



# 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>

February 12, 2009

In Reply Refer To:

3100 (MT922.JB)

MTM 98735

January 27, 2009 Competitive Oil & Gas Lease Sale

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Philip Land  
The Land Brokers Real Estate  
P. O. Box 1025  
Big Timber, Montana 59011-1025

On January 21, 2009, we received your letter (Enclosure 1) dated January 19, 2009. In that letter, you requested that we reconsider the decision in our protest response to you dated January 14, 2009 (Enclosure 2).

The letter states:

"We want to expand and refocus attention to the fact that the route to the two forty acre parcels in parcel MT 01-09-08 (*owned by the Smiths*) is right through the driveway and front yard of the Smith home. This, in and of itself, is unsatisfactory to the owners of said property."

We reviewed the aerial map of the area of your concerns (Enclosure 3). The route from your house to the two 40-acre parcels of land is a little over a mile. This route appears to be on a private road. This is based on information from our oil/gas plat (Enclosure 4) showing that all of the lands from your house to the portion of the lease parcel in question are all privately owned. That includes the route you referenced in your January 19, 2009, letter.

If there is any development of oil/gas on the 80-acre tract and the lessee/operator wants to use this route to get to the 80-acre tract, he must negotiate for permission to use the access route with the affected surface owner. Also prior to our approval of any applications for permit to drill within the 80-acre tract, the Bureau of Land Management (BLM) would:

- require the lessee/operator to certify that a good faith effort has been made to negotiate a surface use agreement with the surface owners;
- invite the surface owners to participate in the pre-drilling onsite inspection/meeting, and seek the surface owner's input on development and reclamation issues; and

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2-9-09

- carefully consider the surface owner's views and the effects on the surface owner's uses of the land before determining mitigation requirements and approving operations.

Your letter also states:

"Additionally, and of equal importance, Section 20, SE1/4NW1/4 is directly adjacent to the guest house and its drilled domestic water supply. The other 40 acres in the SW1/4SE1/4 is directly adjacent and above the water source for stock water that supplies four distinct pastures."

Federal Onshore Oil and Gas Order Number 1 governs approval of federal oil and gas drilling permits. It notes at III.D.4 that "any surface use plan must provide for safe operations, adequate protection of surface resources, groundwater, and other environmental components." These requirements are enforced with any approval of an application to drill for a federal well.

I hope this information offers you a better understanding of the rights of a surface owner and demonstrates our commitment to the mitigation of environment impacts from oil and gas activities.

On January 27, 2009, Stewart Geological Inc. was the high bidder for this parcel at our competitive oil and gas lease sale and will be issued the lease. In case you plan to appeal our decision letter (Enclosure 2) dated January 14, 2009, Stewart Geological Inc. must be served as the adverse party and you must follow procedures outlined in that letter:

Stewart Geological Inc., 710 Grand Ave, Suite 7, Billings MT 59101

If you have any questions, please feel free to call John Bown at (406) 896-5109.

Sincerely,

/s/ Gene R. Terland

Gene R. Terland  
State Director

3 Enclosures

- 1-Letter of January 19, 2009 (2 pp)
- 2-Letter of January 14, 2009 (6 pp)
- 3-Topographic Map
- 4-Oil and gas plat

cc: Stewart Geological Inc., 710 Grand Ave, Suite 7, Billings MT 59101  
Billings Field Office