DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION,
EXCHANGE OF EASEMENTS AGREEMENT
King Creek – Lower Whitefish

THIS AGREEMENT is entered into by and between the State of Montana Department of Natural Resources and Conservation, hereinafter referred to as "State" and Plum Creek Timberlands, L.P., hereinafter referred to as "Plum Creek".

WHEREAS, there are areas within the State of Montana where the State holds and manages in trust classified forest lands in an intermingled ownership pattern with lands owned and managed by Plum Creek, and

WHEREAS, the parties need to establish access to their intermingled lands within the State of Montana for timber, land and resource management or utilization; and

WHEREAS, the State and Plum Creek, desire to exchange right-of-way easements;

NOW THEREFORE, the State and Plum Creek have determined that the following information correctly describes the project envisioned, the costs to be jointly financed, each party's share of such costs, the method of payment, and the easement documents which will be exchanged.

The initiating party is Plum Creek.

1.) ESTATE TO BE ACQUIRED

Under this King Creek – Lower Whitefish Exchange of Easements Agreement, easements to be conveyed shall be for timber, land and resource management or utilization, the State is acquiring access rights for the public only on the Lower Whitefish Road.

Conveyance of right-of-way easements from Plum Creek to the State and from the State to Plum Creek, shall be substantially in the forms attached and made a part of this Agreement as Exhibit III. If directed by the Board, any changes, modifications, additional or other terms must be mutually agreed to after the proposed easements are presented to the Board of Land Commissioners for approval. Transfer of the easements from the State to Plum Creek and from Plum Creek to the State will be finalized with thirty (30) days of authorization and approval of the easements by the Board of Land Commissioners.

2.) AREA

The area referred to as King Creek – Lower Whitefish is located north of Whitefish, Montana in the northern part of Flathead County. General legal description includes portions of sections 6, 7, 17, 18, 19, 20, 28, 29, 30, 31, 32, and 33, Township 32 North, Range 22 West; sections 1, 2, 12, and 13, Township 32 North, Range 23 West; sections 19, 20, 28, 29, 30, 31, 32, 33, and 34, Township 33 North, Range 22 West; sections 1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 14, 23, 24, and 25, Township 33 North, Range 23 West; sections 7, 8, 9, 16, 17, 18, 19, 20, 21, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 34 North, Range 23 West; and sections 1, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, and 36, Township 34 North, Range 24 West; Flathead County, State of Montana. The area is shown in more detail on Exhibit I.

Ownership distribution within the Agreement area is approximately 31,734 acres. The State holds and manages in trust 29,858 acres, Plum Creek owns and manages 1,876 acres. See the Calculation of Shares for detail of ownership percentages.

3.) ROAD DESCRIPTION AND IDENTIFICATION

The following roads are included as part of this agreement:

1. **Upper Whitefish Road**, in sections 14, 23, and 24, T33N, R23W. This is a medium standard Primary road, 14-16 feet wide, single lane with intervisible turnouts. Road base is of native material with pit-run gravel and crushed aggregate surfacing for subgrade reinforcement and reduced maintenance costs. Drainage is provided by ditches, culverts, and drainage dips, including a single lane concrete bridge over Swift Creek (1977) and two large arch-pipes (54" and 72" equivalent). No seasonal restrictions or closures. (Note: Some portions of this road do not meet these standards now, but will be met in part by future road maintenance projects.)

2. **Lower Whitefish Road**, in sections 6, 7, 18, 19, 29, 30, and 32, T32N, R22W; section 1, T32N, R23W; sections 19, 29, 30, and 32, T33N, R22W; and sections 13, 14, and 24, T33N, R23W. This is a medium standard Primary road, 14-16 feet wide, single lane with intervisible turnouts. Road base is native material with crushed aggregate surfacing for subgrade stabilization and reduced maintenance costs. Drainage is provided by ditches, culverts, and drainage dips, including a 48" culvert. Seasonal use. Seasonal closure provided by gates in section 19, T33N, R22W and section 32, T32N, R22W. (Note: Some portions of this road do not meet these standards now, but will be met in part by future road maintenance projects.)

3. **King-Bear Road**, in section 29, T32N, R22W. This is a medium standard Secondary road, 12 feet wide, single lane with 3-4 turnouts per mile, native material base and surface. Drainage is provided where needed by ditches, culverts, and drainage dips. Seasonal use. Seasonal closure provided by a gate.

4. **King Creek Road**, in section 29, T32N, R22W. This is a medium standard Spur road, 12 feet wide, single lane with 2-3 turnouts per mile, native material base and surface. Drainage is provided where needed by ditches, culverts, and drainage dips. Seasonal use. Seasonal closure provided by a gate on King-Bear Road.

PLANS AND SPECIFICATIONS

All roads in this agreement are existing and fall within the State specifications for "Primary roads," "Secondary roads," and "Spur roads." Specifications for each road are detailed above.

ROAD CONSTRUCTION, INSPECTION AND ACCEPTANCE

The parties agree that written acceptance of road work by both parties is essential to the accomplishment of any construction or reconstruction as a part of this agreement. Each party shall keep the other informed of the construction progress, and the other shall make periodic inspections as deems necessary and shall immediately raise, in writing, any objections to the work performed. Right-of-way timber must be disposed of as provided in the easements or permits unless otherwise agreed.

Ten days prior to the expected completion of any construction, the constructing party shall give written notice as to the completion date of a project, and the other party shall, within 15 days after receipt of the notice, make a final inspection and give written notice of acceptance or rejection of the project. If weather or other conditions prevent inspection within this 15 day period, the time during which such conditions prevail will be excluded in determining the 15 day period.

Rejection may only be based upon failure to comply with the stated plans and specifications. A rejection notice must identify the items of work necessary to complete the project in accordance with the stated plans and specifications. Acceptance must not be unreasonably withheld. In case of rejection, the constructing party shall promptly complete the items of work identified in the rejection notice and again give notice of completion as provided above in this section

4.) CONSIDERATION

Compensation for the values agreed to by the cooperators are as follows:

COST OF CONSTRUCTION

Consideration will be given to the estimated value of new construction, reconstruction or replacement of existing roads, less depreciation at the time the agreement is signed. Conveyance of the right-of-way easements from State to Plum Creek will be issued upon authorization and approval of the easements by the State Board of Land Commissioners. The value of new construction and/or reconstruction costs to be shared are based on estimates. The cost estimates have been mutually agreed to by the State and Plum Creek. Values of existing roads and land values have been agreed to as follows:

- Land values range from $400 to $1,700 per acre, as shown on Exhibit IIA.
- Right-of-way (R/W) width is 40 feet, used for determining R/W acreage and corresponding land values.
- Existing road costs range from $23,375 to $90,000 per mile, as shown on Exhibit IIB.
- The constructing party will receive credit for road construction and improvement costs.
- Original construction costs of portions of the Upper Whitefish Road and Lower Whitefish Road built by the CCC's are considered mutually shared.

Refer to Exhibits IIA and IIB for a summary of the land values and road costs.

COST TO BE BORNE BY EACH PARTY

It is agreed that all road costs and land values will be shared proportionately on the basis of tributary land area accessed by the roads. Third party ownership(s) that may be within the tributary area are not included in the calculation of shares unless otherwise specified.

Excess costs by land value and road costs are itemized in Exhibits IIA and IIB, and are summarized as follows:

	Plum Creek owes State	State owes PCTC
Land Value	** $ 1,835	$ 546
Road Costs	$ 34,258	$ 0
Total Value/Costs*	$ 36,093	$ 546

NET BALANCE	$ 35,547	

* Minor variation in dollars relates to accumulated rounding.

** The State already has legal access to Trust Lands in this Exchange of Easements Agreement. When this condition exists, State law considers the Trust Lands as burdened and not advantaged by this easement exchange. Therefore, Plum Creek will be required to make a total land value payment of $1,835 to the applicable trust accounts following approval of the project by the State Land Board.

TO PAY

Land values will be calculated with consideration given to trusts burdened and trusts benefited by the right-of-way easements.

> Since the Trust is burdened, Plum Creek will pay $1,835 in advance. Payment will be processed when this agreement is approved by the State Land Board. The remaining Net Balance of $33,712 ($35,547-$1,835) that Plum Creek owes the State will be carried on a Reciprocal Access Agreement balance sheet and reconciled by August 2002. The State will maintain the State/Plum Creek Balance Sheet.

5.) MAINTENANCE OF ROADS

Maintenance shall be performed so as to preserve the road(s) to standards of original construction or reconstruction, or to standards as otherwise mutually agreed. Maintenance provisions for roads and improvements will be included in the easement deeds. Future maintenance will also be coordinated through a joint road maintenance agreement covering all roads with shared vested interests.

ADDITIONAL CAPITAL EXPENDITURES

If, due to exhaustion, deterioration, severe damage or destruction, it becomes necessary to perform substantial reconstruction and repairs to restore a road, bridge or other facility upon the rights-of-way to a condition suitable for management, protecting and utilizing their lands or resources from those lands, the parties shall agree upon the work to be performed and each party shall pay its proportionate share of the cost of the work. The basis for that share will be identified on a case-by-case basis. If one of the cooperating parties should unreasonably fail to agree to the work to be performed or fails to pay its share within 90 days after such work has been completed, or if either of the cooperating parties does not fulfill their obligations, the easement will be terminated.

6.) SIGNATURES

In witness whereof, the parties hereto have caused this Agreement for the King Creek – Lower Whitefish Exchange of Easements to be properly executed by their authorized representatives on this 1st day of December, 2000.

5th or 6th
Tue. Wed.

STATE OF MONTANA
Department of Natural Resources and Conservation

By: _____
Arthur R. Clinch
Director

PLUM CREEK TIMBERLANDS, L.P.

By: Arthur H Vail
Arthur H. Vail
Manager Flathead Unit

STATE OF MONTANA / PLUM CREEK TIMBERLANDS
KING CREEK - LOWER WHITEFISH EASEMENT EXCHANGE

TRIBUTARY ACRES BY OWNERSHIP BY SECTION

DNRC OWNERSHIP:

Legal Description			Tributary Acres
Section	Township	Range	
6	32N	22W	310
7	32N	22W	640
17	32N	22W	160
18	32N	22W	635
19	32N	22W	422
20	32N	22W	320
29	32N	22W	320
30	32N	22W	128
31	32N	22W	30
32	32N	22W	600
33	32N	22W	160
19	33N	22W	640
20	33N	22W	484
28	33N	22W	164
29	33N	22W	640
30	33N	22W	635
31	33N	22W	538
32	33N	22W	640
33	33N	22W	542
34	33N	22W	5
1	33N	23W	230
2	33N	23W	644
3	33N	23W	409
4	33N	23W	538
5	33N	23W	120
6	33N	23W	220
10	33N	23W	147
11	33N	23W	636
12	33N	23W	585
13	33N	23W	640
14	33N	23W	436
23	33N	23W	62
24	33N	23W	596

DNRC OWNERSHIP CONT.:

7	34N	23W	619
8	34N	23W	640
9	34N	23W	400
16	34N	23W	320
17	34N	23W	640
18	34N	23W	621
19	34N	23W	623
20	34N	23W	640
21	34N	23W	477
27	34N	23W	160
28	34N	23W	560
29	34N	23W	640
30	34N	23W	622
31	34N	23W	618
32	34N	23W	640
33	34N	23W	640
34	34N	23W	640
35	34N	23W	360
1	34N	24W	90
10	34N	24W	140
11	34N	24W	530
12	34N	24W	640
13	34N	24W	640
14	34N	24W	640
15	34N	24W	405
22	34N	24W	335
23	34N	24W	640
24	34N	24W	640
25	34N	24W	640
26	34N	24W	635
27	34N	24W	440
36	34N	24W	307
		TOTAL	29,858

PCT OWNERSHIP:

Legal Description			Tributary
Section	Township	Range	Acres
28	32N	22W	320
33	32N	22W	120
1	32N	23W	592
2	32N	23W	89
12	32N	23W	464
13	32N	23W	204
25	33N	23W	87
		TOTAL	1,876

TOTAL ALL OWNERSHIPS 31,734

KING CREEK - LOWER WHITEFISH EASEMENT EXCHANGE

TRIBUTARY ACRES BY OWNERSHIP BY SECTION

APPROVED:

STATE OF MONTANA
Department of Natural Resources and Conservation

29,858 acres

by: Michael D. Conner
title: R.R.W. Specialist date: 11/30/00

PLUM CREEK TIMBERLANDS, L.P.

1876 acres

by: Hugh R. Avery
title: Supervisor Acres date: 11/30/00

STATE OF MONTANA / PLUM CREEK TIMBERLANDS

KING CREEK - LOWER WHITEFISH EASEMENT EXCHANGE

CALCULATION OF SHARES

CALCULATIONS :

[for roads shared by State and Plum Creek]

STATE DNRC		PLUM CREEK		TOTAL
Acres	%	Acres	%	ACRES
29,858	94.09%	1,876	5.91%	31,734

APPROVED:

DNRC: Michael D. Conner

title: R.O.W. Specialist date: 11/30/00

PLUM CREEK TIMBERLANDS, L.P.:

Hugh R Avery

title: Supervisor Access date: 11/30/00

SUMMARY OF LAND VALUES, LAND VALUE SHARES, AND LAND VALUE EXCESS COSTS

EXHIBIT II-A

STATE OF MONTANA / PLUM CREEK TIMBERLANDS

KING CREEK - LOWER WHITEFISH EASEMENT EXCHANGE

		LEGAL						TOTAL	STATE			PLUM CREEK				EXCESS COSTS	
ROAD NAME	SEGMENT	SEC	TWN	RGE	LAND OWNER	ROAD LENGTH	R/W ACRES*	R/W LAND VALUE **	CONTRIB	% SHARE	$ SHARE	CONTRIB	% SHARE	$ SHARE	TRUST ACCOUNT	PCT OWES STATE	STATE OWES PCT
Upper Whitefish Road	A-B	14/23/24	33N	23W	STATE	1.70	8.24	3,296	3,296	94.09%	3,101	-	5.91%	195	C.S.	195	-
Lower Whitefish Road	B-C	19/29/30/32 13/14/24	33N 33N	22W 23W	STATE	5.10	24.73	9,892	9,892	94.09%	9,307	-	5.91%	585	A.C.I./C.S./D.&D.A.	585	-
Lower Whitefish Road	C-D	1	32N	23W	PCT	0.30	1.45	580	-	94.09%	546	580	5.91%	34	-	-	546
Lower Whitefish Road	D-E	6/7/18/19/29/30	32N	22W	STATE	4.40	21.33	8,532	8,532	94.09%	8,028	-	5.91%	504	A.C.B./S.M./S.N.S.	504	-
Lower Whitefish Road	E-F	29/32	32N	22W	STATE	1.40	6.79	7,127	7,127	94.09%	6,706	-	5.91%	421	A.C.B./A.C.I./S.M.	421	-
King-Bear Road	E-G	29	32N	22W	STATE	0.96	4.65	1,860	1,860	94.09%	1,750	-	5.91%	110	S.M.	110	-
King Creek Road	G-H	29	32N	22W	STATE	0.18	0.86	344	344	94.09%	324	-	5.91%	20	S.M.	20	-
					TOTALS:	14.04	68.05	31,631	31,051	94.09%	29,762	580	5.91%	1,869		- 1,835	546
															NET EXCESS COSTS: KING CREEK - LOWER WHITEFISH AREA	1,289	

* R/W acres are based on 40-foot width.

** Total R/W land value is based on an estimated bare land value of $400 per acre, except for segment E-F as follows:

Calculation for segment E-F:

sec. 29 ⟹ 0.7 mi X 5280 X 40 / 43560 = 3.394 acres X $ 400 / acre = $ 1,358

sec. 32 ⟹ 0.7 mi X 5280 X 40 / 43560 = 3.394 acres X $ 1,700 / acre = $ 5,770

6.788 acres $ 7,127

Trust Accounts:

A.C.B.= Agricultural College (Morrill Grant)
A.C.I.= Agricultural College (Second Grant)
C.S.= Public School
D.&D.A.= Deaf & Dumb Asylum
S.M.= School of Mines
S.N.S.= State Normal School

Approved:

DNRC: Michael D. Connor
title: R.O.W. Specialist date: 11/30/00

Plum Creek Timberlands, LP.: Hugh R. Avery
title: Supervisor Access date: 11/30/00

SUMMARY OF ROAD COSTS, ROAD COST SHARES, AND ROAD COST EXCESS COSTS

EXHIBIT II-B

STATE OF MONTANA / PLUM CREEK TIMBERLANDS

KING CREEK - LOWER WHITEFISH EASEMENT EXCHANGE

		LEGAL			LAND	ROAD	AGREED	TOTAL	STATE			PLUM CREEK			EXCESS COSTS	
ROAD NAME	SEGMENT	SEC	TWN	RGE	OWNER	LENGTH	COST/MILE	ROAD COST	CONTRIB	% SHARE	$ SHARE	CONTRIB	% SHARE	$ SHARE	PCT OWES STATE	STATE OWES PCT
Upper Whitefish Road	A-B	14/23/24	33N	23W	STATE	1.70	90,000	153,000	153,000	94.09%	143,958	-	5.91%	9,042	9,042	-
Lower Whitefish Road	B-C	19/29/30/32 13/14/24	33N 33N	22W 23W	STATE	5.10	37,000	188,700	188,700	94.09%	177,548	-	5.91%	11,152	11,152	-
Lower Whitefish Road	C-D	1	32N	23W	PCT	0.30	37,000	11,100	11,100	94.09%	10,444	-	5.91%	656	656	-
Lower Whitefish Road	D-E	6/7/18/19/29/30	32N	22W	STATE	4.40	37,000	162,800	162,800	94.09%	153,179	-	5.91%	9,621	9,621	-
Lower Whitefish Road	E-F	29/32	32N	22W	STATE	1.40	37,000	51,800	51,800	94.09%	48,739	-	5.91%	3,061	3,061	-
King-Bear Road	E-G	29	32N	22W	STATE	0.96	23,375	22,440	21,840	94.09%	21,114	600	5.91%	1,326	726	-
King Creek Road *	G-H	29	32N	22W	STATE	0.18	*	*	-	94.09%	-	*	5.91%	*	-	-
					TOTALS:	14.04		589,840	589,240	94.09%	554,982	600	5.91%	34,858	34,258	-
														NET EXCESS COSTS: KING CREEK - LOWER WHITEFISH AREA	34,258	

* Plum Creek, Stoltze, and O-H have shared the construction costs of King Creek Road in a separate agreement.

Approved:

DNRC: Michael R. Cosmer

title: R.O.W. Specialist date: 11/30/00

Plum Creek Timberlands, LP.: Hugh R. Avery

title: Supervisor Access date: 11/30/00

EXHIBIT III

ESTATE TO BE ACQUIRED
RECIPROCAL EASEMENT FORMATS

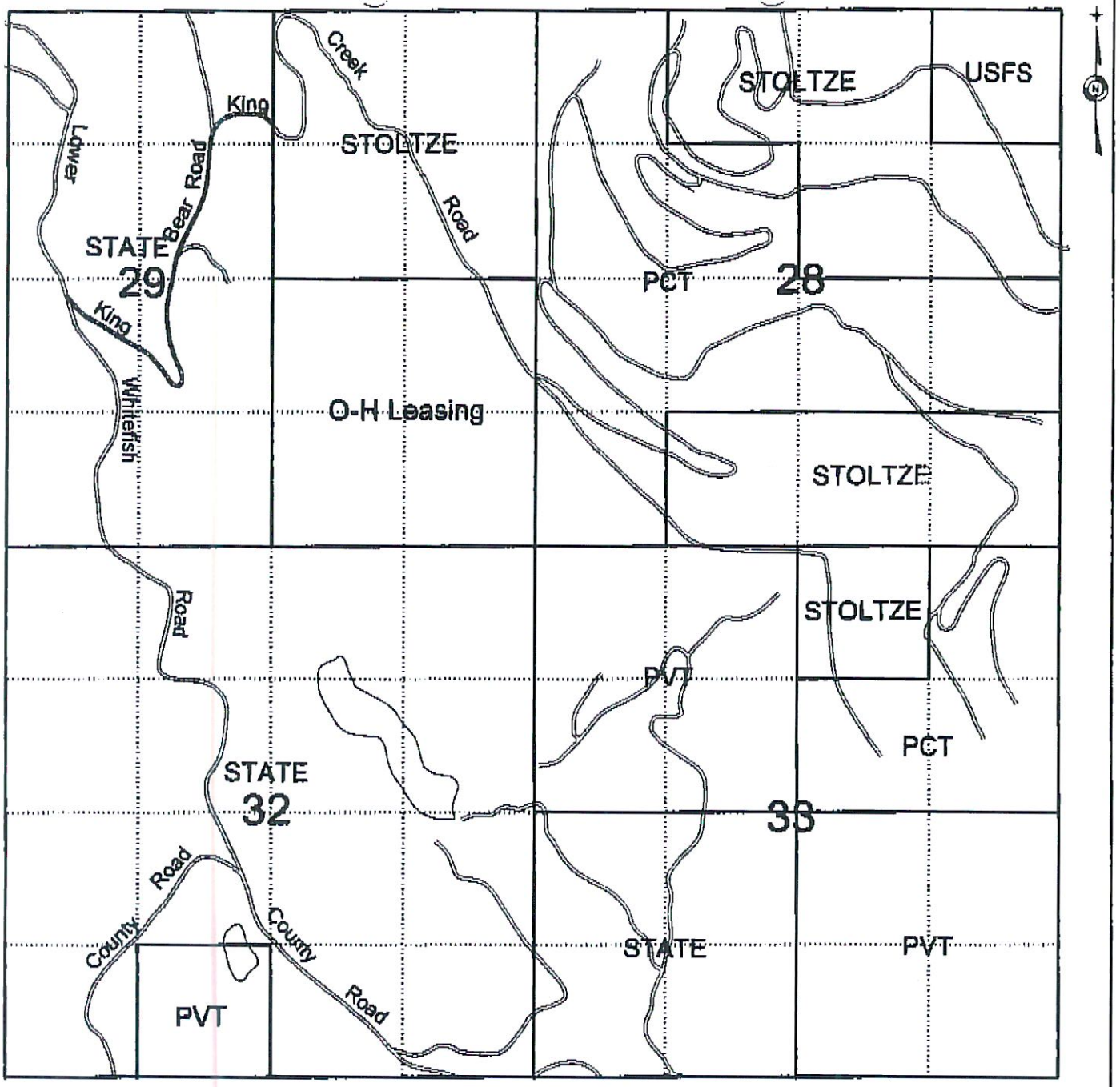


EXHIBIT "A"

King Creek - Lower Whitefish

Page 1 of 3

Sec. 29 and 32 Twp. 32N, Rge. 22W

FLATHEAD County, Montana

Easement from State of Montana to PCT

Existing Road

SCALE IN FEET

1000 0 1000

MONTANA DNRC

CAH 9/21/99

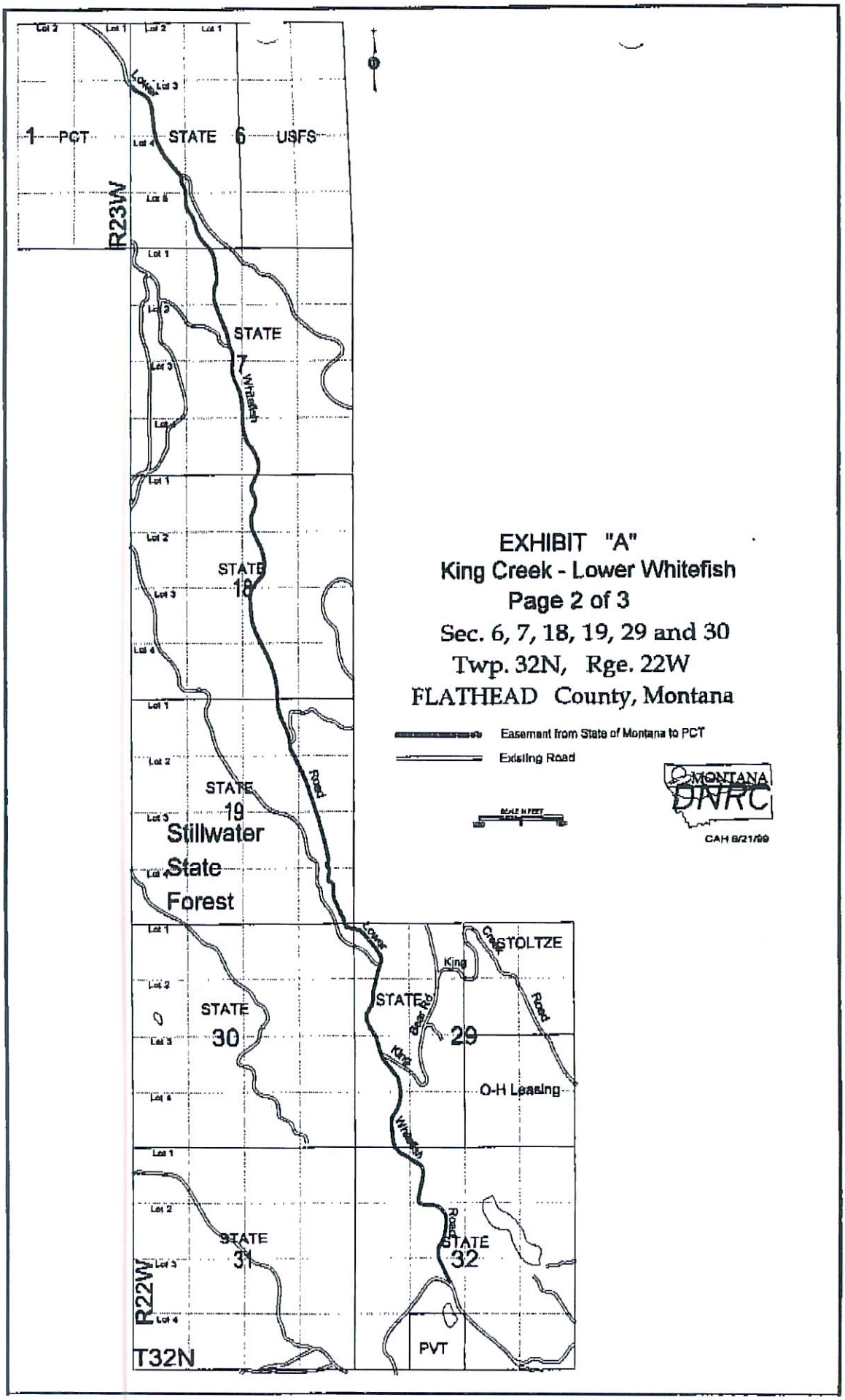


EXHIBIT "A"
King Creek - Lower Whitefish
Page 2 of 3
Sec. 6, 7, 18, 19, 29 and 30
Twp. 32N, Rge. 22W
FLATHEAD County, Montana
Easement from State of Montana to PCT
Existing Road
MONTANA
DNRC
CAH 8/21/99
1 PCT
STATE 6 USFS
R23W
STATE 7
Whitefish
STATE 18
STATE 19
Stillwater State Forest
Road
STATE 30
STATE 29
STOLTZE
King
Bear Rd
O-H Leasing
STATE 31
STATE 32
R22W
T32N
PVT

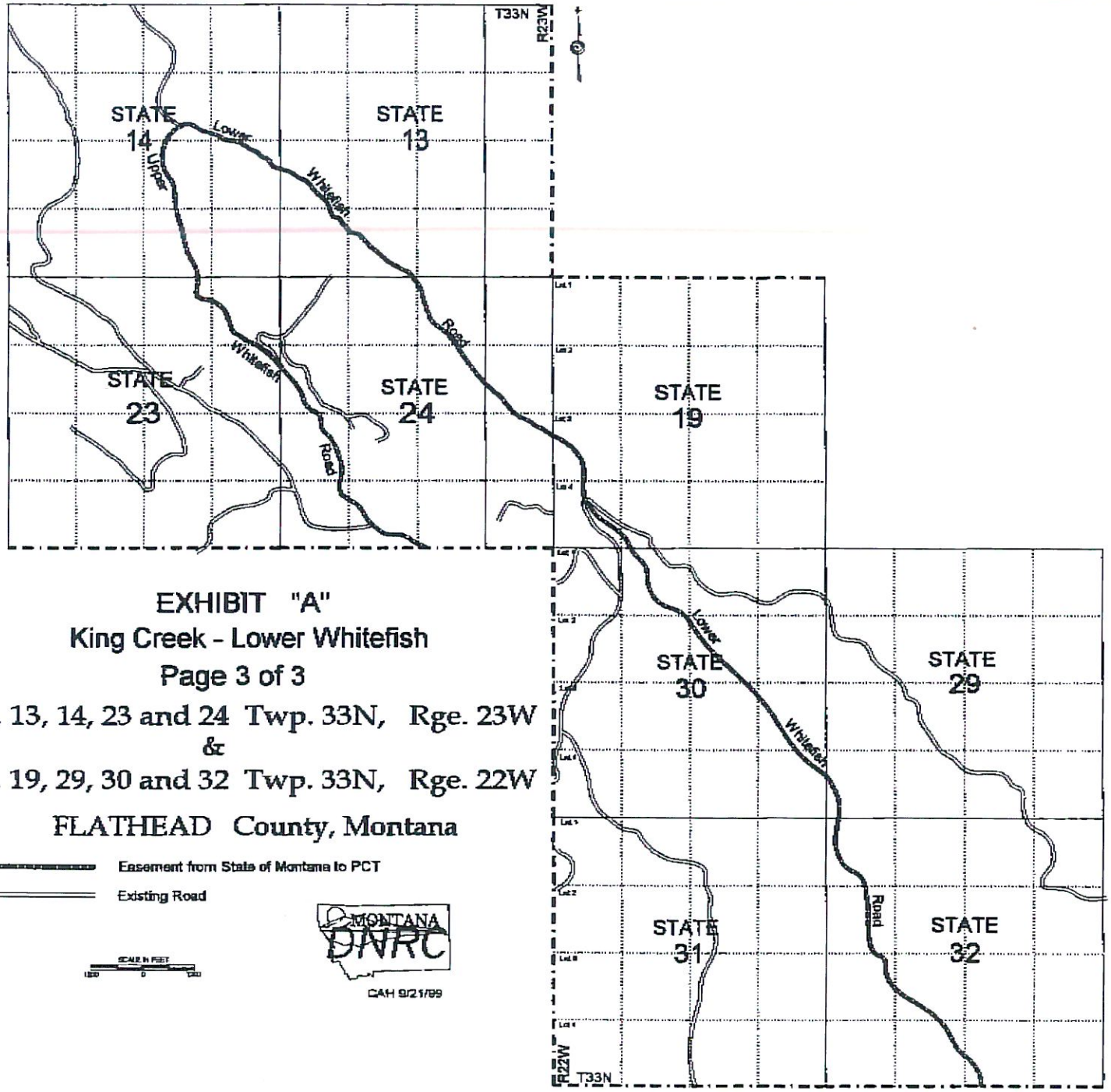


EXHIBIT "A"
King Creek - Lower Whitefish
Page 3 of 3
Sec. 13, 14, 23 and 24 Twp. 33N, Rge. 23W
&
Sec. 19, 29, 30 and 32 Twp. 33N, Rge. 22W
FLATHEAD County, Montana

Easement from State of Montana to PCT
Existing Road

DRAFT

File No. Document No.
Exchange of Easements Agreement
King Creek – Lower Whitefish, Flathead County

EASEMENT

THIS EASEMENT, dated this _____ day of _____, 2000, from PLUM CREEK TIMBERLANDS, L.P., a limited partnership of the State of Delaware, successor by merger to Plum Creek Timber Company, L.P., whose address is 999 Third Avenue, Suite 2300, Seattle, Washington 98104, hereinafter called "Grantor," to the STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, whose address is 1625 Eleventh Avenue, Helena, Montana 59620-1601, and its assigns, hereinafter called "Grantee,"

WITNESSETH:

Grantor, for and in consideration of exchange of rights-of-way and $1.00 and other valuable consideration received by Grantor, the receipt and sufficiency of which is hereby acknowledged, does hereby grant to Grantee and its assigns, subject to existing easements and valid rights, a permanent non-exclusive easement for the construction, reconstruction, use and maintenance of a road or road segment for timber, land and resource management or utilization over and across the following described lands in the County of Flathead, State of Montana:

A tract or strip of land forty (40) feet wide, twenty (20) feet on each side of a centerline, across portions of the following property:

ROAD	TOWNSHIP	RANGE	SECTION	SUBDIVISION
Lower Whitefish Road	32N	23W	1	Lot 1, SE¼NE¼

The above described right-of-way contains a total of 1.45 acres, more or less.

Said easements being twenty (20) feet on each side of the centerline of the roads located approximately as shown on Exhibit A, attached hereto and made a part hereof.

The above grants and conveyances are subject to all matters of public record as of the date of this easement.

II.

The parties hereto hereby agree that the rights hereinabove granted shall be subject to the following terms, provisions, and conditions applicable to Grantee, its successors and assigns:

1. Purpose. The easements and rights-of-way conveyed herein are for the purposes of constructing, reconstructing, maintaining, repairing, and using a road or road segment for timber, land and resource management or utilization, hereinafter called "road," over and upon said easement and right-of-way.

2. Relocation. Grantor reserves unto itself, its successors and assigns the right at its expense to relocate said road subject to the condition that, except for distance and curvature, such relocated roadway provides the same type and quality of unpaved roadway as may be established and maintained by Grantee at the time of such relocation.

3. Road Crossing. Grantor, for itself, its successors and assigns, reserves the right at all times and for any purpose to go upon, cross and recross, at any place on grade or otherwise, said rights-of-way and to use the road on said rights-of-way in a manner that will not unreasonably interfere with the rights granted hereunder.

4. Third Parties. Grantor may grant to third parties, upon such terms as it chooses, any or all of the rights reserved by it herein; provided, that use by such third party shall be subject to the terms and conditions of this easement and shall not unreasonably interfere with the rights granted hereunder.

5. Right-of-Way Timber. Grantor reserves to itself all timber now on or hereafter growing within said right-of-way. Grantee shall have the right to cut timber upon the premises to the extent necessary for constructing, reconstructing, and maintaining the road. Timber so cut shall, unless otherwise agreed to, be cut into logs of lengths specified by the Grantor and decked along the road for disposal by the Grantor.

6. Maintenance. The cost of road maintenance, resurfacing and noxious weed control shall be allocated on the basis of respective uses of said road. When any party uses said road, or a portion thereof, that party shall perform or cause to be performed, or contribute or cause to be contributed, that share of the maintenance, resurfacing and noxious weed control occasioned by such use as hereinafter provided. During periods when said road, or a portion thereof, is being used solely by one party, such party shall maintain that portion of said road so used to the standards existing at the time use is commenced.

During periods when more than one party is using said road, or a portion thereof, each party's share of maintenance, resurfacing and noxious weed control management shall be pro rata in proportion to its use thereof. The parties hereto shall meet and establish necessary maintenance provisions. Such provisions shall include, but shall not be limited to:

(a) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed, at a reasonable and agreed upon rate, the maintenance, resurfacing and noxious weed control management of the road or the portion thereof being used; and

(b) A method of payment by which each party using said road or a portion thereof shall pay its pro rata share of the cost incurred by said maintainer in maintaining, resurfacing or noxious weed control management of said road or portion thereof.

For the purposes of this easement, maintenance is defined as the work normally necessary to preserve and keep the roadway, road structure and road facilities as nearly as possible in their present condition or as hereafter improved.

7. Road Damage. Each party using any portion of said road(s) shall repair or cause to be repaired at its sole cost and expense that damage to said road(s) occasioned by it which is in excess of that which it would cause through normal and prudent usage of said road(s). Should inordinate damage to said road(s) occur which is not caused by an authorized user of said road(s), the parties hereto shall meet to agree on the cost of replacement, and the shares of replacement cost to be borne by each user of said road(s).

8. Construction and Improvement. Unless the parties hereto agree in writing to share the cost of improvements to said road(s) in advance of such improvements being made, said improvements shall be solely for the account of the improver.

9. Exercise of Rights. Grantee may permit its contractors, licensees, lessees, purchasers of timber and other valuable materials, and their agents, hereinafter individually referred to as "Permittee" and collectively referred to as "Permittees," to exercise the rights granted to it herein.

10. Indemnification. Grantee shall assume all risk of, and indemnify and hold harmless, and at Grantee's expense defend Grantor from and against any claims, loss, cost, legal actions, liability or expense on account of personal injury to or death of any persons whomsoever, including but not limited to employees of Grantor, or damage to or destruction of property to whomsoever belonging, including but not limited to property of Grantor, or any fire, resulting partly or wholly, directly or indirectly from Grantee's exercise of the rights herein granted; provided, however, that Grantee's undertaking herein contained shall not be construed as covering personal injury to or death of persons, or damage to or destruction of property resulting from the sole negligence of Grantor.

11. Termination. If Grantee determines that the road, or any segment thereof, is no longer needed, the easement traversed thereby shall terminate. The termination shall be evidenced by a statement in recordable form furnished by Grantee to the Grantor or its successor(s) or assign(s) in interest. Grantor may terminate this easement, or any segment thereof, (1) by consent of the Grantee, (2) by condemnation, (3) after a five (5) year period of nonuse, by a determination to cancel after notification and opportunity for hearing as prescribed by law; Provided: That the easement, or segment thereof, shall not be terminated for nonuse as long as the road, or segment thereof, is being preserved for prospective future use; or (4) for breach of any of the terms hereof after notification and opportunity for hearing as prescribed by law.

12. Rights and Obligations. The rights and obligations hereunder shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

13. Governing Law. This easement shall be interpreted and construed under the laws of the State of Montana.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written.

GRANTOR:

PLUM CREEK TIMBERLANDS, L.P.

By Plum Creek Timber I L.L.C.
Its General Partner

Attest:

By _____
Sheri L. Ward, Manager Law
and Assistant Secretary

By _____
Rick R. Holley, President
and Chief Executive Officer

Accepted and Approved:

STATE OF MONTANA
Department of Natural Resources and Conservation

By: _____
Name:
Title:

Date: _____

ACKNOWLEDGMENT

STATE OF WASHINGTON)
)ss
COUNTY OF KING)

On this _____ day of _____, 2000, before me personally appeared Rick R. Holley and Sheri L. Ward, to me known to be the President and Chief Executive Officer and the Manager Law and Assistant Secretary, respectively, of Plum Creek Timber I L.L.C., General Partner of Plum Creek Timberlands, L.P., the limited partnership that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited partnership for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of the limited partnership and that the seal affixed is the seal of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal the day and year last above written.

_____
Notary Public in and for the
State of Washington
Residing at _____
My Commission Expires _____
Printed Name _____

ACKNOWLEDGMENT

STATE OF MONTANA)
)ss
COUNTY OF _____)

On this _____ day of _____, 2000, before me personally appeared _____ to me known to be the_____ of State of Montana Department of Natural Resources and Conservation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said political subdivision for the uses and purposes therein stated, and on oath stated that he is authorized to execute said instrument on behalf of the political subdivision.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the
State of Montana
Residing at _____
My Commission Expires _____
Printed Name _____

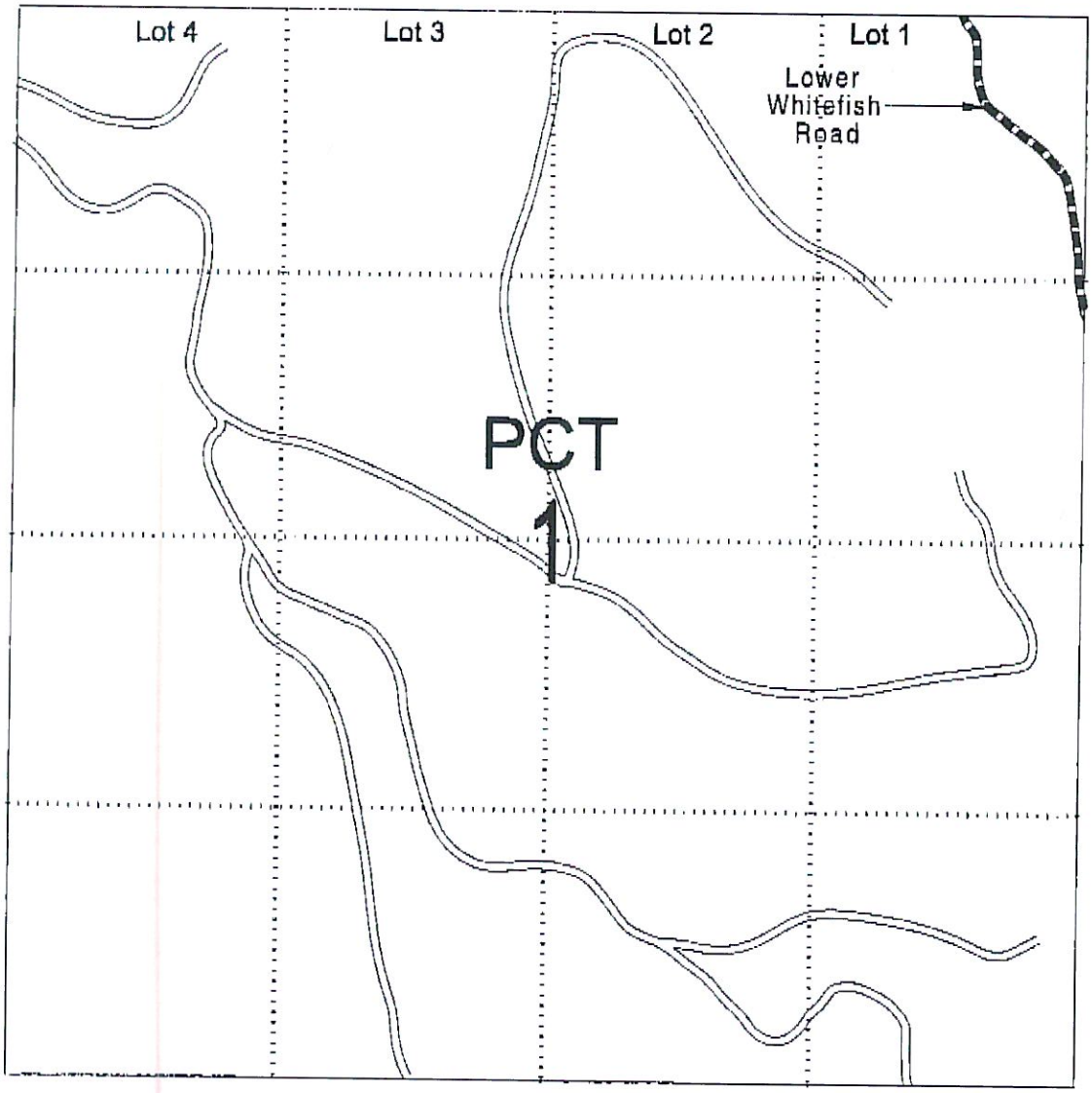


EXHIBIT "A"

King Creek - Lower Whitefish

Sec. 1 Twp. 32N, Rge. 23W

FLATHEAD County, Montana

Easement from PCT to State of Montana

Existing Road

SCALE IN FEET

1000 0 1000

MONTANA DNRC

CAH 9/21/99

NWLO file

updated 05/01/07

FACT SHEET
for
SUPPLEMENT NO. 19, (Kootenai National Forest)
to
STATE OF MONTANA,
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
USDA – FOREST SERVICE, REGION 1
ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT

(Barnaby Jim)

I. AREA

The areas served by the roads in this Supplement are located approximately 7 air miles southeast of Eureka, Montana (Barnaby Lake subunit), and 21 air miles southeast of Eureka (West Jim subunit), in the northeast portion of Lincoln County. The roads herein covered by this Supplement are located wholly within the Fortine Ranger District of the Kootenai National Forest.

The tributary areas for this Supplement include approximately 975 acres of State of Montana lands, 636 acres of National Forest System lands, and 887 acres of third party lands (small private), for a total of 2,498 acres. Exhibit 1 shows the road segments and the tributary areas for this Supplement. The tributary areas and acres are summarized in Exhibits 3 and 4.

Certified correct in all respects
Date 5/8/2007

II. COOPERATING PARTIES

Parties to this agreement are the United States of America, acting through the Regional Forester, Forest Service, Department of Agriculture, hereinafter referred to as "Government", and the State of Montana, Department of Natural Resources and Conservation, hereinafter referred to as "State".

Government will assume small private as third party ownership.

The State is the initiating party.

III. IDENTIFICATION OF ROADS AND ROAD SEGMENTS

A. Rock Lake Road No. 3683, Segment A-B (M.P. 0.00 – 0.76)

Beginning at its junction with Barnaby Lake Road No. 3655, a County road, in the NW¼NE¼, section 21, T. 35N., R. 26W., P.M.M., being approximately 0.76 mile in length, and ending on the west line of the NW¼SW¼, section 16, T. 35N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 1).

B. West Jim Creek Road No. 3762, Segment C-D (M.P. 1.30 – 1.81)

Beginning on the west line of the NE¼NW¼, section 25, T. 33N., R. 26W., P.M.M., being approximately 0.51 mile in length, and ending at the junction with West Jim Creek -D Road No. 3762-D the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 2).

C. West Jim Creek -D Road No. 3762-D, Segment D-E (M.P. 0.00 – 0.17)

Beginning at the junction with West Jim Creek Road No. 3762 the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., being approximately 0.17 mile in length, and ending on the west line of the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 2).

IV. HISTORY OF EXISTING ROADS

Rock Lake Road No. 3683 (f.k.a. Chain-of-Lakes Road) was constructed by unknown parties prior to 1965. The Government acquired an easement from Flanagan in 1965 for the existing road. They also acquired a raw land easement from the State of Montana in 1965 to relocate that portion of Road No. 3683 crossing State land. After thorough investigation, the parties agree that the relocated road was never built, and that the 1965 easement should be terminated. Government will be credited with right-of-way acquisition costs and value of the existing road for that portion crossing small private. The State will be credited with land value and value of the existing road for that portion crossing State land. Improvements made by non-participating third parties for their benefit will not be shared.

West Jim Creek Road No. 3762 and West Jim Creek -D Road No. 3762-D were constructed in the early 1950's by unknown parties, accessing State and private ownership. The State reconstructed the roads in 1992 under their Jim Creek #2 Timber Sale. The State and Government shared in Road No. 3762 up to M.P. 1.30 (segment point "C") under the Stewart-Butcher FRTA Easement Exchange in 2001. State will be credited with land value and value of existing roads.

Refer to the Decision Memo to the Files, Eureka Cost Share, dated March 20, 2007, on file at the Murphy Lake Ranger Station in Fortine, Montana.

V. PLANS AND SPECIFICATIONS

All of the roads to be cost shared in this Supplement are existing roads (buy-in without reconstruction). The original construction plans and specifications for these roads are no longer available. Following are the agreed-to standards for the existing roads:

Rock Lake Road No. 3683

- Twelve (12) foot running surface
- Native material running surface
- 4 - 5 turnouts per mile
- Clearing five (5) feet beyond top-of-cut to toe-of-fill
- 2% maximum sustained grade, 4% maximum pitch

West Jim Creek Road No. 3762

- Fourteen (14) foot running surface, outsloped
- Native material running surface
- 4 - 5 turnouts per mile
- Clearing five (5) feet beyond top-of-cut to toe-of-fill
- 4% maximum sustained grade, 6% maximum pitch
- Additional drainage provided by cross-drains

West Jim Creek -D Road No. 3762-D

- Twelve (12) foot running surface, flat
- Native material running surface
- No turnouts
- Clearing three (3) feet beyond top-of-cut to toe-of-fill
- 10% maximum sustained grade, 14% maximum pitch
- Drainage provided by cross-drains

VI. COST OF CONSTRUCTION

The costs to be shared for the existing roads are based on field surveys for quantities, and engineer's estimates for in-place road construction costs, derived from the Region 1 Cost Guide, dated February 2006. Allowances and credit for pre-construction and construction engineering costs have been included in the road cost estimates. No specialists' costs, other than engineering costs, were included in the road cost estimates to be shared. There is no inflation factor for this cost guide.

The Barnaby Jim cost share project costs were approved by Paul Stantus, Assistant Forest Engineer, on March 19, 2007, and by Brian Manning, Unit Manager, for the State on March 23, 2007. Costs to be shared are shown on the Construction Cost Estimate forms, which are included in Exhibit 5.

Exhibit 6 of this Fact Sheet displays the agreed upon right-of-way costs and land values by road segment and contributing party.

A. Rock Lake Road No. 3683, Segment A-B (M.P. 0.00 – 0.76)

The State will receive credit for value of existing for a portion of the road segment identified in section III-A of this Fact Sheet at an agreed upon cost to be shared of $15,431 and a land value cost of $8,576. The Government will receive credit for value of existing for a portion of the road segment identified in section III-A of this Fact Sheet at an agreed upon cost to be shared of $2,073 and will be credited right-of-way cost of $100 for a total cost to be shared of $26,180.

B. West Jim Creek Road No. 3762, Segment C-D (M.P. 1.30 – 1.81)

The State will receive credit for value of existing for the road segment identified in section III-B of this Fact Sheet at an agreed upon cost to be shared of $11,477. The State will be credited land value cost of $4,896 for a total cost to be shared of $16,373.

C. West Jim Creek -D Road No. 3762-D, Segment D-E (M.P. 0.00 – 0.17)

The State will receive credit for value of existing for the road segment identified in section III-C of this Fact Sheet at an agreed upon cost to be shared of $3,334. The State will be credited land value cost of $1,632 for a total cost to be shared of $4,966.

VII. COST TO BE BORNE BY EACH PARTY

Proportionate shares will be determined directly from the relationship of tributary acres owned by the Government and the State to the total tributary acres within the Supplement area. Tributary acres for land owned by non-cooperating parties will be assumed by the Government for sharing purposes. Costs to be shared and share calculations are shown in the attached Exhibit 5. The summarization of each party's shares and incurred excess costs are displayed in the attached Exhibit 2.

VIII. PROVISION FOR MEETING SHARES OF THE COST

It is intended that State excess cost of $31,881 incurred under this Supplement will be amortized by the transfer of Government excess cost of $31,881 incurred under Supplement No. 9 of March 7, 2005, leaving an unamortized State excess cost of $-0- under this Supplement.

IX. ESTATE TO BE ACQUIRED

The State will grant a standard Cost Share Easement to the Government for Road No. 3683, Road No. 3762, and Road No. 3762-D, after which the Government will terminate its existing easement through State for Road No. 3683 (not the same location).

The Government will assign appropriate rights to the State acquired from third party non-cooperating landowners for Rock Lake Road No. 3683 (f.k.a. Chain-of-Lake Road) as follows:

Grantor	Grantee	Legal Description
Raymond D. Flanagan	United States	NE¼NW¼ and NW¼NE¼, section 21, T35N, R36W

X. SUMMARY OF CURRENT FINANCIAL OBLIGATIONS

The Summary of Shares for this Supplement is attached as Exhibit 2. The Balance Sheet for this Supplement is attached as Exhibit 7.

XI. SIGNATURES

The parties hereto have caused this Fact Sheet for Supplement No. 19 (Barnaby Jim), (Kootenai National Forest), to the State of Montana, Department of Natural Resources and Conservation/USDA Forest Service, Region 1, Road Right-of-Way Construction and Use Agreement to be executed by their authorized representatives on this 5th day of May, 2007.

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

By: _____
NORMAN KUENNEN
Right-of-Way Specialist
Northwestern Land Office

USDA – FOREST SERVICE
KOOTENAI NATIONAL FOREST & LOLO NATIONAL FOREST

By: Mark Peterson
For DAVID J. McELDERY
Realty Specialist

State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 19

BARNABY JIM

Forest Service, State of Montana Department of Natural Resources and Conservation

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Fortine Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

■ ■ ■ ■	Supplement Boundary
• • • • •	Tributary Area Boundary
8	Tributary Area Number
▬ ▬ ▬	Rights-of-Way Granted
2823	Road Number
(M)	Road Segment Terminus
NFSL	National Forest System Lands
STATE	State of Montana
SP	Small Private

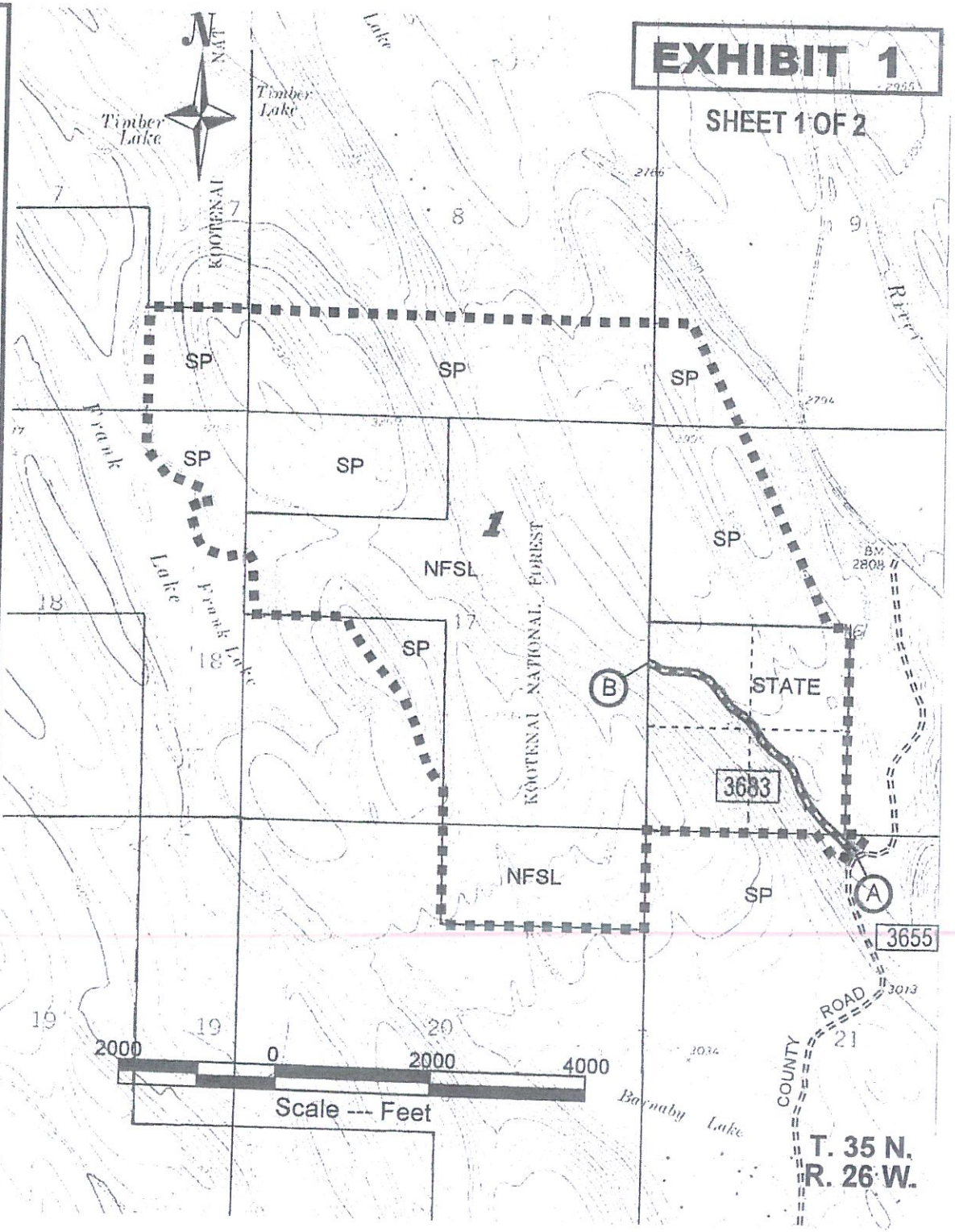
(Barnaby Lake Sub-Unit)

Based on USGS Quads: Eureka South, Fortine

R/W Width: 33 ft each side of centerline (STATE)
90 ft (Small Private)

R/W Area: 5.36 acres (STATE)
1.02 acres (Small Private)

Prepared by E. Hanson Date March 8, 2007
Checked by N. Kuennen Date 3-12-, 2007
Checked by Mark Petersen Date 4-30, 2007



State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 19

BARNABY JIM

Forest Service, State of Montana Department of Natural Resources and Conservation

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Fortine Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

▪▪▪▪	Supplement Boundary
•••••	Tributary Area Boundary
8	Tributary Area Number
═══	Rights-of-Way Granted
2823	Road Number
(M)	Road Segment Terminus
NFSL	National Forest System Lands
STATE	State of Montana
SP	Small Private

(West Jim Sub-Unit)

Based on USGS Quads: Skillet Mtn

R/W Width: 33 ft each side of centerline (STATE)

R/W Area: 5.44 acres (STATE)

Prepared by E. Hanson Date March 9, 2007
Checked by N. Kuennen Date 3-12, 2007
Checked by Mark Petersen Date 4-30, 2007

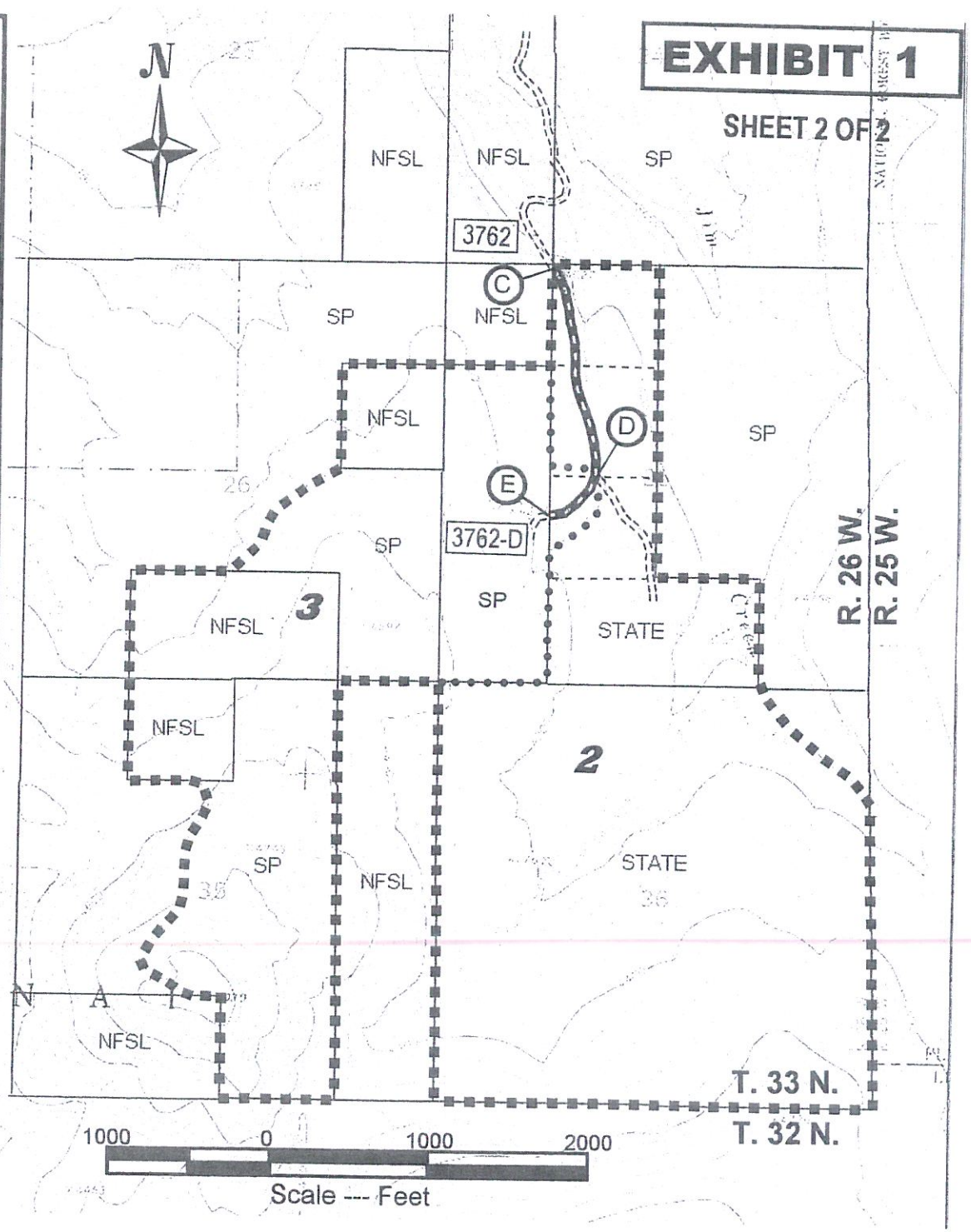


EXHIBIT 2

Supplement No. 19, (Kootenai National Forest)

SUMMARY OF SHARES AND EXCESS COSTS

		GOVERNMENT			STATE			EXCESS COSTS	
Road No. & Segment	Total Agreed Cost	Contribution	Share %	Share $	Contribution	Share %	Share $	Govt for State (State owes Govt)	State for Govt (Govt owes State)
3683 A-B	$ 26,180	$ 2,173	85.49%	$ 22,381	$ 24,007	14.51%	$ 3,799	$ 315	$ 20,524
3762 C-D	$ 16,373	$ -	41.58%	$ 6,808	$ 16,373	58.42%	$ 9,565		$ 6,808
3762-D D-E	$ 4,966	$ -	97.97%	$ 4,865	$ 4,966	2.03%	$ 101		$ 4,865
TOTALS	$ 47,519	$ 2,173		$ 34,054	$ 45,346		$ 13,465	$ 315	$ 32,197
NET EXCESS COST:					**GOVERNMENT OWES STATE**			$31,881	

Barnaby Jim

EXHIBIT 3

Supplement No. 19, (Kootenai National Forest)

ACRES BY TRIBUTARY AREA

TRIBUTARY AREA	GOVERNMENT	STATE	3RD PARTY	TOTAL
1	476	160	467	1,103
2	-	803	-	803
3	160	12	420	592
TOTAL	636	975	887	2,498

Barnaby Jim

EXHIBIT 4

Supplement No. 19, (Kootenai National Forest)

TRIBUTARY ACRES BY ROAD SEGMENT

ROAD NO. & SEGMENT	TRIBUTARY AREAS	GOVERNMENT	STATE	3RD PARTY	TOTAL
3683 A-B	1	476	160	467	1,103
3762 C-D	2 - 3	160	815	420	1,395
3762-D D-E	3	160	12	420	592

Barnaby Jim

EXHIBIT 5

ROAD COST ESTIMATES AND SHARE CALCULATIONS BY ROAD SEGMENT

COST ESTIMATE SUMMARY

BARNABY JIM

FORTINE RANGER DISTRICT
KOOTENAI NATIONAL FOREST

				Buy-In	
Road Name	**Road No.**	**Segment**	**Miles**	**Gov't**	**State**
Rock Lake	3683	A-B	0.76	2,073	15,431
West Jim Creek	3762	C-D	0.51		11,477
West Jim Creek -D	3762-D	D-E	0.17		3,334
TOTALS			1.44	2,073	30,242

UNITED STATES OF AMERICA
USDA, Forest Service

Paul Stanton 3/19/07
Assistant Forest Engineer Date

STATE OF MONTANA
Department of Natural Resources and Conservation

Brian Manning 3/23/07
Unit Manager Date

CONSTRUCTION COST ESTIMATE

Road Name and Number: Rock Lake Road No. 3683
Segment: A-B
Status: Buy-In (FOREST SERVICE CREDIT)
Segment Length: 0.76 mile

Estimate By: E. Hanson
Date: 3/6/2007

MP 0.00 to MP 0.76

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL
151(01)	Mobilization (7%)	LS	1	110.00	110.00
212(01)	Linear Grading Slash Treatment Method 7	MI	0.09	17,511.00	1,575.99
800(01)	Cost Share Engineering	MI	0.09	4,295.00	386.55

TOTAL COST TO BE SHARED: $ 2,072.54

(rounded) $ 2,073

Road Name and Number: Rock Lake Road No. 3683
Segment: A-B
Status: Buy-In (STATE CREDIT)
Segment Length: 0.76 mile

Estimate By: E. Hanson
Date: 3/6/2007

MP 0.00 to MP 0.76

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL
151(01)	Mobilization (7%)	LS	1	821.00	821.00
212(01)	Linear Grading Slash Treatment Method 7	MI	0.67	17,511.00	11,732.37
800(01)	Cost Share Engineering	MI	0.67	4,295.00	2,877.65

TOTAL COST TO BE SHARED: $ 15,431.02

(rounded) $ 15,431

CALCULATION OF SHARES

PROJECT IDENTITY: Rock Lake Road No. 3683, Segment A-B

PARTY IDENTITY:

PROJECT COST INCURRED:

CALCULATIONS:

		Cooperator State of Montana	Government	Third Party	Total
	Buy-In	$15,431	$2,073		
	Land Value	$8,576	$100		$26,180
1. Tributary Acres:		160	476	467	1,103
2. Percent Share:		14.51%	43.16%	42.34%	100.00%

3. Share Totals:

Cooperator: $26,180 X $ 14.51% = $ 3,799

Government: $26,180 X $ 85.49% = $ 22,381

CONSTRUCTION COST ESTIMATE

Road Name and Number: West Jim Creek Road No. 3762
Segment: C-D
Status: Buy-In
Segment Length: 0.51 mile

Estimate By: E. Hanson
Date: 2/15/2007

MP 1.30 to MP 1.81

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL
151(01)	Mobilization (7%)	LS	1	608.00	608.00
212(01)	Linear Grading Slash Treatment Method 7	MI	0.51	17,017.00	8,678.67
800(01)	Cost Share Engineering	MI	0.51	4,295.00	2,190.45

TOTAL COST TO BE SHARED: $ 11,477.12

(rounded) $ 11,477

CALCULATION OF SHARES

PROJECT IDENTITY: West Jim Creek Road No. 3762, Segment C-D

PARTY IDENTITY:

PROJECT COST INCURRED:

CALCULATIONS:

		Cooperator State of Montana	Government	Third Party	Total
	Buy-In Land Value	$11,477 $4,896			$16,373
1. Tributary Acres:		815	160	420	1,395
2. Percent Share:		58.42%	11.47%	30.11%	100.00%

3. Share Totals:

Cooperator: $16,373 X $ 58.42% = $ 9,565

Government: $16,373 X $ 41.58% = $ 6,808

CONSTRUCTION COST ESTIMATE

Road Name and Number: West Jim Creek -D Road No. 3762-D
Segment: D-E
Status: Buy-In
Segment Length: 0.17 mile

Estimate By: E. Hanson
Date: 2/15/2007

MP 0.00 to MP 0.17

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL
151(01)	Mobilization (7%)	LS	1	170.00	170.00
212(01)	Linear Grading Slash Treatment Method 7	MI	0.17	14,315.00	2,433.55
800(01)	Cost Share Engineering	MI	0.17	4,295.00	730.15

TOTAL COST TO BE SHARED: $ 3,333.70

(rounded) $ 3,334

CALCULATION OF SHARES

PROJECT IDENTITY: West Jim Creek -D Road No. 3762-D, Segment D-E

PARTY IDENTITY:

PROJECT COST INCURRED:

CALCULATIONS:

		Cooperator State of Montana	Government	Third Party	Total
	Buy-In	$3,334			
	Land Value	$1,632			$4,966
1. Tributary Acres:		12	160	420	592
2. Percent Share:		2.03%	27.03%	70.95%	100.00%

3. Share Totals:

Cooperator: $4,966 X $ 2.03% = $ 101

Government: $4,966 X $ 97.97% = $ 4,865

EXHIBIT 6

RIGHT-OF-WAY ACQUISITION COSTS AND LAND VALUES BY ROAD SEGMENT

The Government acquired a 90-ft right-of-way from small private for $100 on a portion of Road No. 3683.

Land value for right-of-way purposes was agreed upon between the Government and the State, and represents a reasonable determination of fair market value.

Based on comparable sales and the 2007 Supplemental Report to the LNF Appraisal on Land Value Categories, the parties have agreed on a land value of $1,600 per acre for that portion of Road No. 3683 on State land (Category "B": residential development (low) - 160 acres unimproved); and a land value of $1,200 per acre for Road No. 3762 and Road No. 3762-D (Category "C": recreational development (high) - 160 acres unimproved).

The land area and value for State lands are based on a 66-ft wide right-of-way.

The right-of-way costs and land values are shown below:

90' RW

Road No.	Segment	Acres	ROW Cost	Land Value	Credit
3683	A-B	1.02 (sm pvt)	$ 100		Govt
3683	A-B	5.36 (State)		$ 8,576	State
3762	C-D	4.08 (State)		$ 4,896	State
3762-D	D-E	1.36 (State)		$ 1,632	State

10.80 AC (State

These right-of-way costs and land values are included in the total costs to be shared for buy-in calculations, but are not displayed separately on the cost estimates.

EXHIBIT 7

BALANCE SHEET

State of Montana, Department of Natural Resources and Conservation,
USDA - Forest Service, Region 1
Road Right-of-Way Construction and Use Agreement
(Supplement No. 19)

SUPPLEMENT NUMBER (NAME)	Excess Costs		Amortization of Excess Costs
	Government for State (State owes Govt)	State for Government (Govt owes State)	
1 (Edna Mountain) (July 15, 2003) (KOOTENAI N.F.)	~~$36,545~~ ~~$35,781~~ (1) ~~$23,522~~ (2) ~~$18,980~~ (3) -$0- (4)		
2 (Lost-Cilly) (August 18, 2003) (FLATHEAD N.F.)		~~$764~~ -$0- (1)	(1) Government excess cost of $764 incurred under Supp #1 (7/15/03) amortized by transfer of State excess cost of $764 incurred under Supp #2 (8/18/03).
3 (Dry-Wilkes) (December 16, 2003) (LOLO N.F.)	~~$113~~ -$0- (5)		
4 (Calico) (December 16, 2003) (LOLO N.F.)	~~$16,941~~ -$0- (6)		
5 (Lang Creek) (June 2, 2004) (KOOTENAI N.F.)	~~$5,783~~ -$0- (7)		
6 (Mudd Creek) (August 11, 2004) (LOLO N.F.)	~~$4,852~~ -$0- (8)		
7 (Mount Sentinel) (August 11, 2004) (LOLO N.F.)	~~$3,627~~ -$0- (9)		
8 (Deerhorn) (August 11, 2004) (LOLO N.F.)	~~$24,589~~ -$0- (10)		
10 (Swamp Ridge) (January 6, 2005) (LOLO N.F.)		~~$12,259~~ -$0- (2)	(2) Government excess cost of $12,259 incurred under Supp #1 (7/15/03) amortized by transfer of State excess cost of $12,259 incurred under Supp #10 (1/6/05).
13 (Buck Creek) (January 12, 2005) (KOOTENAI N.F.)	~~$7,458~~ -$0- (11)		

SUPPLEMENT NUMBER (NAME)	Excess Costs		Amortization of Excess Costs
	Government for State (State owes Govt)	State for Government (Govt owes State)	
9 (White's Basin) (March 7, 2005) (FLATHEAD N.F.)	~~$63,969~~ ~~$60,779~~ (12) $28,898 (13)		
15 (Werner Peak) (February 21, 2006) (FLATHEAD N.F.)		~~$4,542~~ -$0- (3)	(3) Government excess cost of $4,542 incurred under Supp #1 (7/15/03) amortized by transfer of State excess cost of $4,542 incurred under Supp #15 (2/21/06).
12 (Flat Pardee) (May 22, 2006) (LOLO N.F.)	$10,680		
16 (Wild Horse Mountain) (July 21, 2006) (FLATHEAD N.F.)	$58,009		
14 (Combest) (November 8, 2006) (LOLO N.F.)	$5,110		
17 (Goat Squeezer) (Supplement date) (FLATHEAD N.F.)		~~$85,533~~ ~~$66,553~~ (4) ~~$66,440~~ (5) ~~$49,499~~ (6) ~~$43,716~~ (7) ~~$38,864~~ (8) ~~$35,237~~ (9) ~~$10,648~~ (10) ~~$3,190~~ (11) -$0- (12)	(4) Government excess cost of $18,980 incurred under Supp #1 (7/15/03) amortized by transfer of State excess cost of $18,980 incurred under Supp #17 (date). (5) Government excess cost of $113 incurred under Supp #3 (12/16/03) amortized by transfer of State excess cost of $113 incurred under Supp #17 (date). (6) Government excess cost of $16,941 incurred under Supp #4 (12/16/03) amortized by transfer of State excess cost of $16,941 incurred under Supp #17 (date). (7) Government excess cost of $5,783 incurred under Supp #5 (6/2/04) amortized by transfer of State excess cost of $5,783 incurred under Supp #17 (date). (8) Government excess cost of $4,852 incurred under Supp #6 (8/11/04) amortized by transfer of State excess cost of $4,852 incurred under Supp #17 (date). (9) Government excess cost of $3,627 incurred under Supp #7 (8/11/04) amortized by transfer of State excess cost of $3,627 incurred under Supp #17 (date). (10) Government excess cost of $24,589 incurred under Supp #8 (8/11/04) amortized by transfer of State excess cost of $24,589 incurred under Supp #17 (date). (11) Government excess cost of $7,458 incurred under Supp #13 (1/12/05) amortized by transfer of State excess cost of $7,458 incurred under Supp #17 (date).

SUPPLEMENT NUMBER (NAME)	Excess Costs		Amortization of Excess Costs
	Government for State (State owes Govt)	State for Government (Govt owes State)	
17 (Goat Squeezer) (continued)			(12) Government excess cost of $3,190 incurred under Supp #9 (3/7/05) amortized by transfer of State excess cost of $3,190 incurred under Supp #17 (date).
19 (Barnaby Jim) (Supplement date) (KOOTENAI N.F.)		~~$31,881~~ -$0- (13)	(13) Government excess cost of $31,881 incurred under Supp #9 (3/7/05) amortized by transfer of State excess cost of $31,881 incurred under Supp #19 (date).

AGREEMENT BALANCE $102,697

Knlo file

SUPPLEMENT NO. 19
(KOOTENAI NATIONAL FOREST)
to the
STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION,
USDA – FOREST SERVICE, REGION 1
ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT

(Barnaby Jim)

WHEREAS, the STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, hereinafter referred to as "State," and the UNITED STATES OF AMERICA, by and through the Regional Forester, Northern Region, Forest Service, Department of Agriculture, hereinafter referred to as "Government," on the 13th of January, 2003, entered into a Road Right-of-Way Construction and Use Agreement, hereinafter referred to as "Agreement," providing for construction and use of roads within the State of Montana and within and adjacent to the National Forests in the Forest Service's Northern Region within the State of Montana, and

WHEREAS, said Agreement provides that a supplement thereto will be executed to cover any jointly financed roads, and

WHEREAS, the parties have now determined that the roads hereinafter described are to be jointly financed roads,

NOW, THEREFORE, in accordance with the provisions of said Agreement, the parties mutually agree as follows:

1. Identification of Roads

The roads to be jointly financed are as follows:

A. Rock Lake Road No. 3683, Segment A-B (M.P. 0.00 – 0.76)

Beginning at its junction with Barnaby Lake Road No. 3655, a County road, in the NW¼NE¼, section 21, T. 35N., R. 26W., P.M.M., being approximately 0.76 mile in length, and ending on the west line of the NW¼SW¼, section 16, T. 35N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 1).

B. West Jim Creek Road No. 3762, Segment C-D (M.P. 1.30 – 1.81)

Beginning on the west line of the NE¼NW¼, section 25, T. 33N., R. 26W., P.M.M., being approximately 0.51 mile in length, and ending at the junction with West Jim Creek -D Road No. 3762-D the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 2).

Certified correct in all respects
Date May 8 2007

C. West Jim Creek -D Road No. 3762-D, Segment D-E (M.P. 0.00 – 0.17)

Beginning at the junction with West Jim Creek Road No. 3762 the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., being approximately 0.17 mile in length, and ending on the west line of the NE¼SW¼, section 25, T. 33N., R. 26W., P.M.M., and in the approximate location shown on Exhibit 1 (sheet 2).

2. Plans and Specifications

The roads have been constructed in accordance with plans and specifications filed with both parties in their respective offices at Libby and Kalispell, Montana.

3. Construction Program and Agreed Costs

A. Construction Program

(1) Rock Lake Road No. 3683, Segment A-B (M.P. 0.00 – 0.76)

The State will receive credit for value of existing for a portion of the road segment identified in section 1-A of this Supplement at an agreed upon cost to be shared of $15,431 and a land value cost of $8,576. The Government will receive credit for value of existing for a portion of the road segment identified in section 1-A of this Supplement at an agreed upon cost to be shared of $2,073 and will be credited right-of-way cost of $100 for a total cost to be shared of $26,180.

(2) West Jim Creek Road No. 3762, Segment C-D (M.P. 1.30 – 1.81)

The State will receive credit for value of existing for the road segment identified in section 1-B of this Supplement at an agreed upon cost to be shared of $11,477. The State will be credited land value cost of $4,896 for a total cost to be shared of $16,373.

(3) West Jim Creek -D Road No. 3762-D, Segment D-E (M.P. 0.00 – 0.17)

The State will receive credit for value of existing for the road segment identified in section 1-C of this Supplement at an agreed upon cost to be shared of $3,334. The State will be credited land value cost of $1,632 for a total cost to be shared of $4,966.

B. Cost Estimates

Road construction cost estimates are agreed upon by the parties as set forth in the papers filed with them in their respective offices.

4. Basis of Cost Sharing

The parties agree that the share of the cost of construction or reconstruction to be borne by each party is set out in Schedule A attached hereto.

5. Method of Payment

It is intended that State excess cost of $31,881 incurred under this Supplement will be amortized by the transfer of Government excess cost of $31,881 incurred under Supplement No. 9 of March 7, 2005, leaving an unamortized State excess cost of $-0- under this Supplement.

6. Continued Effectiveness of Agreement

Except as otherwise agreed herein, all terms, provisions and agreements of the aforesaid Agreement shall be and continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this 19th Supplement (Kootenai National Forest) to be properly executed by their respective representatives on this 19th day of JUNE, 2007.

STATE OF MONTANA
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

By _____
DAVID A. GROESCHL
Forest Management Bureau Chief

UNITED STATES OF AMERICA

By _____
PAUL BRADFORD
Forest Supervisor
Kootenai National Forest
USDA – Forest Service

State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 19

BARNABY JIM

Forest Service, State of Montana Department of Natural Resources and Conservation

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Fortine Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

■ ■ ■ ■	Supplement Boundary
• • • • •	Tributary Area Boundary
8	Tributary Area Number
▬ ▬ ▬	Rights-of-Way Granted
2823	Road Number
(M)	Road Segment Terminus
NFSL	National Forest System Lands
STATE	State of Montana
SP	Small Private

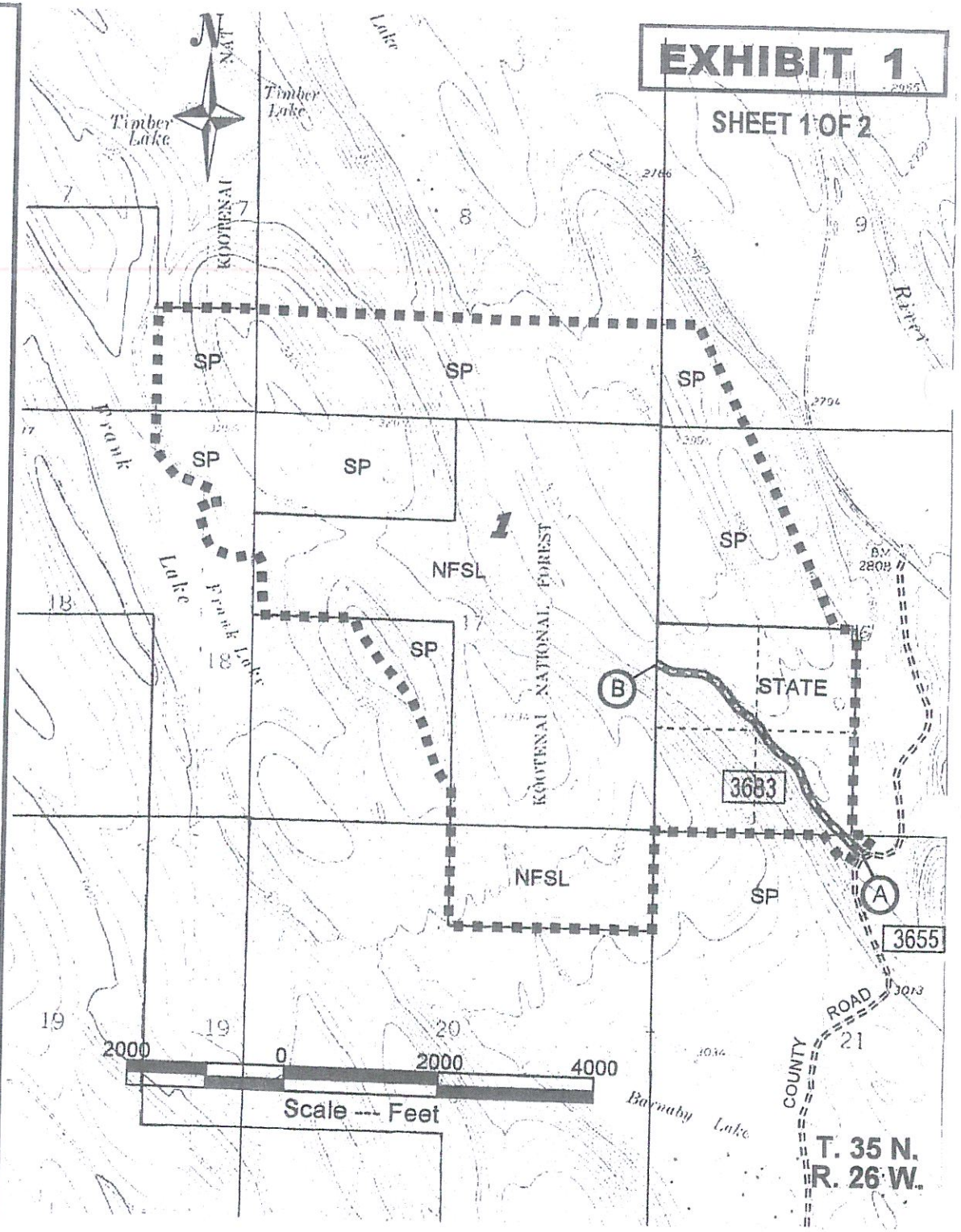
(Barnaby Lake Sub-Unit)

Based on USGS Quads: Eureka South, Fortine

R/W Width: 33 ft each side of centerline (STATE)
90 ft (Small Private)

R/W Area: 5.36 acres (STATE)
1.02 acres (Small Private)

Prepared by E. Hanson Date March 8, 2007
Checked by N. Kuennen Date 3-12-, 2007
Checked by _____ Date _____, 2007



State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 19

BARNABY JIM

Forest Service, State of Montana Department of Natural Resources and Conservation

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Fortine Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

■ ■ ■ ■	Supplement Boundary
• • • • •	Tributary Area Boundary
8	Tributary Area Number
▬ ▬	Rights-of-Way Granted
2823	Road Number
(M)	Road Segment Terminus
NFSL	National Forest System Lands
STATE	State of Montana
SP	Small Private

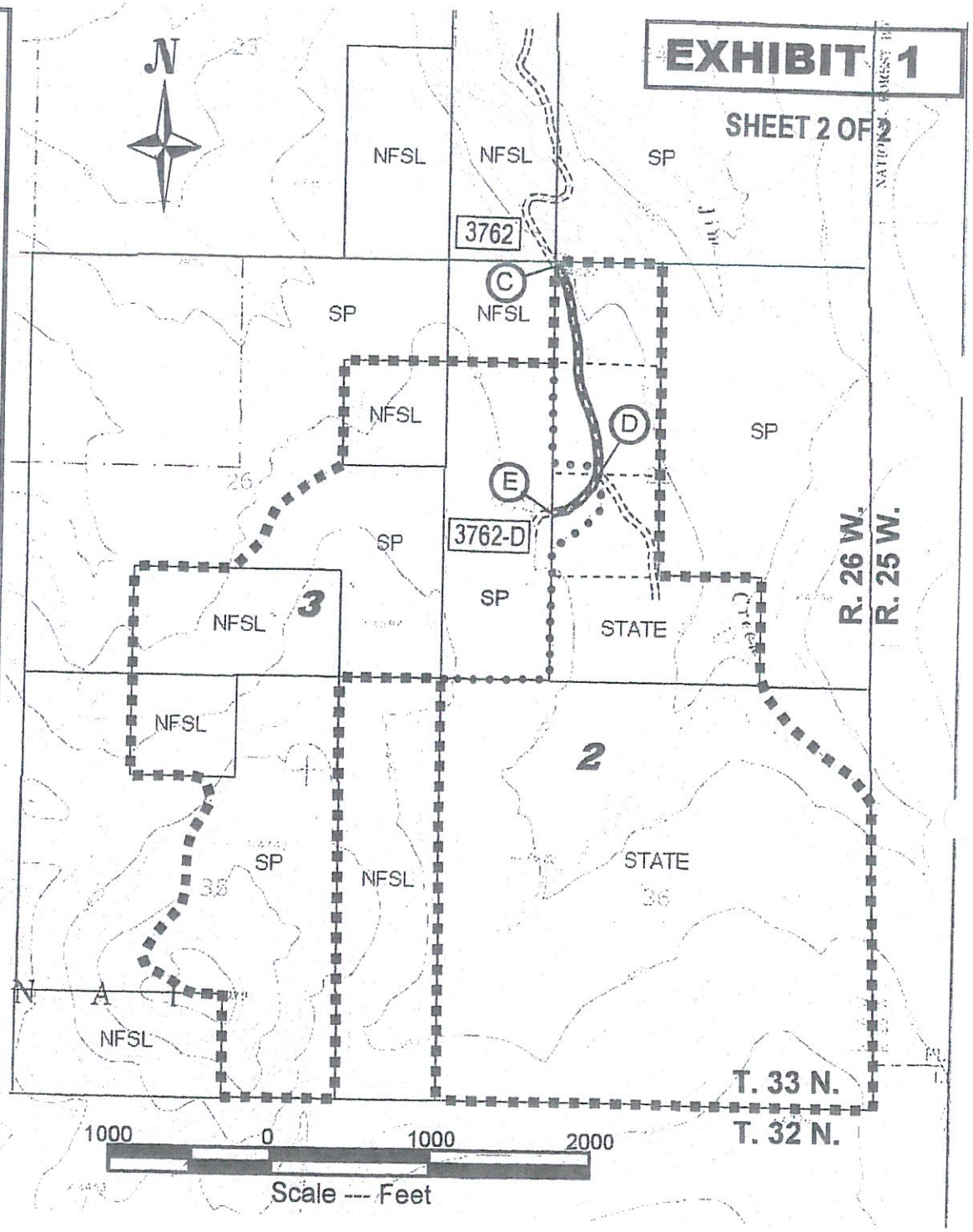
(West Jim Sub-Unit)

Based on USGS Quads: Skillet Mtn

R/W Width: 33 ft each side of centerline (STATE)

R/W Area: 5.44 acres (STATE)

Prepared by *E. Hanson* Date *March 9*, 2007
Checked by *N. Kuennen* Date *3-12*, 2007
Checked by _____ Date _____, 2007



SCHEDULE A

Supplement No. 19, (Kootenai National Forest)

SUMMARY OF SHARES AND EXCESS COSTS

		GOVERNMENT			STATE			EXCESS COSTS	
Road No. & Segment	Total Agreed Cost	Contribution	Share %	Share $	Contribution	Share %	Share $	Govt for State (State owes Govt)	State for Govt (Govt owes State)
3683 A-B	$ 26,180	$ 2,173	85.49%	$ 22,381	$ 24,007	14.51%	$ 3,799	$ 315	$ 20,524
3762 C-D	$ 16,373	$ -	41.58%	$ 6,808	$ 16,373	58.42%	$ 9,565		$ 6,808
3762-D D-E	$ 4,966	$ -	97.97%	$ 4,865	$ 4,966	2.03%	$ 101		$ 4,865
TOTALS	$ 47,519	$ 2,173		$ 34,054	$ 45,346		$ 13,465	$ 315	$ 32,197
NET EXCESS COST:					**GOVERNMENT OWES STATE**			**$31,881**	

20208

Barnaby Jim

EXHIBIT 2

Supplement No. 19, (Kootenai National Forest)

SUMMARY OF SHARES AND EXCESS COSTS
LAND ONLY

		GOVERNMENT			STATE			EXCESS COSTS		
Road No. & Segment	Total Agreed Cost	Contribution	Share %	Share $	Contribution	Share %	Share $	Govt for State (State owes Govt)	State for Govt (Govt owes State)	
3683 A-B	$ 8,676	$ 100	85.49%	$ 7,417	$ 8,576	14.51%	$ 1,259	$ 15	$ 7,332	C.S. - 100%
3762 C-D	$ 4,896	$ -	41.58%	$ 2,036	$ 4,896	58.42%	$ 2,860		$ 2,036	C.S. - 76.6% P.B. - 23.4%
3762-D D-E	$ 1,632	$ -	97.97%	$ 1,599	$ 1,632	2.03%	$ 33		$ 1,599	P.B. - 100%
TOTALS	$ 15,204	$ 100		$ 11,052	$ 15,104		$ 4,152	$ 15	$ 10,967	
NET EXCESS COST:					**GOVERNMENT OWES STATE**			$10,952		

Barnaby Jim

Barnaby Jim Cost Share

Tributary Acres by Owner by Trib Area

Tributary Area 1

GOVERNMENT

Twn-Rge	Sec.	Tributary Acres
T35-R26	17	396
	20	80
TOTAL		**476**

STATE

Twn-Rge	Sec.	Tributary Acres	
T35-R26	16	160	C.S.
TOTAL		**160**	

SMALL PRIVATE

Twn-Rge	Sec.	Tributary Acres
T35-R26	7	40
	8	160
	9	22
	16	95
	17	108
	18	38
	21	4
TOTAL		**467**

Tributary Area 2

STATE

Twn-Rge	Sec.	Tributary Acres	
T33-R26	25	188	P.B.
	36	615	C.S.
TOTAL		**803**	

Tributary Area 3

GOVERNMENT

Twn-Rge	Sec.	Tributary Acres
T33-R26	26	120
	35	40
TOTAL		**160**

STATE

Twn-Rge	Sec.	Tributary Acres	
T33-R26	25	12	P.B.
TOTAL		**12**	

SMALL PRIVATE

Twn-Rge	Sec.	Tributary Acres
T33-R26	25	120
	26	105
	35	195
TOTAL		**420**

Final
1-31-08

updated 1/22/08

RECIPROCAL ACCESS AGREEMENT

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
&
STIMSON LUMBER COMPANY

McKay Creek

THIS AGREEMENT is entered into by and between the State of Montana Department of Natural Resources and Conservation, hereinafter referred to as "State," and Stimson Lumber Company, hereinafter referred to as "Stimson."

WHEREAS, there are areas within the State of Montana where the State holds and manages in trust for common schools and other endowment funds in an intermingled ownership pattern with lands owned and managed by Stimson; and

WHEREAS, the parties need to establish access to their intermingled lands within the State of Montana for all lawful purposes; and

WHEREAS, the State and Stimson desire to exchange right-of-way easements;

NOW THEREFORE, the State and Stimson have determined that the following information correctly describes the project envisioned, the costs to be jointly financed, each party's share of such costs, the method of payment, and the easement documents that will be exchanged.

The initiating party is the State.

AREA

The area referred to as McKay Creek is located 6 miles southeast of Noxon, in the Clark Fork River drainage of western Montana. General legal description includes all of section 31, Township 26 North, Range 31 West; and all of section 36, Township 26 North, Range 32 West, Sanders County, State of Montana. The area is shown in more detail on Exhibit I-A.

Ownership distribution within the Agreement area is approximately 1,280 acres. The State holds and manages in trust 640 acres (50%), while Stimson owns and manages 640 acres (50%). Tributary areas by road segment are listed and summarized in Exhibit I-B.

IDENTIFICATION OF ROADS

The following roads are included as part of this joint agreement:

1. **McKay Creek Road**, in section 36, T26N, R32W (segment A-B), and in section 31, T26N, R31W (segments B-C and C-D). This is a medium standard Secondary road, 12 feet in width, single lane with 3-4 turnouts per mile. Road base and surface are of native materials. Much of the road prism is flat or entrenched. Poor surface drainage. Drainage is provided by a combination of outsloping and a few drain dips where feasible. Some spot graveling. Road is suitable for seasonal use.

2. **Lajack Road**, in section 31, T26N, R31W (segment D-E). This will be a medium standard Secondary road, 12 feet in width, single lane with 3-4 turnouts per mile. Road base and surface will be of native materials. Drainage will be provided where needed with drive-through drain dips. Road will be suitable for seasonal use. Year-round closure will be provided by a gate near its junction with McKay Creek Road for reduced road maintenance and wildlife security. (Note: This is a replacement road for a steep existing road that does not meet BMP standards.)

3. **Crown Royal Road**, in section 31, T26N, R31W (segments C-F, F-G, G-H, and H-I). This is a medium standard Secondary road, 12-14 feet wide, single lane with 2-4 turnouts per mile. Road base and surface are of native materials. Drainage is provided by a combination of outsloping, drive-through drain dips, culverts, and water bars. A new log stringer bridge crosses McKay Creek. Road is suitable for seasonal use. Year-round closure will be provided by a gate near its junction with McKay Creek Road for reduced road maintenance and wildlife security.

4. **State Crown Road**, in section 31, T26N, R31W (segment F-J). This will be a medium standard Spur road, 12 feet in width, single lane with 3-4 turnouts per mile. Road base and surface will be of native materials. Drainage will be provided where needed with drive-through drain dips. Road will be suitable for seasonal use. Year-round closure will be provided by a gate on Crown Royal Road near its junction with McKay Creek Road for reduced road maintenance and wildlife security.

PLANS AND SPECIFICATIONS

McKay Creek Road and Crown Royal Road are existing roads, and fall within the State specifications for "Secondary roads" and "Spur roads." The State plans to construct Lajack Road and State Crown Road to State specifications for "Secondary roads" and "Spur roads." Specifications for the roads are detailed above. The agreed upon road work is scheduled to be completed by the State under their McKay Creek T. S. in FY 2010.

COST OF CONSTRUCTION

Consideration will be given to the estimated value of replacement of existing roads, less depreciation at the time the agreement is signed. Conveyance of the right-of-way easement from State to Stimson will be issued upon authorization and approval of the easement by the State Board of Land Commissioners. The cost estimates have been mutually agreed to by the State and Stimson.

Values of existing roads, reconstruction, new construction, and land values have been agreed to as follows:

- Existing road costs range from $2,000 to $15,000 per mile.
- Reconstruction costs range from $5,000 to $10,500 per mile.
- New construction costs range from $10,000 to $15,000 per mile.
- The constructing party will receive credit for existing road construction costs.
- Where the constructing party is unknown, the landowner will receive credit for road costs.
- The State will receive credit for reconstruction and new construction costs.
- Land values have been agreed to at $675 per acre.
- Right-of-way (R/W) width is 60 feet, used for determining R/W acreage and land values.

Refer to Exhibits II-A and II-B for a summary of the land values and road costs.

ROAD CONSTRUCTION, INSPECTION AND ACCEPTANCE

The parties agree that written acceptance of road work by both parties is essential to the accomplishment of any construction or reconstruction as a part of this agreement. Each party shall keep the other informed of the construction progress, and the other shall make periodic inspections as deemed necessary and shall immediately raise, in writing, any objections to the work performed. Right-of-way timber must be disposed of as provided in the easements or permits unless otherwise agreed.

Ten days prior to the expected completion of any construction, the constructing party shall give written notice as to the completion date of a project, and the other party shall, within 15 days after receipt of the notice, make a final inspection and give written notice of acceptance or rejection of the project. If weather or other conditions prevent inspection within this 15 day period, the time during which such conditions prevail will be excluded in determining the 15 day period.

Rejection may only be based upon failure to comply with the stated plans and specifications. A rejection notice must identify the items of work necessary to complete the project in accordance with the stated plans and specifications. Acceptance must not be unreasonably withheld. In case of rejection, the constructing party shall promptly complete the items of work identified in the rejection notice and again give notice of completion as provided above in this section.

COST TO BE BORNE BY EACH PARTY

It is agreed that all road costs and land values will be shared proportionately on the basis of tributary land area accessed by the road segments. Third party ownership(s) that may be within the tributary area are not included in the calculation of shares unless otherwise specified.

Excess costs by land value and road costs are itemized in Exhibits II-A and II-B, and are summarized as follows:

	EXCESS COSTS	
	Stimson owes State	State owes Stimson
Land Value	$ 2,821	$ 7,594
Road Costs	$ 19,170	$ 17,732
Total Value/Costs*	$ 21,991	$ 25,326

NET BALANCE

Land Value	$ 0	$ 4,773
Road Costs	$ 1,438	$ 0
Subtotals	$ 1,438	$ 4,773
TOTAL LAND AND ROAD		$ 3,335

- Minor variation in dollars relates to accumulated rounding.

CONSIDERATION TO PAY

Compensation for the values agreed to by the parties is as follows:

Land values will be calculated with consideration given to trusts burdened and trusts benefited by the right-of-way easements. The remaining Net Balance of $3,335 that the State owes Stimson will be reconciled on or before June 30, 2008. The current Balance Sheet is attached as Exhibit IV.

ESTATE TO BE ACQUIRED

Under this McKay Creek Reciprocal Access Agreement, the State is not acquiring access rights for the public. The public already has legal access to the State land via prior easement acquisitions by the Forest Service.

Easements to be exchanged shall be for all lawful purposes, including utilities.

Conveyance of right-of-way easements shall be substantially in the forms attached and made a part of this agreement as Exhibits III-A and III-B. Additional or other terms shall be mutually agreed to before the proposed easements are presented to the State Board of Land Commissioners for approval.

The easements include provisions for creation of a Road Users Association and payment of a conveyance fee. Payment of this fee shall occur at the time of sale of an existing tract of record, the creation of a new tract or tracts of record by subdivision, or partial assignment of the easement rights to a third party, as set forth in the DNRC Reciprocal Access and Easement Exchange Policies and Procedures, effective September 18, 2006.

MAINTENANCE OF ROADS

Maintenance shall be performed so as to preserve the road(s) to standards of original construction or reconstruction, in accordance with DNRC specifications. Maintenance provisions for roads and improvements will be included in the easement deeds.

ADDITIONAL CAPITAL EXPENDITURES

If, due to exhaustion, deterioration, severe damage or destruction, it becomes necessary to perform substantial reconstruction and repairs to restore a road, bridge or other facility upon the rights-of-way to a condition suitable for all lawful purposes, the parties shall agree upon the work to be performed and each party shall pay its proportionate share of the cost of the work. The basis for that share will be identified on a case-by-case basis.

SIGNATURES

In witness whereof, the parties hereto have caused this Agreement for the McKay Creek Reciprocal Access to be properly executed by their authorized representatives on this 17 day of March, 2008.

STATE OF MONTANA
Department of Natural Resources and Conservation
Mary Sexton, Director

By: David A. Groeschl
David A. Groeschl
Forest Management Bureau Chief

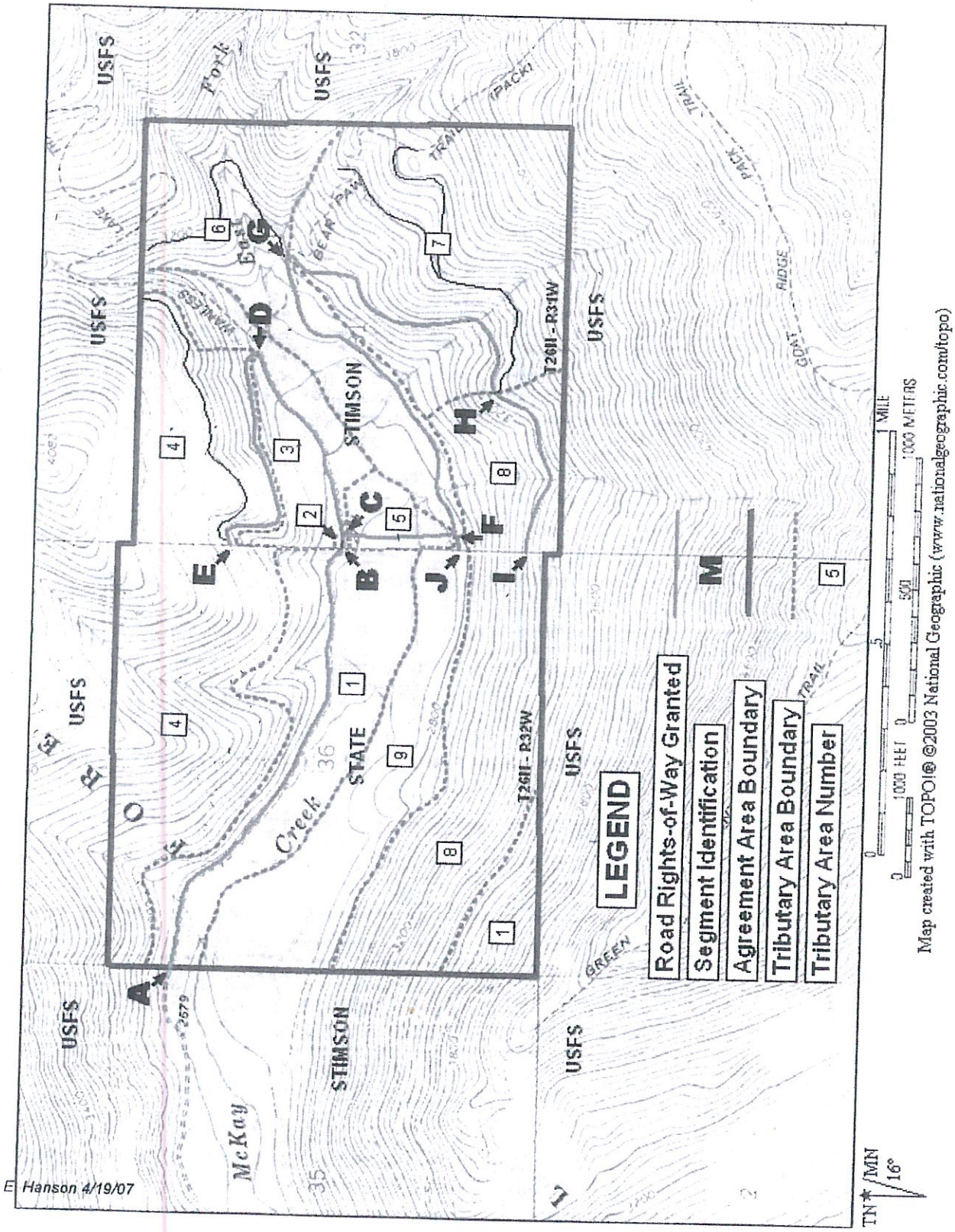
STIMSON LUMBER COMPANY

By: Dwight C. Opp
Dwight C. Opp
Inland Region Fee Land Manager

EXHIBIT I-A

STATE OF MONTANA / STIMSON LUMBER COMPANY

McKAY CREEK RECIPROCAL AGREEMENT AREA



STATE OF MONTANA / STIMSON LUMBER COMPANY

McKAY CREEK RECIPROCAL AGREEMENT

ACRES BY TRIBUTARY AREA

TRIBUTARY AREA	STATE	STIMSON	TOTAL ACRES
1	181	-	181
2	-	1	1
3	-	71	71
4	182	96	278
5	-	20	20
6	-	157	157
7	-	229	229
8	151	65	216
9	126	1	127
TOTAL	640	640	

TRIBUTARY ACRES BY ROAD SEGMENT

ROAD SEGMENT	TRIBUTARY AREAS	STATE	STIMSON	TOTAL ACRES
A-B	1 - 9	640	640	1,280
B-C	2 - 9	459	640	1,099
C-D	3, 4	182	167	349
D-E	4	182	96	278
C-F	5 - 9	277	472	749
F-G	6 - 8	151	451	602
G-H	7, 8	151	294	445
H-I	8	151	65	216
F-J	9	126	1	127

% SHARES BY ROAD SEGMENT

ROAD SEGMENT	STATE	STIMSON	TOTAL
A-B	50.00%	50.00%	100.00%
B-C	41.77%	58.23%	100.00%
C-D	52.15%	47.85%	100.00%
D-E	65.47%	34.53%	100.00%
C-F	36.98%	63.02%	100.00%
F-G	25.08%	74.92%	100.00%
G-H	33.93%	66.07%	100.00%
H-I	69.91%	30.09%	100.00%
F-J	99.21%	0.79%	100.00%

EXHIBIT II-A

SUMMARY OF LAND VALUES, LAND VALUE SHARES, AND LAND VALUE EXCESS COSTS

ROAD NAME	SEGMENT	LEGAL SEC	LEGAL TWN	LEGAL RGE	LAND OWNER	ROAD LENGTH	R/W ACRES*	TOTAL R/W LAND VALUE**	STATE CONTRIB	STATE % SHARE	STATE $ SHARE	STIMSON CONTRIB	STIMSON % SHARE	STIMSON $ SHARE	TRUST ACCOUNT	EXCESS COSTS STIMSON OWES STATE	EXCESS COSTS STATE OWES STIMSON
McKay Creek	A-B	36	26N	32W	STATE	1.15	8.36	5,643	5,643	50.00%	2,822	-	50.00%	2,821	C.S.	2,821	
McKay Creek	B-C	31	26N	31W	STIMSON	0.03	0.22	149	-	41.77%	62	149	58.23%	87			62
McKay Creek	C-D	31	26N	31W	STIMSON	0.45	3.27	2,207	-	52.15%	1,151	2,207	47.85%	1,056			1,151
Lajack	D-E	31	26N	31W	STIMSON	0.63	4.58	3,092	-	65.47%	2,024	3,092	34.53%	1,068			2,024
Crown Royal	C-F	31	26N	31W	STIMSON	0.25	1.82	1,229	-	36.98%	455	1,229	63.02%	774			455
Crown Royal	F-G	31	26N	31W	STIMSON	0.84	6.11	4,124	-	25.08%	1,034	4,124	74.92%	3,090			1,034
Crown Royal	G-H	31	26N	31W	STIMSON	0.69	5.02	3,389	-	33.93%	1,150	3,389	66.07%	2,239			1,150
Crown Royal	H-I	31	26N	31W	STIMSON	0.43	3.13	2,113	-	69.91%	1,477	2,113	30.09%	636			1,477
State Crown	F-J	31	26N	31W	STIMSON	0.05	0.36	243	-	99.21%	241	243	0.79%	2			241
					TOTALS:	4.52	32.87	22,189	5,643		10,416	16,546		11,773		2,821	7,594
															NET EXCESS COSTS:		4,773

* R/W acres are based on 60-foot width.

** Total R/W land value is based on an estimated bare land value of $675 /acre.

Trust Accounts

C.S. - Public School

EXHIBIT II-B

SUMMARY OF ROAD COSTS, ROAD COST SHARES, AND ROAD COST EXCESS COSTS

		LEGAL			LAND	ROAD		AGREED	TOTAL	STATE			STIMSON			EXCESS COSTS	
ROAD NAME	SEGMENT	SEC	TWN	RGE	OWNER	LENGTH		COST/MILE	ROAD COST	CONTRIB	% SHARE	$ SHARE	CONTRIB	% SHARE	$ SHARE	STIMSON OWES STATE	STATE OWES STIMSON
McKay Creek	A-B	36	26N	32W	STATE	1.15	buy in	2,000	2,300	2,300	50.00%	1,150	-	50.00%	1,149	1,149	
McKay Creek	A-B	36	26N	32W	STATE	1.15	reconst	10,500	12,075	12,075	50.00%	6,038	-	50.00%	6,038	6,038	
McKay Creek	B-C	31	26N	31W	STIMSON	0.03	buy in	4,500	135	-	41.77%	56	135	58.23%	79		56
McKay Creek	B-C	31	26N	31W	STIMSON	0.03	reconst	5,000	150	150	41.77%	63	-	58.23%	87	87	
McKay Creek	C-D	31	26N	31W	STIMSON	0.45	buy in	4,500	2,025	-	52.15%	1,056	2,025	47.85%	969		1,056
McKay Creek	C-D	31	26N	31W	STIMSON	0.45	reconst	5,000	2,250	2,250	52.15%	1,173	-	47.85%	1,077	1,077	
Lajack	D-E	31	26N	31W	STIMSON	0.63	const	15,000	9,450	9,450	65.47%	6,187	-	34.53%	3,263	3,263	
Lajack	D-E	31	26N	31W	STIMSON	-	gate	2,000	2,000	2,000	65.47%	1,309	-	34.53%	691	691	
Crown Royal	C-F	31	26N	31W	STIMSON	0.25	buy in	4,500	1,125	-	36.98%	416	1,125	63.02%	709		416
Crown Royal	C-F	31	26N	31W	STIMSON	-	gate	2,000	2,000	-	36.98%	740	2,000	63.02%	1,260		740
Crown Royal	C-F	31	26N	31W	STIMSON	-	bridge	15,000	15,000	-	36.98%	5,547	15,000	63.02%	9,453		5,547
Crown Royal	C-F	31	26N	31W	STIMSON	0.25	reconst	5,000	1,250	1,250	36.98%	462	-	63.02%	788	788	
Crown Royal	F-G	31	26N	31W	STIMSON	0.84	buy in	9,000	7,560	-	25.08%	1,896	7,560	74.92%	5,664		1,896
Crown Royal	F-G	31	26N	31W	STIMSON	0.84	reconst	5,000	4,200	4,200	25.08%	1,053	-	74.92%	3,147	3,147	
Crown Royal	G-H	31	26N	31W	STIMSON	0.69	buy in	15,000	10,350	-	33.93%	3,512	10,350	66.07%	6,838		3,512
Crown Royal	G-H	31	26N	31W	STIMSON	0.69	reconst	5,000	3,450	3,450	33.93%	1,171	-	66.07%	2,279	2,279	
Crown Royal	H-I	31	26N	31W	STIMSON	0.43	buy in	15,000	6,450	-	69.91%	4,509	6,450	30.09%	1,941		4,509
Crown Royal	H-I	31	26N	31W	STIMSON	0.43	reconst	5,000	2,150	2,150	69.91%	1,503	-	30.09%	647	647	
State Crown	F-J	31	26N	31W	STIMSON	0.05	const	10,000	500	500	99.21%	496	-	0.79%	4	4	
				TOTALS:		4.52			84,420	39,775		38,337	44,645		46,083	19,170	17,732

NET EXCESS COSTS: 1,438

Final
1-31-08

EXHIBIT III-A

EASEMENT

THIS EASEMENT, dated this _____ day of _____, 2008, from STIMSON LUMBER COMPANY, an Oregon corporation, whose address is 520 S.W. Yamhill, Portland, Oregon 97204, hereinafter called "Grantor," to the STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, whose address is 1625 Eleventh Avenue, Helena, Montana 59620-1601, and its successors and assigns, hereinafter called "Grantee,"

WITNESSETH:

Grantor, for and in consideration of reciprocal rights-of-way and $1.00 and other valuable consideration now paid through the McKay Creek Reciprocal Access Agreement, received by Grantor, the receipt and sufficiency of which is hereby acknowledged, does hereby grant to Grantee and its successors and assigns, subject to existing easements and valid rights, a permanent non-exclusive easement for the construction, reconstruction, use and maintenance of a road or road segment for ingress and egress for all lawful purposes, (including utilities), generally to lands owned, administered or controlled by the Grantee within the tributary area at the time of this grant, over and across the following described lands located in Sanders County, Montana:

A tract or strip of land sixty (60) feet wide, thirty (30) feet on each side of a centerline with such additional width as required for accommodation and protection of cuts and fills, over and across the following described property:

ROAD	TOWNSHIP	RANGE	SECTION	SUBDIVISION
McKay Creek	26N 31W		31	Govt Lot 2, SE¼NW¼
Lajack	26N 31W		31	SE¼NW¼, NE¼NW¼, Govt Lots 1 and 2
Crown Royal	26N 31W		31	Govt Lots 2, 3, and 4, NE¼SW¼, SE¼NW¼, SW¼NE¼, NW¼SE¼, SW¼SE¼, SE¼SW¼
State Crown	26N 31W		31	Govt Lot 4

If the road is located substantially as described herein, the centerline of the road as constructed is hereby deemed accepted by the Grantor and Grantee as the true centerline of the premises granted. If any subsequent survey of the actual roadway shows that any portion of the road, although located substantially as described, crosses and encumbers lands of the Grantor not

described herein, this Easement shall be amended and corrected by mutual agreement of the Grantor and Grantee and payment of full market value for the additional net area (if any) included in and encumbered by such right-of-way. Upon such agreement and payment (if any), Grantor shall issue a correction deed describing the actual location of this Easement and right-of-way. If any lands described herein are not traversed by the road as constructed, the easement traversing the same shall be terminated in the manner hereinafter provided.

The Easement described herein is located approximately as shown on Exhibit A, attached hereto and made a part hereof.

The above grants and conveyances are subject to all matters of public record as of the date of this Easement.

The parties hereto hereby agree that the rights hereinabove granted shall be subject to the following terms, provisions, and conditions applicable to Grantee, and its successors and assigns:

1. Purpose. The easements and rights-of-way conveyed herein are for the purposes of constructing, reconstructing, maintaining, repairing, and using a road or road segment by Grantee, together with its licensees, permittees and agents, for ingress and egress and for all lawful purposes generally to lands owned, administered or controlled by the Grantee within the tributary area at the time of this grant, hereinafter called "road," over and upon said easement and right-of-way. Nothing contained herein shall be construed as to create any right in the public to use the easement and right-of-way granted herein.

2. Relocation. Grantor reserves unto itself, its successors and assigns the right at its expense to relocate said road subject to the condition that, except for distance and curvature, such relocated roadway provides the same type and quality of unpaved roadway as may be established and maintained by Grantee at the time of such relocation.

3. Road Crossing. Grantor, for itself, its successors and assigns, reserves the right at all times and for any purpose to go upon, cross and recross, at any place on grade or otherwise, said rights-of-way and to use the road on said rights-of-way in a manner that will not unreasonably interfere with the rights granted hereunder.

4. Third Parties. Grantor may grant to third parties, upon such terms as it chooses, any or all of the rights reserved by it herein; provided, that use by such third party shall be subject to the terms and conditions of this Easement and shall not unreasonably interfere with the rights granted hereunder.

5. Right-of-Way Timber. Grantor reserves to itself all timber now on or hereafter growing within said right-of-way. Grantee shall have the right to cut timber upon the premises to the extent necessary for constructing, reconstructing, and maintaining the road. Timber so cut shall, unless otherwise agreed to, be cut into logs of lengths specified by the Grantor and decked along the road for disposal by the Grantor.

6. Maintenance. The cost of road maintenance, resurfacing and noxious weed control shall be allocated on the basis of respective uses of said road. When any party uses said road, or a portion thereof, that party shall perform or cause to be performed, or contribute or cause to be contributed, that share of the maintenance, resurfacing and noxious weed control occasioned by such use as hereinafter provided. During periods when said road, or a portion thereof, is being used solely by one party, such party shall maintain that portion of said road so used to the standards existing at the time use is commenced. Any maintenance performed by the Grantee shall be authorized by and shall be performed in accordance with current Best Management Practices (BMP), laws and regulations within an approved maintenance plan.

During periods when more than one party is using said road, or a portion thereof, each party's share of maintenance, resurfacing and noxious weed control management shall be pro rata in proportion to its use thereof. The parties hereto shall establish necessary maintenance provisions. Such provisions may include, but shall not be limited to:

(a) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed, at a reasonable and agreed upon rate, the maintenance, resurfacing and noxious weed control management of the road or the portion thereof being used; and

(b) A method of payment by which each party using said road or a portion thereof shall pay its pro rata share of the cost incurred by said maintainer in maintaining, resurfacing or noxious weed control management of said road or portion thereof.

(c) Prior to use of the roads described herein, Grantor and Grantee shall identify any such roads that do not comply with current BMPs, laws and regulations. Grantor and Grantee will negotiate and mutually develop a written "condition and use plan." Costs of reconstruction, repair and restoration will be shared by the Grantor and Grantee based on proportionate use of the road, as provided herein. If either party uses the roads prior to work performed as identified in the condition and use plan that are not in compliance with current BMPs, laws and regulations or fails to pay for its share within 90-days after such work has been completed the Easement may be terminated at the option of the other party following not less than 90-day written notice to defaulting party.

(d) If due to exhaustion, deterioration, destruction, severe damage, or for any other reason it becomes necessary to perform substantial reconstruction and repairs to restore a road, bridge, or other facility upon this Easement to a condition suitable for all lawful purposes, the necessary work will be performed and each party shall pay its proportionate share of the cost of such work. All reconstruction and repairs shall be in compliance with current BMPs, laws and regulations. If one of the cooperating parties should unreasonably fail to agree to the work to be performed or fails to pay its share within 90-days after such work has been completed, or otherwise fails or refuses to fulfill its obligations, this Easement may be terminated at the option of the other party following not less than 90-day written notice to the defaulting party.

(e) For the purposes of this Easement, maintenance is defined as the work normally necessary to preserve and keep the roadway, road structure and road facilities as nearly as

possible in their present condition or as hereafter improved. Notwithstanding anything in this Section 6 to the contrary, improvements to the Easement shall be solely for the account of the improver, and maintenance shall be the responsibility of the improver, unless otherwise agreed in writing in advance of the improvements being made.

Grantee shall be responsible for controlling noxious weeds introduced by Grantee's activity on Grantor's land. The Grantee's methods of control must be approved by Grantor or representative. If the Grantee fails to perform weed control commensurate with the Grantee's activities, the Grantor reserves the right to assess fees necessary for weed control. Any noxious weed plan shall comply with the Montana County Noxious Weed Management Act, Section 7-22-2101 MCA et seq.

7. Road Damage. Each party using any portion of said road(s) shall repair or cause to be repaired at its sole cost and expense that damage to said road(s) occasioned by it which is in excess of that which it would cause through normal and prudent usage of said road(s). Should inordinate damage to said road(s) occur which is not caused by an authorized user of said road(s), the parties hereto shall agree on the cost of replacement, and the shares of replacement cost to be borne by each user of said road(s), with such agreement set forth in a separate written instrument.

8. Road Construction, Reconstruction, Improvements, Inspection and Acceptance.

(a) All construction or reconstruction of the road by the Grantee shall be in accordance with specifications and written stipulations approved by the Grantor prior to beginning such construction or reconstruction. Approval of any such construction and/or reconstruction shall not be unreasonably withheld by Grantor. Unless the parties hereto agree in writing to share the cost of construction, reconstruction, or any improvement to said road(s) in advance of such construction, reconstruction, or improvement being made, said construction, reconstruction, or improvement shall be the sole financial responsibility of the constructor or improver. Use of the roads by the Grantor, Grantee and third parties shall be suspended if reasonably necessary until such construction and/or reconstruction has been mutually agreed upon and fully performed.

(b) The parties agree that written acceptance of road work by both parties is essential to the accomplishment of any construction or reconstruction as a part of this Easement. Each party shall keep the other informed of the construction progress, and the other shall make periodic inspections as deemed necessary and shall immediately raise, in writing, any objections to the work performed. Right-of-way timber must be disposed of as provided herein or as otherwise agreed in writing.

(c) Ten days prior to the expected completion of any construction, the constructing party shall give written notice as to the completion date of a project, and the other party shall, within 15 days after receipt of the notice, make a final inspection and give written notice of acceptance or rejection of the project. If weather or other conditions prevent inspection within this 15-day period, the time during which such conditions prevail will be excluded in determining the 15-day period.

(d) Rejection may only be based upon failure to comply with the stated plans and specifications. A rejection notice must identify the items of work necessary to complete the project in accordance with the stated plans and specifications. Acceptance must not be unreasonably withheld. In case of rejection, the constructing party shall promptly complete the items of work identified in the rejection notice and again give notice of completion as provided above in this section.

10. Indemnification. To the extent of its liability pursuant to applicable law, Grantee shall be liable for injury or damage to any person or property incidental to or that may arise during and in consequence of Grantee's exercise of its rights granted hereunder, including but not limited to the use, operation and maintenance of the easement and right-of-way.

11. Termination.

(a) Grantor may terminate this Easement for a material breach of any of the conditions or provisions of this deed. Before termination, Grantor shall provide Grantee or its successors or assigns written notice, served at its last known post-office address, of Grantor's intent to terminate this Easement, which notice shall set forth the asserted default(s), and shall afford Grantee or its assigns 30 days to request a hearing from Grantor to contest the termination. Termination may not occur if Grantee either cures the asserted default(s) or commences a good faith effort to cure the asserted default(s) within 30 days of Grantor's written notice.

(b) If Grantee determines that the road, or any segment thereof, is no longer needed, the easement traversed thereby shall terminate. The termination shall be evidenced by a statement in recordable form furnished by Grantee to the Grantor or its successor(s) or assign(s) in interest. If Grantor determines that Grantee has ceased to use the easement and right-of-way granted herein for the purpose for which this Easement was granted, Grantor shall provide Grantee or its assigns written notice of this determination at Grantee's or its assign's last known post-office address, and shall provide Grantee or its assigns 40 days to satisfy Grantor, in Grantor's reasonable discretion, that Grantee has not ceased to use this Easement.

(d) If this Easement is terminated pursuant to Section 11(a), 11(b), or 11(c) hereof, the parties shall execute and record a Termination of Easement.

12. Assignment.

This Easement may not be assigned by Grantee without the prior approval of the Grantor. The foregoing notwithstanding, the Grantor's approval of the assignment of this Easement shall not be withheld so long as the Grantee is in compliance with the terms and conditions of this Easement. All assignees shall be subject to the provisions of the aforementioned McKay Creek Reciprocal Access Agreement and this Easement. In the event Grantee does not approve an assignment of the State of Montana to Stimson Lumber Company reciprocal Right-of-Way Deed, Grantor may terminate this Easement.

If the Easement is assigned in part or there is more than one assignee or the grantee proposes to subdivide and create a tract or tracts of record from property served by this

Easement, a Road User's Association must be established, the assignment of the Easement to the Road Users Association must be amended to include the new tract(s), and a road maintenance plan must be developed by the grantee and submitted for review and approval by the Grantor prior to the approval of the assignment by the Grantor. If the grantee proposes to subdivide and create a tract or tracts of record that also requires subdivision approval by a local governing body, the Grantee shall provide notice to the Grantor no less than thirty-(30) days prior to submittal of the subdivision proposal to the local governing body for consideration. Grantor will not approve an assignment until such time as the local governing body has granted final plat approval.

Failure to fully comply with any portion of this section shall be considered a material breach of the conditions of this easement and is cause for termination as provided by Section 11. All assignees shall be subject to the terms and conditions of this Easement.

A conveyance fee of one percent (1%) of the sales price, or 1% of the fair market value, as determined by the Grantor, shall be paid when: (1) the Grantee or successor in interest sells anything less than its entire interest in the tract or tracts of record within the tributary area benefited by the Easement; or, (2) the Grantee or a successor in interest creates a new tract or tracts of record by subdivision.

Once a tract of record has been created, included in the road users association, and a conveyance fee paid, future conveyance fees will not be required unless the tract of record is further subdivided.

The conveyance fee must be paid at the time of the closing of the sale of an existing tract of record, the creation of a new tract or tracts of record by subdivision or by partial assignment of the Easement rights to a third party. In the case of any action by Grantee that alters the legal description of and that increases the burden on those lands benefited by this Easement, including but not limited to, a "subdivision," the payment of the conveyance fee shall occur prior to filing a final subdivision plat, certificate of survey or other document(s) that purport to or do alter the legal description of and increase the burden on the property benefited by this Easement.

13. Subordination. The exercise of the rights granted shall be subordinate to any easement on said road subsequently granted by Stimson Lumber Company to the United States of America. Notwithstanding the previous sentence, Grantor may not in a subsequent grant of easement to the United States of America diminish the rights granted herein.

14. Rights and Obligations. The rights and obligations hereunder shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

15. Governing Law. This Easement shall be interpreted and construed under the laws of the State of Montana.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written.

GRANTOR: STIMSON LUMBER COMPANY

Attest:

By _____ By _____

Accepted and Approved:

STATE OF MONTANA
Department of Natural Resources and Conservation

By: _____
Name:
Title:

Date: _____

ACKNOWLEDGMENT

STATE OF)
)ss
COUNTY OF)

On this _____ day of _____, 2008, before me personally appeared _____ _____ and _____, to me known to be the _____ and the _____, respectively, of Stimson Lumber Company, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of the corporation and that the seal affixed is the seal of said corporation.

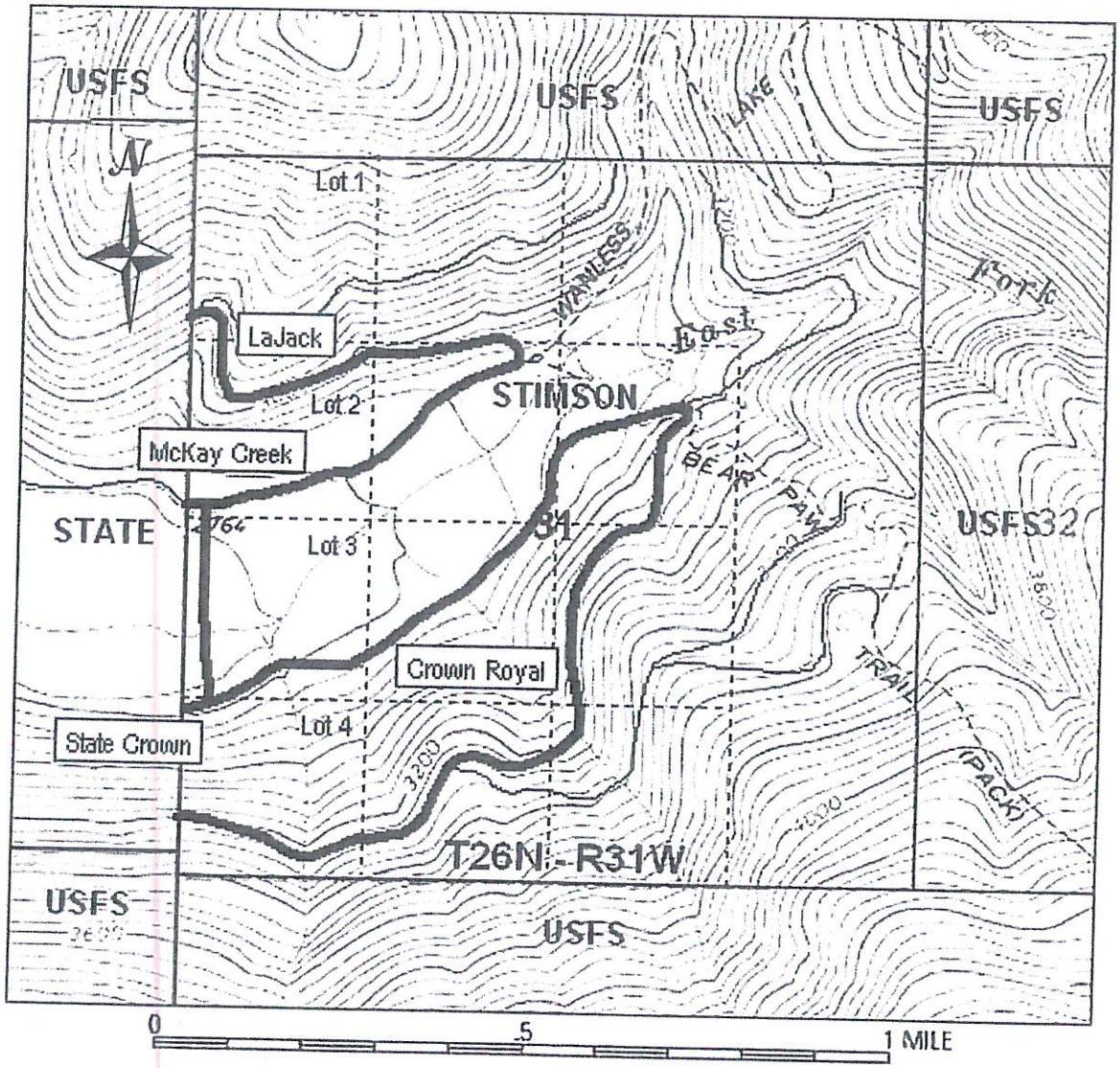
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the
State of _____
Residing at _____
My Commission Expires _____
Printed Name _____

EXHIBIT A

STATE OF MONTANA / STIMSON LUMBER COMPANY

McKAY CREEK RECIPROCAL ACCESS AGREEMENT



Rights-of-Way Granted: [redacted]

R/W Width: 60 feet, 30 feet each side of centerline

1-31-08

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	McKay Creek Reciprocal Road Use Agreement
Proposed Implementation Date:	Winter 2007
Proponent:	Plains Unit; Northwestern Land Office: Montana DNRC
Location:	Noxon, Montana
County:	Sanders

I. TYPE AND PURPOSE OF ACTION

The Plains Unit of the Montana Department of Natural Resources and Conservation proposes a reciprocal road use agreement on the McKay Creek Road, located approximately 6 miles southeast of Noxon, MT. If implemented, the agreement would allow State access to Trust Lands located in Sections 36, Township 26 North, Range 32 West, for all lawful purposes. No new road construction, reconstruction, up-grades, or other actions would be required in entering this agreement. An initial cost of $ 7,953.00 would be incurred by the State. Future maintenance costs would be proportional to the percentage of tributary area accessed by the agreement.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

Scoping notices were published in the Clark Fork Valley Press, Sanders County Ledger, and posted in the DNRC Plains Unit Office.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None

3. ALTERNATIVES CONSIDERED:

Action Alternative – to acquire
Non- Action – to not acquire

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

Implementation of Action Alternative would result in no change to impacts to geology and soils. See attached soils and hydrology memo

5. **WATER QUALITY, QUANTITY AND DISTRIBUTION:**
Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

Implementation of the Action Alternative would result in no impact. See attached soils and hydrology memo

6. **AIR QUALITY:**
What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

No impact to Class 1 Airshed would occur as a result of implementing the Action Alternative.

7. **VEGETATION COVER, QUANTITY AND QUALITY:**
What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

No impact to vegetative communities would occur as a result of implementing the Action Alternative

8. **TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:**
Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

No impact to wildlife would occur as a result of implementing the Action Alternative – see attached wildlife memo.

9. **UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:**
Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

No impact to unique, endangered, fragile, or limited resources would occur as a result of implementing the Action Alternative – see attached wildlife memo.

10. **HISTORICAL AND ARCHAEOLOGICAL SITES:**
Identify and determine effects to historical, archaeological or paleontological resources.

No historic or archaeological sites have been located or identified in this area at this time.

11. **AESTHETICS:**
Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

Implementation of the Action Alternative would create no changes in existing aesthetic conditions

12. **DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:**
Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

No changes to demands on environmental resources would occur as a result of implementing the Action Alternative.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:
List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

Implementation of the Action Alternative will allow access to Trust Land for all lawful purposes, and facilitate planned commercial timber harvest currently scheduled for 2008. Additional MEPA documentation will be produced specific to the impacts associated with the proposed timber harvest.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:
Identify any health and safety risks posed by the project.

Implementation of the Action Alternative will result in no change to existing conditions.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:
Identify how the project would add to or alter these activities.

Increased access to State Trust land may increase local revenue flow as well as allowing additional revenue to be generated for the individual trust(s).

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:
Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

No change to existing conditions will occur as a result of implementing the Action Alternative.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:
Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

No change to existing conditions would occur as a result of implementing the Action Alternative.

18. DEMAND FOR GOVERNMENT SERVICES:
Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

No increases in demand for government services would result from implementation of the Action Alternative.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:
List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

Kootenai National Forest Plan: No effect from this proposal
Montana State Forest Land Management Plan: All lawful purpose access would allow application of SFLMP activity to increased acreage of Trust Land.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:
Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

Implementation of the Action Alternative could lead to increased/improved recreational access on state land and adjacent USFS ownerships.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:
Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

No change to existing conditions would occur as a result of implementing the Action Alternative.

22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

No change to existing conditions would occur as a result of implementing the Action Alternative.

23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

No change to existing conditions would occur as a result of implementing the Action Alternative.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:
Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

Increases in Trust revenue could be expected as a result of all lawful purpose access to Trust land managed by the DNRC Plains Unit.

EA Checklist Prepared By:	**Name:**	Larry Ballantyne	**Date:**	22 December, 2006
	Title:	Plains Unit Resource Program Manager		

V. FINDING

25. ALTERNATIVE SELECTED: Action Alternative

26. SIGNIFICANCE OF POTENTIAL IMPACTS: No Significant Impacts

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ] EIS [ ] More Detailed EA [X] No Further Analysis

EA Checklist Approved By:	**Name:**	Steve Frye		
	Title:	NWLO Area Operations Manager		
Signature:	Stephen L. Frye		**Date:**	1-03-07

Memo

To: Larry Ballantyne, Plains Unit Manager

From: Marc Vessar, Forest Hydrologist

CC: Project file

Date: 1/3/2007

Re: McKay Creek Reciprocal Access Agreement (RAA)

I have reviewed the proposed reciprocal access roads in T26N R32W Sections 35 and 36. Because this RAA would not result in additional road construction, vegetation removal or need for maintenance due to increased traffic; no direct, indirect or additional cumulative impacts would likely result to water, fisheries or soil resources.

Memorandum

To: Larry Ballantyne, Project Leader

From: Garrett Schairer, Wildlife Biologist

Date: 12/15/2006

Re: McKay Creek Reciprocal Access -wildlife comments

I reviewed the proposed McKay Creek Reciprocal Access project in T26N, R32W, Sections 35 & 36. The state section includes grizzly bear, bald eagle, gray wolf, fisher, flammulated owls, and pileated woodpecker habitats. Several big game species are known to use the section during much of the year.

Threatened & Endangered Species:
The project area is in the Wanless grizzly bear subunit of the Cabinet-Yaak Ecosystem. Members of the Fishtrap wolf packs have been documented in the project area, however more recently the Fishtrap pack has relocated approximately 16 air miles to the east. Big game species, the primary prey for wolves, are known to use the area much of the year. The southwest corner of the section falls within the home range of the Rock Island bald eagle nest territory, however the area included in this project is outside of the home range of this nest.

Sensitive Species:
Pileated woodpecker nesting and foraging habitats exist in the proposed project area. Marginal flammulated owl habitats exist on the state section. Potential fisher denning and resting habitats exist along McKay Creek.

Other Wildlife:
The proposed project area includes winter range for deer and elk, and non-winter use by deer, elk, and moose is expected.

Direct, Indirect, and Cumulative Effects
Since the scope of the project is exchanging access, no changes in wildlife habitats or human access are anticipated, therefore no direct effects to wildlife would be anticipated. The potential for slight increases in use of the road could disturb wildlife species in proximity to the road, however given that the road is presently open and it accesses a trailhead beyond the state parcel, the disturbance associated with the road already likely has affected the wildlife in the vicinity. No cumulative effects would be expected since no direct effects would occur and negligible indirect effects could occur with the project.

Final
1-31-08

EXHIBIT III-B

3/13 - Copy of McKay Creek packet to Lisa Pedine

Right-of-Way Application No. _____
Affecting 60-foot strip of land in
Sec. 36, Twp. 26N, Rge. 32W,
Sanders County, Montana.

EASEMENT NO. _____

RIGHT-OF-WAY DEED

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF MONTANA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Know ye that the State of Montana (hereinafter referred to as "Grantor"), in consideration of reciprocal rights-of-way, the sum of One Dollar ($1.00) and other valuable consideration now paid through the McKay Creek Reciprocal Access Agreement, dated _____, 2008, grants to Stimson Lumber Company, an Oregon corporation, whose address is 520 S.W. Yamhill, Portland, Oregon 97204, (Hereinafter referred to as "Grantee"), its successors and assigns, and subject to and limited by the further provisions and conditions contained herein, a right-of-way for perpetual non-exclusive easement (the "Easement") for the purpose of constructing, reconstructing, maintaining, repairing, and using a road or road segment for all lawful purposes, (including utilities) upon and across state lands as follows:

60-foot strip of land upon and across the following described lands in Sanders County, Montana, Principal Meridian Montana, as shown on Exhibit A, attached hereto and made a part hereof:

ROAD	TOWNSHIP	RANGE	SECTION	SUBDIVISION
McKay Creek	26N	32W	36	NW¼NW¼, NE¼NW¼, SE¼NW¼, SW¼NE¼, NW¼SE¼, NE¼SE¼, SE¼NE¼

The above-described right-of-way contains a total of 8.36 acres, more or less.

1. **Purpose.** The easement and right-of-way granted herein is for the full use of the above-described property as a road by the Grantee, together with its licensees, permittees, and agents, generally to lands owned, administered, or controlled by the Grantee within the tributary area at the time of this grant for all lawful purposes subject to reasonable rules and regulations of the State of Montana and Board of Land Commissioners.

2. **Width; Road Location.** The easement granted herein shall be 60 feet wide, 30 feet on each side of the centerline, with such additional width as required for accommodation and protection of cuts and fills. Additional width must be approved by the Grantor. If the road as presently located or as later constructed is located substantially as described herein, the centerline of said road is hereby deemed accepted by Grantor and Grantee as the true centerline of the premises granted. If any subsequent survey of the actual roadway shows that any portion of the road, although located substantially as described, crosses and encumbers lands of the Grantor not described herein, this Easement shall be amended and corrected by mutual agreement of the Grantor and Grantee and by payment of full market value for the additional net area (if any) included in and encumbered by such right-of-way. Upon such agreement and payment (if any), Grantor shall issue a correction deed describing the actual location of this Easement and right-of-way. If any lands described herein are not traversed by the road as constructed, the easement traversing the same shall be terminated in the manner hereinafter provided.

3. **Extension of Rights.** Grantor alone may extend rights and privileges for use of the road including but not limited to Government departments and agencies, States, and local subdivisions thereof.

4. **Compliance with Laws, Rules and Regulations.** Grantee shall comply with the Montana Antiquities Act, Title 22, Chapter 3, Part 4, MCA. In particular, Sections 22-3-435 and 22-3-801 through 22-3-811. Further, Grantee will comply with such rules or regulations as may be hereafter imposed by the State Board of Land Commissioners to ensure that the environment will be adequately protected and the public health and safety will not be endangered.

5. **Noxious Weeds.**

(a) Grantee shall be responsible for controlling noxious weeds introduced by Grantee's activity on Grantor's land. The Grantee's methods of control must be reviewed by the Grantor's Area Field Office that has jurisdiction for that locale. If the Grantee fails to perform weed control commensurate with the Grantee's activities, the Grantor reserves the right to assess fees necessary for weed control.

(b) Grantee shall comply with the Montana County Noxious Weed Management Act, Section 7-22-2101 MCA et. seq., as follows: Grantee shall notify the local weed board that is responsible for that geographical area that the project is located in. If Grantee disturbs vegetation for any reason, Grantee shall be required to revegetate the disturbed area. Grantee shall submit to the local weed board a written plan specifying the methods to be used to accomplish revegetation. The plan must describe the time and method of seeding, fertilization, recommended plant species, use of weed-free seed, and the weed management procedures to be used. This plan is subject to approval by the local weed board, and therefore must be signed by the chairman of the board. Upon termination of this easement, the Grantee shall reclaim the entire area in accordance with this paragraph.

6. **No Interference.** This Easement is granted under the express condition that the Grantee's exercise of the rights herein granted shall not interfere with the Grantor's use of the adjacent land. Grantee shall not interfere with the Grantor and its successors, assigns, lessees or other parties authorized to use Grantor's lands, in such parties' right at all times to use all or any portion of the road, to go upon, cross and recross the land covered by said right-of-way and any road thereon, at any point, for any and all purposes in a manner that will not interfere with the rights granted to the Grantee.

7. **Road Construction, Reconstruction, Inspection and Acceptance.**

(a). All construction or reconstruction of the road by the Grantee shall be in accordance with specifications and written stipulations approved by the Grantor prior to beginning such construction or reconstruction. Approval of any such construction and/or reconstruction shall not be unreasonably withheld by Grantor. Unless the parties hereto agree in writing to share the cost of construction or reconstruction to said road(s) in advance of such construction or reconstruction being made, said construction or reconstruction shall be the sole financial responsibility of the improver. Use of the roads by the Grantor, Grantee and third parties shall be suspended if reasonably necessary until such construction and/or reconstruction has been mutually agreed upon and fully performed.

(b). The parties agree that written acceptance of road work by both parties is essential to the accomplishment of any construction or reconstruction as a part of this Right-of-Way Deed. Each party shall keep the other informed of the construction progress, and the other shall make periodic inspections as deemed necessary and shall immediately raise, in writing, any objections to the work performed. Right-of-way timber must be disposed of as provided herein or as otherwise agreed in writing.

(c). Ten days prior to the expected completion of any construction, the constructing party shall give written notice as to the completion date of a project, and the other party shall, within 15 days after receipt of the notice, make a final inspection and give written notice of acceptance or rejection of the project. If weather or other conditions prevent inspection within this 15-day period, the time during which such conditions prevail will be excluded in determining the 15-day period.

(d). Rejection may only be based upon failure to comply with the stated plans and specifications. A rejection notice must identify the items of work necessary to complete the project in accordance with the stated plans and specifications. Acceptance must not be unreasonably withheld. In case of rejection, the constructing party shall promptly complete the items of work identified in the rejection notice and again give notice of completion as provided above in this section.

8. **Maintenance Costs.**

(a) The cost of road maintenance and resurfacing shall be allocated on the basis of respective uses of said road. When any party uses said road, or a portion thereof, that party shall perform or cause to be performed, or contribute or cause to be contributed, that share of the maintenance, resurfacing occasioned by such use as hereinafter provided. During periods when said road, or a portion thereof, is being used solely by one party, such party shall maintain that portion of said road so used to the standards existing at the time use is commenced. Any maintenance performed by the Grantee shall be authorized by and shall be performed in accordance with current Best Management Practices (BMP), laws and regulations within an approved maintenance plan.

(b) During periods when more than one party is using said road, or a portion thereof, each party's share of maintenance and resurfacing shall be pro rata in proportion to its use thereof. The parties hereto shall meet and establish necessary maintenance provisions. Such provisions shall include, but shall not be limited to:

(i) The appointment of a maintainer, which may be one of the parties hereto or any third party, who will perform or cause to be performed, at a reasonable and agreed upon rate, the maintenance and resurfacing of the road or portion thereof being used; and

(ii) A method of payment by which each party using said road or a portion thereof shall pay its pro rata share of the cost incurred by said maintainer in maintaining and resurfacing said road or portion thereof.

(c) Prior to use of the roads described herein, Grantor and Grantee shall identify any such roads that do not comply with current BMPs, laws and regulations. Grantor and Grantee will negotiate and mutually develop a written "condition and use plan."

Costs of reconstruction, repair and restoration will be shared by the Grantor and Grantee based on proportionate use of the road, as provided herein. If either party uses the roads prior to work performed as identified in the condition and use plan that are not in compliance with current BMPs, laws and regulations or fails to pay for its share within 90-days after such work has been completed the easement may be terminated at the option of the other party following not less than 90-day written notice to defaulting party.

(d) If due to exhaustion, deterioration, destruction, severe damage, or for any other reason it becomes necessary to perform substantial reconstruction and repairs to restore a road, bridge, or other facility upon this right-of-way to a condition suitable for all lawful purposes, the necessary work will be performed and each party shall pay its proportionate share of the cost of such work. All reconstruction and repairs shall be in compliance with current BMPs, laws and regulations. If one of the cooperating parties should unreasonably fail to agree to the work to be performed or fails to pay its share within 90-days after such work has been completed, or otherwise fails or refuses to fulfill its obligations, this Easement may be terminated at the option of the other party following not less than 90-day written notice to the defaulting party.

(e) For the purposes of this easement, maintenance is defined as the work normally necessary to preserve and keep the roadway, road structure and road facilities as nearly as possible in their present condition or as hereafter improved.

9. **Assignment.**

This Easement may not be assigned by Grantee without the prior approval of the Grantor, such approval not to be unreasonably withheld. Evidence of any such assignment must be recorded on forms prescribed by the Grantor. All assignees shall be subject to the provisions of the aforementioned Reciprocal Access Agreement and this easement. In the event Grantee does not approve an assignment of Stimson Lumber Company to the State of Montana reciprocal Right-of-Way Deed, Grantor may terminate this Easement.

If the easement is assigned in part or there is more than one assignee or the grantee proposes to subdivide and create a tract or tracts of record from property served by this easement, a Road User's Association must be established, the assignment of the easement to the Road Users Association must be amended to include the new tract(s), and a road maintenance plan must be developed by the grantee and submitted for review and approval by the Grantor prior to approval of the assignment by the Grantor. If the grantee proposes to subdivide and create a tract or tracts of record that also requires subdivision approval by a local governing body, the Grantee shall provide notice to the Grantor no less than thirty-(30) days prior to submittal of the subdivision proposal to the local governing body for consideration. Grantor will not approve an assignment until such time as the local

governing body has granted final plat approval. The foregoing notwithstanding, the Grantor's approval of the assignment of this Easement shall not be withheld so long as the Grantee is in compliance with the terms and conditions of this Easement.

Failure to fully comply with any portion of this section shall be considered a material breach of the conditions of this easement and is cause for termination as provided by Section 15(a). All assignees shall be subject to the terms and conditions of this easement.

A conveyance fee of one percent (1%) of the sales price, or 1% of the fair market value, as determined by the Grantor, shall be paid when: (1) the Grantee or successor in interest sells anything less than its entire interest in the tract or tracts of record within the tributary area benefited by the easement; or, (2) the Grantee or a successor in interest creates a new tract or tracts of record by subdivision.

Once a tract of record has been created, included in the road users association, and a conveyance fee paid, future conveyance fees will not be required unless the tract of record is further subdivided.

The conveyance fee must be paid at the time of the closing of the sale of an existing tract of record, the creation of a new tract or tracts of record by subdivision or by partial assignment of the easement rights to a third party. In the case of any action by Grantee that alters the legal description of and that increases the burden on those lands benefited by this easement, including but not limited to, a "subdivision," the payment of the conveyance fee shall occur prior to filing a final subdivision plat, certificate of survey or other document(s) that purport to or do alter the legal description of and increase the burden on the property benefited by this easement.

10. **Improvements.** Permission must be obtained in writing from the Grantor prior to the construction or erection of any structures, other than normal road-related signs or non-road improvements, in the right-of-way herein granted.

11. **Removal of Timber.** Grantee, upon notice to the Grantor, shall have the right to cut timber upon the right-of-way to the extent necessary for construction, reconstruction and maintenance of the road. Timber so cut shall, unless otherwise agreed to, be cut into logs of lengths specified by the Grantor and decked along the road for disposal by the Grantor. All timber within the right-of-way described herein, whether currently present or hereafter growing, shall remain the property of the Grantor.

12. **Road Relocation.** Grantor reserves the right to relocate the road described herein to the extent necessary to accommodate the needs of the Grantor and in consideration of the Grantee's rights contained herein. It is agreed that the centerline of this Easement shall shift to follow the centerline of the relocated road and shall

be accepted as the true centerline of the easement granted. The Grantor will provide Grantee with a corrected deed.

13. **Indemnification.** To the extent of its liability for negligent acts covered by the Montana Tort Claims Act (Section 2-9-101, MCA, et seq.), the State of Montana shall be liable for injury or damage to any person or property incidental to or that may arise during and in consequence of the use, presence, operation and maintenance of the easement and right-of-way.

14. **No Representation.** Grantor has made no representation as to the present or future conditions of the easement and right-of-way, and Grantee assumes the risk of damage to the property or an injury to Grantee's person or property, in connection with the exercise of or rights granted hereunder.

15. **Termination.**

(a) Grantor may terminate this right-of-way for a material breach of any of the conditions or provisions of this deed. Before termination, Grantor shall provide Grantee or its successors or assigns written notice, served at its last known post-office address, of Grantor's intent to terminate this right-of-way, which notice shall set forth the asserted default(s), and shall afford Grantee or its assigns 30 days to request a hearing from Grantor to contest the termination. Termination may not occur if Grantee either cures the asserted default(s) or commences a good faith effort to cure the asserted default(s) within 30 days of Grantor's written notice.

(b) If Grantee determines that the road, or any segment thereof, is no longer needed, the easement traversed thereby shall terminate. The termination shall be evidenced by a statement in recordable form furnished by Grantee to the Grantor or its successor(s) or assign(s) in interest. If Grantor determines that Grantee has ceased to use the easement and right-of-way granted herein for the purpose for which this Easement was granted, Grantor shall provide Grantee or its assigns written notice of this determination at Grantee's or its assign's last known post-office address, and shall provide Grantee or its assigns 40 days to request a hearing from Grantor to contest this determination.

(c) If this Easement is terminated pursuant to Section 15(a) or 15(b) hereof, the parties shall execute and record a Termination of Easement.

16. **Subordination.** The exercise of rights granted shall be subordinate to any easement on said road subsequently granted by the State of Montana to the United States of America. Notwithstanding the previous sentence, Grantor may not in a subsequent grant of an easement to the United States of America diminish the rights granted herein.

IN TESTIMONY WHEREOF, the State of Montana has caused these presents to be executed by the Governor, and to be attested by the Secretary of State, and countersigned by the Director, Department of Natural Resources and Conservation, and the Great Seal of the State, and the Seal of the State Board of Land Commissioners to be hereunto affixed this _____ day of _____, A.D. 2008.

. . . . . .
Governor of the State of Montana

ATTEST:

. . . . . .
Secretary of State

COUNTERSIGNED BY:

. . . . . .
Director, Department of Natural
Resources and Conservation

STIMSON LUMBER COMPANY (Grantee)
Accepted and Approved:

By: _____

Its: _____

_____
Name and Title of Officer

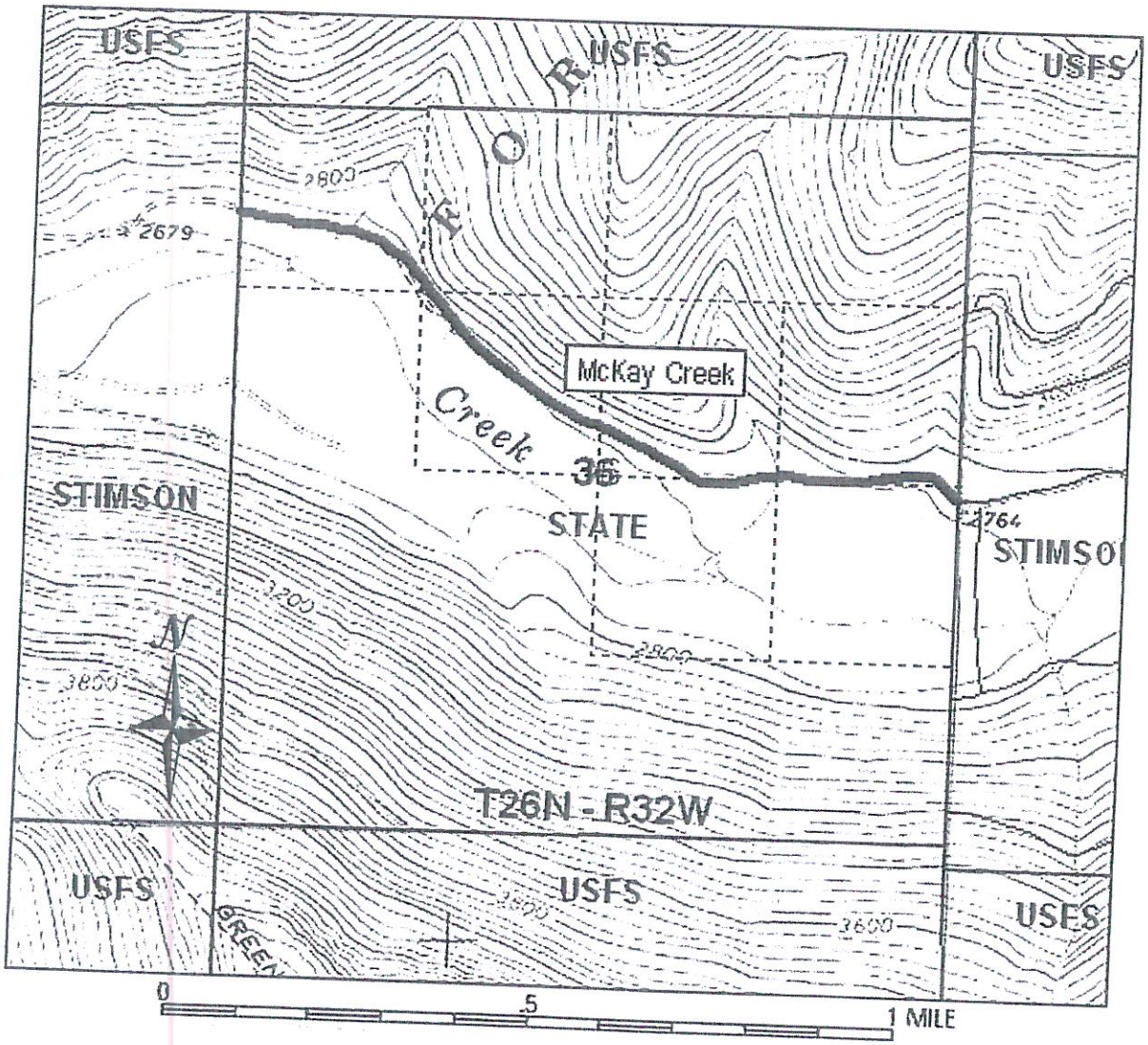
Attest: (Seal)

_____
Name and Title of Individual

EXHIBIT A

STATE OF MONTANA / STIMSON LUMBER COMPANY

McKAY CREEK RECIPROCAL ACCESS AGREEMENT



Rights-of-Way Granted: [redacted]

R/W Width: 60 feet, 30 feet each side of centerline

Final
1-31-08

EXHIBIT IV

BALANCE SHEET

State of Montana, Department of Natural Resources and Conservation,
Stimson Lumber Company
Road Right-of-Way Project Balance Sheet

PROJECT	Excess Costs		Amortization of Excess Costs
	Stimson for State (State owes Stimson)	State for Stimson (Stimson owes State)	
1 McKay Creek (dated , 2008) **PAYOFF DATE = 6/30/2008**	$3,335		
AGREEMENT BALANCE	$3,335	$0	
NET BALANCE	$3,335		