CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	2008 Land Banking – Helena Unit – CLO – Broadwater Co.
Proposed Implementation Date:	2008
Proponent:	These tracts were nominated by the lessee, Michael Huempfner/MCL Ranch, and brought are brought forward now by DNRC.
Location:	T2N, R2E, section 4, Lot 4; SWNW;W2SW (161.63 acres) T2N, R2E, section 8, NE (160 acres) T3N, R2E, section 16, Lots 1,2,3,4; N2;N2S2 (637.84 acres) T4N, R2E, section 32, NWSW; S2S2; NESE; SENE (280 acres) T4N, R2E, section 36, That portion of Lots 5,6,7,8, &NWNW, W2SW lying west of the old Rail Road strip (which is private land, no contact to River) (~196 acres)
County:	Broadwater County
Trust:	All are Common School Grant

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, up to ~1435.47 acres of state land currently held in trust for the benefit of Common Schools. Revenue from the sale would be deposited in a special account, with monies from other sales around the State, to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of the same Trust. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature, and updated by the 2007 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings of the various Trusts, improve the sustained rate of return to the Trusts, improve access to state trust land and consolidate ownership.

II. PROJECT DEVELOPMENT

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

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

- A letter was distributed in September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted by lessees between October 1, 2004 and January 31, 2005. *(These tracts were nominated at that time and are now being considered as part of an ongoing process of Land banking sales.)*
- Legal notices were published in the Bozeman Daily Chronicle on February 27th and March 2nd, 2008, and in the Townsend Star on February 28th and March 6th, 2008.
- Direct mailings were made to lessees, adjacent land owners, County Commissioners, State Legislators (from the involved Districts and who were associated with the legislation), and a host of organizations and individuals who had expressed previous interest in this process. A full listing of contacts is attached as Appendix B.
- Follow-up contacts were made by phone, mail, or email with parties requesting additional information. These are also included in Attachment B.
- The tracts were also posted on the DNRC web page at, http://dnrc/mt.gov//TLMSPublic/LandBanking/LBTest.aspx

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

No other governmental agencies have jurisdiction over this proposal.

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Under this alternative, the State retains the entire existing land ownership pattern and would not sell the tracts included in this proposal.

Alternative B (the Proposed action) – Under this alternative, the Department would request and recommend approval by the Land Board to sell the **5** proposed tracts encompassing a total area of 1435.47 acres. If approved by the Board, the sale would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts. *(The State would then review available lands for sale which would generally have access and an increased potential for income. A separate public scoping and review would be conducted when a potentially suitable parcel was found. It is not possible for this analysis to make any direct parcel to parcel comparisons.)*

Alternative C (Crop Land retention) - Under this alternative, the Department would request and recommend approval by the Land Board to sell **4** of the proposed tracts encompassing an area of 1155.47 acres. Retained would be the State lands in section 32, T4N, R2E, which include a 59.2 acre agricultural field. If approved by the Board, the sale would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts. *(The State would then review available lands for sale which would generally have access and an increased potential for income. A separate public scoping and review would be conducted when a potentially suitable parcel was found. It is not possible for this analysis to make any direct parcel to parcel comparisons.)*

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.

A variety of soil types are found across these tracts. The proposal does not involve any on the ground disturbance, so there are no soil effect differences between the alternatives. The State does own, and would retain ownership of, all mineral rights. The purchaser of the surface does not acquire the legal right to place restrictions on development of the mineral estate. See section 13 of this EAC for a discussion of minerals related to an adjacent Conservation Easement.

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.

There are only ephemeral drainages, springs and small intermittent stream segments on the lands proposed for sale. There is one recorded water right in the SESWNE of section 8, T2N, R2E, currently held by DNRC.

legal	Water right no.	purpose	source	Priority date
NE 8, T2N, R2E	41 I 135749	Statement of Claim	Ground water	1/1/1940

If sold, the water right would be transferred to the purchaser.

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.

The proposal does not include any on-the-ground activities, or changes to activities. No effects to air quality would occur.

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.

Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of a land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. Range conditions are currently rated fair to good on most of the range sites, excellent on one site in section 36, T4N, R2E. The proposal does not include any on-the-ground activities, or changes to activities and therefore we do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

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.

These tracts provide habitat typical of surrounding lands for a variety of species common to this area, Elk, Mule Deer, Whitetail Deer, upland game birds, raptors, coyote, fox, badger, songbirds, etc. The High Peaks Conservation Easement Baseline Report includes a species listing from Kurt Alt, MT FWP which is included as an attachment, as it is a very comprehensive listing. The proposal does not include any land use change which would yield changes or effects to the wildlife habitat. The nominating lessee has indicated that if they were to purchase the lands at auction, the land use as ranch pasture and agricultural land would continue unchanged. There are no unique or critical wildlife habitats associated with the state tract and we do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal. See section 13 of this EAC for a discussion of the High Peaks Conservation Easement.

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 specific on-site observations of Threatened or Endangered species have been recorded and no important habitat has been identified on the state lands. A review of Natural Heritage data through NRIS was conducted. The potential for intermittent use by Gray Wolf, a wide ranging species with the ability to utilize many types of habitat, is present. Being close to the Missouri River corridor, the tract has the potential for transient use by Bald Eagle. No Bald Eagle nest sites are known on the state tract. Ferruginous Hawk has also been documented in the nearby river bottoms and transient use by this species is also possible.

The Greater Short-horned Lizard has had documented occurrences in the areas around sections 4 & 8 in T2N, R2E, and may well occur in the habitats of the other tracts. Habitats of this lizard range from semiarid plains to high mountains; usually the species is in open, shrubby, or openly wooded areas with sparse vegetation at ground level; soil may vary from rocky to sandy (Degenhardt et al. 1996, Hammerson 1999, Stebbins 2003, Werner et al. 2004). When not active on the surface, the lizards burrow into the soil or occupy rodent burrows. Additional information about this species may be found at the following web site. www.natureserve.org

The proposal does not include any activities which would alter any habitat, so no effects are expected in any alternative.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

The kinds and quantities of cultural and paleontologic resources on the parcels nominated for Land Banking are currently unknown on most of the tracts. (One already documented site is located on section 8, T2N, R2E, the proposal is not expected to affect this site.) If the Land Board approves continued review of these tracts, a full inventory would be completed prior to sale of any of these tracts and the mandates of the Montana State Antiquities Act would be complied with.

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.

The tracts are visible, or partially so, from other adjacent lands and from public roadways and one tract is visible from the Missouri River. The state land does not provide any unique scenic qualities not also provided on adjacent private lands. The proposal does not include any on-the-ground activities, so there would be no change to the aesthetics in either alternative. A Conservation Easement on ~9160 acres of the adjacent ranch deeded lands was established partially to protect the open space scenic values of this area.

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.

There are 5,160,238 acres of Trust land surface ownership in Montana *(TLMS power search, 3/28/2008).* Approximately 4,673,433 acres are in the Common School Trust, statewide. There are approximately 24,140.2 acres of Trust Land in Broadwater County, with 1454.61 of these acres leased by MCL Land and Livestock or Michael Huempfner. This proposal includes approximately 1435.47 acres, retained under lease would be approximately 19.14 acres in section 36, T4N, R2E which have Missouri River frontage between the old Rail Road strip of private land and the west bank of the River.

There are additional tracts of state land currently under consideration for sale through the Land Banking Program on a statewide basis. Each of these tracts is at a different stage in their review process, and is being examined under separate analysis. The authorizing legislation has placed a cap on the total land banking sales of 100,000 acres statewide.

The potential transfer of ownership would not have any impact or demands on environmental resources of land water, air or energy.

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.

Grazing Lease Range evaluations have been conducted on this tract and are in the Department files.

Portions of the Huempfner/MCL properties have been covered by a Conservation Easement with the Montana Land Reliance, which is referenced by the name, “High Peaks Conservation Easement”. The Conservation Easement was established to preserve the open-space lands which maintain the rural, agricultural and natural scenic qualities of the area and provide for opportunities to continue traditional farming and ranching practices in perpetuity.

This Conservation Easement wholly surrounds the nominated lands in section 32, T4N, R2E (280 acres), and borders the nominated lands in section 16, T3N, R2E (637.84 acres). The Administrative Rules of Montana, § 36.25.803 (2) note that, “The board may only sell a parcel that is wholly surrounded by land under conservation

easement if the board provides compelling reasons for the sale." (see Section 24 of this EAC for further discussion on this topic) The concern for this situation is that an accessible tract, surrounded by a Conservation Easement, could potentially be acquired at a public auction, and then developed, adversely affecting the values of the conservation easement or vastly increasing the value of the unrestricted inholding. In this situation, the Conservation Easement land owner is the party nominating the isolated tracts for Land Banking. The nominating lessee has verbally indicated that his intent would be to amend the existing Conservation Easement to include both of the above tracts, if he purchases them through this process. The Montana Land Reliance (which holds the Conservation Easement), indicated that they could easily amend the legal description of the covered lands to include these parcels.

The Conservation Easement has extensive language addressing restrictions on the occurrence of mineral extraction or the effects of mineral extraction, but clearly applies those restrictions only to lands where the Conservation Easement land owner controls the mineral rights. If the state lands were sold, mineral rights would be retained by the state. Consequently, if the parcels were purchased by the lessee and a conservation easement was placed on the land, the restrictions in the conservation easement would not apply to development of the state mineral rights.

The Double F Ranch borders the State land on the east side of Section 4-T2N-R2E. If the Huempfner Ranch purchases the state land they would surround the Double F ownership in section 4. DNRC discussed the issue with the Double F Ranch and they are not substantially concerned, they normally cross the Huempfner Ranch for access to their property in Section 4 as well as other portions of their ownership. DNRC has sent the Double Ranch an easement application in the event they wish to apply for an easement prior to sale. However, the Double F would need to cross either the Double F or the Gibbs ownership to gain access to the state land and DNRC would not accept an application unless documentation is produced the Double F has access to the state ownership. The Huempfner Ranch has verbally indicated they would grant access to the Double F as they have in the past. If preliminary sale is approved the issue would be further discussed and addressed prior to seeking final sale approval.

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.

No impacts to human health and safety would occur as a result of the proposal.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The tracts included in this proposal are leased by MCL Land & Livestock or Michael Huempfner for grazing and agricultural purposes.

County	Legal	Acres	Uses
Broadwater	Lot 4, SWNW, W2SW, sec. 4, T2N, R2E	161.63	Part of L-9824, ~41 AUM of grazing *(0.25 AUM/acre)*
Broadwater	NE, sec. 8, T2N, R2E	160.00	Remainder of L-9824, ~40 AUM of grazing *(0.25 AUM/acre)*
Broadwater	Lots 1 – 4, N2, N2S2, sec. 16, T3N, R2E	637.84	L-9823, 66 AUM of grazing, and 7.7 acres of crop land with a cash lease. *(0.10 AUM/acre)*
Broadwater	NWSW, S2S2, NESE, SENE, sec. 32, T4N, R2E	280	L-9822, 26 AUM of grazing

			and 59.2 acres of crop land with a cash lease. *(0.12 AUM/acre)*
Broadwater	That portion of lots 5, 6, 7 & 8, NWNW, W2SW in sec. 36, T4N, R2E lying west of the old RR strip, which is private land. (no contact to the River)	~196	L-1415, 38 AUM on the total 215.14 leased acres *(0.18 AUM/acre)*, but nominated for sale is only the part above the private land strip, ~196 acres, or ~35 AUM.

This proposal does not include any specific changes to the grazing or agricultural activities. The nominating lessee indicated that grazing and agricultural activities would continue unchanged if he purchased these lands.

No direct or cumulative impacts are anticipated as a result of the proposal.

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.

The proposal would have no affect on quantity and distribution of employment.

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.

As State Trust lands, these properties are tax exempt. If the parcels in this proposal are sold, and use continues as agricultural land, Broadwater County would receive additional property tax revenues of approximately. *(Estimated tax revenues were provided by the Broadwater Co. Appraisal/Assessment Office.)*

Legal	Est. tax revenue
Lot 4, SWNW, S2SW, Section 4, T2N, R2E	$39
NE, Section 8, T2N, R2E	$39
Lots 1-4, N2, N2S2, Section 16, T3N, R2E	$155
NWSW, S2S2, NESE, SENE, Section 32, T4N, R2E	$483
That portion of lots 5, 6, 7, and 8, NWNW, W2SW in Section 36, T4N, R2E lying west of the old RR strip, which is private land. (no contact to the River.)	$45

Estimated total tax revenue for Alternative B = $761, for Alternative C = $278. (Alternative A would see no change.)

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

Being remote grazing lands, no traffic changes would be anticipated. Wild land fire protection is currently provided for these Trust lands through the County Co-operative Fire Agreement with Broadwater County. If sold, these lands would continue to receive fire protection from the County.

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.

There are no zoning or other agency management plans affecting these lands.

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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.

State Trust lands which are legally accessible to the recreationist are available for general recreational use with the purchase of a General recreational Use License. Through agreement with FWP, activities associated with hunting, fishing, and trapping are allowed on legally accessible state lands through the purchase of the Conservation license. Other types of recreational use require either a “State Land Recreational Use License”, or a “Special Recreational Use License”, depending upon the type of use.

In general, there a 4 methods of gaining legal access for recreational purposes.

1. Access via a public road or easement for public access.
2. Access via a recreationally navigable river.
3. Access via other adjacent public lands, when there is a legal access to those lands.
4. Access via permission of an adjoining landowner.

The lands in this proposal are not accessible to the general public, since they are surrounded by private land and only accessible by permission of an adjoining landowner.

The Double F Ranch borders the east side of the State lands in section 4, T2N, R2E, and a tiny portion of the south side of the section 36, T4N, R2E lands.

The Lawrence Gibbs Ranch borders the south, west, and north sides of the State land in section 8, T2N, R2E, and the west side of the State land in section 4, T2N, R2E.

The other tracts are surrounded by MCL Ranch lands. Section 16, T3N, R2E corners with BLM land on the SW corner, however “corner jumping” does not provide a legal access to Trust lands.

Lands proposed for sale in section 36, T4N, R2E appear to touch the Missouri River, but they actually do not. The old abandoned rail road grade is private land, and Huem Holding % Michael Huempfner, is the owner of these lands. This strip of private land separates the upland portions west of the River from the river bank lands. The State does not propose to sell the ~ 20 acres between the River and the old rail road grade. This situation is best understood by reviewing the attached map for this tract.

If the lands are sold, access for recreational purposes would only be conducted with permission of the new landowner.

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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.

The proposal does not include any changes to housing or developments. The nominating lessee has indicated that the lands would continue as grazing and agricultural lands, if they purchase them at auction. No effects are anticipated.

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

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The State Trust lands in this proposal are currently managed for grazing and agricultural uses as parts of larger pastures or fields of mixed state and private land. The State lands are generally indistinguishable from the adjacent private lands, with no unique quality.

The potential sale of the state land would not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred. The tract was nominated by the lessee with the intent of purchasing the tract and continuing use with no change.

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.

An appraisal of the property value has not been completed to date. **The following estimations are based upon the Department fee schedule estimates of land values, by County and land type.** Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. If approved for sale, the revenue generated would be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other Trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment.

Fee Schedule Land Value and Income Per Acre

Legal	Fee Schedule land value/acre	2007 income	Income per acre whole tract average
4, T2N, R2E	$1000/ ac. on 161.63 ac.	$427.61 on 61 AUM *(0.37AUM/ac.)*	$2.65/ac.
8, T2N, R2E	$1000/ac. on 160 ac.	$140.20 on 20 AUM *(0.125 AUM/ac.)*	$0.88/ac.
16, T3N, R2E	$300/ac. on 637.84 ac.	$462.66 on 66 AUM *(0.10 AUM/ac.)* AND $123.20 on 7.7 crop ac. *($16.00 / ac. cash lease)*	$0.92/ac.
32, T4N, R2E	$700/ac. on 280 ac.	$182.26 on 26 AUM *(0.12 AUM/ac.)* AND $947.20 on 59.2 crop ac. *($16.00 / ac. cash lease)*	$4.03/ac.
36, T4N, R2E	$500/ac. on ~196 ac.	$299.06 on 38 AUM[1] *(~0.185 AUM/ac.)* AND $25/yr. on 20.7 CRP ac.	~$1.65/ac.

The statewide stocking rate for grazing land on 4.3 million acres averages .26 AUMs per acre or a total of 1.11 million AUMs (2006 DNRC Annual Report). 2006 statewide grazing land gross revenue was $6.98 million ($6.99 per AUM) on 4.3 million grazing acres for an average income of $1.62 per acre (2006 DNRC annual

[1] AUM/acre varies slightly from those in section 15 above, given that only a portion of the overall lease is proposed for sale.

Report). 2006 state wide agricultural land gross revenue was $9.87 million on 571,000 acres for an average income of $17.28 per acre (2006 DNRC annual report). Combined agricultural and grazing income in 2006 on 4.871 million acres averaged of $3.46 per acre.

The lands in section 4 have greater than average AUM/ac.; but are an isolated tract with limited potential for competitive bidding.

The lands in section 8 are far below average in AUM production and income.

The lands in section 16 are generally rugged low productivity grazing land. The crop land results from 3 field edges which have encroached onto the tract, which elevates the income per acre slightly, though it is still far below average.

The lands in section 32 are 79% low productivity grazing land, and 21% only slightly below average crop land. The lands are currently managed with a cash lease of $16.00/ac, while crop lands on a statewide average are $17.28/ac. The section 32 lands are land locked by the MCL properties, and have no potential for any competitive bidding in the future. They are also in the center of the private Conservation Easement, with no opportunity for public access.

The section 36 lands are far below average in AUM production and income.

Another method to compare the productivity of a tract is to consider the return on the asset value. The "Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2007" describes a formula for this calculation. This formula calculates the net revenue (gross income less expenses), and the asset value change (current year land value less previous year land value), adds these together, and divides by the previous year land value, to provide a percentage annual return on the asset. *(See page 10 of the report for this formula.)* For the comparison of asset value return on revenue, only the net revenue side of the equation is used. The statewide average annual rate of return from revenue only, by source, for 2007 are as follows.[2]

2007 Statewide Averages

Source	Net Revenue/Assets
Agriculture	2.8%
Grazing	0.3%

Using the fee schedule land values as noted above, the actual 2007 income by tract, and the Central Land Office average expenses, the comparable net revenue rate of return on the assets for these tracts are as follows.

tract	acres	Est. Value/Acre	Land value	Total income	CLO Avg Management Cost	Net Revenue/Asset Value
4,2n,2e	161.63	$1,000.00	$161,630.00	$427.61	$121.87	**0.19%**
8,2n,2e	160	$1,000.00	$160,000.00	$140.20	$120.64	**0.01%**
16,3n,2e	637.84	$300.00	$191,352.00	$585.86	$480.93	**0.05%**
32,4n,2e	280	$700.00	$196,000.00	$1,129.46	$211.12	**0.47%**
36,4n,2e	196	$500.00	$98,000.00	$324.06	$147.78	**0.18%**
totals	1435.47		$806,982.00	$2,607.19		

The lands in section 4 have a lower rate of return than average grazing land.

The lands in section 8 are far below average in rate of return for grazing land.

[2] Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2007, table 13, page 18.

The lands in section 16, mostly grazing, are well below average return on asset.

The lands in section 32, which is mostly grazing, but with a significant agricultural field, average out above average for grazing alone, but still far below average for agricultural land.

The lands in section 36 have a rate of return equivalent to the overall grazing rate of return.

The lands in this proposal are all leased by the same party *(either as MCL Land & Livestock, or as Michael Huempfner).* Alternatives A & B would consider the parcels as a block, and either retain all the ownership, or seek Land Board approval to sell all of the nominated ownership. Alternative C would separate out the land in section 32, retaining it for the crop land it has, and seek Land Board approval to sell the other nominated parcels.

EA Checklist Prepared By:	**Name:** D.J.Bakken, Helena Unit Manager	**Date:**
	Title:	

V. FINDING

25. ALTERNATIVE SELECTED:

I have selected Alternative B, the Proposed Action, to sell 5 tracts encompassing 1,435.47 acres and recommend the following tracts receive preliminary approval for sale to continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the comments received and potential environment affects and have determined significant environmental effects would not result from the proposed land sale. The tract does not have any unique characteristics, critical habitat or environmental conditions indicating the tract should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications the tract would produce substantially greater revenue or have substantially greater value to the trust in the near future.

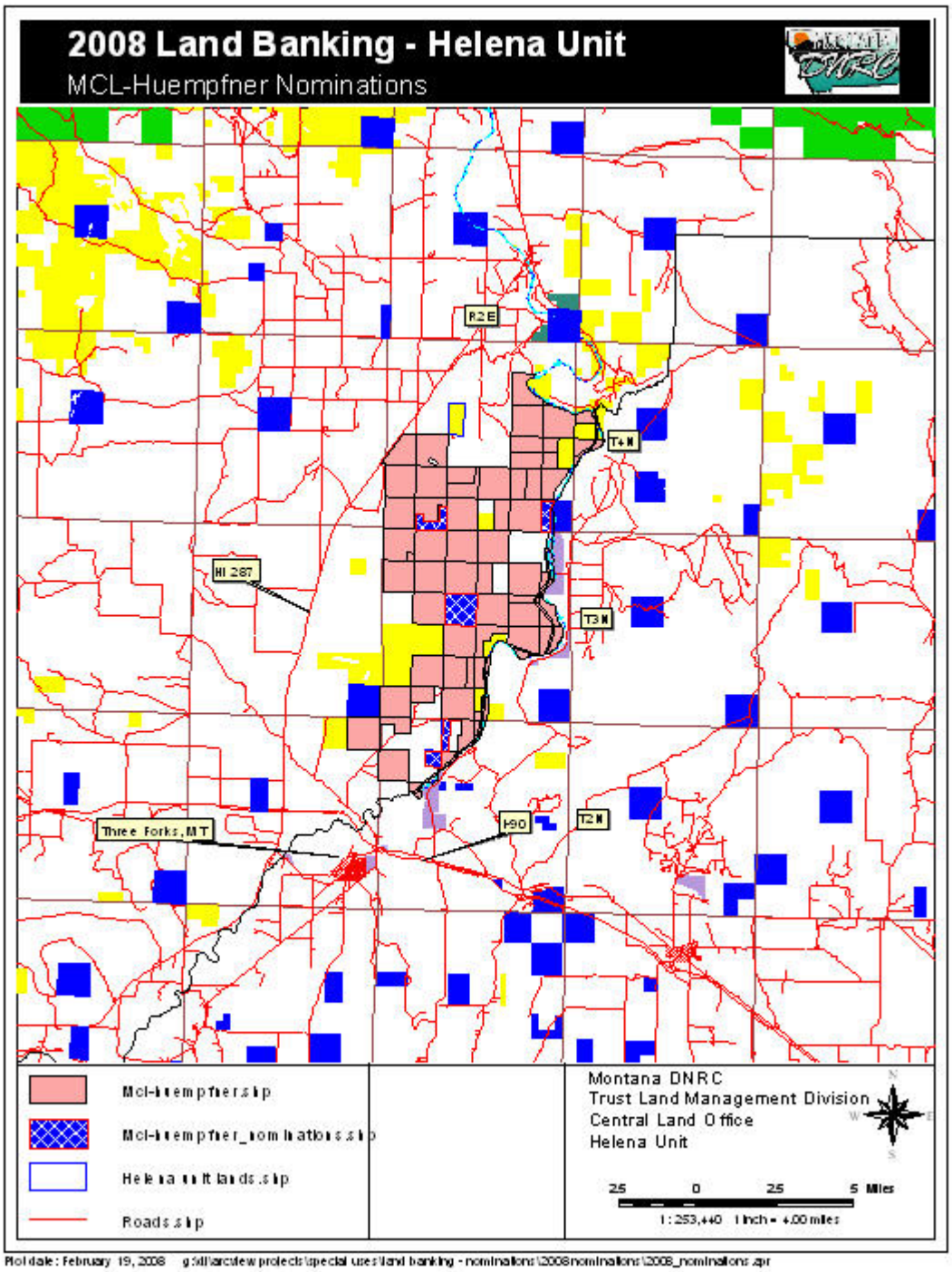
These parcels are entirely surrounded by private lands which control access to the state land and if sold are likely to be managed in a manner consistent with surrounding lands. Administrative Rules for Land Banking prohibit the sale of state lands if wholly surrounded by lands under a conservation easement unless there is a compelling reason. In this situation, Section 32 (280 acres) is wholly surrounded by a conservation easement held by the Montana Land Reliance. The proponent of this Land Banking proposal owns the surrounding land and is the individual who placed his land under a conservation easement. He has indicated if purchased, he intends to place the newly acquired land in a conservation easement also. All the remaining tracts nominated by the lessee for sale meet the intent of the Land Banking Program and are good candidates for sale. There is no reason to only retain the 280 acre parcel with no legal access. The parcel is oddly configured and difficult to distinguish from the adjacent private land and is located in the middle of the proponent's ranch. There would be little incentive for the surrounding owner to retain a lease and there would be no potential for other lessees. In addition, DNRC management costs would likely increase due to the difficulty of managing a small isolated acreage entirely within the ranch boundary.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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

EA Checklist Approved By:	**Name:** Garry Williams	
	Title: Area Manager, Central Land Office	
Signature: Garry Williams		**Date**: 4/22/2008

/S/ Garry Williams



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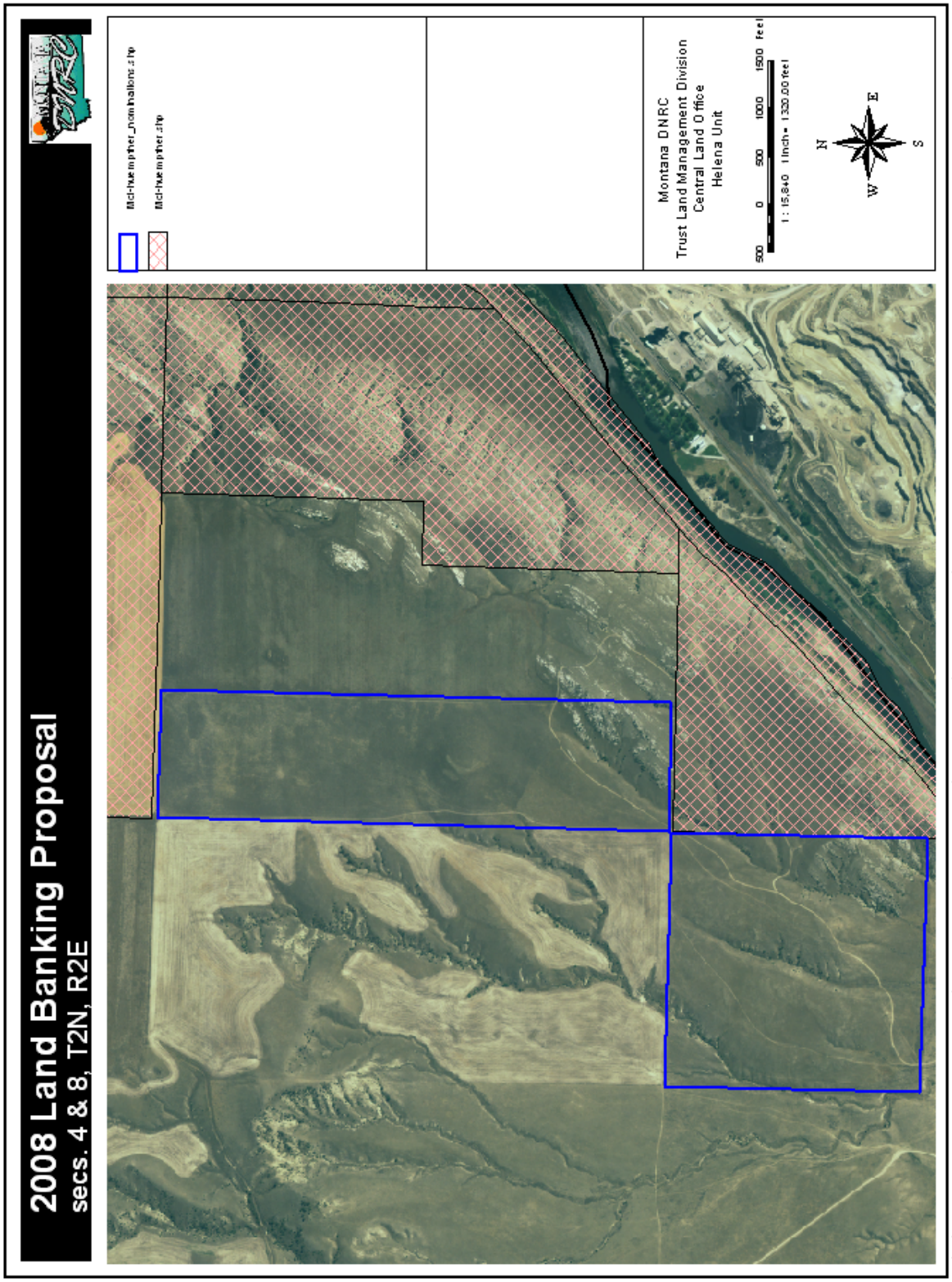
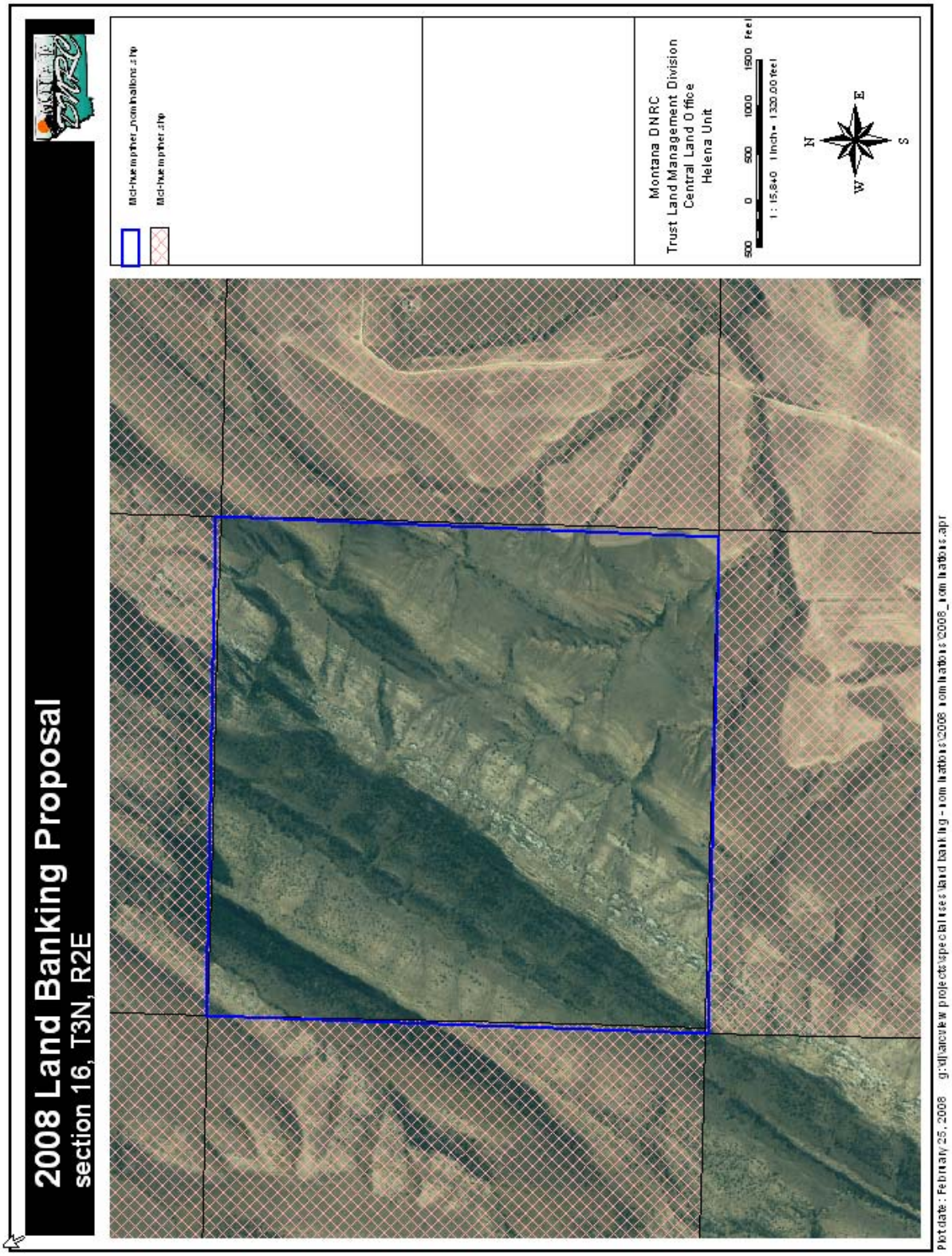
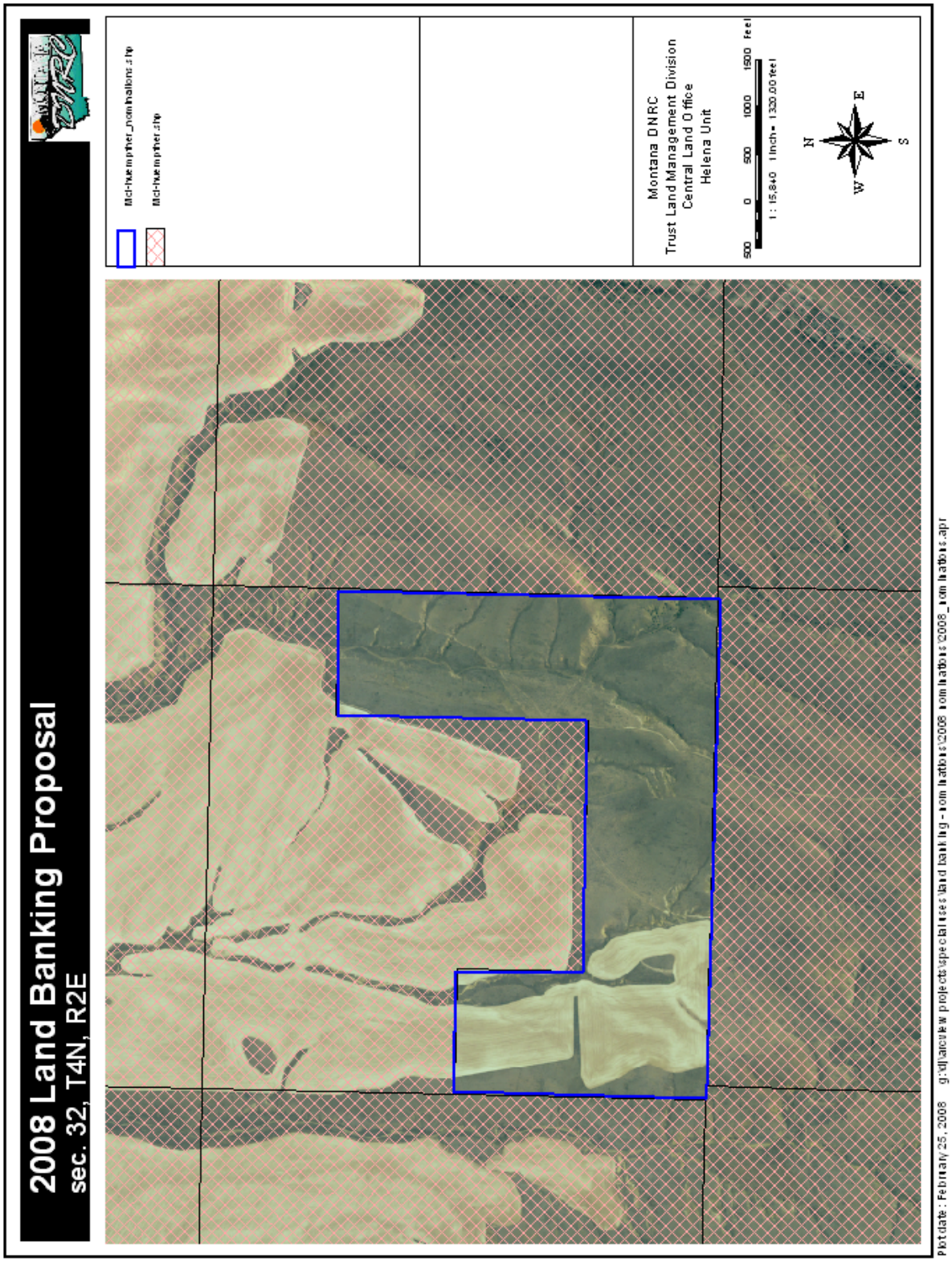
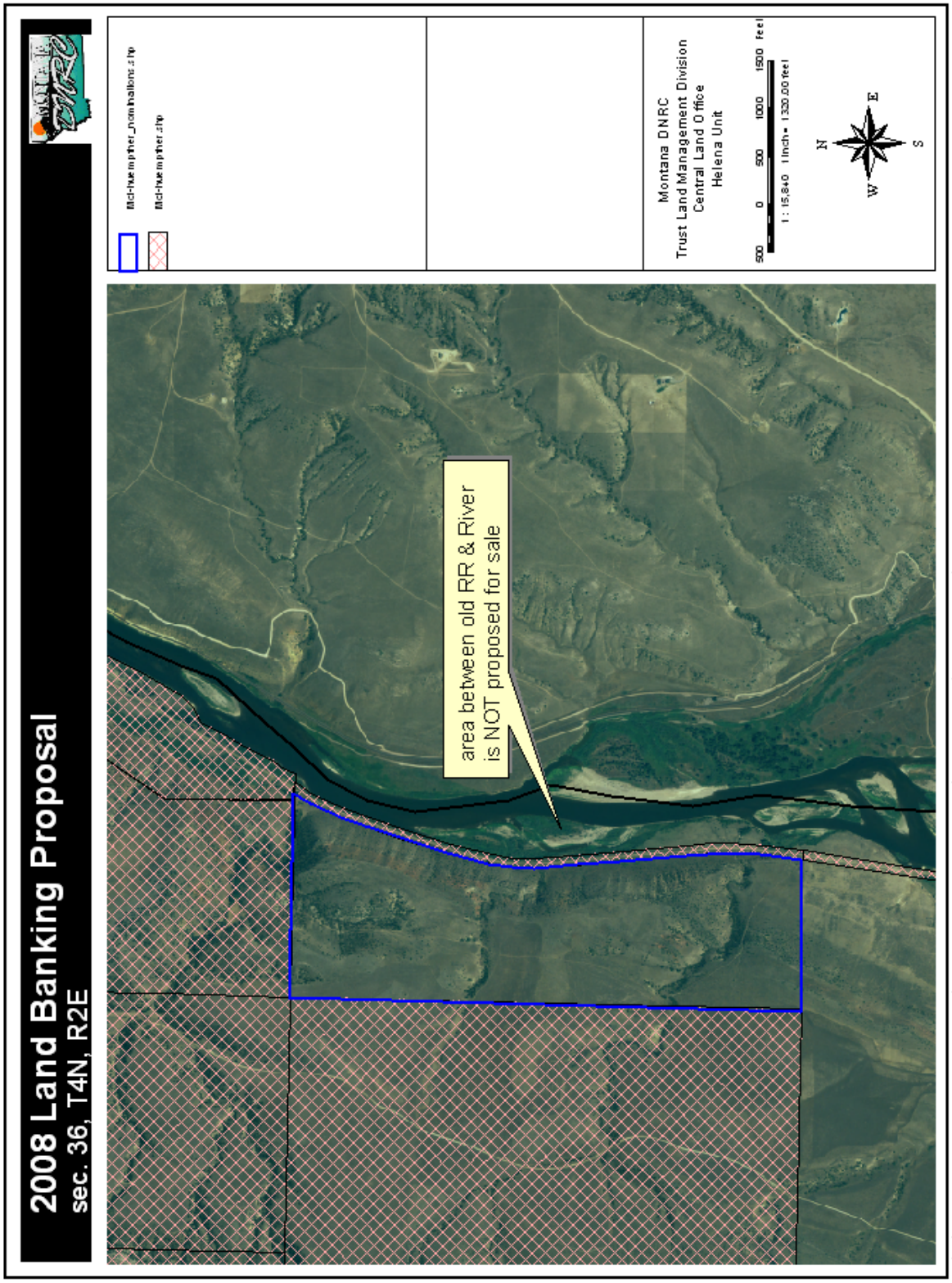

2008 Land Banking Proposal
secs. 4 & 8, T2N, R2E
Montana DNRC
Trust Land Management Division
Central Land Office
Helena Unit
500 0 500 1000 1500 feet
1 : 15,840 1 inch = 1320.00 feet
N
W
E
S
Plot date : February 25, 2008


2008 Land Banking Proposal
section 16, T3N, R2E
Mid-hucmpther_nominations.shp
Mid-hucmpther.shp
Montana DNRC
Trust Land Management Division
Central Land Office
Helena Unit
500 0 500 1000 1500 feet
1 : 15,840 1 inch = 1,320.00 feet
N
E
W
S
Plot date: February 25, 2008 g:\dj\andrew projects\special uses\land banking - nominations\2008 nominations\2008_nominations.apr


2008 Land Banking Proposal
sec. 32, T4N, R2E
Mcl-hue mpther_nominations.shp
Mcl-hue mpther.shp
Montana DNRC
Trust Land Management Division
Central Land Office
Helena Unit
500 0 500 1000 1500 feet
1 : 15,840 1 inch = 1320.00 feet
N
E
S
W
Plot date: February 25, 2008 g:\dj\arcview projects\special uses\land banking - nominations\2008 nominations\2008_nominations.apr


2008 Land Banking Proposal
sec. 36, T4N, R2E
Mcl-hxemphrer_nomhallons.shp
Mcl-hxemphrer.shp
area between old RR & River
is NOT proposed for sale
Montana DNRC
Trust Land Management Division
Central Land Office
Helena Unit
500 0 500 1000 1500 feet
1 : 15,840 1 Inch = 1320.00 feet
N
W
E
S
Plot date : February 25, 2008 g:\dj\arcview projects\specialuses\land banking - nomhallons\2008 nomhallons\2008_nomhallons.apr

Attachment B

Land Banking Contacts
2008 Helena Unit Proposals

Person	Organization
James V. Hohn	Broadwater County Commissioner
K.C. Lynn	Broadwater County Commissioner
Gail M.Vennes	Broadwater County Commissioner
Scott Sales	House Representative (R) Dist 68
Joe Balyeat	Senate (R) Dist 34
Rick Ripley	House Representative (R)
John Cobb	Senate (R)
Mike & Cynthia Huempfner	Owners, MCL Land & Livestock and nominating lessee
Bettina Jay Haskell Gibbs and Lawrence Gibbs	Neighboring owner
Double F Corp.	Neighboring owner
Mary Sexton	DNRC Director
Joe Lamson	DNRC Deputy Director
Tom Schultz	DNRC TLMD
Kevin Chappell	DNRC Ag./Grz. Mngt.
Monty Mason	DNRC Mineral Mngt.
David Groeschl	DNRC Forest Mngt.
Jeanne Holmgren	DNRC Real Estate Mngt.
John Grimm	DNRC Land Banking Supervisor
Tom Hughes	DNRC Hydrologist
Pat Rennie	DNRC Archaeologist
Pat Flowers	R-3 DFWP – Regional Supervisor
Kurt Alt	FWP – Wildlife Manager
Sam Sheppard	FWP-Warden Captain
Ann Hedges	Montana Environmental Information Center
Bill Orsello	Montana Wildlife Federation
Stan Frasier	Montana Wildlife Federation
Larry Copenhaver	Montana Wildlife Federation
Craig Sharpe	Montana Wildlife Federation
Bob Vogel	Montana School Boards Association
Daniel Berube	
Ellen Engstedt	Montana Wood Products
Harold Blattie	Montana Association of Counties
Janet Ellis	Montana Audubon Society
Leslie Taylor	MSU Bozeman
Nancy Schlepp	Montana Farm Bureau Federation
Ray Marxer	Matador Cattle Company
Rosi Keller	University of Montana
Caroline Sime	The Wildlife Society, Montana Chapter
Jack Atcheson, Sr.	
Darold Bennett	
Tribal Historic Preservation Office	Confederated Salish & Kootenai Tribe
Townsend Star (weekly)	Legal Notice (2/28, & 3/6)
Bozeman Chronicle (daily)	Legal Notice (2/27, & 3/2)
Andy Kerr	
Melissa Tuemmler	
Chuck Hahn	
Judy Roland	
Dennis Williams	

The wildlife species listed below are either know by FWP to occur in this area or are derived from database searches of species occurrence catalogued by the Montana Heritage Program.

Mammals

Masked Shrew
Montane Shrew
Long-Legged Myotis
Long-Eared Myotis
Pika
White-tailed Jackrabbit
Yellow-Pine Chipmunk
Yellied-Bellied Marmot
Richardson's Ground Squirrel
Columbian Ground Squirrel
Golden-Mantled Ground Squirrel
Black-Tailed Prairie Dog
Red Squirrel
Northern Pocket Gopher
Deer Mouse
Bushy-Tailed Woodrat
Gapper's Red-Backed Vole
Heather Vole
Meadow Vole
Montane Vole
Long-Tailed Vole
Sagebrush Vole
Porcupine
Coyote
Red Fox
Black Bear
Grizzly Bear
Raccoon
Marten
Ermine
Lease Weasel
Wolverine
Badger
Striped Skunk
Bobcat
Elk
Mule Deer
White-tailed Deer
Moose
Pronghorn Antelope
Mountain Goat
Mountain Sheep

Birds

Wild Turkey
Pied-billed Grebe
Eared Grebe
Western Grebe

Double-crested Cormant
Great Blue Heron
Great Egret
Ruffed grouse
Blue grouse
Ring-necked pheasant
Greater White-fronted Goose
Snow Goose
Canada Goose
Wood Duck
Green-winged Teal
Mallard
Northern pintail
Blue-winged Teal
Cinnamon Teal
Northern Shoveler
Gadwall
American Wigeon
Canvasback
Redhead
Ring-necked Duck
Lesser Scaup
White-winged Scoter
Common Goldeneye
Bufflehead
Ruddy Duck
Turkey Vulture
Osprey
Bald Eagle
Northern harrier
Cooper's Hawk
Red-tailed Hawk
Ferruginous Hawk
Rough-legged Hawk
Golden Eagle
American Kestrel
Merlin
Gyrfalcon
Prairie Falcon

Birds Cont.

Sora
American Coot
Sandhill Crane
Black-bellied Plover
American Golden-Plover
Semipalmated Plover
Killdeer
Black-necked Stilt
American Avocet
Greater Yellowlegs
Lesser Yellowlegs
Willet
Spotted Sandpiper
Long-billed Curlew
Least Sandpiper
Baird's Sandpiper
Stilt Sandpiper
Long-billed Dowitcher
Wilson's Snipe
Wilson's Phalarope
Red-necked Phalarope
Franklin's Gull
California Gull
Herring Gull
Glaucous Gull
Sharp-tailed grouse
Common Tern
Hungarian partridge
Mourning Dove
Great Horned Owl
Northern Pygmy Owl
Great Gray Owl
Belted Kingfisher
Williamson's Sapsucker
Red-naped Sapsucker
Downy Woodpecker
Hairy Woodpecker
Northern Flicker
Pileated Woodpecker
Western Wood Pewee
Willow Flycatcher
Least Flycatcher
Hammond's Flycatcher
Dusky Flycatcher
Cordilleran Flycatcher
Western Kingbird
Eastern Kingbird
Horned Lark
Tree Swallow
Violet-green Swallow
Northern Rough-winged Swallow
Bank Swallow
Cliff Swallow
Bank Swallow
Gray Jay
Steller's Jay
Pinyon Jay
Clark's Nutcracker
Black-billed Magpie
American Crow
Common Raven
Black-capped Chickadee
Mountain Chickadee
Red-breasted Nuthatch
Brown Creeper
House Wren
Winter Wren
Marsh Wren
American Dipper
Golden-crowned Kinglet
Ruby-crowned Kinglet
Mountain Bluebird
Townsend's Solitaire
Veery
Swainson's Thrush
Hermit Thrush
American Robin
Varied Thrush
Gray Catbird
American Pipit
Cedar Waxwing
European Starling
Warbling Vireo
Orange-crowned Warbler
Yellow Warbler
Yellow-rumped Warbler
Townsend's Warbler
MacGillivray's Warbler
Common Yellowthroat
Wilson's Warbler
Western Tanager
Chipping Sparrow
Clay-colored Sparrow
Vesper Sparrow
Lark Sparrow
Lark Bunting
Savannah Sparrow
Song Sparrow
Lincoln's Sparrow
White-throated Sparrow
White-crowned Sparrow
Dark-eyed Junco
Bobolink
Red-winged Blackbird
Western Meadowlark
Yellow-headed Blackbird
Brewer's Blackbird
Common Grackle
Brown-headed Cowbird
Bullock's Oriole
Pine Grosbeak
Cassin's Finch
House Finch
Red Crossbill
White-winged Crossbill
Pine Siskin
American Goldfinch

Amphibians

Long-toed Salamander
Boreal Toad
Leopard Frog

Reptiles

Painted Turtle
Rubber Boa
Plains Hognose
Racer
Bullsnake
Common Garter Snake
Western Garter Snake
Prairie Rattlesnake