



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Montana State Office
5001 Southgate Drive
Billings, Montana 59101-4669
<http://www.blm.gov/mt>

In Reply To:

August 25, 2009 Sale Notice

Notice of Competitive Oil and Gas Lease Sale

August 25, 2009

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana and North Dakota for oil and gas leasing. We are attaching a map of the general areas of nomination, a list of the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at: http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html.

Oil and gas forms are available on the Internet at www.blm.gov/blmforms

The following is a link to a State of Montana website that you can use to determine the surface ownership for any parcels advertised on this list in Montana: <http://gis.mt.gov/>

Internet site www.ndrin.com has available, for a fee, real estate records for the majority of the counties in North Dakota. Go to "Land Records," and in the second paragraph, select "click here" to see the list of participating counties.

The following is a website that has information available for lands in South Dakota—
www.beacon.schneidercorp.com

Information regarding leasing of Federal minerals overlain with private surface, referred to as "Split Estate," is available at the following Washington Office website. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program:
www.blm.gov/bmp/Split_Estate.htm

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, August 25, 2009. 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 Trish Cook at 406-896-5110 or Mary Mack at 406-896-5090.

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. The Energy Policy Act of 2005, effective August 8, 2005, provides that acreage holdings in the following leases are not chargeable: leases committed to a federally-approved unit agreement, cooperative plan, or communitization agreement, or for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year. 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.

How do I participate in the bidding process?

To participate in the bidding process, you must register to obtain a bidder number. If you are bidding for more than one party, you must register and obtain a separate bidder number for each company or individual you represent. We begin registering bidders at 8 a.m. on the day of the sale.

When you register to bid, we will ask you to sign a statement confirming:

- your bid is a good faith intention to acquire an oil and gas lease,
- you understand that any winning bid will constitute a legally binding commitment to accept the lease and pay monies owed, and
- you understand it is a crime under 18 U.S.C. 1001 and 43 U.S.C. 1212 to knowingly and willfully make any false, fictitious or fraudulent statements or representations regarding your bidder registration and intent to bid, accept a lease and pay monies owed.

What is the sale process?

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

- the auctioneer will offer the parcels in the order 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.

How do I calculate my bonus bid for parcels where the U. S. only owns a fractional mineral interest?

If the United States owns less than 100 percent of the oil and gas rights in a parcel, the parcel will reflect the percentage of interest the United States owns. You must calculate your bonus 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 the Public Records and Information Center and announce the withdrawn parcels at the time of 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 rate of 12.5 percent on the production removed or sold from the lease. There are other lease terms on the standard lease form (Form 3100-011, June 1988 or later edition).
- **Stipulations:** Some parcels are subject to surface use restrictions or other 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 and signed competitive bid form (Form 3000-2, October 1989 or later edition) along with payment. **If you are using a machine duplicated copy of the electronic version, you must include both sides of the form.** 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, it certifies that 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. Once you sign the form, you can't change it. We will not accept any bid form that has information crossed out or is otherwise altered. Successful bidders cannot withdraw their bids.

Fillable bid forms are available online at:

<https://www.blm.gov/FormsCentral/show-form.do?nodeId=672#>

Payments due following the sale:

- **minimum due by 4:00 p.m. on day of sale:**
 - Bonus bid deposit of \$2.00 per acre or fraction thereof;
 - First year rent of \$1.50 per acre or fraction thereof except for future interest parcels; and
 - \$140 non-refundable administrative fee.

The minimum monies due the day of the sale for a winning bid are owed to the United States per 43 CFR 3120.5-2(b) and 43 CFR 3120.5-3(a). If the BLM doesn't receive the minimum payment by the date and time above, the BLM will reject the bid and issue a bill for the monies owed. If the BLM doesn't receive payment of the bill by the due date, the United States will pursue collection by all appropriate methods, and when appropriate assess late fees, civil penalties, interest, administrative charges and penalties on past due amounts. (See, e.g., Federal Claims Collection Act of 1966, as amended; Debt Collection Improvement Act of 1996; and 31 CFR 285.)

- **remaining balance due by 4:00 p.m. September 9, 2009**
 - If you don't pay in full by this date, you lose the right to the lease and all the money you paid on the day of the sale. We may offer the parcel in a future sale.

Method of payment:

- personal check;
Make checks payable to: **Department of the Interior-BLM**. We can't accept cash. If we returned a previous check to you for insufficient funds, we will require a guaranteed payment, such as a cashier's check.
- cashier's check;
- money order; or
- credit card (VISA, MasterCard, American Express, or Discover).

Effective February 1, 2005, the BLM will not accept credit card or debit card payments to the BLM 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.

We can't grant you any extension of time to pay the money due the day of the sale.

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 issue the lease effective the first day of the month in which we sign it, if you submit a written request 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 on 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 2-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- three copies of current lease form (Form 3100-11, July 2006 edition) with lands described as specified in our regulations at 43 CFR 3110.5. The lease form must contain the exact wording found on the current official form including the lease terms on pages two and three of the new form. It is not necessary for the offeror to attach page four of the new form which contains the General Instructions and Notices.
- \$365 nonrefundable administrative fee; and
- first year 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 4:00 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. If we receive multiple offers on a single parcel, *we will hold the drawing on Thursday, August 27, 2009, at 1:00 p.m. at the MTSO Information Access Center.*

How do I file a noncompetitive presale offer?

Under 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 1-year period; or
- have not been in a competitive lease sale within the previous 2-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 current lease form (Form 3100-11, July 2006) with lands described as specified in our regulations at 43 CFR 3110.5. The lease form must contain the exact wording found on the current official form including the lease terms on pages two and three of the new form. It is not necessary for the offeror to attach page four of the new form which contains the General Instructions and Notices.;
- \$365 nonrefundable administrative fee; and
- first year 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 presale offer, we will issue the lease. You may withdraw your offer prior to the date we sign your lease. The 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 (FS) 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 FS offices:

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

Where can I obtain information pertaining to the stipulations identified for BLM surface managed parcels?

Contact the appropriate BLM FO if you need additional information regarding the identified stipulations, including the specific portion of a legal subdivision affected by a stipulation.

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

Yes. Under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest no later than close of business on August 10, 2009. Protests must be filed 15 calendar days prior to the date of the sale. If our office is closed on the

15th day prior to the date of the sale, we will consider protests received on the next day our office is open to the public timely filed. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.

- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail, in hardcopy form or by telefax to 406-896-5292. You may not file a protest by electronic mail. We will dismiss a protest sent to a fax number other than the fax number identified or a protest filed by electronic mail.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them and be authorized to file a protest in the group's name.
- Please be advised that all protest information and correspondence shall be made publically available.

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

We will make every effort to decide the protest within 60 days after the sale. We won't issue a lease for a protested parcel until the State Director makes a decision on the protested parcel. If the State Director denies the protest, we will issue your lease concurrently with that decision.

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

No. In accordance with BLM regulations (43 CFR 3120.5-3), you may not withdraw your bid.

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

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and refund your first year rental, bonus bid and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes. An appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes. An appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

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

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the

appeal results in lease cancellation, we will authorize refund of the bonus bid, rentals and administrative fee if –

- there is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it, and;
- there is no indication of bad faith or other reasons not to refund the rental, bonus bid and administrative fee.

How do I nominate lands for future sales?

- file a letter with this office describing the lands nominated for sale;
- file a pre-sale offer.

Who should I contact if I have a question?

For more information, contact Merry Prestridge at 406-896-5026.

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

We are tentatively holding our next competitive sale on November 3, 2009.

Teri Bakken, Chief
Fluids Adjudication Section

- OFFICIAL POSTING DATE MUST BE ON OR BEFORE July 10, 2009 -

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).

SURFACE OWNERSHIP FOR PARCELS IN THE STATES OF MONTANA, NORTH DAKOTA AND SOUTH DAKOTA

The Montana State Office Competitive Sale Notices and stipulations are available at the following website:

http://www.blm.gov/mt/st/en/prog/energy/oil_and_gas/leasing.html

Sale Notices now include the following link to a State of Montana website. Surface ownership for parcels located in Montana that are advertised on our Competitive Sale Notices can be determined from this website:

<http://gis.mt.gov/>

At the above website, select **Property Map**. Then click on the County **4** times to get to the screen that identifies the township and range (eg. T005NR051E). Then click on the township and range **2** times to reach the screen that displays the sections and subdivisions. At top of the screen, select the symbol for “**Identify**”. Then click on the legal description you wish to query. An ownership screen will be displayed. Select **View Detailed CAMA Records** for additional data regarding the ownership, for example., the owner’s name, taxable value, acreage type classification, and so on.

The following website has available, for a fee, real estate records for the majority of the counties in North Dakota-- www.ndrin.com . Go to “**Land Records**” and in the second paragraph, select “**click here**” to see the list of participating counties.

The following is the website that has information available for lands in South Dakota--
<http://beacon.schneidercorp.com/>

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

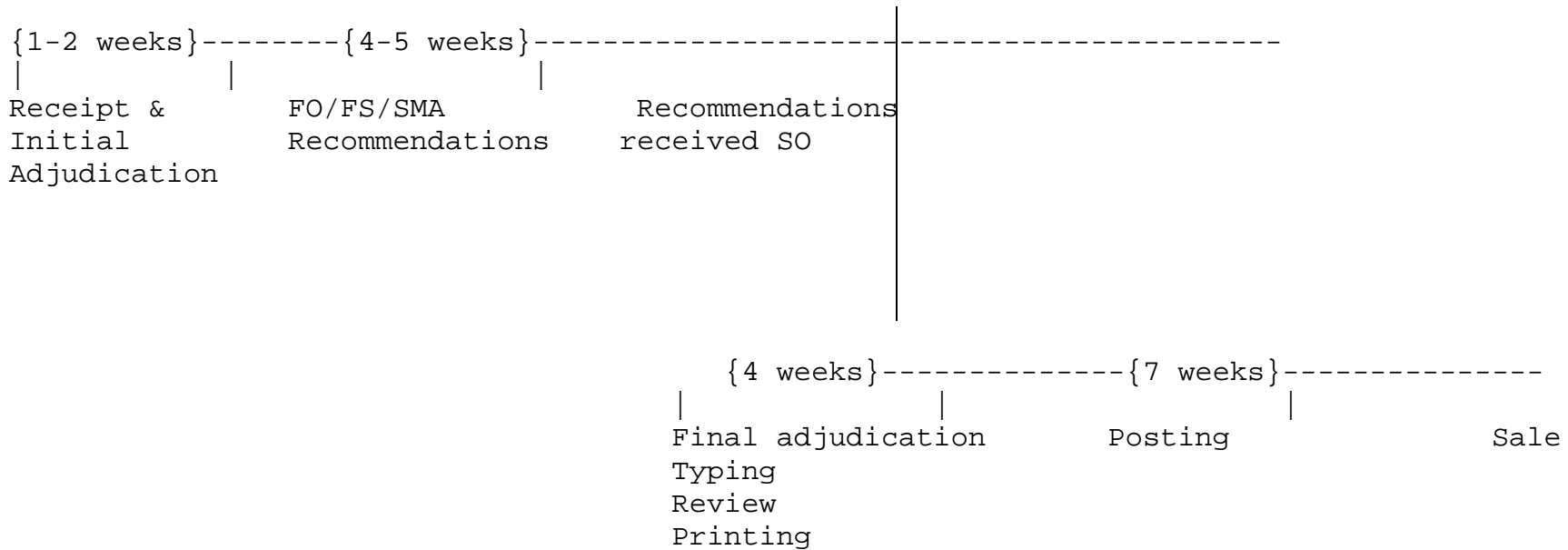
NOTICE TO LESSEE

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 OFFERS**



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

SMA-Surface Management Agency
 e.g., Forest Service, Bureau of Reclamation
 FO-BLM Field Office FS-BLM Field Office
 SO-Montana State Office