

# **APPENDIX B**

## **OIL AND GAS LEASING PROCEDURES**

### **PROCESSING OF LEASE APPLICATIONS**

A lease application originates in the Montana State Office when a party applies for an oil and gas lease on a particular parcel of land. The application is then forwarded to the appropriate district office if it is in an area that requires district office or resource area office review.

When an application is sent to the Butte District office, a file card is typed and the lease application is sent to the appropriate resource area office, where it is reviewed by wildlife biologists, recreation planners, surface protection specialists, soil scientists, and other specialists as needed. When the lease is reviewed, it is assumed that the area will be developed and that impacts as described in the Butte District Oil and Gas EA will result from development.

Specialists reviewing a lease application will complete the Butte District Oil and Gas Leasing Checklist and, if necessary, the supplemental forms at the end of the checklist (a copy of the checklist and supplemental forms follows this section). Information from the completed checklist and supplemental forms will indicate what stipulations will be needed. Information for completion of the checklist may be drawn from the Butte District Oil and Gas EA, existing and future land use plans, county soils maps, wildlife research data, onsite review, and consultation with state agencies, other federal agencies, and local government offices.

After the checklist and resulting stipulations and rationale are completed, the lease application file is sent back to the Butte District office for review. If the lease application involves Montana state lands or federal lands administered by other agencies, a copy may be sent to the appropriate agency for a 30-day review.

When the lease application has been completely reviewed, the Butte District's recommendation and all supporting documents are sent to the Montana State Office, where the lease is issued.

Management Unit 36

Description: This unit includes public land on the west side of the Elkhorn Mountains, and generally encompasses important elk calving and summer range habitat.

BLM-administered Surface: 7,176 acres

Federal Minerals: 8,697 acres

MANAGEMENT GUIDELINES BY ALTERNATIVE

| Issue                               | A. Preferred            | B. No Action         | C. Protection        | D. Production        |
|-------------------------------------|-------------------------|----------------------|----------------------|----------------------|
| Oil and Gas Leasing and Development | Special Stipulations    | Special Stipulations | Special Stipulations | Special Stipulations |
| Wilderness Recommendations          | N/A                     |                      |                      |                      |
| Forest Management                   | Set Aside <sup>1/</sup> | High Priority        | High Priority        | High Priority        |
| Land Ownership Adjustments          | Retention               | Retention            | Retention            | Retention            |
| Mineral Exploration and Development | Available               | Available            | Available            | Available            |
| Motorcycle Use Areas                | Available               | Available            | Available            | Available            |
| Motorized Vehicle Access            | Restricted              | Restricted           | Restricted           | Restricted           |
| Utility Corridors                   | Available               | Available            | Available            | Available            |
| Coal Leasing                        | N/A                     |                      |                      |                      |
| Special Designations                | N/A                     |                      |                      |                      |

<sup>1/</sup> Timber harvest may be used as a management tool to maintain or enhance elk calving and summer range habitat.

## BUTTE DISTRICT OIL AND GAS LEASING CHECKLIST

\_\_\_\_\_  
OG Sim. Serial Number

\_\_\_\_\_  
Serial Number

\_\_\_\_\_  
Resource Area

\_\_\_\_\_  
Planning Unit

Land use plan used for reference \_\_\_\_\_

(name)

(date)

### INTERAGENCY COORDINATION

\_\_\_\_\_  
Initial 1. Is any surface ownership of any agency listed in the lease area? \_\_\_\_\_ No \_\_\_\_\_ Yes (Check which)

\_\_\_\_\_ FS \_\_\_\_\_ Montana DSL \_\_\_\_\_ WPRS \_\_\_\_\_ MDFWP \_\_\_\_\_ USFWS

Local government (Name) \_\_\_\_\_

Other (Name) \_\_\_\_\_

\_\_\_\_\_  
Initial 2. Forest Service. Which national forest? \_\_\_\_\_

Has resource area contacted forest supervisor or ranger to agree on coordinated stipulations? \_\_\_\_\_ Yes \_\_\_\_\_ No

Attach documentation. District office has sent stips and checklist to forest supervisor.

\_\_\_\_\_  
Date Sent

\_\_\_\_\_  
To Whom

\_\_\_\_\_  
Initial (Dist. Off.)

\_\_\_\_\_  
Initial 3. U.S. Fish and Wildlife Service. Which USFWS area? \_\_\_\_\_

Has resource area contacted local office for recommendations? \_\_\_\_\_ Yes \_\_\_\_\_ No. Attach documentation. Are

stipulations and maps from USFWS attached? \_\_\_\_\_ Yes \_\_\_\_\_ No. District Office has sent stips and checklist to appropriate FWS office.

\_\_\_\_\_  
Date Sent

\_\_\_\_\_  
To Whom

\_\_\_\_\_  
Initial (Dist. Off.)

\_\_\_\_\_  
Initial 4. WPRS. Name project area \_\_\_\_\_

Has resource area or MSO contacted appropriate office for recommendations? \_\_\_\_\_ Yes \_\_\_\_\_ No. Attach

documentation. Are stipulations and maps from WPRS attached? \_\_\_\_\_ Yes \_\_\_\_\_ No. District office has sent stips and checklist to appropriate WPRS office.

\_\_\_\_\_  
Date Sent

\_\_\_\_\_  
To Whom

\_\_\_\_\_  
Initial (Dist. Off.)

APPENDIXES

Butte District Oil and Gas Leasing Checklist, page 2

OG Sim. Serial Number \_\_\_\_\_ Serial Number \_\_\_\_\_

\_\_\_\_\_ 5. MDFWP (includes fishing access sites, game ranges, etc.). Name of area and MDFWP region number \_\_\_\_\_  
Initial \_\_\_\_\_

Has resource area contacted appropriate local MDFWP personnel for recommendations? \_\_\_\_\_ Yes \_\_\_\_\_ No.  
Attach documentation. Are stipulations and maps from MDFWP local coordination attached? \_\_\_\_\_ Yes  
\_\_\_\_\_ No. District office has sent stips and checklist to MDFWP Regional Office for 30 day comment period  
beginning \_\_\_\_\_ Date \_\_\_\_\_ Initial (Dist. Off.) \_\_\_\_\_

Attach documentation of response from MDFWP regional office \_\_\_\_\_  
Initial (Dist. Off.) \_\_\_\_\_

6. Montana Department of State Lands (DSL). Has resource area contacted State Lands personnel for recommenda-  
tions? \_\_\_\_\_ Yes \_\_\_\_\_ No. District Office has sent stips and checklist to DSL (Helena) for 30-day comment  
period beginning \_\_\_\_\_ Date \_\_\_\_\_ Initial (Dist. Off.) \_\_\_\_\_

Attach documentation of DSL response \_\_\_\_\_  
Initial (Dist. Off.) \_\_\_\_\_

\_\_\_\_\_ 7. Local government. Name of government unit \_\_\_\_\_  
Initial \_\_\_\_\_

Has resource area contacted county or city government for recommendations? \_\_\_\_\_ Yes \_\_\_\_\_ No Attach  
documentation and recommendations, if any.

**STIPULATIONS AND RECOMMENDATION**

Specialists completing this checklist must be aware of the terms of standard stipulations (which are on every lease) and the Con-  
trolled or Limited Use Stipulation.

| Program                         | Std. and<br>Controlled<br>Use Stips<br>Adequate | Special<br>Stip(s)<br>Needed | Recommended by | Date  |
|---------------------------------|---|------------------------------|----------------|-------|
| Minerals                        | _____   | _____                        | _____          | _____ |
| Forest Management               | _____   | _____                        | _____          | _____ |
| Realty                          | _____   | _____                        | _____          | _____ |
| Hydrology                       | _____   | _____                        | _____          | _____ |
| Soils                           | _____   | _____                        | _____          | _____ |
| Range Management                | _____   | _____                        | _____          | _____ |
| Wildlife                        | _____   | _____                        | _____          | _____ |
| Fisheries                       | _____   | _____                        | _____          | _____ |
| Threatened & Endangered Species | _____   | _____                        | _____          | _____ |
| Recreation                      | _____   | _____                        | _____          | _____ |
| Wilderness                      | _____   | _____                        | _____          | _____ |

**Butte District Oil and Gas Leasing Checklist, page 3**

**OG Sim. Serial Number** \_\_\_\_\_ **Serial Number** \_\_\_\_\_

If special stipulations are needed, complete the necessary supplemental sheets and attach them along with stipulation sheets, rationale, and maps as necessary.

Recommendation to: lease \_\_\_\_\_ (all or part) deny \_\_\_\_\_ (all or part)

Stipulations needed:  Standard  Controlled Use  Special  Other \_\_\_\_\_

**SUMMARY AND SIGNATURES**

Do the programmatic EAR and this checklist constitute an adequate environmental assessment? \_\_\_\_\_ Yes \_\_\_\_\_ No

If not, what do you recommend? \_\_\_\_\_

Checklist completed by \_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

Approved by Area Manager \_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

Reviewed by District staff \_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

Approved by District  
 Manager (Including  
 decision on adequate  
 level of environmental  
 analysis)

\_\_\_\_\_  
 Name \_\_\_\_\_ Date \_\_\_\_\_

**CHECKLIST SUPPLEMENT**  
**Butte District Oil and Gas Leasing Checklist**

**OG Sim. Serial Number** \_\_\_\_\_ **Serial Number** \_\_\_\_\_

**INSTRUCTIONS FOR USE**

Consider carefully whether seasonal or "no occupancy" stipulations are required and whether stipulations should apply to production or exploration only. Specialists completing this checklist must be aware of standard stipulations and approved special stipulations and must initial the questions as they are completed. Also indicate if maps are attached.

Use the supplemental sheets only when the checklist indicates a need for a special stipulation for a resource. In cases where a lease applicant wants specific special stipulations instead of the controlled use stipulation, fill out the entire checklist.

When describing a stipulation on a supplemental sheet, briefly outline it using one of the approved stipulations. Otherwise, write it out exactly as desired. Be sure to include correct legal descriptions if necessary. Percentage figure is percent of total lease acreage. All maps will be USGS quads. A recommendation to deny a lease will be listed on stipulation entry. Identify special stipulations by stip name or form number. If additional blank sheets are used in conjunction with a supplemental sheet, be sure to reference the resource and item number (example: WILDLIFE--BIG GAME--#2).

Supplemental sheet 1  
Butte District Oil and Gas Checklist

**MINERALS**

\_\_\_\_ 1. Are any unpatented mining claims or active mining operations currently recorded in the lease area? \_\_\_\_Yes  
Initial \_\_\_\_No

\_\_\_\_ Are any problems anticipated that would require a stipulation? \_\_\_\_Yes \_\_\_\_No  
Map

Explain \_\_\_\_\_

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_Yes \_\_\_\_No (% of lease area)

\_\_\_\_ 2. Are there any existing mineral leases on the lease area? \_\_\_\_Yes \_\_\_\_No  
Initial

\_\_\_\_ Describe \_\_\_\_\_  
Map

Are any problems anticipated that would require a stipulation? \_\_\_\_Yes \_\_\_\_No

Explain \_\_\_\_\_

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_Yes \_\_\_\_No (% of lease area)

\_\_\_\_ 3. Are any saleable minerals being developed on the lease area (community pit)? \_\_\_\_Yes \_\_\_\_No  
Initial

\_\_\_\_ Describe \_\_\_\_\_  
Map

Are any problems anticipated that would require a stipulation? \_\_\_\_Yes \_\_\_\_No

Explain \_\_\_\_\_

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_Yes \_\_\_\_No (% of lease area)

**FOREST MANAGEMENT**

\_\_\_\_ 1. Does application include commercial forestland? \_\_\_\_\_ Yes \_\_\_\_\_ No  
Initial

\_\_\_\_ 2. Is area involved in 5-year sale plan? \_\_\_\_\_ Yes \_\_\_\_\_ No  
Map

3. Is area in a completed CMP? \_\_\_\_\_ Yes \_\_\_\_\_ No

Name of CMP \_\_\_\_\_

\_\_\_\_ 4. Describe any management areas or other considerations requiring lease stipulations (seed orchards, thinnings, etc.).  
Initial

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ Stipulation \_\_\_\_\_  
Map

(% of lease area)

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

\_\_\_\_ 5. Should new road locations be reviewed at APD time to coordinate with coordinate with forest management access plans? \_\_\_\_\_ Yes \_\_\_\_\_ No  
Initial

**REALTY**

\_\_\_\_ 1. Are there any existing permits, rights-of-way, etc., granted in the lease area? \_\_\_\_\_ Yes \_\_\_\_\_ No  
Initial

Describe \_\_\_\_\_

\_\_\_\_  
Map

Are any stipulations required? Explain \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Stipulation \_\_\_\_\_

(% of lease area)

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

2. Are there any pending actions such as tenure adjustments that might be affected by leasing? \_\_\_\_\_ Yes \_\_\_\_\_ No

Describe, and if a stipulation is required, explain:

\_\_\_\_\_  
\_\_\_\_\_

Stipulation \_\_\_\_\_

(% of lease area)

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No



**Supplemental sheet 3  
Butte District Oil and Gas Checklist**

**WATERSHED**

\_\_\_\_\_ 1. Are there any soil conditions (unstable, steep slope, highly erosive, rehabilitation problems, etc.) that require stipulations other than the standard erosion stipulation on MSO form 3100-47? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, map and describe: \_\_\_\_\_

Initial

\_\_\_\_\_ Map

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

(% of lease area)

\_\_\_\_\_ 2. Are there water quality considerations (municipal watershed, erosion, stream setbacks, chemical pollution, etc.) which require stipulations? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, map and describe (rationale):

Initial

\_\_\_\_\_ Map

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

(% of lease area)

**RANGE MANAGEMENT**

\_\_\_\_\_ 1. Is the lease area within an allotment? \_\_\_\_\_ Yes \_\_\_\_\_ No

Initial

Name of allotment \_\_\_\_\_

AMP or non-AMP? \_\_\_\_\_

\_\_\_\_\_ 2. Will oil and gas action affect the operation of the AMP? (consider improvements, study plots, exposure to chemicals, trailing routes, etc.) \_\_\_\_\_ Yes \_\_\_\_\_ No

Initial

\_\_\_\_\_ Map

If yes, how? \_\_\_\_\_

Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

(% of lease area)

\_\_\_\_\_ 3. Is coordination necessary at time of APD? \_\_\_\_\_ Yes \_\_\_\_\_ No

Initial

Describe \_\_\_\_\_

**WILDLIFE--BIG GAME (Includes elk, deer, moose, antelope, mountain goat, bighorn sheep.)**

\_\_\_\_ 1. Complete the table for big game species known to use the lease area. Do not include T&E species. All habitat areas requiring a stipulation must be mapped.

\_\_\_\_  
Map

| Species | Type of Use | Season/Dates | Stipulation Needed |       | Source of Data |
|---------|-------------|--------------|--------------------|-------|----------------|
|         |             |              | Exploration        | Prod. |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |

Use more than one line for a species if appropriate. Indicate if none. For type of use, list occasional, normal or crucial. For source of data, list land use plan, MDFWP, field review, etc. Put rationale on separate sheet. Reference species.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

**WILDLIFE--NONGAME (Includes small mammals, birds, raptors, reptiles, furbearers, etc).**

\_\_\_\_ 1. Complete the table for any unique or special nongame wildlife using the lease area. Do not include T&E species. All nesting sites and other habitat areas requiring a stipulation must be mapped.

\_\_\_\_  
Map

| Species | Type of Use | Season/Dates | Stipulation Needed |       | Source of Data |
|---------|-------------|--------------|--------------------|-------|----------------|
|         |             |              | Exploration        | Prod. |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |

**Supplemental sheet 5  
Butte District Oil and Gas Checklist**

**Wildlife—nongame (continued)**

Use more than one line for a species if appropriate. Indicate if none or if species is listed for concern by MDFWP. For type of use, list occasional, normal, crucial, nesting, etc. For source of data, list land use plan, MDFWP, field review, etc. Put rationale on separate sheet. Reference species.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

**WILDLIFE--GAME BIRDS (Includes ducks, geese, grouse, other upland game birds.)**

1. Complete the table for any waterfowl or upland game birds using the lease area. Do not include T&E species. All nesting areas, strutting grounds and other habitat areas requiring a stipulation must be mapped.

Initial \_\_\_\_\_

Map \_\_\_\_\_

| Species | Type of Use | Season/Dates | Stipulation Needed |       | Source of Data |
|---------|-------------|--------------|--------------------|-------|----------------|
|         |             |              | Exploration        | Prod. |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |

Use more than one line for a species if appropriate. Indicate if none or if species is listed for concern by MDFWP. For type of use, list occasional, normal, crucial, nesting, strutting, etc. For source of data, list land use plan, MDFWP, field review, etc. Put rationale on separate sheet. Reference species.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

APPENDIXES

Supplemental sheet 6  
Butte District Oil and Gas Checklist

**WILDLIFE--FISHERIES**

\_\_\_\_ 1. Is any portion of the lease within 1,000 feet of perennial water? \_\_\_\_ Yes \_\_\_\_ No  
Initial

\_\_\_\_ If yes, is the water a fishery? \_\_\_\_ Yes \_\_\_\_ No  
Map

If yes, complete table.

| Species | Class of Fisheries (I to VI) | Season/Dates | Stipulation Needed |       | Source of Data |
|---------|------------------------------|--------------|--------------------|-------|----------------|
|         |                              |              | Exploration        | Prod. |                |
|         |                              |              |                    |       |                |
|         |                              |              |                    |       |                |
|         |                              |              |                    |       |                |
|         |                              |              |                    |       |                |
|         |                              |              |                    |       |                |

Use more than one line for a species if appropriate. Indicate if none or if species is listed for concern by MDFWP. For type of use, list occasional, normal, crucial, spawning, etc. For source of data, list land use plan, MDFWP, field review, etc. Put rationale on separate sheet. Reference species.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_  
\_\_\_\_\_  
Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_  
\_\_\_\_\_  
Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

Required buffer strip each side of stream: Class I=1,000 ft.; Classes II and III=500 ft.; Classes IV to VI=300 ft.

Supplemental sheet 7  
Butte District Oil and Gas Checklist

**THREATENED AND ENDANGERED PLANTS AND ANIMALS**

If T&E species occur, consider using T&E stip as well as other stipulations.

\_\_\_\_\_ 1. Are any T&E plants thought or known to occur on the lease area? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, list species and map.  
Initial \_\_\_\_\_

Map \_\_\_\_\_  
Is consultation with USFWS required to develop stipulation or decide on leasing?  
\_\_\_\_\_ No \_\_\_\_\_ Yes (informal) \_\_\_\_\_ Yes (formal)

If yes, attach documentation of consultation. Put stipulation rationale on separate sheet.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

\_\_\_\_\_ 2. Are any T&E animals (grizzly, wolf, bald eagle, etc.) using the lease area? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, complete  
Initial \_\_\_\_\_ table and map.

Map \_\_\_\_\_

| Species | Type of Use | Season/Dates | Stipulation Needed |       | Source of Data |
|---------|-------------|--------------|--------------------|-------|----------------|
|         |             |              | Exploration        | Prod. |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |
|         |             |              |                    |       |                |

Use more than one line for a species if appropriate. Indicate if none or if species is listed for concern by MDFWP. For type of use, list occasional, normal, crucial, nesting, etc. For source of data, list land use plan, MDFWP, field review, etc. Reference species. Is consultation with USFWS required to develop stipulations or to decide on leasing? \_\_\_\_\_ No \_\_\_\_\_ Yes (informal) \_\_\_\_\_ Yes (formal). If yes, attach documentation of consultation. Put stipulation rationale on separate sheet.

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

Species \_\_\_\_\_ Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ (% of lease area)

APPENDIXES

Supplemental sheet 8  
Butte District Oil and Gas Checklist

RECREATION

\_\_\_\_ 1. Are there any high use areas such as campgrounds, hunting camps, etc., on the lease area or that could be  
Initial influenced by activities of a lease? \_\_\_\_ Yes \_\_\_\_ No. If yes, map and describe:

Map

\_\_\_\_\_  
\_\_\_\_\_  
Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

\_\_\_\_ 2. Is lease area within an area designated closed to ORV use? \_\_\_\_ Yes \_\_\_\_ No. Is lease area within an area  
Initial designated for limited ORV use? \_\_\_\_ Yes \_\_\_\_ No. If lease operations would be affected, map and list: Season of  
closure \_\_\_\_\_, type of use restricted (trucks, bikes, etc.) \_\_\_\_\_,

Map

name of closure area \_\_\_\_\_  
Stipulation \_\_\_\_\_

Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

\_\_\_\_ 3. Does the lease area include a travel zone (highway, river, trail, etc.) which would require a stipulation for reasons  
Initial other than visual impacts? \_\_\_\_ Yes \_\_\_\_ No. If yes, describe:

Map

\_\_\_\_\_  
\_\_\_\_\_  
Consider seasonal or no-occupancy buffer and whether production should be included.

Stipulation \_\_\_\_\_  
\_\_\_\_\_  
Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

\_\_\_\_ 4. What is the VRM classification of the area? List Management Class \_\_\_\_\_ (I to IV).

Initial

\_\_\_\_ Is a stipulation other than the standard one for esthetic values needed? \_\_\_\_ Yes \_\_\_\_ No (See MSO form  
Map 3100-47). If yes, attach map.

Stipulation \_\_\_\_\_  
\_\_\_\_\_  
Rationale attached \_\_\_\_ Yes \_\_\_\_ No (% of lease area)

\_\_\_\_ 5. All cultural resource values are covered by the standard stip on form MSO 3100-47.

Initial

\_\_\_\_ Are there any significant known cultural resource sites? \_\_\_\_ Yes \_\_\_\_ No. If yes, describe briefly and map:

Map

\_\_\_\_\_  
\_\_\_\_\_

Supplemental sheet 9  
Butte District Oil and Gas Checklist

Recreation (continued)

\_\_\_\_\_ 6. Is any portion of the lease in an area designated or under study for wilderness? \_\_\_\_\_ Yes \_\_\_\_\_ No. If yes, list  
Initial area name \_\_\_\_\_ . If under study, is approximate date of decision known?

\_\_\_\_\_ Yes \_\_\_\_\_ ; \_\_\_\_\_ No  
Map (Date)

Is a stipulation other than the standard one for wilderness needed? \_\_\_\_\_ Yes \_\_\_\_\_ No

Stipulation \_\_\_\_\_

\_\_\_\_\_ (% of lease area)  
Rationale attached \_\_\_\_\_ Yes \_\_\_\_\_ No

## **STANDARD STIPULATIONS FOR OIL AND GAS LEASES**

The BLM form for competitive oil and gas leases, form 3120-7, covers a wide range of standard stipulations in sections 2 through 9 (a copy of this form follows this section). Some subjects covered are bonding, rentals and royalties, inspections, and safety. Also covered is protection of the environment, surface resources, and improvements. Section 10 refers to the additional stipulations that may be attached as needed.

All BLM oil and gas leases issued in Montana now include the surface disturbance stipulations listed on form 3109-5 and the additional stipulations listed on form 3109-1 (copies of these forms follow this section). Stipulations on the second form cover cultural and paleontological resources, endangered or threatened species, esthetics, erosion control, and the potential for controlled or limited surface use.

The stipulation for controlled or limited surface use was added to form 3109-1 on April 1, 1981. This stipulation was developed in recognition of the fact that there will be no surface disturbance on most leases; therefore, a detailed, site-specific review is not needed at the time of lease issuance. This stipulation contains all the restrictions normally put on a lease and, in effect, binds the lessee to accept any site-specific restrictions imposed by the BLM when activities on the lease area are proposed. The use of this stipulation permits rapid agency response to lease applications and saves unnecessary field review and detailed analysis for most leases.



Form 3120-7  
(February 1977)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**OIL AND GAS LEASE**  
(COMPETITIVE PUBLIC DOMAIN LANDS)

Serial Number

THIS INDENTURE OF LEASE, entered into, as of \_\_\_\_\_, by and between  
the UNITED STATES OF AMERICA, through the Bureau of Land Management, hereinafter called lessor, and

hereinafter called lessee, under, pursuant, and subject to the terms and provisions of the Act of February 25, 1920, (41 Stat. 437), as amended, (30 U.S.C. Sec. 181 *et seq.*), hereinafter referred to as the Act, and to all reasonable regulations of the Secretary of the Interior now or hereafter in force when not inconsistent with any express and specific provisions herein, which are made a part hereof.

## WITNESSETH:

Sec. 1. *Rights of lessee* - That lessor, in consideration of rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits, except helium gas, in or under the following-described tracts of land situated in the \_\_\_\_\_ field:

containing \_\_\_\_\_ acres, more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of five (5) years, and so long thereafter as oil or gas is produced in paying quantities; subject to any unit agreement heretofore or hereafter approved by the Secretary of the Interior, the provisions of said agreement to govern the lands subject thereto where inconsistencies with the terms of this lease occur.

Sec. 2. In consideration of the foregoing, lessee agrees:

(a) *Bonds* - (1) To maintain any bond furnished by the lessee as a condition for the issuance of this lease.

(2) To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by lessor a bond in the penal sum of \$10,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease, unless a bond in that amount is already being maintained or unless such a bond furnished by an operator of the lease is accepted, or unless a bond has been filed under 43 CFR 3104 applicable to this lease.

(b) *Cooperative or unit plan* - Within thirty (30) days of demand, or, if the leased land is committed to an approved unit or cooperative plan and such plan is terminated prior to the expiration of this lease, within thirty (30) days of demand made thereafter, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool, or part thereof, embracing the lands included herein as the Secretary of the Interior may then determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) *Wells* - (1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of lessor, or lands of the United States leased at a lower royalty rate, or as to which the royalties and rentals are paid into different funds than are those of this lease; or in lieu of any part of such drilling and production, with the consent of the Director of the Geological Survey, to compensate lessor, in full, each month for the estimated loss of royalty through drainage in the amount determined by said Director.

(2) At the election of lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior.

(3) Promptly after due notice, in writing, to drill and produce such other wells as the Secretary of the Interior may reasonably require in order that the leased premises may be properly and timely developed and produced in accordance with good operating practice.

(d) *Rentals and royalties* - To pay rentals and royalties in amount or value of production removed or sold from the leased lands as set forth in the rental and royalty schedule attached to and made a part hereof.

## APPENDIXES

(1) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline, and other products obtained from gas, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by lessee, to posted prices, and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(3) When paid in value, such royalties on production shall be due and payable monthly on the last day of the month next following the month in which produced. When paid in amount of production, such royalty products shall be delivered in merchantable condition on the premises where produced without cost to lessor, unless otherwise agreed to by the parties hereto, at such times and in such tanks provided by lessee as reasonably may be required by lessor, but in no case shall lessee be required to hold such royalty oil or other products in storage beyond the last day of the month next following the month in which produced nor be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which he has no control.

(4) Rentals or minimum royalties may be waived, suspended, or reduced; and royalties on the entire leasehold or any portion thereof segregated for royalty purpose may be reduced if the Secretary of the Interior finds that, for the purpose of encouraging the greatest ultimate recovery of oil or gas and in the interest of conservation of natural resources, it is necessary, in his judgment, to do so in order to promote development, or because the lease cannot be successfully operated under the terms fixed herein.

(e) *Payments* - Unless otherwise directed by the Secretary of the Interior, to make rental, royalty, or other payments to lessor, to the order of the Bureau of Land Management at the places mentioned in the regulation 43 CFR 3103.1-2. If there is no well on the leased lands capable of producing oil or gas in paying quantities, the failure to pay rental on or before the anniversary date shall automatically terminate the lease by operation of law. However, if the time for payment falls on a day in which the proper BLM office to receive payment is closed, payment shall be deemed timely if made on the next official working day.

(f) *Contracts for disposal of products* - To file with the Oil and Gas Supervisor of the Geological Survey not later than thirty (30) days after the effective date thereof any contract or evidence of other arrangement for the sale or disposal of oil, gas, natural gasoline, and other products of the leased land: *Provided*, That nothing in any such contract or other arrangement shall be construed as modifying any of the provisions of this lease, including, but not limited to, provisions relating to gas waste, taking royalty in kind, and the method of computing royalties due as based on a minimum valuation and in accordance with the Oil and Gas Operating Regulations.

(g) *Statements, plats, and reports* - At such times and in such form as lessor may prescribe, to furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost; a plat showing development work and improvements on the leased lands; and a report with respect to stockholders, investments, depreciation, and costs.

(h) *Well records* - To keep a daily drilling record, a log, and complete information on all well surveys and tests in form acceptable to or prescribed by lessor of all wells drilled on the leased lands, and an acceptable record of all subsurface investigations affecting said lands, and to furnish them, or copies thereof, to lessor when required. All information obtained under this paragraph, upon request of lessee, shall not be open to inspection by the public until the expiration of the lease.

(i) *Inspection* - To keep open at all reasonable times for the inspection of any duly authorized officer of the Department, the leased premises and all wells, improvements, machinery, and fixtures thereon and all books, accounts, maps and records relative to operations and surveys or investigations on the leased lands or under the lease. All information obtained pursuant to any such inspection, upon request of lessee, shall not be open to inspection by the public until the expiration of the lease.

(j) *Diligence, prevention of waste, health and safety of workmen* - To exercise reasonable diligence in drilling and producing the wells herein provided for unless consent to suspend operations temporarily is granted by lessor; to carry on all operations in accordance with approved methods and practices as provided in the Oil and Gas Operating Regulations, having due regard for the prevention of waste of oil or gas or damage to deposits or formations containing oil, gas, or water; or to coal measures or other mineral deposits, for conservation of gas energy, for the preservation and conservation of the property for future productive operations and for the health and safety of workmen and employees; to plug

properly and effectively all wells drilled in accordance with the provisions of this lease or of any prior lease or permit upon which the right to this lease was predicated before abandoning the same; to carry out at expense of lessee all reasonable orders of lessor relative to the matters in this paragraph, and that on failure of lessee so to do lessor shall have the right to enter on the property and to accomplish the purpose of such orders at lessee's cost: *Provided*, That lessee shall not be held responsible for delays or casualties occasioned by causes beyond lessee's control.

(k) *Taxes and wages, freedom of purchase* - To pay when due, all taxes lawfully assessed and levied under the laws of the State or the United States upon improvements, oil and gas produced from the lands hereunder, or other rights, property or assets of lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least twice each month in the lawful money of the United States.

(l) *Equal Opportunity Clause* - The lessee agrees that, during the performance of this lease.

(1) The lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The lessee will take affirmative action to ensure that applicants, are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the lessor setting forth the provisions of this Equal Opportunity Clause.

(2) The lessee will, in all solicitations or advertisements for employees placed by or on behalf of the lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) The lessee will send to each labor union or representative of workers with which lessee has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the lessor, advising the labor union or workers' representative of the lessee's commitments under this Equal Opportunity Clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the lessee's noncompliance with the Equal Opportunity Clause of this lease or with any of said rules, regulations, or orders, this lease may be canceled, terminated or suspended in whole or in part and the lessee may be declared ineligible for further Federal Government contracts or leases in accordance with the procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The lessee will include the provisions of Paragraphs (1) through (7) of this subsection 2(l) in every contract, subcontract, or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each contractor, subcontractor, or vendor. The lessee will take such action with respect to any contract, subcontract, or purchase order as the Secretary of the Interior may direct as a means of enforcing such provisions including sanctions for noncompliance; *Provided, however*, that in the event the lessee becomes involved in, or is threatened with, litigation with a contractor, subcontractor, or vendor as a result of such direction by the Secretary of the Interior, the lessee may request the United States to enter into such litigation to protect the interests of the United States.

(m) *Certification of nonsegregated facilities* - By entering into this lease, the lessee certifies that lessee does not and will not maintain or provide for lessee's employees any segregated facilities at any of lessee's establishments, and that lessee does not and will not permit lessee's employees to perform their services at any location, under lessee's con-

trol, where segregated facilities are maintained. The lessee agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this lease. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Lessee further agrees that (except where lessee has obtained identical certifications from proposed contractors and subcontractors for specific time periods) lessee will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that lessee will retain such certifications in lessee's files; and that lessee will forward the following notice to such contractors and subcontractors (except where the proposed contractor or subcontractor has submitted identical certifications for specific time periods).

*Notice to prospective contractors and subcontractors of requirement for certification of nonsegregated facilities* - A Certification of Nonsegregated Facilities, as required by the May 9, 1967 order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

(n) *Assignment of oil and gas lease or interest therein* - As required by applicable law, to file for approval by lessor any instrument of transfer made of this lease or any interest therein, including assignments of record title, operating agreements and subleases, working or royalty interests, within ninety (90) days from date of final execution thereof.

(o) *Pipelines to purchase or convey at reasonable rates and without discrimination* - If owner, or operator, or owner of a controlling interest in any pipeline or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipeline, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products under the provisions of the Act of August 7, 1947 (61 Stat. 913; 30 U.S.C. 351).

(p) *Lands patented with oil and gas deposits reserved to the United States* - To comply with all statutory requirements and regulations hereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(q) *Reserved or segregated lands* - If any of the land included in this lease is embraced in a reservation or segregated for any particular purpose, to conduct operations thereunder in conformity with such requirements as may be made by the Director, Bureau of Land Management, for the protection and use of the land for the purpose for which it was reserved or segregated, so far as may be consistent with the use of the land for the purpose of this lease, which latter shall be regarded as the dominant use unless otherwise provided herein or separately stipulated.

(r) *Protection of the environment including the surface, other resources and improvements* - In accordance with the directives contained in the National Environmental Policy Act (83 Stat. 852; 42 U.S.C. 4321-4347), the requirements of other environmental legislation, the oil and gas leasing regulations (43 CFR 3100) and the Oil and Gas Operating Regulations (30 CFR 221).

(1) *General* - Lessee shall take such steps as required by the drilling permit, the attached stipulations, or the authorized officer to prevent activities or operations on the leased lands from: (i) causing or contributing to soil erosion or damage to crops or other vegetative cover on Federal or non-Federal lands in the vicinity; (ii) polluting soil, air, or water; (iii) creating hazards to wildlife or depriving them of the use of the natural elements of their habitat; (iv) disturbing the surface or damaging areas of scenic value or natural beauty; (v) damaging or removing improvements owned by the United States or other parties; or (vi) destroying, damaging, or removing fossils, historic or removing fossils, historic or prehistoric ruins or artifacts. Lessee shall, prior to the termination of bond liability or at any other time when required and in the manner directed by lessor, reclaim all land the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite

and onsite damage caused by lessee's activity or activities incidental thereto, restore access roads or trails to their former condition and remove structures. Lessor may prescribe, by stipulations to be subsequently included in this lease or through the authorized officer, the steps to be taken by lessee to protect or restore the environment both on and off the lands, and improvements thereon whether or not the improvements are owned by the United States.

(2) *Use of other resources* - Timber, mineral materials, and water from public water reserves or water developed by the Bureau of Land Management or its lessees, licensees, or permittees, except water rights established under State law acquired by such lessees, licensees, or permittees may be used only with advanced authorization from and on terms and conditions imposed by the authorized officer.

(3) *Antiquities and objects of historic value*

(i) Lessee shall immediately bring to the attention of the authorized officer any and all American antiquities or other objects of historic or scientific interest including, but not limited to, historic or prehistoric ruins, fossils, or artifacts discovered as a result of operations under this lease, and to leave such item(s) or condition(s) intact. Failure to comply with any of the terms and conditions imposed by the authorized officer with regard to the preservation of antiquities shall constitute a violation of the Antiquities Act (16 U.S.C. 431-433).

(ii) If the authorized officer determines that archaeological values exist or may exist on the lands within the lease and that they might be impaired by oil and gas operations, lessee will engage a recognized authority on archaeology, acceptable to the Bureau of Land Management, to survey and salvage, in advance of any operations, such values on the lands involved. The responsibility for and cost of this survey and salvage will be that of lessee.

(4) *Pollution Control* - Lessee agrees that this lease is subject to all relevant pollution control legislation at the Federal, State, or local level. Such legislation includes, but is not limited to the Clean Air Act, as amended (77 Stat. 392; 42 U.S.C. 1857, *et seq.*), the Refuse Act of 1899 (30 Stat. 1152; 33 U.S.C. 407-409), the Federal Water Pollution Control Act (62 Stat. 1155; 33 U.S.C. 1151-1161).

(5) *Stipulations* - To comply with stipulations attached hereto which are made a part of the lease or the approved *Application for Permit to Drill*.

(a) *Overriding royalties* - Not to create overriding royalties in excess of five percent except as otherwise authorized by the regulations.

(i) *Deliver premises in case of forfeiture* - To deliver up to lessor in good order and condition the land leased including all improvements which are necessary for the preservation of producing wells.

Sec. 3. The lessor reserves:

(a) *Easements and rights-of-way* - The right to permit for joint or several use easements or rights-of-way, including easements in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same or of other lands containing the deposits described in the Act, and the treatment and shipment of products thereof by or under authority of the Government, its lessees or permittees, and for other public purposes.

(b) *Disposition of surface* - The right to lease, sell, or otherwise dispose of the surface of the leased lands under existing law or laws hereafter enacted, insofar as said surface is unnecessary for the use of lessee in the extraction and removal of the oil and gas therein, or to dispose of any resource in such lands which will not unreasonably interfere with operations under this lease.

(c) *Monopoly and fair prices* - Full power and authority to promulgate and enforce all orders necessary to assure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) *Helium* - The ownership of helium and the right to extract or have extracted from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If lessor elects to take the helium, lessee shall deliver all or any portion of gas containing the same to lessor, in the manner required by lessor, at any point on the leased premises or, if the area is served at the time of production by a gas-gathering system owned or operated by lessee, at any point in that system specified by lessor, for extraction of the helium by such means as lessor may provide. The residue shall be returned to lessee, with no substantial delay in the delivery of the gas produced from the well to owner or purchaser thereof. Save for the value of the helium extracted, lessee shall not suffer a diminution of the value of the gas produced from the well, or loss otherwise, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. Lessor

APPENDIXES

reserves the right to erect, maintain and operate any and all reduction works necessary for extraction of helium on the leased premises. Lessee further agrees to include in any contract of sale of gas from the lands subject to this lease provisions setting forth that lessor owns, and reserves the right to extract or have extracted, any helium in the gas sold, and that lessor may take the gas from a pipeline carrier or any other gas-gathering system and extract the helium and return the gas to owner thereof, without delay other than that caused by the extraction process; save for the value of the helium, owner shall not suffer any diminution of the value of the gas from which helium has been extracted, or any other loss arising from the extraction of helium, including any expense caused solely by the requirement of the delivery of the gas to permit the extraction of helium, for which he is not reasonably compensated. It is further agreed that any rights reserved vested in lessor under this paragraph shall also run to any agent or assignee of lessor or any purchaser of the rights of lessor.

(e) *Taking of royalties* - All rights pursuant to Sec. 36 of the Act, to take royalties in amount or in value of production.

(f) *Casing* - All rights pursuant to Sec. 40 of the Act to purchase casing and lease or operate valuable water wells.

Sec. 4. *Drilling and producing restrictions* - It is agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal and State laws, and regulations issued thereunder, or lawful agreements among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee, or State or Federal officer or agency so authorized in the unit plan may alter or modify, from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

Sec. 5. *Surrender and termination of lease* - Lessee may surrender this lease or any legal subdivision thereof by filing in the proper BLM office, a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the applicable lease terms and regulations.

Sec. 6. *Purchase of materials, etc., on termination of lease* - Upon expiration of the lease, or the earlier termination thereof pursuant to Sec. 5 above, lessee shall have the privilege at

any time within a period of ninety (90) days thereafter of removing from the premises all machinery, equipment, tools, and materials other than improvements needed for producing wells. Any materials, tools, appliances, machinery, structures, and equipment subject to removal as above provided, which are allowed to remain on the leased lands shall become the property of lessor on expiration of the 90-day period or such extension thereof as may be granted because of adverse climatic conditions throughout said period: *Provided, that* lessee shall remove any or all such property where so directed by lessor.

Sec. 7. *Proceedings in case of default* - If lessee shall not comply with any of the provisions of the Act or the regulations thereunder or of this lease, or shall make default in the performance or observance of any of the terms hereof this lease may be canceled or terminated in accordance with Sec. 31 of the Act. This provision shall not be construed to prevent the exercise by lessor of any legal or equitable remedy which lessor might otherwise have. Upon cancellation or termination of this lease, any casing, material, or equipment determined by the lessor to be necessary for use in plugging or preserving any well drilled on the leased land shall become the property of lessor. A waiver of any particular cause of cancellation or termination shall not prevent the cancellation or termination of this lease for any other cause of cancellation or termination, or for the same cause occurring at any other time.

Sec. 8. *Heirs and successors in interest* - It is further agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

Sec. 9. *Unlawful interest* - It is also further agreed that no Member of, or Delegate to, Congress, or Resident Commissioner, after his election or appointment, or either before or after he has qualified and during his continuance in office, and that no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR 7.4(a)(1), shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom; and the provisions of Sec. 3741 of the Revised Statutes of the United States, (41 U.S.C. Sec. 22) as amended, and Secs. 431, 432, and 433, Title 18 U.S.C., relating to contracts, enter into and form a part of this lease so far as the same may be applicable.

Sec. 10. *Stipulations* -  Stipulations are attached hereto and made a part hereof. The attached stipulations appear as consecutively numbered pages commencing with page 1 hereafter.  Stipulations are not attached.

THE UNITED STATES OF AMERICA

\_\_\_\_\_  
(Signature of Lessee)

By \_\_\_\_\_  
(Authorized Officer)

\_\_\_\_\_  
(Signature of Lessee)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT  
 SURFACE DISTURBANCE STIPULATIONS

Area Oil and Gas Supervisor or  
 District Engineer (Address, include zip code)

| Management Agency (name)   | Address (include zip code)  |
|--|---|
| <p>1. Notwithstanding any provision of this lease to the contrary, any drilling, construction, or other operation on the leased lands that will disturb the surface thereof or otherwise affect the environment, hereinafter called "surface disturbing operation," conducted by lessee shall be subject, as set forth in this stipulation, to prior approval of such operation by the Area Oil and Gas Supervisor in consultation with appropriate surface management agency and to such reasonable conditions, not inconsistent with the purposes for which this lease is issued, as the Supervisor may require to protect the surface of the leased lands and the environment.</p> <p>2. Prior to entry upon the land or the disturbance of the surface thereof for drilling or other purposes, lessee shall submit for approval two (2) copies of a map and explanation of the nature of the anticipated activity and surface disturbance to the District Engineer or Area Oil and Gas Supervisor, as appropriate, and will also furnish the appropriate surface management agency named above, with a copy of such map and explanation.</p> | <p>An environmental analysis will be made by the Geological Survey in consultation with the appropriate surface management agency for the purpose of assuring proper protection of the surface, the natural resources, the environment, existing improvements, and for assuring timely reclamation of disturbed lands.</p> <p>3. Upon completion of said environmental analysis, the District Engineer or Area Oil and Gas Supervisor, as appropriate, shall notify lessee of the conditions, if any, to which the proposed surface disturbing operations will be subject.</p> <p>Said conditions may relate to any of the following:</p> <ul style="list-style-type: none"> <li>(a) Location of drilling or other exploratory or developmental operations or the manner in which they are to be conducted;</li> <li>(b) Types of vehicles that may be used and areas in which they may be used; and</li> <li>(c) Manner or location in which improvements such as roads, buildings, pipelines, or other improvements are to be constructed.</li> </ul> |

UNITED STATES DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

(Serial Number)

**OIL AND GAS LEASE STIPULATIONS**

**CULTURAL AND PALEONTOLOGICAL RESOURCES** — The Federal 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. 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 authorized officer of the surface management agency, shall:

1. Engage the services of a qualified cultural resource specialist acceptable to the Federal surface management agency to conduct an intensive inventory for evidence of cultural resource values;
2. Submit a report acceptable to the authorized officer of the surface management agency and the District Engineer, Minerals Management Service; and
3. Implement mitigation measures required by the surface management agency to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing and salvage 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 District Engineer, Minerals Management Service, or the authorized officer of the Federal surface management agency 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 District Engineer, Minerals Management Service.

**ENDANGERED OR THREATENED SPECIES** — The Federal surface management agency 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 surface management agency 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 surface management agency. An acceptable report must be provided to the surface management agency identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

**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 management agency.

**EROSION CONTROL** — Surface disturbing activities may be prohibited during muddy and/or wet soil periods. This limitation does not apply to operation and maintenance of producing wells using authorized roads.

**CONTROLLED OR LIMITED SURFACE USE STIPULATION** — This stipulation may be modified by special stipulations which are hereto attached or when specifically approved in writing by the District Engineer, Minerals Management Service, with concurrence of the Federal surface management agency. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the Federal surface management agency 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 Minerals Management Service and/or the surface management agency 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 Federal surface management agency 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.

United States Department of the Interior  
Bureau of Land Management  
Montana State Office

## WILDERNESS PROTECTION STIPULATION

(Serial Number)

By accepting this lease, the lessee acknowledges that the lands contained in this lease are being inventoried or evaluated for their wilderness potential by the Bureau of Land Management (BLM) under section 603 of the Federal Land Policy and Management Act of 1976, 90 Stat. 2743 (43 USC Sec. 1782), and that exploration or production activities which are not in conformity with section 603 may never be permitted.

- All lands within the lease ( % of lease affected)
- Part of the lands within the lease described as follows:

Expenditures in leases on which exploration drilling or production are not allowed will create no additional rights in the lease, and such leases will expire in accordance with law.

Activities will be permitted under the lease so long as BLM determines they will not impair wilderness suitability. This will be the case either until the BLM wilderness inventory process has resulted in a final wilderness inventory decision that an area lacks wilderness characteristics, or in the case of a wilderness study area until Congress has decided not to designate the lands included within this lease as wilderness. Activities will be considered nonimpairing if the BLM determines that they meet each of the following three criteria:

(a) It is temporary. This means that the use or activity may continue until the time when it must be terminated in order to meet the reclamation requirement of paragraphs (b) and (c) below. A temporary use that creates no new surface disturbance may continue unless Congress designates the area as wilderness, so long as it can easily and immediately be terminated at that time, if necessary to management of the area as wilderness.

(b) Any temporary impacts caused by the activity must, at a minimum, be capable of being reclaimed to a condition of being substantially unnoticeable in the wilderness study area (or inventory unit) as a whole by the time the Secretary of the Interior is scheduled to send his recommendations on that area to the President, and the operator will be required to reclaim the impacts to that standard by that date. If the wilderness study is postponed, the reclamation deadline will be extended accordingly. If the wilderness study is accelerated, the reclamation deadline will not be changed. A full schedule of wilderness studies will be developed by the Department upon completion of the intensive wilderness inventory. In the meantime, in areas not yet scheduled for wilderness study, the reclamation will be scheduled for completion within 4 years after approval of the activity. (Obviously, if and when the Interim Management Policy ceases to apply to an inventory unit dropped from wilderness review following a final wilderness inventory decision of the BLM State Director, the reclamation deadline previously specified will cease to apply.) The Secretary's schedule for transmitting his recommendations to the President will not be changed as a result of any unexpected inability to complete the reclamation by the specified date, and such inability will not constrain the Secretary's recommendation with respect to the area's suitability or nonsuitability for preservation as wilderness.

The reclamation will, to the extent practicable, be done while the activity is in progress. Reclamation will include

the complete recontouring of all cuts and fills to blend with the natural topography, the replacement of topsoil, and the restoration of plant cover at least to the point where natural succession is occurring. Plant cover will be restored by means of reseeded or replanting, using species previously occurring in the area. If necessary, irrigation will be required. The reclamation schedule will be based on conservative assumptions with regard to growing conditions, so as to ensure that the reclamation will be complete, and the impacts will be substantially unnoticeable in the area as a whole, by the time the Secretary is scheduled to send his recommendations to the President. ("Substantially unnoticeable" is defined in Appendix F of the Interim Management Policy and Guidelines for Lands under Wilderness Review.)

(c) When the activity is terminated, and after any needed reclamation is complete, the area's wilderness values must not have been degraded so far, compared with the area's values for other purposes, as to significantly constrain the Secretary's recommendation with respect to the area's suitability or nonsuitability for preservation as wilderness. The wilderness values to be considered are those mentioned in section 2(c) of the Wilderness Act, including naturalness, outstanding opportunities for solitude or for primitive and unconfined recreation, and ecological, geological or other features of scientific, educational, scenic, or historical value. If all or any part of the area included within the leasehold estate is formally designated by Congress as wilderness, exploration and development operations taking place or to take place on that part of the lease will remain subject to the requirements of this stipulation, except as modified by the Act of Congress designating the land as wilderness. If Congress does not specify in such act how existing leases like this one will be managed, then the provisions of the Wilderness Act of 1964 will apply, as implemented by rules and regulations promulgated by the Department of the Interior.

If it is found that the area does not have wilderness characteristics or is not suitable to be designated a part of the National Wilderness Preservation system, development and/or surface occupancy will be subject to the remaining lease terms and the special stipulations.

Date

Lessee's Signature

UNITED STATES DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

\_\_\_\_\_  
(Serial Number)

**SPECIAL OIL AND GAS LEASE STIPULATIONS**

The following special stipulations may be modified when specifically approved in writing by the District Engineer, Geological Survey with concurrence of the Federal surface management agency.

|  |  |   |
|--|--|---|
| (Only stipulations checked apply to this lease.) |  | (Approximate % of lease affected by stipulation.) |
|--|--|---|

|     |  |     |
|-----|--|-----|
| ( ) | No occupancy or other activity on the surface of the following-described land is allowed under this lease: | ( ) |
|-----|--|-----|

Reasons for this restriction are:

|     |  |     |
|-----|--|-----|
| ( ) | No occupancy or other surface disturbance will be allowed within _____ feet of the _____ | ( ) |
|-----|--|-----|

|     |   |     |
|-----|---|-----|
| ( ) | No drilling or storage facilities will be allowed within _____ feet of _____ located in _____ | ( ) |
|-----|---|-----|

|     |   |     |
|-----|---|-----|
| ( ) | No occupancy or other surface disturbance will be allowed on slopes in excess of _____ percent. | ( ) |
|-----|---|-----|

|     |  |     |
|-----|--|-----|
| ( ) | In order to _____ exploration, drilling, and other development activity will be allowed only during the period from _____ to _____ This limitation does not apply to maintenance and operation of producing wells and facilities. Lands within the leased area to which this stipulation applies are described as follows: | ( ) |
|-----|--|-----|

|     |  |     |
|-----|--|-----|
| ( ) | The _____ will not be used as an access road for activities on this lease except as follows: | ( ) |
|-----|--|-----|

|               |  |
|---------------|--|
| _____<br>Date | _____<br>Lessee's Signature<br>MT-3109-2 (December 1981)<br>Formerly MSO 3100-45 |
|---------------|--|



UNITED STATES DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

Serial No. \_\_\_\_\_

**Oil & Gas Lease Stipulations**

The following stipulations may be modified when specifically approved in writing by the District Engineer, U.S. Geological Survey with the concurrence of the authorized officer of the surface management agency.

**No Surface Occupancy Stipulation**

% of Lease

- ( ) No occupancy or other activity on the surface of the following described lands is allowed under this lease: ( )
- (a)
- (b)

Reasons for this restriction are:

- (a)
- (b)

**Surface Occupancy Restriction Stipulation (by location)**

% of Lease

- ( ) No \_\_\_\_\_ will be allowed within: ( )
- \_\_\_\_\_ feet of \_\_\_\_\_ located within:
- \_\_\_\_\_ feet of \_\_\_\_\_ located within:
- \_\_\_\_\_ feet of \_\_\_\_\_ located within:
- \_\_\_\_\_ feet of \_\_\_\_\_ located within:

This area contains approximately \_\_\_\_\_ total acres

**Surface Occupancy Restriction Stipulation (timing)**

% of Lease

- ( ) (a) In order to (minimize) (protect) \_\_\_\_\_ ( )
- \_\_\_\_\_ will be allowed only during: \_\_\_\_\_
- (b) In order to (minimize) (protect) \_\_\_\_\_
- \_\_\_\_\_ will be allowed only during: \_\_\_\_\_

This does not apply to maintenance and operation of producing wells and facilities. Lands within the leased area to which this stipulation applies are described as follows:

- (a)
- (b)

**Road Use Stipulation**

% of Lease

- ( ) The \_\_\_\_\_ ( )
- will not be used as an access road for activities on this lease except as follows:

\_\_\_\_\_ Date

\_\_\_\_\_ Signature

MT-3109-3 (December 1981)  
Formerly MSO 3100 55

APPENDIXES

UNITED STATES DEPARTMENT OF THE INTERIOR  
Bureau of Land Management

(Serial No.)

**LIMITED SURFACE USE STIPULATION**

The lease is given notice that all or portions of the lands are contain special values, are needed for special purposes, or require special attention to prevent damage to surface resources. Any surface use or occupancy within such areas will be strictly controlled. Use or occupancy will be subject to any plan the leasee/operator deems appropriate that the BLM is essential for operations and when the leasee/operator submits a surface use and operations plan, which is satisfactory to the Geological Survey and the Federal Surface Management Agency (FSMA) for the protection of these special values and existing or planned uses. Appropriate restrictions to be imposed restrictions will be made for the maintenance and operation of producing oil and gas wells. After the FSMA has been advised of the proposed surface use or occupancy on those lands, and on request of the leasee/operator, the BLM will furnish further data on such areas which would include but are not limited to:

Reason for Restriction:

Duration of Restriction: (designate months)

Prior to acceptance of this stipulation, the prospective leasee is encouraged to contact the BLM for further information regarding the restrictive nature of this stipulation.

Date

Signature

MT-31006 (December 1981)  
Formerly NBO 3100-60

U.S. Department of the Interior  
Bureau of Land Management

(Serial No.)

**ACTIVITY COORDINATION STIPULATION**

This stipulation may be modified when specifically approved in writing by the District Engineer, Minerals Management Service, with concurrence of the authorized officer of the surface management agency.

( ) This lease includes lands within \_\_\_\_\_ % of Lease

\_\_\_\_\_ ( )  
which has resource values sensitive to high levels of activity. In order to minimize impacts to these resources, special conditions, such as utilization prior to approval of operations, and/or other limitations to spread surface disturbance activities over time and space may be required prior to approval and commencement of any operations on the lease.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

MT-3109-7 (September 1982)  
Formerly MSO 3100-61