

DEPARTMENT OF STATE LANDS



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620

RECEIVED

JUN 11 1992

**ENVIRONMENTAL
QUALITY COUNCIL**

April 21, 1992

To Whom it may concern:

We have reviewed the attached Environmental Assessment for the June 2, 1992 lease sale. The stipulations, as listed in appendix B, 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

4/24/92
Date

M. Jeff Hagener
Jeff Hagener, Lands Division Administrator

4/27/92
Date

DEPARTMENT OF STATE LANDS



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
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ENVIRONMENTAL ASSESSMENT ON THE June 2, 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 June 2, 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 44 tracts of land totaling 13,742.22 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

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.

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
Don Kendall, Area Manager, Southern 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).

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., JUNE 2, 1992

TRACT	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES	BIDDER	BID \$/ACR
LESSOR: DEPT OF STATE LANDS								
BIG HORN								
1	1,2,3,4,5	1.0S	33.0E	16	ALL	640.00	_____	_____
BLAINE								
2	1,2,3,4	32.ON	17.0E	1	LOTS 3,4	59.90	_____	_____
3	1,2,3,4	32.ON	17.0E	2	LOTS 1,2,3	91.57	_____	_____
4	1,2,3,4	33.ON	17.0E	27	S1/2	320.00	_____	_____
5	1,2,3,4	34.ON	19.0E	27	E1/2 E1/2	160.00	_____	_____
6	1,2,3,4	34.ON	19.0E	34	NE1/4 NE1/4	40.00	_____	_____
7	1,2,3,4	34.ON	19.0E	35	NW1/4 NW1/4	40.00	_____	_____
CARBON								
8	1,2,3,5,6	7.0S	20.0E	16	ALL	640.00	_____	_____
DANIELS								
9	1,2,3,4	35.ON	47.0E	3	LOTS 1,2, S1/2 NE1/4, SE1/4 NW1/4, SW1/4 SW1/4, E1/2 SW1/4, SE1/4	481.81	_____	_____
10	1,2,3,4	35.ON	47.0E	4	LOTS 3,4, S1/2 NW1/4	160.76	_____	_____
11	1,2,3,4	35.ON	47.0E	10	NE1/4	160.00	_____	_____
12	1,2,3,4	36.ON	44.0E	15	N1/2, S1/2 SE1/4	400.00	_____	_____
13	1,2,3,5	36.ON	44.0E	16	ALL	640.00	_____	_____
14	1,2,3,4	36.ON	44.0E	22	W1/2 NW1/4, E1/2 E1/2, NW1/4 NE1/4	280.00	_____	_____
15	1,2,3,4	36.ON	44.0E	23	S1/2, N1/2 NE1/4	400.00	_____	_____
16	1,2,3,4	36.ON	44.0E	26	E1/2, NW1/4	480.00	_____	_____
17	1,2,3,4,5	36.ON	47.0E	3	LOTS 1,3,4, SW1/4 NW1/4, NW1/4 SW1/4, SE1/4 NE1/4, E1/2 SE1/4	315.86	_____	_____
18	1,2,3,4,5	36.ON	47.0E	4	LOTS 1,2,3,4, S1/2 N1/2, S1/2 (ALL)	636.64	_____	_____
19	1,2,3,5	36.ON	47.0E	10	N1/2, N1/2 S1/2	480.00	_____	_____
20	1,2,3,5	36.ON	47.0E	11	W1/2, NW1/4 SE1/4, W1/2 NE1/4	440.00	_____	_____
21	1,2,3,4	36.ON	47.0E	13	E1/2 E1/2, SW1/4 NW1/4, N1/2 SW1/4, NW1/4 SE1/4	320.00	_____	_____
22	1,2,3,5	36.ON	47.0E	14	N1/2 SW1/4, SW1/4 SW1/4	120.00	_____	_____
23	1,2,3,4	36.ON	47.0E	34	S1/2	320.00	_____	_____
24	1,2,3,4	37.ON	47.0E	36	ALL	640.00	_____	_____

11
59.90
3 91.57
320.00
160.00
40.00
40.00
711.47

5793.26

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. 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

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.

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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.

- 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.

DEPARTMENT OF STATE LANDS
FIELD OPERATIONS DIVISION



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

Central Land Office: Helena, MT (406) 444-3633
Eastern Land Office: Miles City, MT (406) 232-2034
Northeastern Land Office: Lewistown, MT (406) 538-5989

Northwestern Land Office: Kalispell, MT (406) 755-6575
Southern Land Office: Billings, MT (406) 259-3264
Southwestern Land Office: Missoula, MT (406) 542-4200

DATE: 4-6-92

TO: Gary Weissmann, Hydrologist, Mineral Management Bureau
FROM: Russ Offerdahl, Conrad Unit Manager
RE: June 2, 1992 Oil and Gas Lease Sale

Dear Gary :

I have reviewed the surface use and ownership on lands identified within the Conrad Unit available for mineral lease at the June sale and have determined the following dispositions:

Glacier County	Land Use
5006 T43N R6W Sec. 36 NW1/4	Agriculture
5045 T36N R5W Sec. 4 Lots 3 & 4	No State Surface
5025 T36N R5W Sec 20 SW1/4SE1/4	Grazing
Note: This tract contains a small lake which consumes approx. 25 of the total 40 ac. some environmental concerns may arise.	
5007 T37N R5W Sec. 32 SW1/4	No State Surface
5008 T37N R5W Sec. 33 S1/2SW1/4	No State Surface
Pondera County	
5026 T30N R4W Sec. 16 All	No State Surface
5027 T30N R4W Sec. 36 All	No State Surface
Toole County	
5032 T33N R3W Sec. 17 E1/2NE1/4	Grazing
5033 T35N R1E Sec. 16 All	Ag. & Grazing
5028 T35N R4W Sec. 31 NE1/4NW1/4	No State Surface
5029 T35N R4W Sec. 32 N1/2NW1/4	No State Surface

If you have any further questions please give me a call

Thank You
Russ Offerdahl
Russ Offerdahl

NELO
142

04-01-92

STATE OF MONTANA
OIL & GAS LEASE SALE - JUNE 2, 1992

PRE-SALE APPLICATION REPORT

APP#	STIP	TWP	RGE	SEC	DESCRIPTION	ACRES
LESSOR: DEPT OF STATE LANDS						
BIG HORN SLO; FWP-5						
5024		1.0S	33.0E	16	ALL	640.00
BLAINE NELO; FWP-6						
5034		32.0N	17.0E	1	LOTS 3,4	59.90
5044		32.0N	17.0E	2	LOTS 1,2,3	91.57
5042		33.0N	17.0E	27	S1/2	320.00
5003		34.0N	19.0E	27	E1/2 E1/2	160.00
5004		34.0N	19.0E	34	NE1/4 NE1/4	40.00
5005		34.0N	19.0E	35	NW1/4 NW1/4	40.00
CARBON SLO; FWP-5						
5030		7.0S	20.0E	16	ALL	640.00
DANIELS NELO; FWP-6						
5009		35.0N	47.0E	3	LOTS 1,2, S1/2 NE1/4, SE1/4 NW1/4, SW1/4 SW1/4, E1/2 SW1/4, SE1/4	481.81
5010		35.0N	47.0E	4	LOTS 3,4, S1/2 NW1/4	160.76
5011		35.0N	47.0E	10	NE1/4	160.00
5012		36.0N	44.0E	15	N1/2, S1/2 SE1/4	400.00
5013	# 2015 143	36.0N	44.0E	16	ALL	640.00
5014		36.0N	44.0E	22	W1/2 NW1/4, E1/2 E1/2, NW1/4 NE1/4	280.00
5015		36.0N	44.0E	23	S1/2, N1/2 NE1/4	400.00
5016		36.0N	44.0E	26	E1/2, NW1/4	480.00
5017	CRP	36.0N	47.0E	3	LOTS 1,3,4, SW1/4 NW1/4, NW1/4 SW1/4, SE1/4 NE1/4, E1/2 SE1/4	315.86
5018	on lease 5086	36.0N	47.0E	4	LOTS 1,2,3,4, S1/2 N1/2, S1/2 (ALL)	636.64
5019	2331020	36.0N	47.0E	10	N1/2, N1/2 S1/2	480.00
5020	No agreement	36.0N	47.0E	11	W1/2, NW1/4 SE1/4, W1/2 NE1/4	440.00
5021	CRP on lease 1596	36.0N	47.0E	13	E1/2 E1/2, SW1/4 NW1/4, N1/2 SW1/4, NW1/4 SE1/4	320.00
5022	No agreement	36.0N	47.0E	14	N1/2 SW1/4, SW1/4 SW1/4	120.00
5023		36.0N	47.0E	34	S1/2	320.00
5001	CRP on lease 667	37.0N	47.0E	36	ALL	640.00

CRP

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



2300 Lake Elmo Drive
Billings, MT 59105
April 13, 1992

Gary Weissmann
Lands Division, Dept. Of State Lands
1625 Eleventh Avenue
Helena, MT 59620

RECEIVED

APR 14 1992

RE: June 2, 1992 Oil and Gas Lease Sale

STATE LANDS

Dear Gary:

I am writing with respect to the wildlife values on T7N, R20E, Sec. 16 in Carbon County. There is a riparian area on the west side of section 16 that is used extensively by white-tailed deer in the summer and fall. We recommend that drilling be excluded from the riparian area. The rest of the section can be drilled without any stipulations.

Sincerely,

Charles D. Eustace

Charles D. Eustace
Regional Game Manager



MONTANA NATURAL HERITAGE PROGRAM

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

April 8, 1992

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

Dear Mr. Weissmann:

In reply to your letter of 2 April, 1992, requesting a search of the Natural Heritage Program database for information relating to tracts nominated for your June 2, 1992 Oil and Gas Lease Sale, our database currently has no occurrences of rare or sensitive species or plant communities on those tracts.

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, /mb.
Cedron Jones
Data Assistant

APPENDIX D: Late Comments