method of payment:** You can pay by:

- personal check;
- cashier's check;
- money order; or
- credit card (Visa, Mastercard, American Express or Discover).

Effective February 1, 2005, BLM will not accept credit card or debit card payments to the Bureau for an amount equal to or greater than \$100,000. We also will not accept aggregated smaller amounts to bypass this requirement. We encourage you to make any payments of \$100,000 or more by automated Clearing House (ACH) or Fed Wire transfer.

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a cashier's check.

- **Lease issuance:** After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

How can I find out the results of this sale?

We post the sale results in our Public Records and Information Center and the Internet at:

<http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider these offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office. ***The Noncompetitive drawing will be held on Thursday, July 28, at 1:00 p.m. at the MTSO Access Information Center.***

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- are available; and
- have not been under lease during the previous one-year period; or
- have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$75 nonrefundable administrative fee; and
- first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- The individual District Ranger's Office identified in the stipulation listing included with this sale notice,
or
- The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice,
or
- Forest Service, Region One Office, 200 East Broadway, Missoula, Montana

May I protest BLM's decision to offer the lands in this Notice for lease?

If you are adversely affected by our decision to offer the lands in this Notice for lease, you may protest the decision to the State Director under regulation 43 CFR 3120.1-3. You must file your protest by 4:00 p.m. the day before the sale. **You may not submit your protest electronically via email.**

If BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?

We will suspend lease issuance until the protest is resolved.

If I am the successful bidder of a protested parcel, may I withdraw my offer and receive a refund of my first year's rental and bonus bid?

No. You may not withdraw your offer.

How does an untimely protest affect my competitive offer?

We will dismiss untimely protests. We will not allow you to withdraw your offer.

If BLM upholds the protest, how does that affect my competitive offer?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year's rental and bonus bid.

If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to agree with the additional stipulations prior to lease issuance. If you do not agree to the additional stipulations and wish to withdraw your offer, we will refund your first year's rental and bonus bid.

May I withdraw my offer if the protestor files an appeal?

No. If the protestor appeals our decision, you may not withdraw your offer.

If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid and rentals if there is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it and no indication of bad faith or other reasons not to refund the rental and bonus bid.

How do I nominate lands for future sales?

- file a letter with this office describing the lands you want put up for sale;
- file a pre-sale offer

Who should I contact if I have a question?

For more information, contact Tessie Vaughn at (406) 896-5091.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on October 12, 2005.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE JUNE 10, 2005.

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

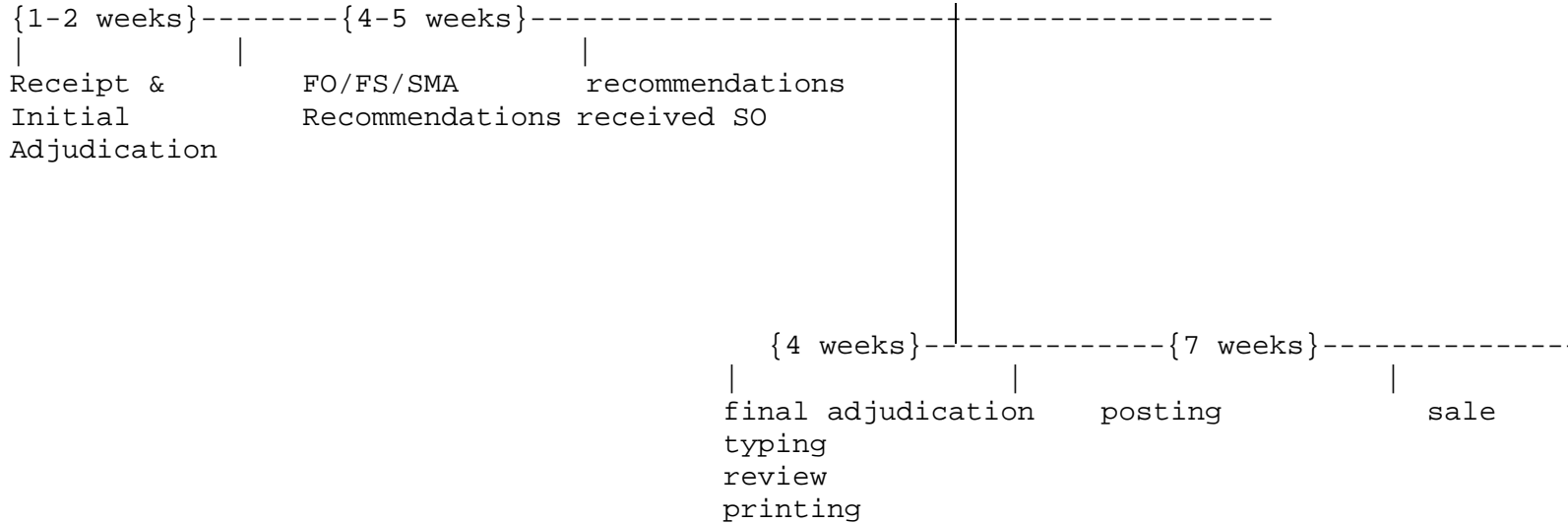
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
 ie: Forest Service, Bureau of Reclamation
 FO-BLM Field Office FS-BLM Field Office
 SO-Mon

ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

07-05-01

T. 15 N, R. 25 E, PMM, MT PD
 Sec 12;
 Petroleum 80.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-02

T. 15 N, R. 25 E, PMM, MT ACQ
 Sec 23 SE;
 25 N2,SW;
 31 E2SE;
 Petroleum 720.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-03

T. 16 N, R. 25 E, PMM, MT ACQ
 Sec 18 LOT 4;
 18 NENENE,S2NENE;
 30 LOTS 2,3;
 30 SENW,NESW,NWSE;
 Petroleum 252.21 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-04

T. 17 N, R. 25 E, PMM, MT ACQ
 Sec 19 N2NE,SENE,NENW;
 20 NW,NESW;
 Petroleum 360.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-05

T. 15 N, R. 26 E, PMM, MT PD
 Sec 2 W2SW;
 Petroleum 80.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-06

T. 15 N, R. 26 E, PMM, MT ACQ
 Sec 2 E2SW,SE;
 Petroleum 240.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-07

T. 15 N, R. 26 E, PMM, MT PD
 Sec 7 SWSE,SESE EXCL .12 AC
 IN RSVR ROW MT LTN
 013059;
 8 NESW,SWSE,S2SW EXCL
 .19 AC IN RSVR ROW MT
 LTN 013059;
 9 SW,W2SE;
 10 SENW;
 17 SWNE EXCL .36 AC IN
 RSVR ROW MT LTN 013059;
 Petroleum 559.33 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-08

T. 15 N, R. 26 E, PMM, MT ACQ
 Sec 8 N2SE,SESE;
 9 E2SE;
 10 SWNW,NWSW;
 11 NWNE,NENW,NESW,S2SW,SE;
 12 NWSW;
 Petroleum 680.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-09

T. 15 N, R. 26 E, PMM, MT ACQ
 Sec 15 NW,N2SW;
 17 N2NE,SENE,NW,S2;
 18 LOTS 1,2,3,4;
 18 NWNE,S2NE,E2W2,SWSE;
 Petroleum 1294.16 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-10

T. 15 N, R. 26 E, PMM, MT ACQ
 Sec 19 LOT 4;
 19 NWNE,S2NE,E2SW,SWSE;
 20 NENE,S2NE,NW,E2SW,SE;
 21 NW,NWSW;
 Petroleum 993.85 AC
 Stipulations: Cultural Resources,
 Standard, TES

EXPLANATION 1/2/3/ SEE PAGE 9

07-05-11
T. 15 N, R. 26 E, PMM, MT PD
Sec 20 NWNE;
32 NESW;
Petroleum 80.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-12
T. 15 N, R. 26 E, PMM, MT ACQ
Sec 30 LOTS 1,2;
30 N2NE,SENE,NENW,SE;
Petroleum 387.61 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-13
T. 15 N, R. 26 E, PMM, MT ACQ
Sec 32 NWSE;
Petroleum 40.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-14
T. 16 N, R. 26 E, PMM, MT ACQ
Sec 13 SW,SWSE,E2E2SESE,
E2W2SESE;
17 SESW;
Petroleum 260.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-15
T. 16 N, R. 26 E, PMM, MT ACQ
Sec 20 NENW,S2NW;
22 SESE;
24 N2NE,NW,N2SW,SESW,SE;
Petroleum 680.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-16
T. 16 N, R. 26 E, PMM, MT PD
Sec 23 SWNW,NWSW,S2SW,NESE;
24 S2NE;
26 W2NE,NENW;
Petroleum 400.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-17
T. 16 N, R. 26 E, PMM, MT ACQ
Sec 25 E2,E2W2,NWNW;
26 NWNW,SENW,SWSE;
Petroleum 640.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-18
T. 16 N, R. 26 E, PMM, MT PD
Sec 30 LOT 3 EXCL 13.33 AC IN
RSVR ROW MT LTN 016351;
30 NESW EXCL 8.9 AC IN
RSVR ROW MT LTN 016351;
31 NENW EXCL 19.75 AC IN
RSVR ROW MT LTN 016351;
Petroleum 72.27 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-19
T. 16 N, R. 26 E, PMM, MT ACQ
Sec 35 NWNE,S2NE,SE;
Petroleum 280.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-20
T. 15 N, R. 27 E, PMM, MT ACQ
Sec 5 SWNW,NWSW,S2SW;
6 LOTS 1-7 INCL;
6 S2NE,SENW,E2SW,N2SE;
7 LOTS 1,2;
7 E2NW;
8 NENE;
Petroleum 916.47 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-21
T. 15 N, R. 27 E, PMM, MT PD
Sec 5 SENW,NESW,W2SE;
21 SWSW EXCL .60 AC IN
RSVR ROW MT LTN 013059;
24 NENE;
25 SWNW;
28 NENW EXCL 1.95 AC IN
RSVR ROW MT LTN 013059;
28 NESE;
Petroleum 357.45 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-22

T. 15 N, R. 27 E, PMM, MT ACQ
Sec 26 NESE;
30 SESW;
31 LOTS 2,4;
31 LOT 3 EXCL 5.0 AC IN
CEMETERY;
31 N2NE,SWNE,E2W2;
32 W2NW;
34 SESW;

Petroleum 586.35 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-23

T. 16 N, R. 27 E, PMM, MT PD
Sec 1 LOTS 1,2,3;
1 SENW;
2 LOTS 2,3;
11 E2NE;

Petroleum 257.66 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-24

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 1 LOT 4;
1 S2NE,SWNW,SE;
2 LOTS 1,4;
2 SENE,S2SW,NESE;
3 LOTS 1,2,3,4;
3 SWNE,W2SE;

Petroleum 753.26 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-25

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 10 E2E2;
11 W2NE,NW;
12 N2NE,SW;

Petroleum 640.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-26

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 13 NW;
14 S2;

Petroleum 480.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-27

T. 16 N, R. 27 E, PMM, MT PD
Sec 19 E2NW;
23 SENE,SEW;

Petroleum 160.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-28

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 23 N2NE,SWNE,NENW,N2SE;

Petroleum 240.00 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-29

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 25 S2NE,NW,S2;
30 LOTS 1,2,3,4;
30 SENW,E2SW;

Petroleum 766.36 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-30

T. 16 N, R. 27 E, PMM, MT PD
Sec 25 N2NE;
31 LOTS 3,4;
31 SENE,E2SW,W2SE;

Petroleum 323.66 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-31

T. 16 N, R. 27 E, PMM, MT ACQ
Sec 31 LOTS 1,2;
31 SWNE,E2NW;

Petroleum 163.46 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-32

T. 14 N, R. 29 E, PMM, MT ACQ
Sec 1 NESE;
4 LOT 7;

Petroleum 92.96 AC
Stipulations: Cultural Resources,
Standard, TES

07-05-33

T. 14 N, R. 29 E, PMM, MT PD
 Sec 4 SWNW;
 Petroleum 40.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-34

T. 14 N, R. 30 E, PMM, MT PD
 Sec 34 W2NW;
 Petroleum 25.45 AC
 Garfield 54.55 AC
 Stipulations: Cultural Resources,
 Standard, TES, Timing-1

07-05-35

T. 15 N, R. 30 E, PMM, MT PD
 Sec 34 LOTS 5,8,16;
 Petroleum 25.66 AC
 Garfield 57.80 AC
 Stipulations: CSU-1, Cultural
 Resources, NSO-1, Standard, TES

07-05-36**PreSale Offer: MTM 94363**

T. 7 N, R. 31 E, PMM, MT PD
 Sec 10 NENW;
 12 W2SW;
 T. 7 N, R. 32 E, PMM, MT PD
 Sec 6 LOTS 3,4;
 Yellowstone 206.21 AC
 Stipulations: Cultural Resources,
 Lease Notice-1, 2, TES,
 Timing-1

07-05-37**PreSale Offer: MTM 94364**

T. 6 N, R. 32 E, PMM, MT PD
 Sec 4 LOT 4;
 4 SWNW,SW,S2SE;
 6 LOTS 3-7 INCL;
 6 SENW,E2SW;
 T. 7 N, R. 32 E, PMM, MT PD
 Sec 34 N2SW,SWSW;
 Yellowstone 761.56 AC
 Stipulations: Cultural Resources,
 Lease Notice-1, 2, 3, TES

07-05-38

T. 12 N, R. 33 E, PMM, MT PD
 Sec 30 NE,E2NW;
 Rosebud 240.00 AC
 Stipulations: Lease Notice-1,
 TES, Timing-2

07-05-39

T. 30 N, R. 38 E, PMM, MT ACQ
 Sec 1 N2SE,SWSE;
 1 SESE EXCL .09 AC IN
 RSVR ROW M049525;
 Valley 159.91 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-40

T. 30 N, R. 38 E, PMM, MT PD
 Sec 12 NENW;
 Valley 40.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-41

T. 30 N, R. 38 E, PMM, MT ACQ
 Sec 5 LOTS 1,2;
 5 S2NE,SE;
 8 S2;
 9 W2SW;
 Valley 718.60 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-42

T. 30 N, R. 38 E, PMM, MT ACQ
 Sec 17 NE;
 18 E2SW,SE;
 21 E2SW,W2SE;
 Valley 560.00 AC
 Stipulations: Cultural Resources,
 Standard, TES

07-05-43

T. 37 N, R. 57 E, PMM, MT PD
 Sec 34 NENE,W2SW;
 Sheridan 120.00 AC
 Stipulations: Lease Notice-1,
 NSO-1, 2, TES

07-05-44

T. 24 N, R. 59 E, PMM, MT PD
Sec 35 SWNW;
Richland 40.00 AC
Stipulations: CSU-1, Lease
Notice-1, TES

The land in this parcel is within
Communitization Agreement (CA)
MTM 94402 which covers the NW of
Section 35 and the SW of Section 26
and communitizes the Red River
formation. As of the sale date, no
well has been completed in the CA.
This land is committed to the CA,
joinder is not required.

NORTH DAKOTA

07-05-45

T. 152 N, R. 96 W, 5th PM, ND ACQ
sec 7 LOT 4;
18 LOTS 1,2;
18 W2NE,E2NW;
McKenzie 252.74 AC
50% U.S. MINERAL INTEREST 1/
Stipulations: R1-FS-2820-16-1,
TES (BLM), Split Estate 3/

07-05-46

T. 146 N, R. 100 W, 5th PM, ND PD
sec 18 LOTS 1,2,3,4;
18 E2W2;
30 LOTS 1,2,3,4;
30 E2W2;
32 W2;
McKenzie 890.64 AC
Stipulations: R1-FS-2820-13d,
14-1, 15-1,2, 16-2,3, 18a

07-05-47

T. 146 N, R. 100 W, 5th PM, ND ACQ
sec 18 E2;
30 E2;
34 ALL;
McKenzie 1280.00 AC
Stipulations: R1-FS-2820-13d,
14-1,2, 15-1,2, 16-2,3, 18a

07-05-48

T. 147 N, R. 100 W, 5th PM, ND ACQ
sec 21 LOTS 1,4,5,9;
21 E2E2;
21 BED LTL MO RVR RIPAR TO
LOTS 1,4,5,9 DESC BY
M&B; 2/
23 NWNW,S2NW,SW,NWSE,S2SE;
McKenzie 722.368 AC
Stipulations: R1-FS-2820-14-1,3,
4,5, 16-1,2,4, TES (BLM), Split
Estate 3/

07-05-49

T. 147 N, R. 100 W, 5th PM, ND PD
sec 32 ALL;
McKenzie 640.00 AC
Stipulations: R1-FS-2820-13d,
14-1,3,6, 15-2, 16-2,4, 18a,
22b

07-05-50

T. 141 N, R. 102 W, 5th PM, ND ACQ
sec 9 ALL;
17 S2SE;
19 LOTS 3,4;
19 E2SW,SE;
Billings 1039.56 AC
Stipulations: R1-FS-2820-13d,
14-1,6,7, 16-2,4, 18a, 22c

07-05-51

T. 141 N, R. 102 W, 5th PM, ND ACQ
Sec 17 N2,SW,N2SE;
19 LOTS 1,2;
19 NE,E2NW;
Billings 879.64 AC
Stipulations: R1-FS-2820-14-1,
16-1,2,3, TES (BLM),
Split Estate 3/

07-05-52

T. 141 N, R. 102 W, 5th PM, ND ACQ
sec 20 N2,N2S2,S2SW;
21 ALL;
22 W2;
Billings 1520.00 AC
Stipulations: R1-FS-2820-13d,
14-1,6,8, 16-2,4, 18a, 22c

07-05-53

T. 141 N, R. 102 W, 5th PM, ND PD
 sec 20 S2SE;
 22 NE,NWSE;
 22 NESE,SWSE OUTSIDE
 THEODORE ROOSEVELT NP;
 Billings 320.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1,6,8, 16-2,4, 18a, 22b

07-05-54

T. 147 N, R. 102 W, 5th PM, ND ACQ
 sec 2 NESW,S2SW,SE;
 11 ALL;
 McKenzie 920.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1, 15-1, 16-2, 18a

07-05-55

T. 147 N, R. 102 W, 5th PM, ND ACQ
 sec 4 LOTS 1,2,3;
 4 S2NE,SENE,NESW,S2SW,
 N2SE,SWSE;
 8 N2;
 10 N2N2,SWNE,SENE,W2SE;
 McKenzie 1120.21 AC
 Stipulations: R1-FS-2820-13d,
 14-1,4, 15-1, 16-2, 18a

07-05-56

T. 147 N, R. 102 W, 5th PM, ND PD
 sec 4 LOT 4;
 4 SWNW,NWSW,SESE;
 10 SENE,SWNW,SW,E2SE;
 McKenzie 479.95 AC
 Stipulations: R1-FS-2820-13d,
 14-1,4, 15-1, 16-2, 18a

07-05-57

T. 147 N, R. 102 W, 5th PM, ND PD
 sec 14 S2;
 McKenzie 320.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1,4, 16-2, 18a

07-05-58

T. 146 N, R. 103 W, 5th PM, ND ACQ
 Sec 6 SE;
 8 S2N2,S2;
 18 LOTS 1,2,4;
 18 E2,E2W2;
 McKenzie 1203.01 AC
 Stipulations: R1-FS-2820-13d,
 14-1,2,4,8, 15-1, 16-2, 18a

07-05-59

T. 146 N, R. 103 W, 5th PM, ND PD
 Sec 8 N2N2;
 14 E2;
 26 SWNE,NWSE,S2SE;
 McKenzie 640.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1,4, 15-1, 16-2, 18a

07-05-60

T. 146 N, R. 103 W, 5th PM, ND ACQ
 Sec 24 ALL;
 34 NE,S2SW,SWSE;
 McKenzie 920.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1,2,4, 15-1, 16-2, 18a

07-05-61

T. 147 N, R. 103 W, 5th PM, ND ACQ
 Sec 18 SE;
 26 NWNW;
 McKenzie 200.00 AC
 Stipulations: R1-FS-2820-14-1,
 16-1, TES (BLM), Split Estate 3/

07-05-62

T. 147 N, R. 103 W, 5th PM, ND ACQ
 Sec 26 E2NW;
 McKenzie 80.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1, 18a

07-05-63

T. 147 N, R. 103 W, 5th PM, ND PD
 Sec 26 SWNW,NWSW,S2SW;
 McKenzie 160.00 AC
 Stipulations: R1-FS-2820-13d,
 14-1, 16-2, 18a

07-05-64

T. 149 N, R. 103 W, 5th PM, ND ACQ
Sec 20 N2,SE;
23 ALL;
26 ALL;

McKenzie 1760.00 AC
Stipulations: R1-FS-2820-13d,
14-1,2,8,9, 15-1,3, 16-2,5,
18a, 22b

07-05-65

T. 150 N, R. 103 W, 5th PM, ND PD
Sec 1 SWSW;
2 S2SE;
7 NENE;
10 NENW;
17 N2NW;
18 LOT 1;

McKenzie 317.28 AC
Stipulations: R1-FS-2820-13d,
14-1,2, 15-1, 16-2, 18a

07-05-66

T. 150 N, R. 103 W, 5th PM, ND ACQ
Sec 33 ALL;

McKenzie 640.00 AC
Stipulations: R1-FS-2820-13d,
14-2, 15-1,3, 16-2,5, 18a, 22c

07-05-67

T. 144 N, R. 104 W, 5th PM, ND PD
Sec 24 S2N2,N2S2;
26 SE;

Golden Valley 480.00 AC
Stipulations: CSU-2, Cultural
Resources, Standard, TES

07-05-68

T. 147 N, R. 104 W, 5th PM, ND ACQ
Sec 2 LOTS 1,2;
2 S2NE,SE;

McKenzie 319.88 AC
Stipulations: R1-FS-2820-14-1,
16-1,2, TES (BLM),
Split Estate 3/

07-05-69

T. 147 N, R 104 W, 5th PM, ND ACQ
Sec 22 SE;

McKenzie 160.00 AC
Stipulations: R1-FS-2820-13d, 14-2,
15-1, 18a

07-05-70

T. 148 N, R. 104 W, 5th PM, ND ACQ
Sec 7 N2NE;

McKenzie 80.00 AC
Stipulations: R1-FS,2820-13d,
14-1,8, 15-1, 16-2, 18a

SOUTH DAKOTA

07-05-71

T. 10 N, R. 1 E, BHM, SD PD
Sec 19 LOT 4;
19 SESW,S2SE;
20 S2SW;
32 NE,S2;

Butte 720.74 AC
Stipulations: Cultural Resources,
TES

07-05-72

T. 14 N, R. 3 E, BHM, SD PD
Sec 31 LOTS 1,2,3,4;
31 E2,E2W2;
32 ALL;
33 ALL;

Butte 1911.20 AC
Stipulations: Cultural Resources,
TES

07-05-73

T. 10 S, R. 2 E, BHM, SD ACQ
Sec 1 LOTS 1,2,3;
1 S2NE,SENW,N2SE;

Fall River 319.22 AC
Stipulations: R2-FS-2820-13,
R2-FS-2820-CSU

STATISTICS

TOTAL PARCELS	73
TOTAL ACREAGES	37,183.238
No. of Parcels with Presale Offers:	2
Parcel Numbers:	07-05-36 07-05-37
Total Acres with Presale Offers:	967.77

FOOTNOTES

- 1/ These parcels have fractional interests. Rentals are payable on total acres; royalties are payable on fractional interest.
- 2/ The exact metes and bounds description will be made a part of any lease issued for these lands.
- 3/ All or part of the lands are non-federal surface (split estate) with title to the mineral estate held by the United States. Due to this status, the mineral estate is administered by the Bureau of Land Management (BLM). Permits and approvals will be issued by the authorized BLM Officer. A notice will be attached at lease issuance. This notice will include legal descriptions and information for filing APDs.

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to surface disturbance on slopes over 30 percent, an engineering/reclamation plan must be approved by the authorized officer. Such plan must demonstrate how the following will be accomplished:

- Site productivity will be restored.
- Surface runoff will be adequately controlled.
- Off-site areas will be protected from accelerated erosion, such as rilling, gullyng, piping, and mass wasting.
- Water quality and quantity will be in conformance with state and federal water quality laws.
- Surface-disturbing activities will not be conducted during extended wet periods.
- Construction will not be allowed when soils are frozen.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-35	T. 15 N, R. 30 E, PMM Sec. 34: Lot 5
07-05-44	T. 24 N, R. 59 E, PMM Sec. 35: SWNW

For the purpose of:

To maintain soil productivity, provide necessary protection to prevent excessive soil erosion on steep slopes, and to avoid areas subject to slope failure, mass wasting, piping, or having excessive reclamation problems.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CSU-1

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

No disturbance of riparian areas of wetlands, intermittent, ephemeral, or perennial streams and rivers would be allowed except for essential road and utility crossings.:

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-67	T. 144 N, R. 104 W, 5 TH PM Sec. 24: S2N2, N2SE, NWSW 26: SE

For the purpose of:

Protection of riparian habitat (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CSU-2

Cultural Resources Lease Stipulation

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposals to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

07-05-01 THRU 07-05-42
07-05-67
07-05-71 THRU 07-05-72

Cultural Resources

LEASE NOTICE

CULTURAL RESOURCES:

The Surface Management Agency is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Guidance for application of this requirement can be found in NTL-MSO-85-1.

This notice would be consistent with the present Montana guidance for cultural resource protection related to oil and gas operations (NTL-MSO-85-1).

07-05-36
07-05-37
07-05-38
07-05-43
07-05-44

Lease Notice-1

LEASE NOTICE

NOXIOUS WEEDS

There are no known invasive species or noxious weeds on this parcel. However, the parcel must adhere to the following conditions:

- Any and all equipment undercarriage must be power washed prior to leaving public highways/roads, and entry to the aforementioned parcels.
- NOTE: When temperatures fall below freezing (32°F), high pressure air may be substituted for power washing.
- NOTE: This stipulation applies only to pre-production. Production and post-production shall have other stipulations to be outlined at a later date, or in the Application for Permit to Drill (APD).

07-05-36
07-05-37

LEASE NOTICE-2

LEASE NOTICE

Land Use Authorizations incorporate specific surface land uses allowed on BLM administered lands by authorized officers and those surface uses acquired by BLM on lands administered by other entities. These BLM authorizations include rights-of-way, leases, permits, conservation easements, and Recreation and Public Purpose leases and patents.

The rights acquired, reserved, or withdrawn by BLM for specified purposes include non-oil and gas leases, conservation easements, archeological easements, road easements, fence easements, and administrative site withdrawals. The existence of such land use authorizations shall not preclude the leasing of the oil and gas. The locations of land use authorizations are noted on the oil and gas plats and in LR2000. The plats are a visual source noting location; LR2000 provides location by legal description through the Geographic Cross Reference program.

The specifically authorized acreage for land use should be avoided by oil and gas exploration and development activities. All authorized surface land uses are valid claims to prior existing rights unless the authorization states otherwise.

The right of the Secretary to issue future land use authorizations on an oil and gas lease is reserved by provision of Section 29 of the Mineral Leasing Act, 30 U.S.C.

07-05-37

LEASE NOTICE-3

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within riparian areas, 100-year flood plains of major rivers, and on water bodies and streams.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-35	T. 15 N, R. 30 E, PMM Sec. 34: Lot 5
07-05-43	T. 37 N, R. 57 E, PMM Sec. 34: NENE

For the purpose of:

To protect the unique biological and hydrological features associated with riparian areas, 100-year flood plains of major rivers, and water bodies and streams.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NSO-1

NO SURFACE OCCUPANCY STIPULATION

Surface occupancy and use is prohibited within 1/4 mile of wetlands identified as piping plover habitat.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-43	T. 37 N, R. 57 E, PMM Sec. 34: NENE

For the purpose of:

To protect the habitat of the piping plover, an endangered species under the Endangered Species Act (ESA).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NSO-2

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
P. O. Box 36800
Billings, Montana 59107

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard (May 2001)

See Notice on Back

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

Endangered Species Act Section 7 Consultation Stipulation

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. § 1531 et seq., including completion of any required procedure for conference or consultation.

07-05-01 THRU 07-05-44
07-05-45
07-05-48
07-05-51
07-05-61
07-05-67 THRU 07-05-68
07-05-71 THRU 07-05-72

TES (BLM)

TIMING LIMITATION STIPULATION

Surface use is prohibited from December 1 to March 31 within crucial winter range for wildlife. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-34	T. 14 N, R. 30 E, PMM Sec. 34: W2NW
07-05-36	T. 7 N, R. 31 E, PMM Sec. 10: NENW 12: W2SW T. 7 N, R. 32 E, PMM Sec. 6: Lots 3, 4

For the purpose of (reasons):

To protect crucial white-tailed deer, mule deer, elk, antelope, moose, bighorn sheep, and sage grouse winter range from disturbance during the winter use season, and to facilitate long-term maintenance of wildlife populations.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-1

TIMING LIMITATION STIPULATION

Surface use is prohibited from March 1 to June 15 in grouse nesting habitat within 2 miles of a lek. This stipulation does not apply to the operation and maintenance of production facilities.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-38	T 12 N, R 33 E, PMM Sec. 30: NE, E2NW

For the purpose of:

To protect sharp-tailed and sage grouse nesting habitat from disturbance during spring and early summer in order to maximize annual production of young, and to protect nesting activities adjacent to nesting sites for the long-term maintenance of sharp-tailed and sage grouse populations in the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING-2

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger, McKenzie Ranger District
Dakota Prairie Grasslands
1901 South Main Street
Watford City, ND 58854

who is the authorized representative of the Secretary of Agriculture.

CULTURAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures, in accordance with the Archaeological Resources Protection Act of 1979, the National Historic Preservation Act of 1966 (as amended), and the American Indian Religious Freedom Act of 1996. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

07-05-46 THRU 07-05-47 07-05-62 THRU 07-05-66
07-05-49 THRU 07-05-50 07-05-69 THRU 07-05-70
07-05-54 THRU 07-05-60

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

Vertebrate Paleontology Notice - The FS is responsible for assuring that the leased lands are examined to determine if paleontological resources are present and to specify mitigation measures, in accordance with Organic Act, and the National Forest Management Act of 1976

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the Forest Service, shall:

1. Contact the Forest Service to determine if a site-specific vertebrate paleontologic inventory is required. The Forest Service will conduct inventories and surveys as part of the field review for the proposed activity on the lease. The operator may voluntarily engage the services of a qualified paleontologist to conduct the inventory.
2. Implement mitigation measures required by the Forest Service and Bureau of land management to preserve or avoid destruction of vertebrate paleontologic resources. Mitigation may include relocation of proposed facilities or other protective measures.
3. The lessee or operator shall immediately bring to the attention of the Forest Service any vertebrate paleontologic resources discovered as a result of surface operation under this lease, and shall leave such discoveries intact until directed to proceed by the Forest Service.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystems will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger, Medora Ranger District
Dakota Prairie Grasslands
161 21st Street West
Dickinson, ND 58601-3135

who is the authorized representative of the Secretary of Agriculture.

CULTURAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures, in accordance with the Archaeological Resources Protection Act of 1979, the National Historic Preservation Act of 1966 (as amended), and the American Indian Religious Freedom Act of 1996. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

07-05-52 THRU 07-05-53

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

Vertebrate Paleontology Notice - The FS is responsible for assuring that the leased lands are examined to determine if paleontological resources are present and to specify mitigation measures, in accordance with Organic Act, and the National Forest Management Act of 1976

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the Forest Service, shall:

1. Contact the Forest Service to determine if a site-specific vertebrate paleontologic inventory is required. The Forest Service will conduct inventories and surveys as part of the field review for the proposed activity on the lease. The operator may voluntarily engage the services of a qualified paleontologist to conduct the inventory.
2. Implement mitigation measures required by the Forest Service and Bureau of land management to preserve or avoid destruction of vertebrate paleontologic resources. Mitigation may include relocation of proposed facilities or other protective measures.
3. The lessee or operator shall immediately bring to the attention of the Forest Service any vertebrate paleontologic resources discovered as a result of surface operation under this lease, and shall leave such discoveries intact until directed to proceed by the Forest Service.

FLOODPLAIN AND WETLANDS - The lessee is hereby notified that this lease may contain land within a riparian ecosystem. All activities within this area may be highly restricted in order to comply with Executive Order 11988 - *Floodplain Management* and Executive Order 11990 - *Protection of Wetlands*, in order to preserve and restore or enhance the natural and beneficial values served by floodplains and wetlands.

Riparian ecosystems will be managed by the Forest Service to protect from conflicting uses in order to provide healthy, self-perpetuating plant and water communities that will have optimum diversity and density of understory and overstory vegetation. Occupancy and use of lands within riparian ecosystems proposed in a proposed Surface Use Plan of Operations will be considered in an environmental analysis done to identify the mitigation measures necessary to protect the riparian area. Special measures such as road design, well pad size and location or directional drilling, may be made part of the permit authorizing the activity.

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-46	T. 146 N, R. 100 W, 5 TH PM Sec. 18: Portions of Lots 1,2,3,4, E2NW, SESW 30: Portions of Lot 1, 2, 4, E2W2 32: Portions of NW, NESW, S2SW
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 18: Portions of E2 30: Portions of NWNW, S2NE, SE 34: Portions of All
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: Portions of Lots 5, 9, E2E2 23: Portions of NWNW, S2NW, SW, NWSE, S2SE
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: Portions of S2N2, S2
07-05-50	T 141 N, R 102 W, 5 th PM Sec. 9: Portions of N2NE, SENE, SWNW, NWSW, SESW, SESE 17: Portions of SWSE 19: Portions of Lots 3, 4, SESW, NWSE, SESE
07-05-51	T 141 N, R 102 W, 5 th PM Sec. 17: Portions of N2NE, SENE, NWNW, SW, NWSE 19: Portions of Lot 1, NENE, S2NE, SENW
07-05-52	T 141 N, R 102 W, 5 th PM Sec. 20: Portions of NENW, S2NW, W2SW 21: Portions of NWNW, SENW, E2SW, SE 22: Portions of N2NW, SWNW, NWSW, SESW

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-53	T 141 N, R 102 W, 5 th PM Sec. 22: Portions of N2NE, SWNE, NWSE, NESE, SWSE outside Theodore Roosevelt NP
07-05-54	T 147 N, R 102 W, 5 th PM Sec. 11: Portions of NWNE, S2NE, NW, NESW, S2SW, SE
07-05-55	T 147 N, R 102 W, 5 th PM Sec. 4: Portions of Lots 1, 3, SWNE, SWSW, NWSE 8: Portions of NWNW 10: Portions of SENW,
07-05-56	T 147 N, R 102 W, 5 th PM Sec. 10: Portions of SENE, SWNW, E2SW, E2SE
07-05-57	T 147 N, R 102 W, 5 th PM Sec. 14: Portions of S2
07-05-58	T 146 N, R 103 W, 5 th PM Sec. 6: Portions of N2SE, SESE 18: Portions of Lot 4
07-05-59	T 146 N, R 103 W, 5 th PM Sec. 14: Portions of E2NE 26: Portions of S2SE
07-05-60	T 146 N, R 103 W, 5 th PM Sec. 24: Portions of SWSW
07-05-61	T 147 N, R 103 W, 5 th PM Sec. 18: Portions of NWSE
07-05-62	T 147 N, R 103 W, 5 th PM Sec. 26: Portions of NENW
07-05-63	T 147 N, R 103 W, 5 th PM Sec. 26: Portions of NWSW, SESW
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: Portions of SENE, NWNW, SENW, N2SE
07-05-65	T 150 N, R 103 W, 5 th PM Sec. 10: Portions of NENW 17: Portions of N2NW

PARCEL NO.

LAND DESCRIPTIONS

07-05-68

T 147 N, R 104 W, 5th PM
Sec. 2: Portions of Lot 2

07-05-70

T 148 N, R 104 W, 5th PM
Sec. 7: Portions of NENE

For the purpose of:

Surface occupancy and use is prohibited on slopes greater than 40 percent to protect soil resources from loss of productivity, prevent erosion on steep slopes, soil mass movement, and resultant sedimentation. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Soils, number 6, and Appendix D-3.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-14-1
Page 3 of 3

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 30: Portions of E2NE
07-05-58	T 146 N, R 103 W, 5 th PM Sec. 8: Portions of SENE, S2SW, E2SE 18: Portions of NENE
07-05-60	T 146 N, R 103 W, 5 th PM Sec. 24: Portions of S2NE, SENW, NESW, NESE, W2SE
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 26: Portions of E2SE
07-05-65	T 150 N, R 103 W, 5 th PM Sec. 7: Portions of NENE
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: Portions of W2NE, NENW, S2NW, N2SW, NWSE
07-05-69	T 147 N, R 104 W, 5 th PM Sec. 22: SWSE; portions of N2SE, SESE

For the purpose of:

No surface occupancy or use is allowed within 0.25 mile (line of sight) of a sharp-tailed grouse and sage grouse display ground to prevent abandonment of display grounds, reduced reproductive success, and adverse habitat loss. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 13, and Appendix D-14.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: Portions of SENE, E2SE
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: SWNE, W2, SE; Portions of N2NE, SENE

For the purpose of:

No surface occupancy or use is allowed within bighorn sheep habitat MA 3.51, to achieve optimum habitat suitability for bighorn sheep. Refer to the Land and Resource Management Plan, Management Area Direction MA 3.51 Bighorn Sheep Habitat, Standards and Guidelines, Minerals and Energy Resources number 1, and Appendix D-23.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

on the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 23: Portions of SENW, NWSE, S2SE
07-05-55	T 147 N, R 102 W, 5 th PM Sec. 10: NWNW, SENW; portions of W2NE, NENW, W2SE
07-05-56	T 147 N, R 102 W, 5 th PM Sec. 10: SWNW, N2SW; portions of S2SW
07-05-57	T 147 N, R 102 W, 5 th PM Sec. 14: NWSW; portions of NESW, S2SW
07-05-58	T 146 N, R 103 W, 5 th PM Sec. 6: Portions of S2SE 8: SWNW; portions of SENW, N2SW 18: SESE; portions of SESW, N2SE, SWSE
07-05-59	T 146 N, R 103 W, 5 th PM Sec. 8: Portions of N2NW 26: SWSE; portions of SWNE, NWSE, SESE
07-05-60	T 146 N, R 103 W, 5 th PM Sec. 34: SENE, S2SW, SWSE; portions of NENE, SWNE

For the purpose of:

No surface occupancy or use is allowed within 0.5 mile (line of sight) of golden eagle, merlin, and ferruginous hawk nests; to prevent reduced reproductive success and adverse habitat loss. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 55, and Appendix D-11.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: Lots 4, 5, 9, and bed of the river riparian to Lots 1, 4, 5, 9; portions of Lot 1, E2E2

For the purpose of:

No surface occupancy or use is allowed within ¼ mile each side of the Little Missouri River, to maintain the recreation opportunities and settings within the river corridor. Refer to the Land and Resource Management Plan, Management Area Direction MA 4.22, River and Travel Corridors, Standards and Guidelines, Minerals and Energy Resources, number 2, and Appendix D-25.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: All
07-05-50	T 141 N, R 102 W, 5 th PM Sec. 17: S2SE 19: Lots 3, 4, E2SW, SE
07-05-52	T 141 N, R 102 W, 5 th PM Sec. 20: N2, N2S2, S2SW 21: All 22: W2
07-05-53	T 141 N, R 102 W, 5 th PM Sec. 20: S2SE 22: NE, NWSE, NESE, SWSE outside Theodore Roosevelt NP

For the purpose of:

No surface occupancy or use is allowed within boundaries of backcountry non-motorized management areas to retain recreation opportunities in a natural-appearing landscape. Refer to the Land and Resource Management Plan, Management Area Direction MA 1.31 Backcountry Recreation Non-motorized, Standards and Guidelines, Minerals and Energy Resources, number 2, and Appendix D17.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-50	T 141 N, R 102 W, 5 th PM Sec. 17: S2SE 19: Lots 3, 4, E2SW, SE

For the purpose of:

No surface occupancy or use is allowed within developed recreation sites to maintain the recreation opportunities and settings within developed recreation sites. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Recreation, Developed Recreation Sites, number 11, and Appendix D-4.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-52	T 141 N, R 102 W, 5 th PM Sec. 22: Portions of NENW
07-05-53	T 141 N, R 102 W, 5 th PM Sec. 22: Portions of N2NE
07-05-58	T 146 N, R 103 W, 5 th PM Sec. 6: Portions of W2SE
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: Portions of E2SE
07-05-70	T 148 N, R 104 W, 5 th PM Sec. 7: Portions of N2NE

For the purpose of:

No surface occupancy or use is allowed within 0.25 mile (line of sight) of prairie falcon and burrowing owl nests to prevent reduced reproductive success and adverse habitat loss. Refer to the Land and Resource Management Plan, Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 55, and Appendix D-13.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: N2, SE 23: W2W2; portions of E2W2 26: N2NW, SWNW, W2SW; portions of NWNE, SENW, E2SW

For the purpose of:

No surface occupancy or use is allowed within the roadless portion of black-footed ferret reintroduction habitat MA 3.63. To maintain those characteristics, which retain eligibility for roadless consideration and maintain the undeveloped character of the land. Refer to Land and Resource Management Plan, Management Area Direction MA 3.63, Black-footed Ferret Reintroduction Habitat, Standards and Guidelines, Minerals and Energy Resources, number 12, and Appendix D-24.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation applies to drilling, testing, new construction projects, and does not apply operation and maintenance of production facilities.

March 1 - June 15

Within 1 mile (line of sight) of active sharp-tailed grouse display grounds.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-46	T. 146 N, R. 100 W, 5 TH PM Sec. 18: Lots 1, 2, E2NW; portions of Lot 3, NESW 30: E2NW; Portions of Lots 1, 2, 3, E2SW 32: NENW; portions of NWNW, SENW
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 18: NE, E2SE; portions of W2SE 30: W2NE, N2SE, SESE; portions of E2NE, SWSE 34: NWNE, NW; portions of NENE, SWNE, N2SW
07-05-54	T 147 N, R 102 W, 5 th PM Sec. 2: Portions of NESW, S2SW
07-05-55	T 147 N, R 102 W, 5 th PM Sec. 4: Lots 1, 2, 3, S2NE, SENW; portions of NESW, N2SE 10: Portions of N2NE, NENW
07-05-56	T 147 N, R 102 W, 5 th PM Sec. 4: Lot 4, SWNW; portions of NWSW, SESE
07-05-58	T 146 N, R 103 W, 5 th PM Sec. 6: Portions of NESE, SWSE 8: SWNE, S2NW, N2SW, NWSE, S2SE; portions of SENE, S2SW, NESE 18: Lots 1, 2, NWNE, S2NE, E2NW, N2SE; portions of NENE, NESW, S2SE

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-59	T 146 N, R 103 W, 5 th PM Sec. 8: N2NE, NENW; portions of NWNW 14: Portions of NESE, S2SE 26: SWNE, NWSE, S2SE
07-05-60	T 146 N, R 103 W, 5 th PM Sec. 24: N2N2, SWNW, W2SW, SESE; portions of S2NE, SENW, NESW, NESE, SWSE
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 23: Portions of SESW, S2SE 26: NE, SENW, SW, W2SE; portions of N2NW, SWNW, E2SE
07-05-65	T 150 N, R 103 W, 5 th PM Sec. 7: Portions of NENE
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: N2N2, SENE, SWNW, S2S2, NWSW, NESE; portions of SWNE, SENW, NESW, NWSE
07-05-69	T 147 N, R 104 W, 5 th PM Sec. 22: Portions of SE
07-05-70	T 148 N, R 104 W, 5 th PM Sec. 7: NWNE; portions of NENE

For the purpose of:

To prevent abandonment of display grounds and reduced reproductive success. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 15 and Appendix D-5.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-15-1

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation applies to drilling and testing and new construction projects, and does not apply to operation or maintenance of production facilities.

April 1 through June 15

Within 1 mile (line-of-sight) of lambing areas.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-46	T 146 N, R 100 W, 5 th PM Sec. 18: Lots 1, 2, 3, 4, E2W2 30: Lots 3, 4, E2SW 32: W2
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 18: E2 30: S2SE; portions of N2SE 34: Portions of N2NW, SWNW
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: All

For the purpose of:

To safeguard lamb survival and prevent bighorn sheep displacement from lambing areas. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 12 and Appendix D-7.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-15-2

TIMING LIMITATION STIPULATION

No surface use is allowed during the following time period(s). This stipulation applies to drilling and testing and new construction projects, and does not apply to operation or maintenance of production facilities.

March 1- August 31

Within 0.125 mile (line of sight) of prairie dog colonies occupied or thought to be occupied by black-footed ferrets.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: N2, SE 23: All 26: All
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: All

For the purpose of:

To protect ferrets when breeding and rearing young. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife, and Rare Plants, number 23 and Appendix D-7.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified by the contrary by the BLM, shall:

- Contact the BLM to determine if a site-specific vertebrate paleontological inventory is required. If it is required, the operator must engage the services of a qualified paleontologist, acceptable to the BLM, to conduct the inventory. An acceptable inventory report is to be submitted to the BLM for review and approval at the time a surface-disturbing plan of operation is submitted.
- Implement mitigation measures required by the BLM to preserve, avoid, or recover vertebrate paleontological resources. Mitigation may include relocation of proposed facilities or other protective measures. All costs associated with the inventory and mitigation will be borne by the lessee or operator.
- The lessee or operator shall immediately bring to the attention of the BLM any vertebrate paleontological resources discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the BLM.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-45	T 152 N, R 96 W, 5 th PM Sec. 7: Lot 4 18: Lots 1, 2, W2NE, E2NW
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: Lots 1, 4, 5, 9, E2E2; and the bed of the river riparian to Lots 1, 4, 5, 9 23: NWNW, S2NW, SW, NWSE, S2SE
07-05-51	T 141 N, R 102 W, 5 th PM Sec. 17: N2, SW, N2SE 19: Lots 1, 2, NE, E2NW

PARCEL NO.

LAND DESCRIPTIONS

07-05-61

T 147 N, R 103 W, 5th PM
Sec. 18: SE
26: NWNW

07-05-68

T 147 N, R 104 W, 5th PM
Sec. 2: Lots 1, 2, S2NE, SE

For the purpose of:

To protect key paleontological resources from disturbance, or mitigate the effects of disturbance to conserve scientific and interpretive values, and the interests of the surface owner.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-16-1
Page 2 of 2

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Try to locate activities and facilities away from the water's edge and outside the riparian areas, woody draws, wetlands, and floodplains. If necessary to locate facilities in these areas, then:

- Deposit no waste material (silt, sand, gravel, soil, slash, debris, chemical or other material) below high water lines, in riparian areas, in the areas immediately adjacent to riparian areas or in natural drainage ways (draws, land surface depressions or other areas where overland flow concentrates and flows directly into streams or lakes).
- Deposit no soil material in natural drainage ways.
- Locate the lower edge of disturbed or deposited soil banks outside the active floodplain.
- Stockpile no topsoil or any other disturbed soil in the active floodplain.
- Locate drilling mud pits outside riparian areas, wetlands and floodplains. If location is unavoidable in these areas, seal and dike all pits to prevent leakage or use containerized mud systems.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-46	T 146 N, R 100 W, 5 th PM Sec. 18: Portions of Lots 1, 2, 3, 4, E2W2 30: Portions of Lots 1, 2, 3, 4, E2W2 32: Portions of NWNW, S2NW, NESW, S2SW
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 18: Portions of E2 30: Portions of E2 34: Portions of All
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: The bed of the river riparian to Lots 1, 4, 5, 9; Portions of Lots 1, 4, 5, 9, E2E2; 23: NWNW, S2NW, SW, NWSE, S2SE
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: Portions of NWNE, NENW, S2N2, S2

PARCEL NO.

LAND DESCRIPTIONS

07-05-50 T 141 N, R 102 W, 5th PM
Sec. 9: Portions of NENE, W2NE, NENW,
SWNW, S2
17: Portions of S2SE
19: Portions of Lots 3, 4, E2SW,
SE

07-05-51 T 141 N, R 102 W, 5th PM
Sec. 17: Portions of NENE, SWNE, W2,
NWSE
19: Portions of Lots 1, 2, N2NE,
SWNE, NENW

07-05-52 T 141 N, R 102 W, 5th PM
Sec. 20: Portions of NENE, W2NE, NW,
N2SW, SESW, N2SE
21: Portions of NE, E2NW, SWNW,
SW, NWSE, S2SE
22: Portions of E2NW, N2SW, SWSW

07-05-53 T 141 N, R 102 W, 5th PM
Sec. 20: Portions of S2SE
22: Portions of NE, NWSE, NESE,
SWSE outside Theodore
Roosevelt NP

07-05-54 T 147 N, R 102 W, 5th PM
Sec. 2: Portions of S2SE
11: Portions of S2NE, SENW,
S2SW, SE

07-05-55 T 147 N, R 102 W, 5th PM
Sec. 4: Portion of Lot 3, N2SE
8: Portions of NE, NWNW, S2NW
10: Portions of W2NE, N2NW, NWSE

07-05-56 T 147 N, R 102 W, 5th PM
Sec. 4: Portions of Lot 4
10: Portions of NESW, SESE

07-05-57 T 147 N, R 102 W, 5th PM
Sec. 14: Portions of S2

07-05-58 T 146 N, R 103 W, 5th PM
Sec. 8: Portions of NWSW
18: Portions of Lot 2

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-59	T 146 N, R 103 W, 5 th PM Sec. 8: Portions of NWNW 26: Portions of SESE
07-05-60	T 146 N, R 103 W, 5 th PM Sec. 34: Portions of SWSW
07-05-63	T 147 N, R 103 W, 5 th PM Sec. 26: Portions of SWSW
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: Portions of NENE 23: Portions of N2SW, SESE 26: Portions of SENE, SWNW, W2SW, SESW
07-05-65	T 150 N, R 103 W, 5 th PM Sec. 10: Portions of NENW 17: Portions of NWNW 18: Portions of Lot 1
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: Portions of W2SW
07-05-68	T 147 N, R 104 W, 5 th PM Sec. 2: Portions of Lot 2, SWNE, NWSE, SESE
07-05-70	T 148 N, R 104 W, 5 th PM Sec. 7: Portions of N2NE

For the purpose of:

To protect the biological and hydrologic features of riparian areas, woody draws, wetlands, and floodplains. Refer to the Land and Resource Management Plan Grassland-wide Direction, Water, number 6 and Appendix D-2

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-16-2
Page 3 of 3

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Surface occupancy and use is subject to operational constraints to maintain a landscape character that is no more than slightly altered. Noticeable deviations must remain visually subordinate to the landscape character being viewed.

Operational constraints may include utilizing topographic/vegetative screening, matching color tones of facilities with surrounding topographic features, orienting the well pad/facilities, redesigning production facilities to such scale that they are visually subordinate to the landscape, or placing facilities outside the moderate SIO area.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-46	T 146 N, R 100 W, 5 th PM Sec. 18: Lots 1, 2, 3, 4, E2W2 30: E2SW; Portions of Lots 3, 4, E2NW 32: W2
07-05-47	T 146 N, R 100 W, 5 th PM Sec. 18: E2 30: NENE, S2NE; portions of NWNE 34: All
07-05-51	T 141 N, R 102 W, 5 th PM Sec. 17: N2, SW, N2SE 19: NENE; portions of NWNE, SENE, NENW

For the purpose of:

To maintain the Scenic Integrity Objective (SIO) for areas identified as **moderate**. Refer to the Land and Resource Management Plan Grassland-wide Direction, Scenery Management, number 1, and Appendix D-15 and D-28.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Surface occupancy and use is subject to operational constraints to maintain a landscape character intact. Deviations may be present but must repeat the form, line, color, texture, and pattern common to the landscape character so completely and to such scale that they are not evident.

Operational constraints may include utilizing topographic/vegetative screening, matching color tones of facilities with surrounding topographic features, orienting the well pad/facilities, redesigning production facilities to such scale that they may not be evident, or placing facilities outside the high SIO area.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-48	T 147 N, R 100 W, 5 th PM Sec. 21: Lots 1, 4, 5, 9, E2E2; and bed of the river riparian to Lots 1, 4, 5, 9 23: NWNW, S2NW, SW, NWSE, S2SE
07-05-49	T 147 N, R 100 W, 5 th PM Sec. 32: All
07-05-50	T 141 N, R 102 W, 5 th PM Sec. 17: S2SE 19: Lots 3,4, E2SW, SE
07-05-52	T 141 N, R 102 W, 5 th PM Sec. 20: N2, N2S2, S2SW 21: All 22: W2
07-05-53	T 141 N, R 102 W, 5 th PM Sec. 20: S2SE 22: NE, NWSE, NESE, SWSE outside Theodore Roosevelt NP

For the purpose of:

To maintain the Scenic Integrity Objective (SIO) for areas identified as **high**. Refer to the Land and Resource Management Plan Grassland-wide Direction, Scenery Management, number 1, and Appendix D-15 and D-28.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

USDA Forest Service

R1-FS-2820-16-4

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints.

Operations in prairie dog colonies known or thought to be occupied by black-footed ferrets are subject to the following constraints:

- Limit oil and gas development to no more than one location per 160 acres aliquot parts of a section.
- Access for routine maintenance of oil and gas facilities in prairie dog colonies is limited to daylight hours. This does not apply to emergency repairs.
- If it's necessary to place a new road in a prairie dog colony, align the road to minimize habitat loss.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 23: E2; portions of E2W2 26: NENE, S2NE, SE; portions of NWNE, SENW, E2SW
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: All

For the purpose of:

To protect against activities that will adversely impact black-footed ferret reintroduction objectives. Refer to the Land and Resource Management Plan Grassland-wide Direction, Fish, Wildlife and Rare Plants, numbers 25, 26 and 27, and Management Area Direction, MA 3.63, Black-footed Ferret Reintroduction Habitat, Standards and Guidelines, Minerals and Energy Resources, numbers 4, and Appendix D-23.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**USDA - FOREST SERVICE
THREATENED, ENDANGERED, AND SENSITIVE
PLANT OR ANIMAL SPECIES LEASE NOTICE**

The lease area may contain threatened and endangered species or habitat necessary for the continued existence of threatened, proposed, candidate or endangered species which are protected by the 1973 Endangered Species Act, as amended (16 USC 1531 et seq.) and implementing regulations (50 CFR 402 et seq.). The lease area may also contain habitat or species, which may require protective measures to prevent them from being listed as threatened or endangered; or result in a loss of viability or biological diversity (36 CFR 219.19 or 219.26). A biological evaluation of the leased lands may be required prior to surface disturbance to determine if endangered, threatened, proposed, candidate or sensitive plant or animal species or their habitat are present and to identify needed mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator shall:

1. Contact the Forest Service to determine if a biological evaluation is required. The Forest Service is responsible for ensuring that the leased land is examined through a biological evaluation, prior to undertaking any surface-disturbing activities, to determine effects upon any plant or animal species listed or proposed for listing as threatened, endangered, or a sensitive species.
2. The lessee or operator may choose to conduct the evaluation on the leased lands at their discretion and cost. This biological evaluation must be done by or under the supervision of a qualified biologist/botanist approved by the Forest Service. An acceptable report must be provided to the Forest Service identifying the anticipated effects of a proposed action on endangered, threatened, proposed, candidate or sensitive species. An acceptable biological evaluation is to be submitted to the Forest Service for review and approval no later than that time when an otherwise complete application for permit to drill or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the Forest Service. Mitigation may include the relocation of proposed lease-related activities or other protective measures. The findings of the biological evaluation, analysis and consultation may result in restrictions to the operator's plans or even disallow use and occupancy to comply with the 1973 Endangered Species Act (as amended), threatened and endangered species regulations and Forest Service statutes and regulations.

If endangered, threatened, proposed, candidate or sensitive plant or animal species are discovered in the area after any required biological evaluation has concluded, an evaluation will be conducted to assess the effect of ongoing and proposed activities. Based on the conclusion drawn in the evaluation, additional restrictions or prohibitions may be imposed to protect the species or their habitats.

07-05-46 thru 47	07-05-49 thru 50	07-05-52 thru 60
07-05-62 thru 66	07-05-69 thru 70	

LEASE NOTICE

Roadless Area Conservation Rule

Lands contained in this lease are located in an inventoried roadless area subject to the rule entitled "Special Areas; Roadless Area Conservation Rule; Final Rule" published in the Federal Register on January 12, 2001. Operations such as road construction or reconstruction may be prohibited by the Roadless Area Conservation Rule or subsequent modifications thereof.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-49	T. 147 N, R 100 W, 5 th PM Sec. 32: All
07-05-53	T 141 N, R 102 W, 5 th PM Sec. 20: S2SE 22: NE, NWSE, NESE, SWSE outside Theodore Roosevelt NP
07-05-64	T 149 N, R 103 W, 5 th PM Sec. 20: N2, SE 23: NE, W2W2, E2SE; portions of E2W2, W2SE 26: E2NE, NENW, W2W2, N2SE, SESE; portions of W2NE, SENW, E2SW, SWSE

LEASE NOTICE

Roadless Area Conservation Rule

Lands contained in this lease are located in an inventoried roadless area subject to the rule entitled "Special Areas; Roadless Area Conservation Rule; Final Rule" published in the Federal Register on January 12, 2001. Operations such as road construction or reconstruction may be prohibited by the Roadless Area Conservation Rule or subsequent modifications thereof.

Lands were previously leased as described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>	<u>PREVIOUS LEASE</u>	<u>TERMINATION/ EXPIRATION DATE</u>
07-05-50	T 141 N, R 102 W, 5 th PM Sec. 9: S2NE, NWNW, SE; portions of N2NE, NENW, S2NW, SW 17: S2SE 19: Lots 3, 4, E2SW, SE	NDM 84387 NDM 90629	09/1/2000 (T) 11/1/2002 (E)
07-05-52	T 141 N, R 102 W, 5 th PM Sec. 20: N2, N2S2, S2SW 21: All 22: W2	NDM 90629	11/1/2002 (E)
07-05-66	T 150 N, R 103 W, 5 th PM Sec. 33: All	NDM 83329	09/1/2003 (T)

**NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER THE JURISDICTION OF
DEPARTMENT OF AGRICULTURE**

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed to:

District Ranger Fall River Ranger District
Buffalo Gap National Grassland
1801 Hwy 18 Truck Bypass
P.O. Box 732
Hot Springs, SD 57747-0732
(605) 745-4107

Who is authorized representative of the Secretary of Agriculture.

NOTICE

CULTURAL AND PALEONTOLOGICAL RESOURCES - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by the lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site-specific cultural resource inventory is required. If a survey is required, then:
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface-disturbing plan of operation is submitted.
3. Implement mitigation measures required by the FS and the BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and the BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by the FS and the BLM.

ENDANGERED OR THREATENED SPECIES - The FS is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the FS that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resource specialist approved by the FS. An acceptable report must be provided to the FS identifying the anticipated affects of a proposed action on endangered or threatened species or their habitats.

07-05-73

USDA FOREST SERVICE

R2-FS-2820-13

CONTROLLED SURFACE USE STIPULATION

MODERATE SCENIC INTEGRITY OBJECTIVE (SIO) AREAS

Surface occupancy or use is subject to the following special operating constraints:

When necessary to maintain the scenic values associated with the area, operational constraints may include utilizing vegetative/vegetative screening, matching color tones of facilities with surrounding topographic features, orienting the well pad/facilities, redesigning facilities with surrounding topographic features, orienting the well pad/facilities, redesigning production facilities to such scale that they are visually subordinate to the landscape, or placing facilities outside the moderate SIO area.

On the lands described below:

<u>PARCEL NO.</u>	<u>LAND DESCRIPTIONS</u>
07-05-73	T. 10 S, R. 2 E, BHM Sec. 1: Lots 1, 2, 3, S2NE, SENW, N2SE

For the purpose of:

To maintain the scenic integrity objective (SIO) for the area.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820).