

DEPARTMENT OF STATE LANDS



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620

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AUG 05 1992
ENVIRONMENTAL
QUALITY COUNCIL

July 27, 1992

To Whom it may concern:

We have reviewed the attached Environmental Assessment for the September 1, 1992 lease sale. The stipulations, as listed in appendix A, sufficiently mitigate environmental concerns with leasing the proposed tracts. There is no need for an EIS for this lease sale.

Monte S. Mason
Monte Mason, MMB Chief

7/28/92
Date

M. Jeff Hagener
Jeff Hagener, Lands Division Administrator

7/28/92
Date

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ENVIRONMENTAL ASSESSMENT ON THE September 1, 1992 OIL AND GAS LEASE SALE Montana Department of State Lands

I. Introduction

The State of Montana owns over six million acres of oil and gas rights that are scattered across the state. The land that these mineral rights lie under are varied, consisting of timber, grazing, and agricultural land. The state also owns mineral rights below navigable lakes and streams in Montana. Each land type will be impacted differently by oil and gas related activity.

This document contains the environmental review of lands nominated for oil and gas leasing for the September 1, 1992 lease sale. Alternatives reviewed in this document are 1) No Action - deny the oil and gas lease; and 2) approve the oil and gas lease with appropriate stipulations.

II. Purpose and Need for the Action

The Montana Department of State Lands has received nominations for 88 tracts of land totaling 38,715.78 acres for the purpose of oil and gas exploration and development. A listing of these tracts and their location is found in Appendix A. Prior to leasing the nominated tracts, the DSL must review each tract for potential impacts on the human and natural environment from oil and gas operations.

By leasing lands for oil and gas exploration, the trusts administered by DSL benefit from rental and potential royalty income.

III. Agency Responsibilities

A. Department of State Lands

The Department of State Lands (DSL) is authorized to lease state owned oil and gas for exploration and development (MCA 77-3-401, et seq). Oil and gas lease sales occur quarterly, as required by ARM 26.3.206(1). Under the Montana Environmental Policy Act (MCA 75-1-201, et seq.), the Department of State Lands must review leasing of nominated tracts for potential impacts on the human and natural environment prior to leasing unless a clause for denial of activity is added to the lease.

The DSL must decide whether to lease the nominated tracts with appropriate stipulations or deny leasing.

B. Board of Oil and Gas Conservation

The Board of Oil and Gas Conservation (BOGC) is responsible for requiring "measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and production..." (MCA 82-11-111(2)(a)). The BOGC issues permits for oil and gas

drilling operations (MCA 82-11-122), and also oversees proper plugging and abandonment of seismic shot-holes and oil and gas wells (MCA 82-11-123(4)). All permitting by the BOGC is subject to an environmental review under the Montana Environmental Policy Act (MCA 75-1-201, et seq.). A programmatic EIS on oil and gas activity was completed by the BOGC in 1989 (BOGC, 1989) and is incorporated in this EA by reference. DSL adopts the conclusions and information contained in that EIS.

The BOGC is not involved in leasing decisions taken by the DSL.

IV. Procedure

Notification of the tracts nominated for lease was submitted to the following agencies and individuals for review and comments:

Montana Department of State Lands Area Office Managers
Montana Department of State Lands Staff Archaeologist
Montana Department of Fish, Wildlife and Parks Regional Offices
The State Historical Preservation Office
Montana Natural Heritage Program

Comments received from these agencies and individuals are reviewed and stipulations are developed for each tract nominated for leasing.

Issues reviewed for this process include:

The presence of sensitive plant and animal communities.
The presence of historical or cultural sites.
Potential impacts of oil and gas related activities on soils, hydrology, wildlife, vegetation, and human resources.
Potential for "No Surface Occupancy" restrictions.
Potential conflicts with current land use (such as Federal Farm Programs including CRP).
Other potential resources for the tract.

Field evaluations from past inspections, information from DSL field office files, and, if necessary, additional on-site evaluations are used by the DSL field staff in assessing potential impacts from oil and gas leasing and subsequent development. Information contained in the programmatic EIS produced by the BOGC (BOGC, 1989) is also utilized in determining the potential impacts of future oil and gas development for the nominated tracts. Stipulations are then attached to the lease to provide resource protection during future lease operations. These stipulations range from strict, no surface occupancy restrictions to requirements for operating plan approval (with the potential of future denial) to surface damage settlement issues. A list of example stipulations is located in Appendix B.

For all nominated tracts, additional environmental assessments will be completed with the receipt of an operating plan by both DSL and the BOGC. Potential problems are mitigated at that time through modifications in the plan. DSL can not deny drilling of a well unless stipulated at the time of the lease, but stipulations can be added to the operating plan to mitigate impacts. The BOGC, however, may deny a drilling permit or include additional stipulations in the drilling permit.

For tracts nominated in potentially sensitive areas, a special stipulation has been developed that creates a tiered environmental review process with the potential for future denial of activities (Appendix B, Stipulation E). An impact analysis is not required prior to leasing a tract with this stipulation (North Fork Preservation Assoc. v. Dept of State Lands, 238 Mont. 451, 778, P.2d 862 (1989); Conner v. Burford, 836 F.2d 1521 at 1528 (9th Cir., 1988)). When activity is proposed on a lease, the operating plan receives an environmental review. This review consists of an evaluation of impacts of the proposed action. Additional stipulations and mitigating

measures may be required prior to the activity, or activity may be denied. Depending on the location and potential impacts from the specific activity proposed, this environmental review could consist of a basic Environmental Assessment up to a full Environmental Impact Statement.

Additional environmental assessments may be necessary with further development of the lease. Environmental assessments are completed as necessary throughout the term of the lease.

V. Public Notification

Public notice of nominated tracts and attached stipulations is made one month prior to the lease sale in the Montana Oil Journal and through a mailing list of approximately 800 individuals and companies.

VI. Resource Analysis

The following issues were analyzed for potential impact on state owned land:

A. Wildlife:

Potential impacts on wildlife for each tract are analyzed by the DSL field office staff with additional input from the Department of Fish, Wildlife and Parks (DFWP) regional office staff. Letters requesting information on potential impacts from oil and gas activities are sent to each DFWP regional office. If no site specific response is received from these offices, and the DSL field office makes no comment on potential conflict with wildlife on a nominated tract, it is assumed that no future conflict will arise that can not be mitigated at a later date.

B. Water Quality:

Potential impacts on surface water resources are analyzed by the DSL field office staff. Notation is made on locations of streams, lakes, ponds, and springs within a nominated tracts. If set-backs from water resources are required, a stipulation is developed to protect these resources.

Ground water resource protection is required by the BOGC, and BOGC permitting is contingent on adequate protection.

C. Soils:

DSL field office personnel review soil surveys conducted by the ASCS along with field notes from previous inspections to determine the potential for impacts to fragile soils. If protection of fragile soils is needed, a stipulation is developed to protect the resource.

D. Vegetation

DSL field office personnel review records in the office for potential impacts on vegetation in an area. If rare plants or potential for significant impacts exist on a tract, stipulations are developed to protect this resource.

E. Land use conflicts:

Nominated tracts are reviewed by DSL field office personnel for current land use, and potential conflicts are noted. Each lease is stipulated with a clause leaving the oil and gas lessee responsible for payment of actual surface damages arising from oil and gas exploration or development (Appendix B, stipulation D). The lease terms also prohibit drilling within 200 feet of a residence or barn.

Usually, oil and gas activity only impacts a small portion of any lease, and conflicts with current land use are rare.

F. Historical and Cultural Resources:

Each nominated tract is reviewed by the DSL staff archaeologist for the presence of known historical or cultural sites and for the potential of discovery of a new historical or cultural site. The State Historic Preservation Office is also contacted for review of the nominated tracts. A stipulation is added to each lease that protects archaeological or historic sites, and surface activities may be restricted if a significant site is discovered during the lease term (Appendix B, stipulation B).

G. Existing facilities/Geologic potential

Each nominated tract is reviewed by the DSL staff petroleum engineer and the DSL staff geologist for production potential, production or drilling history, and existing facilities. If concerns exist, stipulations are added to the lease. Example stipulations for these circumstances are located in Appendix B, stipulations I-K.

VII. Impact Analysis

A. No Action Alternative - Deny the oil and gas lease.

If a lease is denied, the only resource that would be negatively impacted is the loss of revenue from rental and royalty payments to the appropriate trust. All other resources would not be affected.

B. Leasing Alternative

Comments received on potential impacts for these tracts are located in Appendix C. These comments were requested on July 6, 1992 and must have been received by July 22, 1992 for consideration in formulating the stipulations. Late comments are located in Appendix D. Table 1 notes comments made for each tract and stipulations attached to protect the resource. A listing of the tracts and associated stipulations is also included in Appendix A.

VIII. Need for an Environmental Impact Statement

The DSL is required to evaluate each action to a "level of detail appropriate to the following considerations: ...the complexity of the proposed action,...the environmental sensitivity of the area affected,...the degree of uncertainty that the proposed action will have a significant impact on the quality of the human environment,...and...the need for and complexity of mitigation required to avoid the presence of significant impacts" (ARM 26.2.645 (2)).

Since environmentally sensitive tracts are stipulated for future environmental review with the submittance of an operating plan, all other tracts nominated are located in areas where potential impacts are minor or can be mitigated upon receipt of an operating plan, and the BOGC must approve an operating plan within MEPA prior to drilling activity, an Environmental Impact Statement is not required for the leasing action.

IX. Preparers

Compilation and preparation:

Gary Weissmann, Hydrogeologist, Department of State Lands

Agencies and persons consulted:

Dori Passmann, Archaeologist, Department of State Lands
Craig Roberts, Area Manager, Northeast Land Office, DSL
Jim Greene, Acting Area Manager, Central Land Office, DSL
Dwayne Andrews, Area Manager, Eastern Land Office, DSL
Mike Aderhold, Regional Supervisor, DFWP Region 4
Harold Wentland, Regional Supervisor, DFWP Region 6
Roger Fliger, Regional Supervisor, DFWP Region 5
State Historic Preservation Office
Margaret Beer, Montana Natural Heritage Program

X. References

Board of Oil and Gas Conservation, 1989, Programmatic Environmental Impact Statement on Oil and Gas Drilling and Production in Montana, (draft: Jan, 1989, final: Dec, 1989).

APPENDIX A: Nominated Tract Locations and Stipulations

THE FOLLOWING DESCRIBED LANDS WILL BE OFFERED FOR OIL AND GAS LEASING THROUGH ORAL COMPETITIVE BIDDING IN THE DEPARTMENT OF TRANSPORTATION AUDITORIUM, 2701 PROSPECT AVE., HELENA, MONTANA, BEGINNING AT 9:00 A.M., SEPTEMBER 1, 1992

TRACT	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES	BIDDER	BID \$/ACR
LESSOR: DEPT OF STATE LANDS								
✓BLAINE								
1		24.ON	20.OE	36	ALL UNDIVIDED 1/8 W.I. IN LEASE 12,660-71. SEE ATTACHED INFORMATION SHEET.	638.40	_____	_____
✓DANIELS								
2	1,2,3,4	36.ON	44.OE	19	LOTS 1,2, E1/2 NE1/4, E1/2 NW1/4	² 232.22	_____	_____
3	1,2,3,4	36.ON	44.OE	20	E1/2	320.00	_____	_____
4	1,2,3,4	36.ON	44.OE	29	E1/2, E1/2 W1/2	480.00	_____	_____
5	1,2,3,4	36.ON	44.OE	30	LOT 4, E1/2 W1/2, W1/2 SE1/4	276.72 <i>1308.74</i>	_____	_____
✓GLACIER								
6	1,2,3,4	36.ON	5.OW	20	SW1/4 SE1/4	40.00	_____	_____
✓GOLDEN VALLEY								
7	1,2,3,4,5	4.ON	18.OE	16	ALL*	640.00	_____	_____
✓HILL								
8	1,2,3,5	35.ON	16.OE	25	N1/2*	320.00	_____	_____
✓PETROLEUM								
9	1,2,3,4,5, 6	15.ON	25.OE	26	ALL*	640.00	_____	_____
✓RICHLAND								
10	1,2,3,4,7	26.ON	54.OE	15	NW1/4	160.00	_____	_____
✓SHERIDAN								
11	1,2,3,5	35.ON	57.OE	16	ALL*	640.00	_____	_____

TRACT	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES	BIDDER	BID \$/ACR
TOOLE								
12	1,2,3,4	33.ON	3.OV	5	SE1/4 SE1/4	40.00	_____	_____
13	1,2,3,5	33.ON	3.OV	21	NW1/4 NE1/4, SE1/4 NE1/4 *	80.00	_____	_____
14	1,2,3,4,5	33.ON	3.OV	22	NE1/4, NE1/4 NW1/4, S1/2 NW1/4, E1/2 SE1/4 *	360.00	_____	_____
VALLEY								
15	1,2,3,4	30.ON	36.OE	16	ALL	640.00	_____	_____
16	1,2,3,4,5	30.ON	37.OE	16	LOTS 1 THRU 9, SW1/4 NW1/4, S1/2 *	615.39	_____	_____
17	1,2,3,4,5	30.ON	37.OE	36	ALL*	640.00	_____	_____
18	1,2,3,4	31.ON	36.OE	7	N1/2 NE1/4, SE1/4 NE1/4, NE1/4 NW1/4	160.00	_____	_____
19	1,2,3,4	31.ON	36.OE	16	ALL	640.00	_____	_____
20	1,2,3,4	31.ON	36.OE	17	NE1/4	160.00	_____	_____
21	1,2,3,4	31.ON	37.OE	16	ALL	640.00	_____	_____
22	1,2,3,4	31.ON	37.OE	36	ALL	640.00	_____	_____
23	1,2,3,4	32.ON	36.OE	4	LOTS 3,4, SE1/4 NW1/4	123.10	_____	_____
24	1,2,3,4	32.ON	36.OE	13	ALL	640.00	_____	_____
25	1,2,3,4	32.ON	36.OE	16	ALL	640.00	_____	_____
26	1,2,3,4	32.ON	36.OE	27	W1/2 SE1/4	80.00	_____	_____
27	1,2,3,4	32.ON	36.OE	36	ALL	640.00	_____	_____
28	1,2,3,4	32.ON	37.OE	15	W1/2 NW1/4, NW1/4 SW1/4	120.00	_____	_____
29	1,2,3,4	32.ON	37.OE	16	ALL	640.00	_____	_____
30	1,2,3,4	32.ON	37.OE	17	NE1/4	160.00	_____	_____
31	1,2,3,4	32.ON	37.OE	20	NW1/4 SE1/4	40.00	_____	_____
32	1,2,3,4	32.ON	37.OE	21	NW1/4 SW1/4	40.00	_____	_____
33	1,2,3,4	32.ON	37.OE	30	LOTS 3,4, E1/2 SW1/4, NE1/4	307.24	_____	_____
34	1,2,3,4	32.ON	37.OE	33	W1/2	320.00	_____	_____
35	1,2,3,4	32.ON	37.OE	36	ALL	640.00	_____	_____
36	1,2,3,4	33.ON	36.OE	16	ALL	640.00	_____	_____
37	1,2,3,4	33.ON	36.OE	23	NE1/4, E1/2 W1/2, N1/2 SE1/4, SW1/4 SW1/4	440.00	_____	_____
38	1,2,3,4	33.ON	36.OE	24	NW1/4 NE1/4, NW1/4, W1/2 SW1/4	280.00	_____	_____
39	1,2,3,4	33.ON	36.OE	25	W1/2 W1/2	160.00	_____	_____
40	1,2,3,4	33.ON	36.OE	26	E1/2 E1/2, SW1/4 NE1/4, SE1/4 NW1/4, NE1/4 SW1/4, NW1/4 SE1/4, W1/2 NW1/4, NW1/4 SW1/4	440.00	_____	_____
41	1,2,3,4	33.ON	36.OE	27	S1/2 NE1/4, SE1/4 NW1/4, E1/2 SW1/4, SE1/4	360.00	_____	_____
42	1,2,3,4	33.ON	36.OE	31	NE1/4 NW1/4, SW1/4 SE1/4	80.00	_____	_____
43	1,2,3,4	33.ON	36.OE	34	NE1/4, NE1/4 NW1/4	200.00	_____	_____
44	1,2,3,4	33.ON	36.OE	35	E1/2 NE1/4, SW1/4 NE1/4, NW1/4 SE1/4	160.00	_____	_____
45	1,2,3,4	33.ON	36.OE	36	ALL	640.00	_____	_____
46	1,2,3,4	33.ON	37.OE	16	ALL	640.00	_____	_____
47	1,2,3,4	33.ON	37.OE	36	ALL	640.00	_____	_____
48	1,2,3,4	33.ON	38.OE	16	ALL	640.00	_____	_____

TRACT	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES	BIDDER	BID \$/ACR
49	1,2,3,4	33.ON	38.OE	36	ALL	640.00		
50	1,2,3,4	33.ON	39.OE	2	W1/2 NW1/4, SW1/4	240.00		
51	1,2,3,4	33.ON	39.OE	3	ALL	640.00		
52	1,2,3,4	33.ON	39.OE	4	ALL	640.00		
53	1,2,3,4	33.ON	39.OE	5	SW1/4, E1/2	480.00		
54	1,2,3,4	33.ON	39.OE	6	LOTS 1,2,3,4,5,6, NE1/4	392.21		
55	1,2,3,4	33.ON	39.OE	9	ALL	640.00		
56	1,2,3,4	33.ON	39.OE	10	ALL	640.00		
57	1,2,3,4	33.ON	39.OE	11	LOTS 8,9,10,11,12, W1/2 NW1/4, SW1/4, SW1/4 SE1/4	450.65		
58	1,2,3,4	33.ON	39.OE	13	LOTS 5,6,7,8	103.00		
59	1,2,3,4	33.ON	39.OE	14	E1/2, SW1/4	480.00		
60	1,2,3,4	33.ON	39.OE	15	NW1/4, N1/2 SW1/4, SE1/4	400.00		
61	1,2,3,4	33.ON	39.OE	16	N1/2, SW1/4, N1/2 SE1/4	560.00		
62	1,2,3,4	33.ON	39.OE	17	SE1/4	160.00		
63	1,2,3,4	33.ON	39.OE	19	LOTS 1,6,7,12, E1/2	480.00		
64	1,2,3,4	33.ON	39.OE	20	ALL	640.00		
65	1,2,3,4	33.ON	39.OE	21	W1/2 NW1/4, SW1/4, S1/2 SE1/4	320.00		
66	1,2,3,4	33.ON	39.OE	22	E1/2, SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SW1/4	480.00		
67	1,2,3,4	33.ON	39.OE	23	ALL	640.00		
68	1,2,3,4	33.ON	39.OE	24	LOTS 6,7,8,9, W1/2 W1/2	308.75		
69	1,2,3,4	33.ON	39.OE	25	LOTS 6,7,8,9, W1/2	414.60		
70	1,2,3,4	33.ON	39.OE	26	ALL	640.00		
71	1,2,3,4	33.ON	39.OE	27	ALL	640.00		
72	1,2,3,4	33.ON	39.OE	28	ALL	640.00		
73	1,2,3,4	33.ON	39.OE	29	ALL	640.00		
74	1,2,3,4	33.ON	39.OE	30	LOTS 1 THRU 12, E1/2	791.20		
75	1,2,3,4	33.ON	39.OE	31	LOTS 1 THRU 11, NE1/4	526.60		
76	1,2,3,4	33.ON	39.OE	32	LOT 4, N1/2	346.40		
77	1,2,3,4	33.ON	39.OE	33	N1/2	320.00		
78	1,2,3,4	33.ON	39.OE	34	N1/2	320.00		
79	1,2,3,4	33.ON	39.OE	35	N1/2	320.00		
80	1,2,3,4	33.ON	39.OE	36	LOTS 1 THRU 10, SW1/4 NE1/4, NW1/4	429.30		
81	1,2,3,4	34.ON	36.OE	16	ALL	640.00		
82	1,2,3,4	34.ON	36.OE	36	ALL	640.00		
83	1,2,3,4	34.ON	37.OE	16	ALL	640.00		
84	1,2,3,4	34.ON	37.OE	36	ALL	640.00		
85	1,2,3,4	34.ON	38.OE	16	ALL	640.00		
86	1,2,3,4	34.ON	38.OE	36	ALL	640.00		
87	1,2,3,4	34.ON	39.OE	24	SE1/4	160.00		
88	1,2,3,4	34.ON	39.OE	36	ALL	640.00		

LESSOR SUBTOTAL: DEPT OF STATE LANDS

88 TRACTS 38,715.78 ACRES

88
14
74

PAGE 3

LEASE SALE TOTALS:

88 TRACTS 38,715.78 ACRES

STIPULATIONS

1. Lessee shall notify and obtain approval from the Department of State Lands prior to constructing well pads, roads, powerlines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in the Department's approval. Lessee shall also notify and obtain approval from the Department of State Lands prior to plugging a well on State Lands.

Prior to the drilling of any well, Lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department. After a well is drilled and completed, Lessee shall send one copy of all logs run and Form 4A "Completion Report", with attached geologic report, if any, to the Department. A copy of the Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to the Department whenever any subsequent change in well status, operator, or NGPA classification is intended or has occurred.

2. The Department will complete an initial review for cultural resources of the area intended for disturbance and may require a cultural resources inventory. Based on the results of the inventory, the Department may restrict surface activity for the purpose of protecting significant archaeological or historic resources located on the tract.
3. The lessee shall be responsible for controlling any noxious weeds introduced by Lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the leased premises.
4. The lessee is responsible to pay for all damages, including penalties and charges assessed by the ASCS on CRP lands, as a result of drilling and production on the tract. All damages will be assessed by the Department and paid directly to the State Land Department.
5. Lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to the Mineral Lease Bureau, Montana Department of State Lands, Capitol Station, Helena MT 59620.
6. Any activity within 1/4 mile of McDonald Creek must be approved by the Department, in writing, prior to commencement.
7. No activity shall be allowed within 100 feet of any perennial stream or lake without written approval from the Department.

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

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after date of sale.

An Environmental Assessment is available upon request from the Department of State Lands, Capitol Station, Helena, MT 59620.

STATE BOARD OF LAND COMMISSIONERS

OFFERED FOR BID

**Undivided 1/8 Working Interest from surface to the base of the Eagle formation in Lease No. 12,660-71
Township 24 North, Range 20 East
Section 36: All
638.40 acres, more or less
Blaine County**

An undivided 1/8 working interest from the surface of the earth to the base of the Eagle formation in State of Montana Lease No. 12,660-71 was acquired by the State through bankruptcy proceedings. The Department of State Lands will offer this interest for competitive bid at the September 1, 1992 lease sale. Minimum bid will be \$0.25 per acre. Since the successful bidder will be assuming the position of a working interest owner in an existing lease, no new lease will be issued. Instead, the Department will prepare an assignment of the 1/8 working interest from the State of Montana to the successful bidder.

Issued in 1971, this lease is past its primary term and is held by payment of \$1.00 per acre rental and a \$1.00 per acre shut-in royalty on the State 36-24-20, an Eagle formation gas well drilled in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of the section. Board of Oil and Gas Commission (BOGC) records show the well had an initial potential of 285 mcf/d upon completion in 1975. The well has been shut-in for pipeline connection from 1975 to the present.

Whiting-Park Production Partnership, Ltd. holds all other working interest in this lease. BOGC records show Whiting Petroleum is the operator of the well.

Please contact the Department of State Lands, Minerals Management Bureau, at (406)444-2074 for more information.

APPENDIX B: Example Stipulations for Oil and Gas Leasing.

Stipulations marked with (*) are placed on all leases.

Notification

- *A. Lessee shall notify and obtain approval from the Department of State Lands prior to constructing well pads, roads, powerlines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in the Department's approval. Lessee shall also notify and obtain approval from the Department of State Lands prior to plugging a well on State Lands.

Prior to the drilling of any well, Lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department. After a well is drilled and completed, Lessee shall send one copy of all logs run and Form 4A "Completion Report", with attached geologic report, if any, to the Department. A copy of the Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to the Department whenever any subsequent change in well status, operator, or NGPA classification is intended or has occurred.

Cultural

- *B. The Department will complete an initial review for cultural resources of the area intended for disturbance and may require a cultural resources inventory. Based on the results of the inventory, the Department may restrict surface activity for the purpose of protecting significant archaeological or historic resources located on the tract.

Weeds

- *C. The lessee shall be responsible for controlling any noxious weeds introduced by Lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the leased premises.

CRP Land and Damages

- *D. The lessee is responsible to pay for all damages, including penalties and charges assessed by the ASCS on CRP lands, as a result of drilling and production on the tract. All damages will be assessed by the Department and paid directly to the State Land Department.

Sensitive Areas

- E. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the leased premises, the lessee shall submit to the Department of State Lands one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Commissioner of State Lands.

The Department shall review the Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Commissioner determines in writing that the proposed surface activity will be detrimental to trust resources and is, therefore, not in the best interests of the trust.

Navigable Rivers

- F. This tract contains navigable river beds. Therefore, upon completion of a successful well or within 30 days of receipt of the Department's request to file an interpleader action, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants, and deposit with the clerk of District Court, pursuant to Section 25-8-101, MCA, an amount equal to the royalties attributable to all acreage to which title is disputed between two or more parties in an interest bearing account.

Surface not State Owned

- G. Lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to the Mineral Lease Bureau, Montana Department of State Lands, Capitol Station, Helena, MT 59620.

No Surface Occupancy

- H. No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Commissioner of the Department of State Lands.

Existing Production Restrictions

- I. Lessee will need to make settlement for the value of the equipment with previous lessee. A copy of this settlement will be sent to the Department of State Lands for their records.

Existing Facilities

- J. It is understood that this tract has existing facilities, wells, and surface impoundments that have been identified as an environmental concern. The new lessee shall be responsible for new facilities and new surface impoundments only, and shall be responsible for only those wells entered by the lessee or his agents. No wells shall be entered until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation.

Drainage Occurring

- K. It is the opinion of the Department of State Lands that drainage is occurring on the land described in this lease and that if a well is not drilled within two years after this lease is issued the department will consider cancellation of the lease for failure to drill an offset well.

Forested Tracts - Timber

- L. Prior to the cutting or removal of timber on these tracts for exploration or development related activities, the lessee shall notify the appropriate State Lands area office.

Wildlife Restrictions

- M. To protect wildlife during periods important to their survival, surface occupancy or other activity shall be restricted from March 15 through June 15 of each year unless otherwise authorized in writing by the Department.

- N. Potential wildlife conflicts have been identified for this tract. The lessee shall contact the regional Fish, Wildlife & Parks office in their area for advise on alleviating any possible conflicts.

Miscellaneous Restrictions

- O. No activity shall be allowed within 100 feet of any perennial stream, without approval of the Department.
- P. Due to unstable soil conditions on these tracts, surface use may be restricted.
- Q. Due to existing surface uses (center pivots and Conservation Reserve Program) development on this tract will require special consideration. The lessee is required to contact the appropriate Area Office and the Department of State Lands in Helena three months prior to any activity.

APPENDIX C: Comments Received Before Deadline

DEPARTMENT OF STATE LANDS
EASTERN LAND OFFICE

RECEIVED

JUL 14 1992

STAN STEPHENS, GOVERNOR

P.O. BOX 1794
STATE LANDS
201 WEST STREET



STATE OF MONTANA

(406) 232-2034

MILES CITY, MONTANA 59301

MEMORANDUM

TO: Gary Weissmann, Hydrologist

FROM: Sharon Moore, Land Use Specialist *SM/kw*

DATE: July 13, 1992

RE: State Lease No. 2029
Section 15, T26N, R54E, NW4
Richland County

Concerning your request for comments on State land on the oil and gas lease list, the only one in our area is the tract referenced above.

The only real concern I can see is that Charlie Creek is not negatively impacted by disturbance or contamination on this tract of land. Attached is a map showing the location of the creek.

This tract of land is easily accessible from the county road and consists of gently sloping and rolling hills. Lessee usually uses it as summer pasture.

Please let me know if you need any further information.



silty site

NOT TO SCALE

279-329

**Montana Department
of
Fish, Wildlife & Parks**

RECEIVED

JUL 24 1992

STATE LANDS



P. O. Box 6610
Great Falls, MT 59406
July 23, 1992

Department of State Lands
Attn: Gary Weissmann
Minerals Management Bureau
Lands Division
1625 Eleventh Avenue
Helena, MT 59620

RE: September 1, 1992 Oil and Gas Lease Sale

Dear Mr. Weissmann:

The wildlife values in tract 5004, T15N, R25E, Section 26 are excellent. The main wildlife species using this tract are antelope, white-tailed and mule deer, sage and sharptailed grouse, pheasants, gray partridge and mourning doves.

We recommend prohibiting oil and gas activities from December 1 through June 1. This restriction will prevent disturbances to sage and sharp-tailed grouse breeding grounds and nesting, pheasant and gray partridge breeding and nesting and antelope, white-tailed and mule deer parturition and winter stress/energetic demands.

We also recommend that oil and gas activities be kept 1/4 mile away from McDonald Creek and all exploration activities be conducted in a manner to prevent ground water pollution or runoff pollution to McDonald Creek.

Thank you for the opportunity to comment.

Sincerely,

Mike Aderhold by K9 Constan
Mike Aderhold
Regional Supervisor

MA/KC/do

DSL Response: Since Highway 200 passes through the section, and ample opportunity for wintering wildlife exists in the are, we believe that potential mitigations developed under stipulation #1 will be sufficient to protect wildlife at this location.

RECEIVED

JUL 15 1992

STATE LANDS

**Montana Department
of
Fish, Wildlife & Parks**



Rural Route 1 4210
Glasgow, MT 59230
July 13, 1992

Mr. Gary Weissmann, Hydrologist
Mineral Management Bureau
Lands Division
1625 Eleventh Avenue
Helena, MT 59620

Dear Mr. Weissmann:

My comments pertain to the September 1, 1991, oil and gas lease sale stated in your July 6, 1992, letter. My comments are pertinent to those sites in Daniels, Hill, Richland, Sheridan and Valley counties.

It is not possible to conduct the on-site investigations needed to accurately assess potential impacts of these activities on wildlife by July 22, 1992. Generally, I recommend no surface occupancy or other activity be allowed on any of the sites during the March 1 through July 1 period. This will help protect breeding and nesting upland game birds, and fawning and early rearing big game animals. If the activity is to take place exclusively on cultivated cropland, the recommendations do not apply.

Thank you for requesting my input.

Sincerely,

Harold J. Wentland
Region 6 Wildlife Manager

HJW/je

DEPARTMENT OF STATE LANDS



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620

July 15, 1992

MEMORANDUM

TO: Gary Weissmann, Hydrologist, Minerals Management Bureau
FROM: Dori Passmann, Archaeologist, Land Management Section 
RE: September 1, 1992 Oil & Gas Lease Sale

Attached is the list of tracts for the above lease sale. I have marked the recorded and unrecorded sites next to the appropriate tract. These tracts will have to be inventoried when development is proposed.

Please let me know if I can be of further assistance.

/ns

07-02-92

STATE OF MONTANA
OIL & GAS LEASE SALE - SEPTEMBER 1, 1992

PRE-SALE APPLICATION REPORT

APP#	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES
LESSOR: DEPT OF STATE LANDS						
DANIELS						
5081		36.ON	44.OE	19	LOTS 1,2, E1/2 NE1/4, E1/2 NW1/4	232.22
5082		36.ON	44.OE	20	E1/2	320.00
5083		36.ON	44.OE	29	E1/2, E1/2 W1/2	480.00
5084		36.ON	44.OE	30	LOT 4, E1/2 W1/2, W1/2 SE1/4	276.72
GLACIER						
5086		36.ON	5.OW	20	SW1/4 SE1/4	40.00
GOLDEN VALLEY						
5089		4.ON	18.OE	16	ALL	640.00
HILL						
5006		35.ON	16.OE	25	N1/2	320.00
PETROLEUM						
5004		15.ON	25.OE	26	ALL	640.00
PONDERA						
5087		30.ON	4.OW	16	ALL	640.00
RICHLAND						
5005		26.ON	54.OE	15	NW1/4	160.00
SHERIDAN						
5088		35.ON	57.OE	16	ALL	640.00
TOOLE						

APP#	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES
5001		33.ON	3.OW	5	SE1/4 SE1/4	40.00
5002		33.ON	3.OW	21	NW1/4 NE1/4, SE1/4 NE1/4	80.00
5003		33.ON	3.OW	22	NE1/4, NE1/4 NW1/4, S1/2 NW1/4, E1/2 SE1/4	360.00
VALLEY						
5007		30.ON	36.OE	16	ALL <i>UN RECORDED SIZE SE⁷</i>	640.00
5008		30.ON	37.OE	16	LOTS 1 THRU 9, SW1/4 NW1/4, S1/2	615.39
5009		30.ON	37.OE	36	ALL	640.00
5010		31.ON	36.OE	7	N1/2 NE1/4, SE1/4 NE1/4, NE1/4 NW1/4	160.00
5011		31.ON	36.OE	16	ALL	640.00
5012		31.ON	36.OE	17	NE1/4	160.00
5013		31.ON	37.OE	16	ALL	640.00
5014		31.ON	37.OE	36	ALL <i>RINGS, UN RECORDED</i>	640.00
5015		32.ON	36.OE	4	LOTS 3,4, SE1/4 NW1/4	123.10
5016		32.ON	36.OE	13	ALL	640.00
5017		32.ON	36.OE	16	ALL	640.00
5018		32.ON	36.OE	27	W1/2 SE1/4	80.00
5019		32.ON	36.OE	36	ALL	640.00
5020		32.ON	37.OE	15	W1/2 NW1/4, NW1/4 SW1/4	120.00
5021		32.ON	37.OE	16	ALL	640.00
5022		32.ON	37.OE	17	NE1/4	160.00
5023		32.ON	37.OE	20	NW1/4 SE1/4	40.00
5024		32.ON	37.OE	21	NW1/4 SW1/4	40.00
5025		32.ON	37.OE	30	LOTS 3,4, E1/2 SW1/4, NE1/4 <i>24VL47</i>	307.24
5026		32.ON	37.OE	33	W1/2 <i>24VL44, 24VL45, 24VL47, 24VL48</i>	320.00
5027		32.ON	37.OE	36	ALL	640.00
5028		33.ON	36.OE	16	ALL <i>24VL947 SE⁴ + RINGS, NOT RECORDED</i>	640.00
5029		33.ON	36.OE	23	NE1/4, E1/2 W1/2, N1/2 SE1/4, SW1/4 SW1/4	440.00
5030		33.ON	36.OE	24	NW1/4 NE1/4, NW1/4, W1/2 SW1/4 <i>UN SIZE, NOT RECORDED</i>	280.00
5031		33.ON	36.OE	25	W1/2 W1/2	160.00
5032		33.ON	36.OE	26	E1/2 E1/2, SW1/4 NE1/4, SE1/4 NW1/4, NE1/4 SW1/4, NW1/4 <i>SIZE, NOT RECORDED</i>	440.00
5033		33.ON	36.OE	27	S1/2 NE1/4, SE1/4 NW1/4, E1/2 SW1/4, SE1/4 <i>SIZE, NOT RECORDED</i>	360.00
5034		33.ON	36.OE	31	NE1/4 NW1/4, SW1/4 SE1/4	80.00
5035		33.ON	36.OE	34	NE1/4, NE1/4 NW1/4 <i>SIZE, NOT RECORDED</i>	200.00
5036		33.ON	36.OE	35	E1/2 NE1/4, SW1/4 NE1/4, NW1/4 SE1/4	160.00
5037		33.ON	36.OE	36	ALL <i>SIZE, NOT RECORDED</i>	640.00
5038		33.ON	37.OE	16	ALL	640.00
5039		33.ON	37.OE	36	ALL <i>SIZE, NOT RECORDED</i>	640.00
5040		33.ON	38.OE	16	ALL	640.00
5041		33.ON	38.OE	36	ALL	640.00
5042		33.ON	39.OE	2	W1/2 NW1/4, SW1/4 <i>SIZE, NOT RECORDED</i>	240.00
5043		33.ON	39.OE	3	ALL	640.00
5044		33.ON	39.OE	4	ALL	640.00

APP#	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES
5045		33.ON	39.OE	5	SW1/4, E1/2	480.00
5046		33.ON	39.OE	6	LOTS 1,2,3,4,5,6, NE1/4	392.21
5047		33.ON	39.OE	9	ALL	640.00
5048		33.ON	39.OE	10	ALL	640.00
5049		33.ON	39.OE	11	LOTS 8,9,10,11,12, W1/2 NW1/4, SW1/4, SW1/4 SE1/4	450.65
5050		33.ON	39.OE	13	LOTS 5,6,7,8	103.00
5051		33.ON	39.OE	14	E1/2, SW1/4	480.00
5052		33.ON	39.OE	15	NW1/4, N1/2 SW1/4, SE1/4	400.00
5053		33.ON	39.OE	16	N1/2, SW1/4, N1/2 SE1/4	560.00
5054		33.ON	39.OE	17	SE1/4	160.00
5055		33.ON	39.OE	19	LOTS 1,6,7,12, E1/2	480.00
5056		33.ON	39.OE	20	ALL	640.00
5057		33.ON	39.OE	21	W1/2 NW1/4, SW1/4, S1/2 SE1/4	320.00
5058		33.ON	39.OE	22	E1/2, SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SW1/4	480.00
5059		33.ON	39.OE	23	ALL	640.00
5060		33.ON	39.OE	24	LOTS 6,7,8,9, W1/2 W1/2	308.75
5061		33.ON	39.OE	25	LOTS 6,7,8,9, W1/2	414.60
5062		33.ON	39.OE	26	ALL	640.00
5063		33.ON	39.OE	27	ALL	640.00
5064		33.ON	39.OE	28	ALL	640.00
5065		33.ON	39.OE	29	ALL	640.00
5066		33.ON	39.OE	30	LOTS 1 THRU 12, E1/2	791.20
5067		33.ON	39.OE	31	LOTS 1 THRU 11, NE1/4	526.60
5068		33.ON	39.OE	32	LOT 4, N1/2	346.40
5069		33.ON	39.OE	33	N1/2	320.00
5070		33.ON	39.OE	34	N1/2	320.00
5071		33.ON	39.OE	35	N1/2	320.00
5072		33.ON	39.OE	36	LOTS 1 THRU 10, SW1/4 NE1/4, NW1/4	429.30
5073		34.ON	36.OE	16	ALL	640.00
5074		34.ON	36.OE	36	ALL	640.00
5075		34.ON	37.OE	16	ALL	640.00
5076		34.ON	37.OE	36	ALL	640.00
5077		34.ON	38.OE	16	ALL	640.00
5078		34.ON	38.OE	36	ALL	640.00
5079		34.ON	39.OE	24	SE1/4	160.00
5080		34.ON	39.OE	36	ALL	640.00
5085		36.ON	38.OE	16	ALL	640.00



MONTANA NATURAL HERITAGE PROGRAM

1515 East Sixth Avenue
Helena, Montana 59620
(406) 444-3009

July 12, 1992

Gary Weissmann
Minerals Management Bureau
Department of State Lands
1625 11th Ave.
Helena, MT 59620

Dear Mr. Weissmann:

This is in response to your request of 6 July for information about the occurrence of sensitive species in various tracts, as per your list titled "Oil & gas lease sale - September 1, 1992."

We currently have no records of sensitive species located in, or within ca. 1 mile of, any of the tracts on that list.

Please remember that the results of a data search by the Montana Natural Heritage Program are not intended as a final statement on sensitive species within a given area, or as a substitute for on-site surveys needed for environmental assessments.

Sincerely,

Cedron Jones, Data Assistant

APPENDIX D: Late Comments