

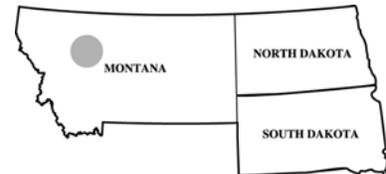


April 23, 2004

BLACKLEAF PROJECT EIS

WHERE ARE WE NOW?

- BLM will prepare an EIS to analyze Startech Energy, Inc.'s (Startech) proposal to drill for natural gas in the Blackleaf area, and a Reasonable Foreseeable Development Scenario.
- Under federal law and regulations, we are required to act on a completed Application for Permit to Drill (APD).



HOW DID WE GET HERE?

- In 1992, BLM prepared a final environmental impact statement (FEIS) for development of the Blackleaf Gas Field but decided not to issue a record of decision until receiving a drilling application.
- BLM received several notices of staking and drilling applications following completion of the FEIS, but did not complete a record of decision due to changes in lease ownership, changes in the unit operator, incomplete drilling applications, withdrawal of some staking notices, and fluctuating natural gas prices.
- Encouraged by the recent rise in natural gas prices, three companies staked a total of four well locations.
- Startech is the Blackleaf Unit operator, and the three wells it has proposed from one location are in the Blindhorse Outstanding Natural Area (ONA) about 3 miles from three shut-in gas wells. The Startech lease predates the ONA designation.
- Grizzly Resources proposed 4 wells from two locations on its lease located on U.S. Forest Service lands adjacent to the Blackleaf Unit. However, the company's applications were returned unapproved because it failed to submit the necessary information for a complete application. Effective February 20, 2004, the Grizzly Resources lease suspension was terminated. The new expiration date for the lease is December 19, 2006.
- Rutter and Wilbanks Corp. proposed drilling one well on its lease; however, the company's application was returned unapproved because it failed to submit the necessary information for a complete application. Effective February 3, 2004, the Rutter and Wilbanks Corp. lease suspension was terminated. The leaseholder elected not to pay the rental royalties to continue the lease. Effective March 11, 2004, the lease was cancelled.
- The Reasonable Foreseeable Development Scenario Report is currently in draft.
- We are continuing with baseline data collection and internal scoping. Potential cooperating agencies, congressional staff, and the Central Montana Resource Advisory Council have been briefed on the proposed action, and tribal consultation has been initiated. The Blackleaf Project EIS team leader is Lynn Ricci of the Lewistown Field Office.
- The Blackleaf Study Area is located along the Rocky Mountain Front 75 miles northwest of Great Falls. It contains about 40,327 federal mineral acres (about half of which are leased) and 18,176 state and private mineral acres.
- The Blackleaf area provides habitat for a variety of wildlife, including several threatened and endangered species; contains important cultural heritage resources and outstanding scenic qualities; provides a variety of recreational opportunities; is important to the tourist industry; and contains a significant amount of natural gas reserves.



- The area has three shut-in gas wells, but analysis indicates that substantial reserves remain and there is a high potential for more gas discoveries and production.
- From 1982 through 1991, total production from four wells in the Blackleaf area was 7 billion cubic feet of natural gas and 33,400 barrels of oil.



WHAT NEEDS TO BE DONE?

- A new EIS is needed to evaluate the current drilling proposals from Startech, update the cumulative impacts, and consider new information on such resources as cultural heritage and sensitive/threatened and endangered species.
- Due to staff and time limitations, this EIS will not be done “in-house.” We have hired a contractor, Maxim Technologies of Helena, to assist BLM in the preparation of the EIS. BLM will be responsible for the scope and content of the document.
- BLM is working closely with the U.S. Forest Service, the Department of Montana Fish, Wildlife & Parks, U.S. Fish and Wildlife Service, Montana Department of Environmental Quality, Teton County, EPA, the State Historic Preservation Office, and the Army Corps of Engineers.
- Baseline studies in the areas of cultural heritage and sensitive plants are currently being finalized. Baseline studies for visual resource management, wildlife, and inventory of noxious weeds are complete.
- A Notice of Intent to commence the preparation of the Blackleaf Project EIS was published in the Federal Register April 15, 2004.

WHO ELSE IS CONCERNED?

- National and local environmental groups, such as Montana Wilderness Association, are strongly opposed to any development on the Rocky Mountain Front. Numerous local and national newspaper articles appear each month. Letters from concerned citizens and organizations have been submitted on a routine basis at the local and state office levels.
- The Blackfeet and Salish-Kootenai tribes have been briefed on the proposed action, and we continue to work closely with these tribes through our government-to-government consultation.
- Industry interest in the area is increasing.
- The Lewis and Clark National Forest issued a decision August 28, 1997, which provided a moratorium on any future oil and gas leasing on Forest Service managed lands on the Rocky Mountain Front. Due to the proximity of the lands involved in this decision, much attention is drawn to the Blackleaf Project EIS.
- The Montana congressional delegation has been divided on development of the area.
- Senator Baucus has introduced legislation concerning the oil and gas development on the Rocky Mountain Front. While the geographic area described in the legislation encompasses all the wells that will be analyzed in the EIS, the bill would not preclude development.
- Proposed oil and gas development anywhere along Montana’s Rocky Mountain Front brings a high level of interest. The Forest Service is currently analyzing an unrelated but controversial drilling proposal in the Badger-Two Medicine area about 25 miles north of the Blackleaf field.

FOR MORE INFORMATION

Contact Don Judice at (406) 791-7789 for specific oil and gas related questions; and Lynn Ricci at (406) 538-1922 for questions regarding preparation of the EIS.