AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, March 18, 2013, at 9:00 a.m.
Justice Building, Supreme Court Courtroom
215 N. Sanders
Helena, MT

ACTION ITEMS

313-1 **DPHHS: Set Minimum Bid for Sale – Warm Springs Store**
Benefits: NA (non-Trust Land)
Location: Deer Lodge County
APPROVED 5-0

313-2 **Land Banking Parcels: Preliminary Approval for Sale**
Benefits: Common Schools, MSU Morrill
Location: Beaverhead County
APPROVED 5-0

313-3 **Land Banking Parcels: Set Minimum Bid for Sale**
Benefits: Common Schools
Location: Broadwater County
APPROVED 5-0

313-4 **Timber Sale: Lake Rogers**
Benefits: Common Schools, Montana Tech
Location: Flathead County
APPROVED 5-0

313-5 **Communitization Agreement: Whiting Oil and Gas Corporation**
Benefits: Common Schools
Location: Richland County
APPROVED 5-0

313-6 **Oil and Gas Lease Sale (March 5, 2013)**
Benefits: Common Schools
Location: Daniels, Dawson, Fallon, Glacier, Musselshell, Richland, Roosevelt, and Valley Counties
APPROVED 5-0

313-7 **Disclaimer of Interest: Berrum Addition**
Benefits: NA (non-Trust Land)
Location: Park County
APPROVED 5-0

313-8 **Easements**

A. Rights-of-Way
Benefits: Common Schools, Public Land Trust, Public Buildings
Location: Big Horn, Cascade, Flathead, Lincoln, Sweet Grass, and Yellowstone Counties
APPROVED 5-0

B. Reciprocal Access Agreement: Mount Ellis Easement Exchange
Benefits: Public Buildings
Location: Gallatin County
APPROVED 5-0

PUBLIC COMMENT

LAND BOARD MEETING SIGN-IN SHEET
March 18, 2013

NAME	AFFILIATION	E-MAIL	*Check to be added to the interested parties list.*
Tracey Thun	DPHHS-MSH	trthun@mt.gov	

Contact Lucy Richards at lrichards@mt.gov or indicate on this sign-in sheet if you would like to be placed on the monthly agenda distribution list.

313-1

DPHHS: SET MINIMUM BID FOR SALE – WARM SPRINGS STORE

LAND BOARD AGENDA ITEM

March 18, 2013

SET THE MINIMUM BID FOR
Sale of Land and Water Line Easement at Warm Springs, MT

The Lessee of the Warm Springs Store (adjacent to the Montana State Hospital in Warm Springs, MT) has requested the opportunity to purchase the 5.046 +/- acre lease area from the state. The Lessee proposes to construct a 10-20 unit motel if able to purchase the property.

REQUEST: DPHHS requests to set the minimum bid for sale of

1. **5.046 +/- acre parcel of land, and**
2. **Water line easement serving the Warm Springs Store.**

SELLER: Department of Health and Human Services, Montana State Hospital (MSH)

BENEFICIARY: This is non-trust land. Proceeds will benefit MSH.

BACKGROUND: The parcel is in the SW¼SW¼ of Section 18, Township 5 North, Range 9 West, Deer Lodge County, Montana. The proposed sale area is west of the Interstate 90 frontage road, east of the railroad right-of-way, and north of the entrance road to MSH (see Map 1)

The Department of Health and Human Services has leased the parcel to the Warm Springs Store since the early 1990's. DNRC manages the lease on behalf of MSH.

The property is not needed for the current and future operation of the MSH. Sale of the property would promote additional commercial development at Warm Springs, which provide for additional services in Warm Springs for the benefit of MSH, staff, clients and their families.

MSH operates a sewer treatment system and lagoons on the east side of Interstate 90. The store receives sewer services from MSH. The sewer main from MSH to the lagoons crosses the potential sale area. MSH will reserve an easement across the parcel to provide access and maintenance of the MSH sewer main.

The City of Anaconda owns the water line and provides potable water service to MSH and the store. Water from Anaconda enters the MSH water system and from there a service line extends east to the store, where it terminates. The store currently receives water directly from the MSH, at no charge, as provided in the store's commercial lease. The buyer will purchase an easement and the existing water line serving the store All responsibility for the water line will be the purchaser's.

The Land Board granted Preliminary Approval to sell this property in April 2010.

AGENCY RECOMMENDATION:
Based on appraised value, the Director recommends the minimum bid amount as follows:

# of Acres	Appraised Value of Land	Appraised Value of Water Line	Recommended Minimum Bid for both Land and Water Line	Trust
5.046 ±	$71,000	$11,000	$82,000	Non-Trust

PROPOSAL: The attached map shows the approximate area proposed for sale, and the proposed easements to secure a water and sewer line rights-of-way.

The sale agreement will include the following terms:

- MSH will continue to provide sewer service to the store for a fee to be based upon the buyer's proportional share of use.

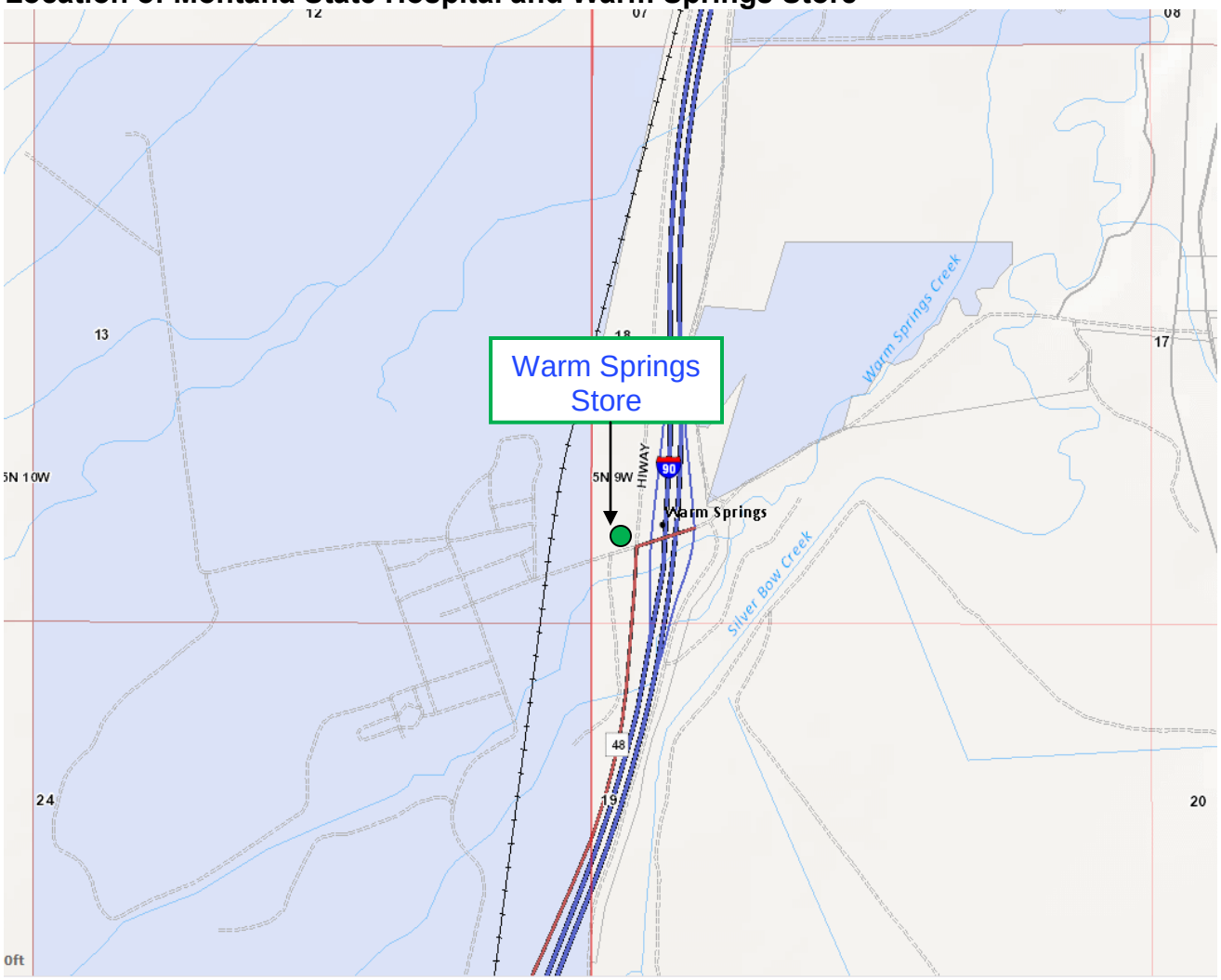
- The buyer will be responsible for a proportional share of sewer system maintenance, repair, upgrades, fees and operating costs.

- Anaconda is unable to meter and bill the store for its water use separately from the MSH. The buyer will install a water meter will be billed by MSH for water used at the same rate that Anaconda assesses the MSH.

- The buyer will install and maintain fencing and other screening to visually separate the store from the MSH. The buyer will also agree to certain restrictions on signage and references to the MSH and its clients in advertising and promotional materials.

AGENCY RECOMMENDATION: DPHHS Director believes this proposed land sale would benefit the MSH, clients and their families. The Director requests that the minimum bid for this sale be set at the amount stated above.

Location of Montana State Hospital and Warm Springs Store



Location of Proposed Sale Area and Sewer and Water Line Easements

313-2

LAND BANKING PARCELS:

PRELIMINARY APPROVAL FOR SALE

LAND BOARD AGENDA ITEM
March 18, 2013

PRELIMINARY APPROVAL FOR SALE OF LAND BANKING PARCEL # 281, 282 & 283 BEAVERHEAD COUNTY

Seller: State of Montana, Department of Natural Resources and Conservation

Nominators: Parcels 281-283 – Lessee, Clark Canyon Ranch, LLC

Location: Parcels 281-282 – are located 2 miles north of Lima.

Property Characteristics: Parcels 281-283 – These parcels is flat to gently rolling and used primarily for livestock grazing except for 0.6 acres used for irrigated hay ground.

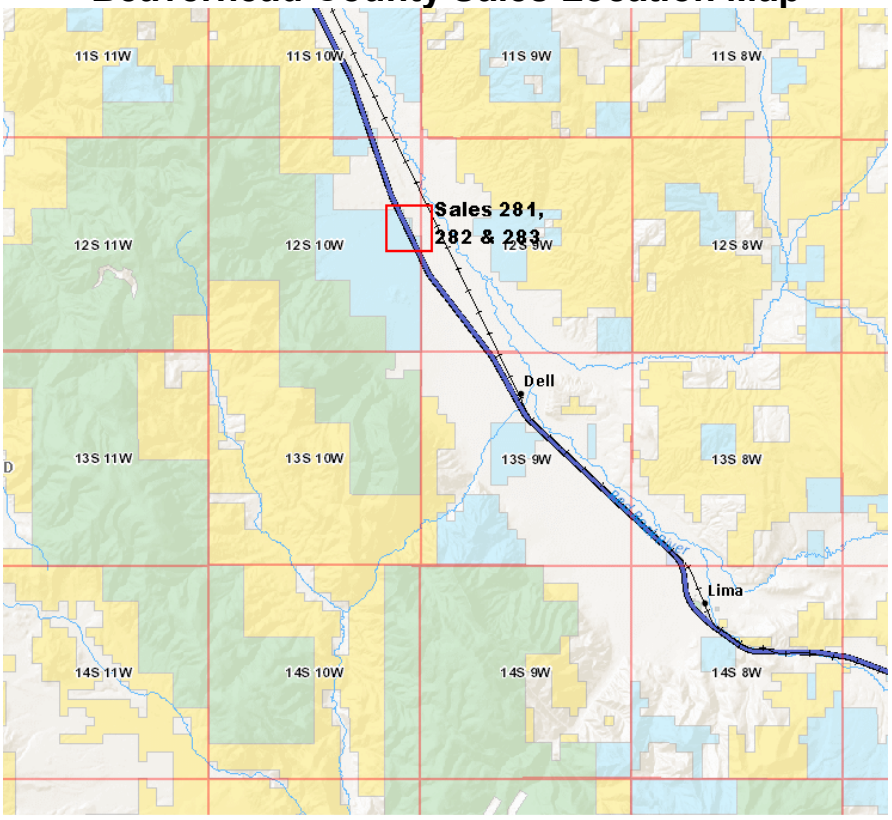
Access: All three of these parcels boarder Interstate 15 to the east and are a remnant of a larger block of state ownership severed upon construction of I-15.
Parcel 281 – Is legally accessibly by the public via I-15 Kidd Exit.
Parcel 282 & 283 – Are not legally accessibly by the public and adjoin the lessee's private land to the east.

County	Sale #	# of Acres	Legal	Trust
Beaverhead	281	7±	Pt in NE¼NW¼, East of I-15 & North Kidd Exit, Section 13, T12S-R10W	MSU Morrill
Beaverhead	282	78±	Pt in SE¼SE¼, East of I-15, all lands lying east of I-15 & South of Kidd Exit in W½SE¼SW¼NE¼, AND SE¼NW¼, Section 13, T12S-R10W	MSU Morrill & Common Schools
Beaverhead	283	15±	Pt lying East of I-15, Section 24, T12S-R10W	MSU Morrill
Total Acres		**100±**		

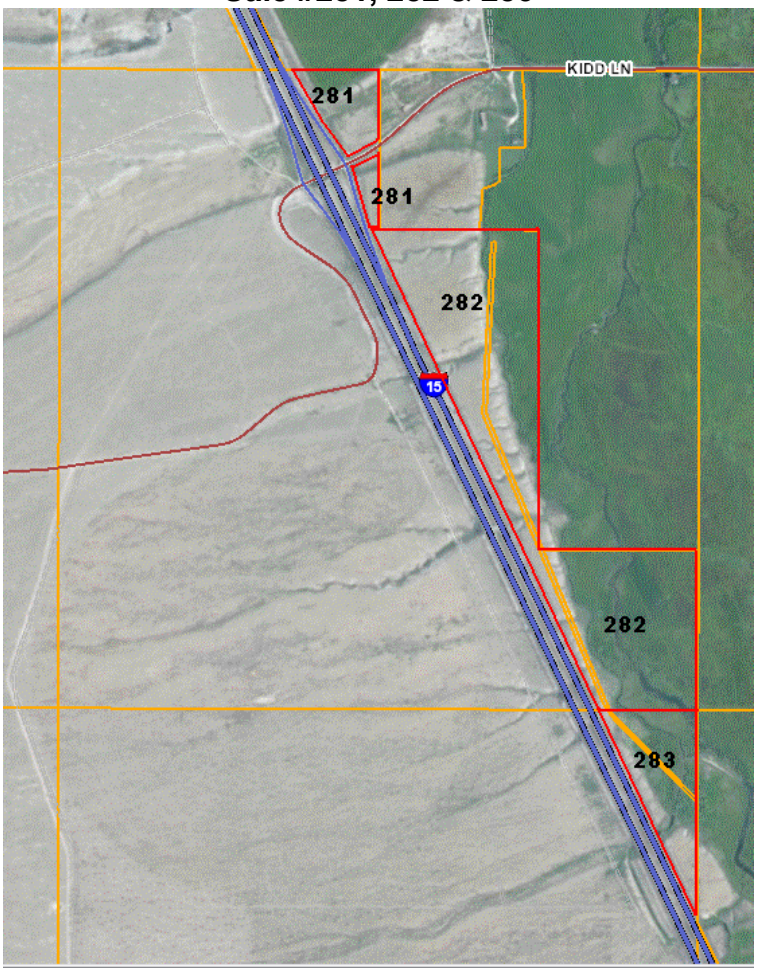
MEPA Issues: Parcels 281-283 – None

Recommendation: The Director recommends that the Board give preliminary approval to sell Parcels # 281-283.

Beaverhead County Sales Location Map



Sale #281, 282 & 283



313-3

LAND BANKING PARCELS:

SET MINIMUM BID FOR SALE

LAND BOARD AGENDA ITEM
March 18, 2013

SET MINIMUM BID FOR LAND BANKING PARCELS # 302, 303, 336 & 337 BROADWATER COUNTY

Seller: State of Montana, Department of Natural Resources and Conservation

Nominator: Parcels 302, 303, 336 & 337 – Lessee – MCL Land & Livestock

Location: Parcels 302, 303, 336 & 337 – are located approximately 5 miles northeast of Three Forks.

Property Characteristics: Parcels 302, 303 & 336 –Low value grazing land with very little recreational value due low productivity and open terrain.

Parcel 337 - Contains approximately 60 acres of agricultural land along with the 220 acres of grazing land. The agricultural land and the grazing lands are both below average in productivity and income for the respective classifications when compared to trust lands across the state.

Access: Parcels 302, 303, 336 & 337 - These parcels are entirely surrounded by private lands and are not legally accessible.

Economic Analysis: Short term – The rate of return on the sale parcels is 0.45% for Common Schools Grant. They would continue to receive this return if the parcels remain in state ownership.

Long term – The sale of these parcels would result in the acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 2.06%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

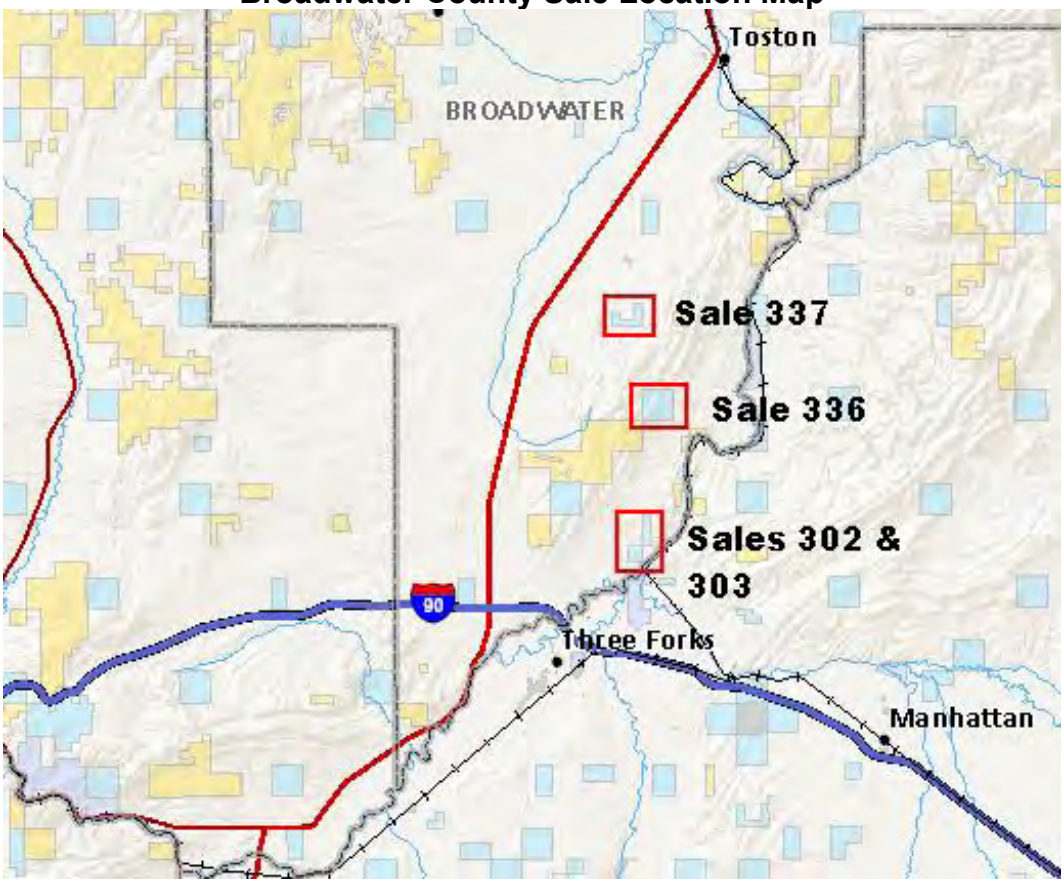
The Schmitt Site (24BW559) is located immediately adjacent to (east of) the state parcel in Section 4, T2N R2E on private land. This unique Native American mine complex and associated campsite was operated ca. 2,700-2,000 years ago, but its full purpose is not understood. Montana State University conducted excavations at one of the mine features over a 15 year period beginning in the mid-1970's. The site and all of its components have not been mapped. Subsurface testing of the state land in Section 4, T2N R2E did not reveal any cultural materials. Sale of this parcel should have No Effect to Heritage Properties.

Agency Recommendation:

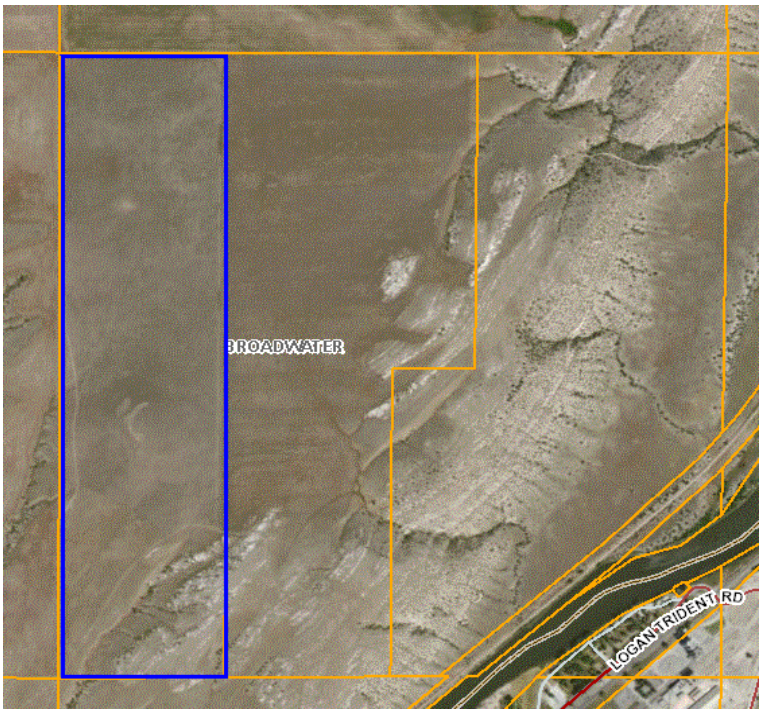
Based on appraised value, the Director recommends the minimum bid amounts as follows:

Sale #	# of Acres	Appraised Value Without Access	Appraised Value With Access	Appraised Value/Acre With Access	Recommended Minimum Bid	Trust
302	161.63 ±	$46,000	$85,000	$526	$85,000	Common Schools
303	160 ±	$45,000	$84,000	$525	$84,000	Common Schools
336	637.84 ±	$103,000	$191,000	$300	$191,000	Common Schools
337	280 ±	$154,000	$285,000	$1,018	$285,000	Common Schools
				Total	**$ 645,000**	

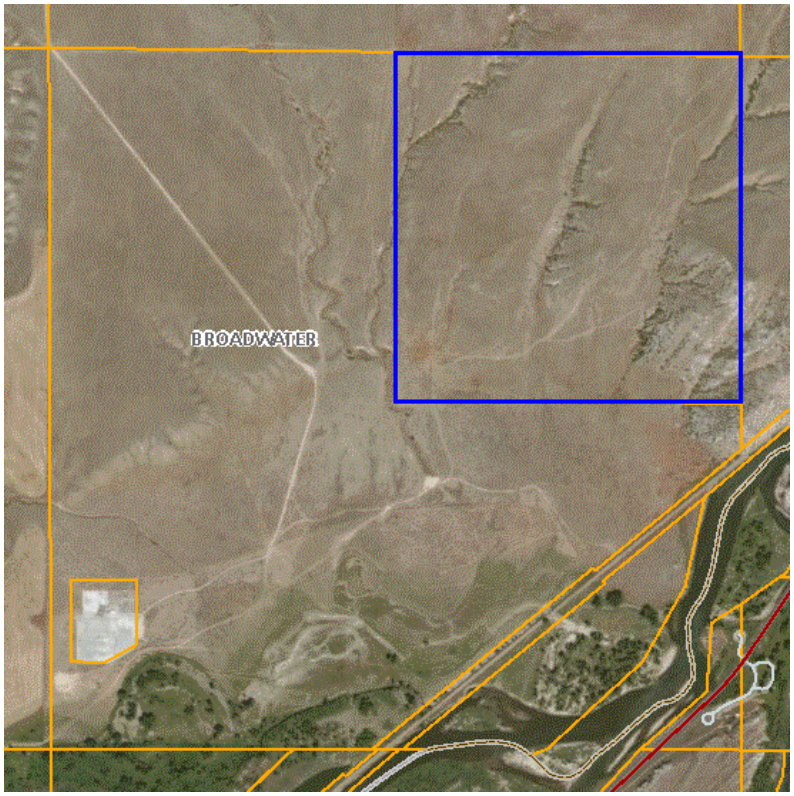
Broadwater County Sale Location Map



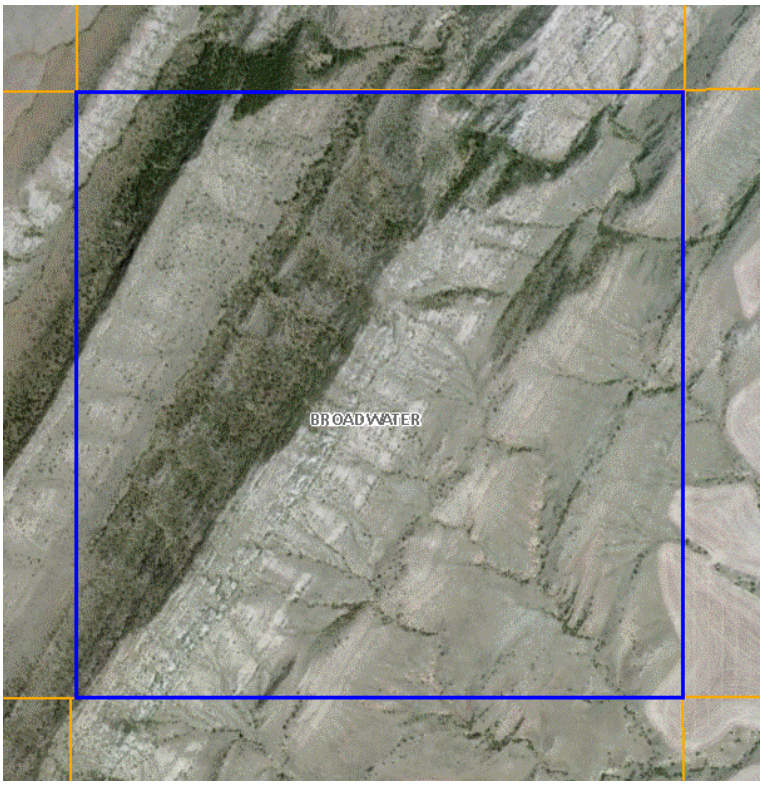
Sale #302



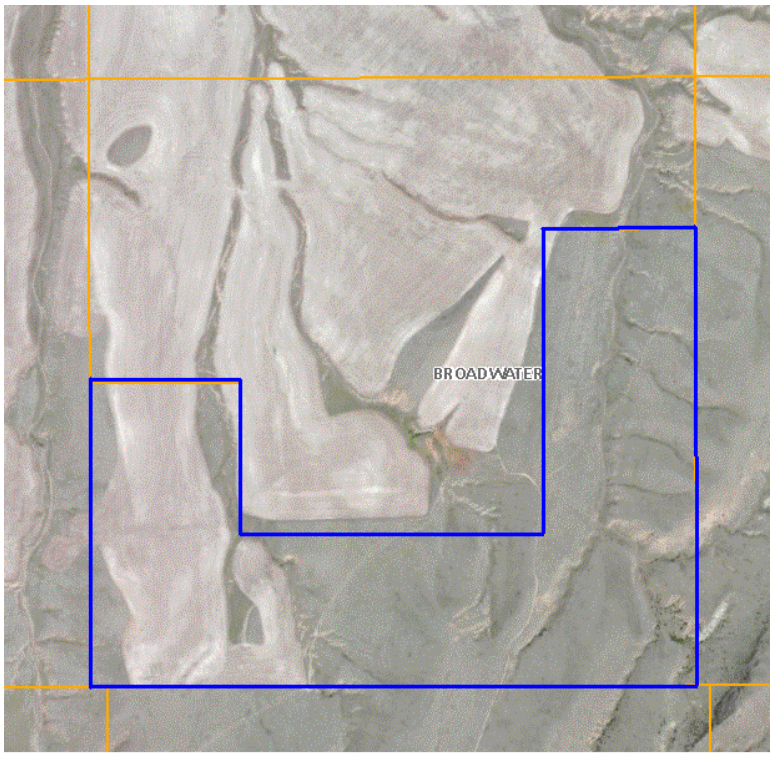
Sale #303



Sale #336



Sale #337



313-4

TIMBER SALE: LAKE ROGERS

LAKE ROGERS TIMBER SALE

March 18, 2013
Land Board

Location of Sale:

- Kalispell Unit (NWLO) – Located approximately 20 air miles southwest of Kalispell, Montana
- Flathead County – Section 30, T27N-R23W; Section 36, T27N-R24W
- Trusts – 51% Common Schools, 49% Montana Tech
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated volume is 16,995 tons (2,499 MBF) with a conversion factor of 6.8 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume (tons)	Total Minimum Sale Value
$13.81	$3.70	$17.51	16,995	$297,582.45

Sale & Harvest Treatments:

- The sale consists of 3 harvest units totaling 797 acres.
- Intermediate treatments (improvement cutting) would address disease infected trees; and suppressed and intermediate trees showing poor vigor.
- Timber harvest would focus on improving the current and future productivity of forest stands in the project area and ensuring the future forest stands meet the objectives of biodiversity and productivity for the benefit of the associated school trusts.
- No old growth would be harvested or is present in the project area.

Harvest Systems:

- 100% tractor.

Roads:

- Approximately 900 feet of road will be constructed. Upon completion of the sale, the area will be grass seeded.

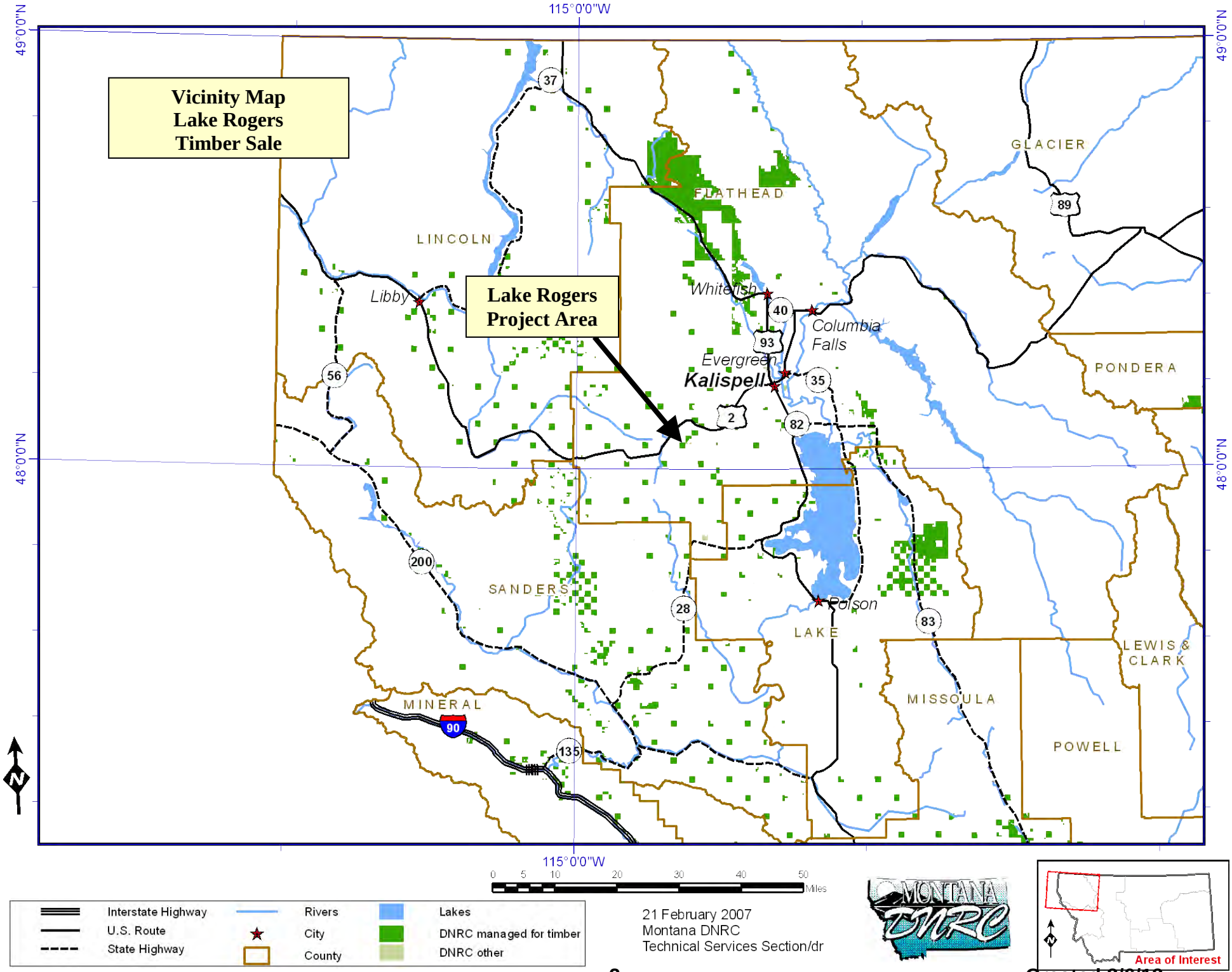
Public Involvement:

On 06/29/2012, the DNRC sent scoping letters to adjacent landowners and other known interested parties and organizations. A public notice was posted in *The Daily Interlake* on 07/01/2012 and 07/08/2012. One letter was received and offered support of the project as proposed. One e-mail was received and expressed concerns over a nearby eagle nest and a loon nest on Lake Rogers. Hydrological, soils, wildlife and vegetative issues were identified by DNRC specialists and field foresters for both the No Action and the Action Alternative. The Interdisciplinary Team (ID Team), made up of DNRC's wildlife biologist and hydrologist began compiling the issues and gathering information related to current conditions. The issues and concerns identified through public scoping were summarized and used to further refine the project.

Issues & Mitigations:

- Nesting eagles and loons: The eagle's nest is over a ½ mile away from the nearest harvest unit. Winter harvest requirements will minimize any disturbance to eagles and loons.

The Director recommends the Land Board direct the Department to approve the Lake Rogers Timber Sale.



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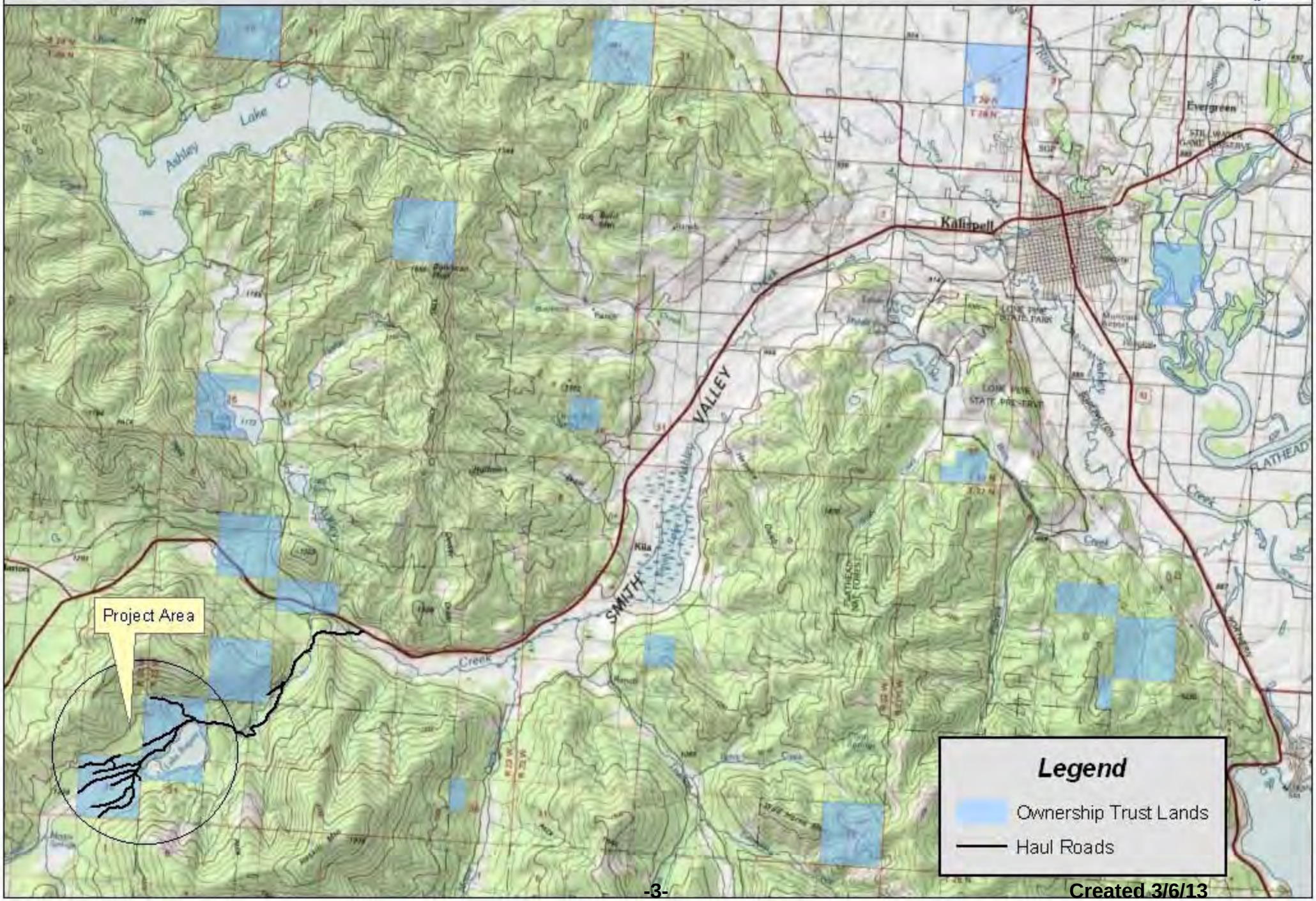
Lake Rogers Project Area
S. 30, T27N, R23W
S. 36, T27N, R24W

Attachment A



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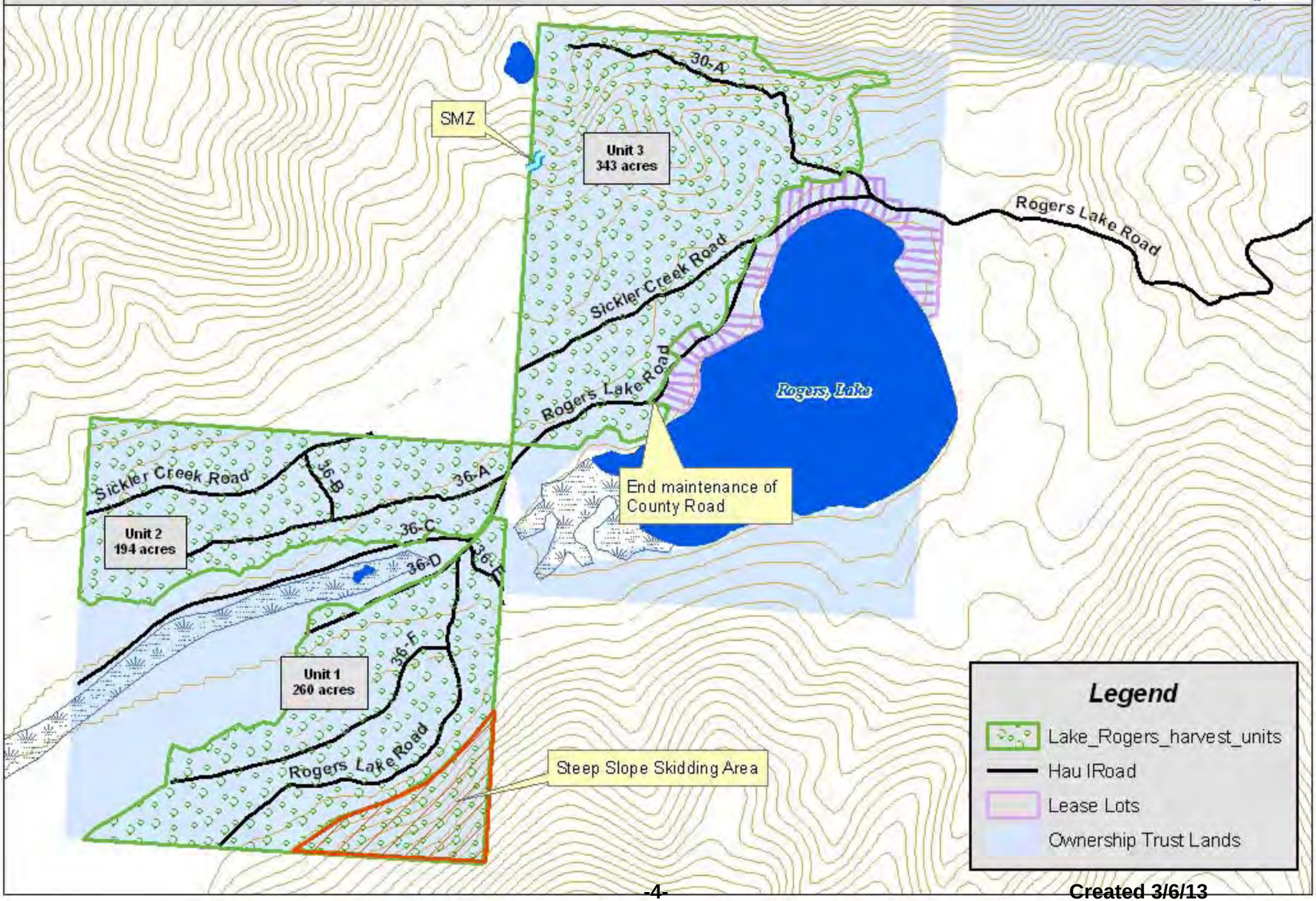
Lake Rogers Harvest Area Map
S. 30, T27N, R23W
S. 36, T27N, R24W

Attachment A



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313-5

COMMUNITIZATION AGREEMENT:

WHITING OIL AND GAS CORPORATION

REQUEST FOR APPROVAL OF COMMUNITIZATION AGREEMENT
MARCH 18, 2013
LAND BOARD

Whiting Oil and Gas Corporation
1700 Broadway, Suite 2300
Denver, CO 80290-2300

Township 26 North, Range 57 East
Section 16: ALL
Section 21: ALL
1,280 Acres
Richland County

State Tract
Section 16: ALL
640 Acres
Common Schools Trust = 100%

Whiting Oil and Gas Corporation has filed a request with the Department for the approval of a communitization agreement to communitize State owned acreage to permit development in conformity with regulations of the Montana Board of Oil and Gas Conservation Commission (BOGC).

A communitization agreement brings together small tracts sufficient for the granting of a well permit under applicable spacing rules. Communitization agreements are not formed until after a well has been drilled and proven to be productive. The communitization agreement provides for distribution of royalties and must be approved and signed by the Department to be effective. Communitization is important in the prevention of drilling of unnecessary and uneconomic wells which would result in physical and economic waste.

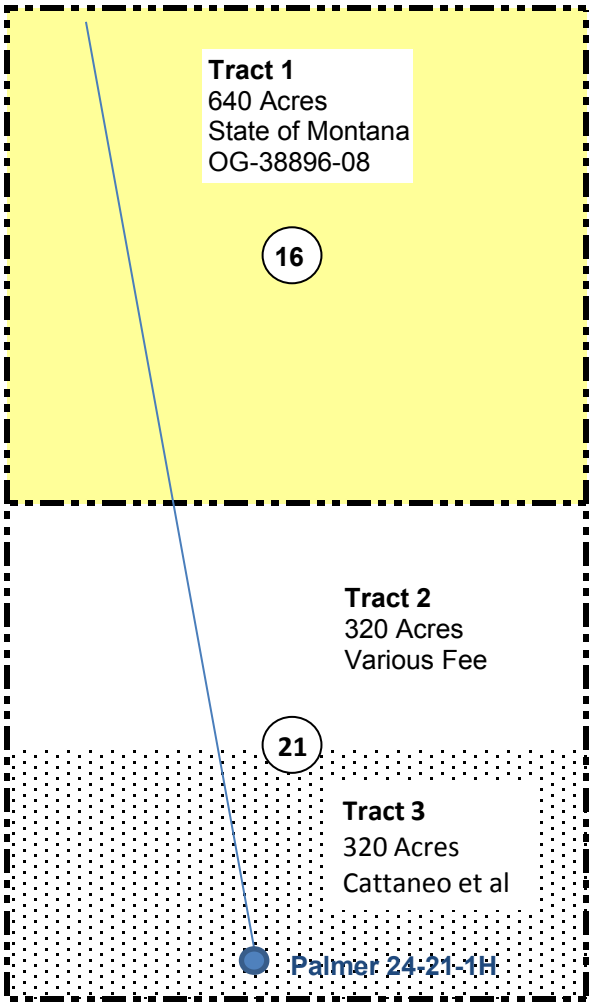
The Palmer 24-21-1H well, which is a Bakken formation oil well, was drilled in the SE4SW4 of Section 21. This spacing unit has a total of 1280 acres. The Department owns 640 acres of the 1,280 mineral acres in the permanent spacing unit that will be communitized. All the mineral owners in the spacing unit will share in the royalty from this well. The Communitization Agreement shall include said lands from the Bakken/Three Forks Formation only in Sections 16 & 21.

The Department's tract comprises 50% of the communitized area. The communitized production will be allocated to each tract based upon the relationship of its acreage to the total acreage within the communitized area. The Department will consequently receive 8.33% of all oil production (16.67% royalty rate x 50% tract participation).

The Communitization Agreement will allow the State to receive its proper share of production from the spacing unit. Therefore, the Director recommends approval of this Communitization Agreement.

Township 26 North Range 57 East

Sections 16 & 21



Recapitulation

Tract No.	*Type*	*Acres*	*Tract Participation*	*Royalty %*	*Owners Interest Decimal*
1	State of Montana	640.00	50.00%	16.67%	0.083350
2	Various Fee	320.00	25.00%	15.50%	0.038750
3	Cattaneo et al	320.00	25.00%	16.67%	0.041675
Total		1280.00	100.00%		

** The Operator of the Communitized Area is Whiting Oil and Gas Company*

313-6

OIL AND GAS LEASE SALE

(MARCH 5, 2013)

OIL AND GAS LEASE SALE (MARCH 5, 2013)
MARCH 18, 2013
Land Board

The Department of Natural Resources and Conservation held an oil and gas lease sale on March 5, 2013, in the Auditorium at the Department of Transportation building. A total of 29 tracts were offered for lease. Twenty-five tracts were leased for a total of $1,011,278.00. The 25 tracts that were sold covered a total of 12,596.33 acres. The average bid per acre was $80.28.

The high competitive bid for the March 5th sale was $2,225.00 per acre for Tract 27 and the largest total bid was $320,000.00 for Tract 26, both in Roosevelt County.

The Director requests Land Board approval to issue the leases from the March 5, 2013 sale.

Grants:
Common Schools

Counties:
Daniels
Dawson
Fallon
Glacier
Musselshell
Richland
Roosevelt
Valley

State of Montana
Oil & Gas Lease Sale - March 5, 2013
Lease Sale Results

The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, March 5, 2013.

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Daniels										
1	1, 2, 3, 4, 5, 6, 8	34.N	45.E	1	Lots 3, 4, S2NW4, SW4		320.90	$1.50	$481.35	WPX ENERGY WILLISTON, LLC
2	1, 2, 3, 4, 5, 6, 8	34.N	46.E	6	Lots 1 thru 7, SE4NW4, S2NE4, SE4, E2SW4		629.97	$0.00	$0.00	NO BID
3	1, 2, 3, 4, 5, 6, 8	34.N	46.E	7	Lots 1, 2, E2NW4, NE4	*	314.71	$0.00	$0.00	NO BID
4	1, 2, 3, 4, 5, 6	34.N	47.E	4	Lots 1, 2, 3, 4, S2N2, S2		642.60	$1.50	$963.90	KIRBY L. DASINGER
5	1, 2, 3, 4, 5, 6, 8	35.N	47.E	32	SW4		160.00	$0.00	$0.00	NO BID
6	1, 2, 3, 4, 5, 6, 8	35.N	47.E	33	W2		320.00	$0.00	$0.00	NO BID
7	1, 2, 3, 4, 5, 6, 11	37.N	43.E	4	Lot 8, S2		360.00	$21.00	$7,560.00	WPX ENERGY WILLISTON, LLC
Dawson										
8	1, 2, 3, 4, 5, 6, 7	15.N	56.E	36	All	*	640.00	$6.00	$3,840.00	LONEWOLF ENERGY, INC.
9	1, 2, 3, 4, 5, 6, 7	15.N	57.E	16	All		640.00	$21.00	$13,440.00	KEMMIS LAND SERVICES, INC.
10	1, 2, 3, 4, 5, 6, 7	15.N	57.E	36	All		640.00	$1.50	$960.00	LONEWOLF ENERGY, INC.
11	1, 2, 3, 4, 5, 6, 7	21.N	54.E	16	All	*	640.00	$35.00	$22,400.00	STEWART GEOLOGICAL, INC.
12	1, 2, 3, 4, 5, 6	21.N	55.E	6	Lots 1 thru 7, SE4NW4, S2NE4, SE4, E2SW4		634.20	$50.00	$31,710.00	STEWART GEOLOGICAL, INC.
Fallon										
13	1, 2, 3, 4, 5, 6	10.N	60.E	16	All		640.00	$450.00	$288,000.00	G-SUN LLC
14	1, 2, 3, 4, 5, 6	10.N	60.E	20	NE4	*	160.00	$11.00	$1,760.00	ALAMEDA ENERGY, INC.
15	1, 2, 3, 4, 5, 6	10.N	60.E	36	All	*	640.00	$11.00	$7,040.00	TOMMY C. CRAIGHEAD
Glacier										
16	1, 2, 3, 4, 5, 6, 7, 10	32.N	5.W	36	All	*	640.00	$50.00	$32,000.00	KEESUN CORP.
17	1, 2, 3, 4, 5, 6, 14	33.N	12.W	24	NE4SW4, NW4SE4		80.00	$2.00	$160.00	ANSCHUTZ EXPLORATION CORPORATION
Musselshell										
18	1, 2, 3, 4, 5, 6, 7	9.N	25.E	16	All		640.00	$1.50	$960.00	ZONE EXPLORATION, INC.
19	1, 2, 3, 4, 5, 6, 7, 9	9.N	25.E	36	All		640.00	$13.00	$8,320.00	ZONE EXPLORATION, INC.
20	1, 2, 3, 4, 5, 6, 10	9.N	27.E	36	N2, S2, less patented RR R/Ws	*	613.50	$56.00	$34,356.00	ZONE EXPLORATION, INC.
21	1, 2, 3, 4, 5, 6	10.N	24.E	36	All		640.00	$115.00	$73,600.00	ZONE EXPLORATION, INC.
Richland										
22	1, 2, 3, 4, 5, 6, 7	22.N	53.E	36	All		640.00	$43.00	$27,520.00	KIRBY L. DASINGER
23	1, 2, 3, 4, 5, 6, 7	22.N	54.E	16	All		640.00	$95.00	$60,800.00	CONTINENTAL RESOURCES, INC.
24	1, 2, 3, 4, 5, 6, 7	22.N	54.E	36	All		640.00	$70.00	$44,800.00	STEWART GEOLOGICAL, INC.
25	1, 2, 3, 4, 5, 6, 12, 13	23.N	59.E	26	Yellowstone Riverbed and related acreage		15.70	$450.00	$7,065.00	STEWART GEOLOGICAL, INC.
Roosevelt										
26	1, 2, 3, 4, 5, 6, 7	27.N	57.E	10	NE4SE4, S2SE4, NE4SW4	*	160.00	$2,000.00	$320,000.00	PINE PROPERTIES, INC.
27	1, 2, 3, 4, 5, 6, 14	28.N	58.E	20	Highway tract in the S2SE4 of Section 20 and SW4SW4 of Section 21		9.43	$2,225.00	$20,981.75	PINE PROPERTIES, INC.
Valley										
28	1, 2, 3, 4, 5, 6	31.N	37.E	16	All		640.00	$2.00	$1,280.00	PETRO-HUNT, LLC
29	1, 2, 3, 4, 5, 6	31.N	37.E	36	All		640.00	$2.00	$1,280.00	PETRO-HUNT, LLC

* Part or all of tract is not state-owned surface

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Transportation	89.43	2
Dept. of Natural Resources and Conservation	13,931.58	27

Oil and Gas Lease Sale Summary

Total Tracts Offered	**29**
Total Acres Offered	**14,021.01**
Total Tracts Sold	**25**
Total Acres Sold	**12,596.33**
Total Bid Revenue	**$1,011,278.00**
Average Bid Per Acre	**$80.28**

State of Montana
Oil & Gas Lease Sale - March 5, 2013
Stipulations

1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.

2 Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.

4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.

5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.

6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.

7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.

8 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.

9 Active sage grouse lek(s) have been identified on or adjacent to this tract. No activities shall occur on the tract until the proposed action has been approved in writing by the Director of the Department. If surface activity is proposed on the tract, the department will consult with the Director of the Department of Fish, Wildlife and Parks for his or her comments, concerns and recommendations. Additional mitigation measures may be required, including no-surface-occupancy buffers and/or timing restrictions, which may encompass part or all of the tract.

10 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.

11 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.

12 This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.

13 If the lessee completes a successful oil and/or gas well, and if land title is disputed, the lessee shall fund professional land surveys as needed to determine the location and acreage encompassed by the spacing and/or pooling unit and the state lease acreage within that unit. Surveys shall be conducted by a licensed land surveyor acceptable to the Department, and shall be prepared pursuant to survey requirements provided by the Department.

14 No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Director of Montana Department of Transportation.

313-7

DISCLAIMER OF INTEREST:

BERRUM ADDITION

DISCLAIMER OF INTEREST – BERRUM ADDITION
MARCH 18, 2013
LAND BOARD

Berrum v. State of Montana, et.al., Cause No. DV-2013-12
Township 2 South, Range 10 East, P.M.M.
Section 18: A 0.28-acre tract of land located in and adjacent to Block 130 of the Riverside Addition to the City of Livingston

Request:

The Department requests Land Board approval of the attached Disclaimer of Interest for a 0.28-acre tract of land located in the City of Livingston, Park County, Montana, and further described by Certificate of Survey No. 2440.

The parcel to be disclaimed is referred to as the "Berrum Addition" in the Certificate of Survey (Exhibit A) and has been filed with the Park County Clerk and Recorder under Document #374341. Exhibit B shows the approximate location of the Berrum Addition as a dashed yellow line on a 2011 aerial photo.

Discussion:

Thomas R. Berrum has brought suit to quiet title to a tract of land adjacent to and within the abandoned north channel of the Yellowstone River in Livingston, Montana. The suit is filed in State District Court (Cause No. DV-2013-12, Montana Sixth Judicial District Court, Park County).

The Department has reviewed the available information and has concluded the State of Montana has no claim to the disputed lands (see attached Exhibits A and B), the Berrum Addition, represented on Certificate of Survey No. 2440. A disclaimer of interest would properly remove the State from the quiet title action. The Department therefore requests authorization to issue a disclaimer of interest for the subject parcel.

County: Park
Trust: None (Non-State land)

DISCLAIMER OF INTEREST FROM THE STATE OF MONTANA

THE STATE OF MONTANA, acting through the State Board of Land Commissioners, whose address is P.O. Box 201601, Helena, MT, 59620-1601, does hereby disclaim all interest in and to the following-described real property located in Park County, Montana, to wit:

> The Berrum Addition, located in and adjacent to Block 130 of the Riverside Addition to the City of Livingston, Section 18, Township 2 South, Range 10 East, P.M.M., County of Park, State of Montana, as described on Certificate of Survey No. 2440 on file in the office of the Clerk and Recorder of said County, under Document # 374341.

IIN 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 of the Montana 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 _____, 2013.

(GREAT SEAL OF
THE STATE OF MONTANA)

_____
STEVE BULLOCK
Governor of the State of Montana

ATTEST:

_____
LINDA McCULLOCH
Secretary of State

Countersigned by:

_____
JOHN E. TUBBS,
Director, Department of Natural Resources
& Conservation

(GREAT SEAL OF
THE STATE BOARD
OF LAND COMMISSIONERS)

STATE OF MONTANA)
:ss
County of Park) Document No.

Filed for record this _____day of _____, 2013 at _____o'clock ___M., recorded in Book _____of deeds on Pages _____of the records of Park County Clerk and Recorder.

Clerk & Recorder

By: _____,
Deputy

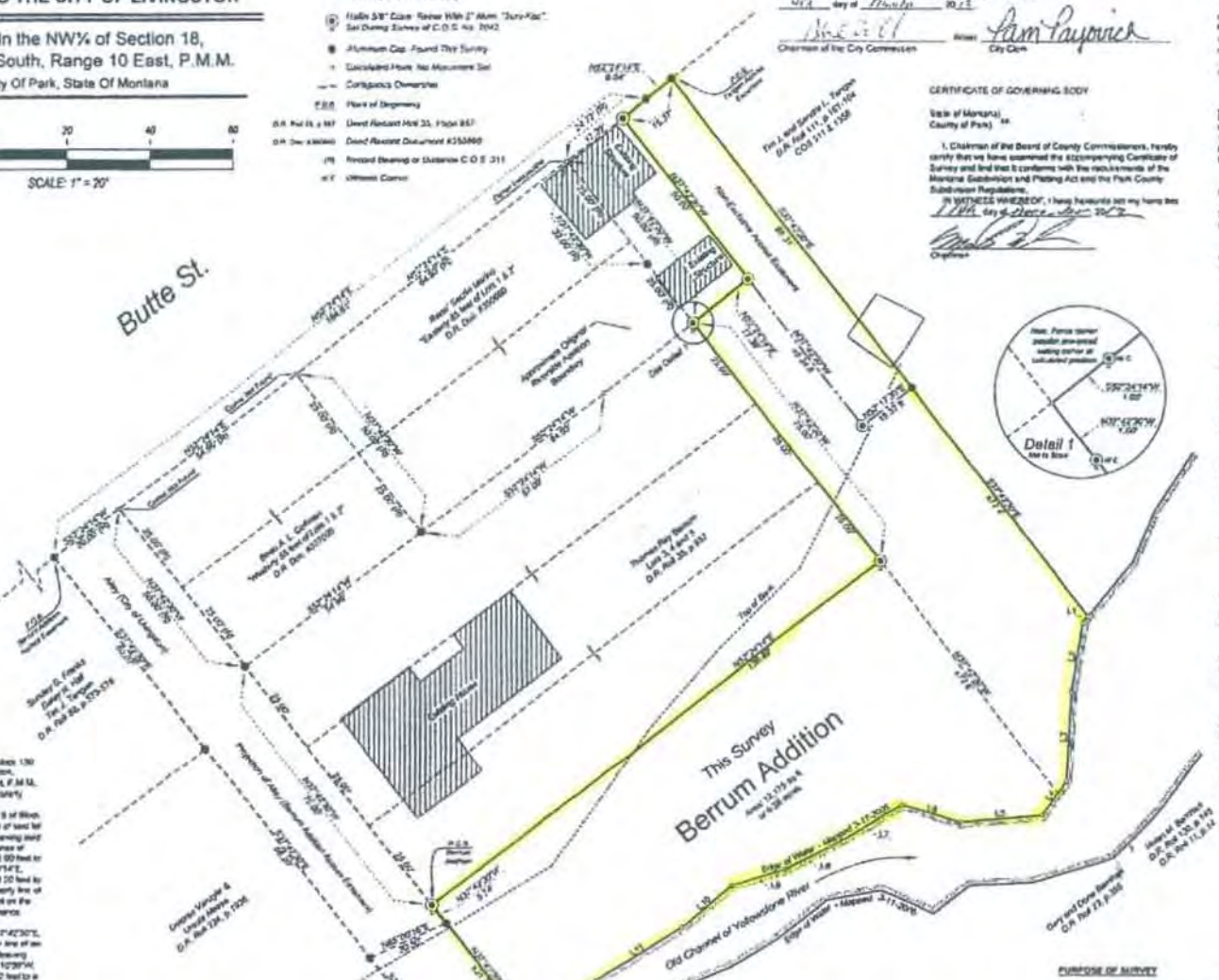
Certificate Of Survey No. 2440

A Survey Of
THE BERRUM ADDITION
ADJACENT TO LOTS 3, 4 AND 5 OF
BLOCK 130 OF THE RIVERSIDE
ADDITION TO THE CITY OF LIVINGSTON

Located in the NW¼ of Section 18,
Township 2 South, Range 10 East, P.M.M.
County Of Park, State Of Montana

SCALE: 1" = 20'

LEGEND:



CERTIFICATE OF PLAT APPROVAL
CITY OF LIVINGSTON

CERTIFICATE OF GOVERNING BODY

CERTIFICATE OF SURVEYOR

CERTIFICATE OF COUNTY TREASURER

LAND OWNERS' CERTIFICATE OF EXEMPTION

ACKNOWLEDGEMENT

DESCRIPTION: BERRUM ADDITION

DESCRIPTION: BERRUM ADDITION ACCESS EASEMENT

DESCRIPTION: NON-EXCLUSIVE ACCESS EASEMENT

PURPOSE OF SURVEY

WATER LINE TABLE

LINE	BEARING	DISTANCE (ft)
L1	S29°10'08"W	2.02
L2	S9°16'19"W	17.32
L3	S3°44'50"W	22.00
L4	S35°32'26"W	10.54
L5	S65°58'42"W	20.48
L6	N74°06'54"W	15.43
L7	S59°03'00"W	20.60
L8	S63°11'23"W	12.38
L9	S72°49'01"W	14.17
L10	S49°33'25"W	15.90
L11	S58°21'18"W	25.19
L12	S59°44'32"W	20.38
L13	S49°44'32"W	30.18
L14	N63°44'32"E	20.68

ORIENTATION SKETCH
Scale: 1" = 200'

Berrum Addition
Berrum Addition Access Easement

CERTIFICATE OF SURVEY

S.	Sec.	T.	R.
	18	2S	10E

Drawn By: H. Lobeg — Date: Mar 2006
Checked By: B. T. Hallin — Mar 2006
Revised By: H. Lobeg — Nov 2012

Certificate Of Survey No. 2440
Park County, Montana
Sheet No. 1 of 1

Filed in the Office of the Clerk and Recorder for the County of Park, State of Montana, this 11 day of December 2012, A.D., at o'clock
County Clerk and Recorder
By Deputy
Document No. 374341
Fee: — Lines of — Total 55.0

PARK
Approximate Location of Berrum Addition Disclaimer of Interest
August 24, 2011 Aerial Photo

313-8

EASEMENTS

A. Rights-of-Way

B. Reciprocal Access Agreement: Mount Ellis Easement Exchange

SUMMARY SHEET – RIGHTS OF WAY APPLICATIONS

HISTORIC PRIVATE ACCESS ROAD – *Gerald Stinson, et. al.* (Page 21)

HISTORIC ELECTRIC UTILITY – *NorthWestern Energy* (Pages 1-12)
- *Lincoln Electric Coop.* (Pages 13-20)

AFFECTED GRANTS AND PROPOSED INCOME:

Public Buildings	$ 4,592
Common Schools	$ 13,865
Public Land Trust	$ 10,625

AFFECTED COUNTIES: Big Horn, Cascade, Flathead, Lincoln, Sweet Grass, Yellowstone

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16206
R/W Purpose:	an overhead 50kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	0.52
Compensation:	$520.00
Legal Description:	50-foot strip across the Yellowstone River in W2SW4, Sec. 12, Twp. 1N, Rge. 14E, Sweet Grass County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16207
R/W Purpose:	an overhead 7.2/12.4kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.78
Compensation:	$390.00
Legal Description:	30-foot strip through NW4NW4, Sec. 10, Twp. 7N, Rge. 31E, Yellowstone County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16208
R/W Purpose:	an overhead 500kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	0.87
Compensation:	$870.00
Legal Description:	150-foot strip across the Yellowstone River in NE4SE4, Sec. 2, Twp. 3N, Rge. 31E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16209
R/W Purpose:	an overhead 500kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	2.13
Compensation:	$2,130.00
Legal Description:	150-foot strip across the Yellowstone River in NW4SW, SE4SW4, Sec. 1, Twp. 3N, Rge. 31E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16210
R/W Purpose:	an overhead 500kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	2.15
Compensation:	$2,150.00
Legal Description:	150-foot strip across the Yellowstone River in NE4SE4, Sec. 2, Twp. 3N, Rge. 31E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16211
R/W Purpose:	an overhead 500kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	1.28
Compensation:	$1,280.00
Legal Description:	150-foot strip across the Yellowstone River in SE4SW4, Sec. 1, Twp. 3N, Rge. 31E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16212
R/W Purpose:	an overhead 50kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	1.16
Compensation:	$1,450.00
Legal Description:	60-foot strip across the Yellowstone River in SW4SE4, Sec. 15, Twp. 2S, Rge. 24E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16213
R/W Purpose:	an overhead 100kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	1.22
Compensation:	$1,530.00
Legal Description:	60-foot strip across the Yellowstone River in W2SE4, Sec. 15, Twp. 2S, Rge. 24E, Yellowstone County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16214
R/W Purpose:	an overhead 7.2/12.4kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	1.83
Compensation:	$1,370.00
Legal Description:	30-foot strip through N2NE4, SE4NE4, Sec. 6, Twp. 1S, Rge. 36E, Big Horn County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16215
R/W Purpose:	an overhead 7.2/12.4kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.38
Compensation:	$170.00
Legal Description:	30-foot strip through NE4SE4, Sec. 36, Twp. 1N, Rge. 38E, Big Horn County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16216
R/W Purpose:	an overhead 230kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	0.68
Compensation:	$1,200.00
Legal Description:	100-foot strip through SE4SW4, Sec. 1, Twp. 1S, Rge. 33E, Big Horn County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	16217
R/W Purpose:	an overhead 115kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	0.41
Compensation:	$720.00
Legal Description:	60-foot strip through SE4SW4, Sec. 1, Twp. 1S, Rge. 33E, Big Horn County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16218
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.45
Compensation:	$3,400.00
Legal Description:	8-foot strip through E2SE4, Sec. 35, Twp. 32N, Rge. 23W, Flathead County
Trust Beneficiary:	Public Buildings
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16219
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.11
Compensation:	$542.00
Legal Description:	8-foot strip through NE4NW4, NW4NE4, Sec. 16, Twp. 36N, Rge. 26W, Lincoln County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16220
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	1.87
Compensation:	$9,344.00
Legal Description:	8-foot strips through SE4SE4, Sec. 19; SW4SW4, Sec. 20; W2NW4, Sec. 29 and N2NW4, NE4, Sec. 30, Twp. 34N, Rge. 24W, Lincoln County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16221
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.24
Compensation:	$1,292.00
Legal Description:	2-foot strip across Fortine Creek in Sec. 21 and 8-foot strips through NE4SE4, Sec. 21 and NW4SW4, Sec. 22, Twp. 33N, Rge. 26W, Lincoln County
Trust Beneficiary:	Public Land Trust and Public Buildings
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16222
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.002
Compensation:	$100.00
Legal Description:	2-foot strip across the Stillwater River in NW4NE4, Sec. 18, Twp. 32N, Rge. 23W, Flathead County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16223
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.01
Compensation:	$118.00
Legal Description:	8-foot strip across the Stillwater River in SE4SE4, Sec. 6, Twp. 30N, Rge. 22W, Flathead County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16224
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.02
Compensation:	$182.00
Legal Description:	8-foot across the Stillwater River in SE4NE4, Sec. 23, Twp. 31N, Rge. 23W, Flathead County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lincoln Electric Cooperative, Inc. P O Box 628 Eureka MT 59917
Application No.:	16225
R/W Purpose:	an overhead 14.4/24.9kV electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.02
Compensation:	$195.00
Legal Description:	8-foot strip across the Stillwater River in SE4NW4, Sec. 14, Twp. 31N, Rge. 23W, Flathead County
Trust Beneficiary:	Public Land Trust
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

Rights of Way Applications

March 18, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Gerald L. and Marcelyn Stinson and Edward M. Wood, George J. Wood and John T. Wood P O Box 413 Belt MT 59412
Application No.:	16226
R/W Purpose:	a private access road to a single-family residence and associated outbuildings
Lessee Agreement:	N/A (Historic)
Acreage:	0.18
Compensation:	$129.00
Legal Description:	10-foot strip through NW4NE4, Sec. 16, Twp. 19N, Rge. 8E, Cascade County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made pursuant to §77-1-130, Historic Rights of Way.

MOUNT ELLIS EASEMENT EXCHANGE AGREEMENT

March 18, 2013

RIGHT OF WAY APPLICATION FILE NO. 16227

I. Applicant:

Lisa Grossi
2391 Mount Ellis Lane
Bozeman, MT 59715-9236

II. Purpose:

State land is intermingled with lands owned or controlled by Grossi. In order for both parties to gain legal access to their respective properties, they have proposed to exchange easements as part of this Easement Exchange Agreement. Each party will grant perpetual non-exclusive easements for the purpose of constructing, reconstructing, maintaining, repairing, and using a road or road segment for resource management purposes and for access to not more than three (3) single family residences with associated outbuildings and underground utilities.

III. Legal Description (R/W): All in Gallatin County:

State Land burdened:

Township 2 South, Range 6 East, P.M.M.		Trust
Section 34:	NE1/4NE1/4, SE1/4NE1/4	PB
Section 35:	NW1/4SW1/4	PB

State Land benefited:

Township 2 South, Range 6 East, P.M.M.			
Section 34:	NE1/4, S1/2	480.00 acres	PB
Section 35:	NE1/4, S1/2	480.00 acres	PB

Township 3 South, Range 6 East, P.M.M.			
Section 1:	W1/2	321.75 acres	SNS
Section 2:	All	642.32 acres	SRS
Section 3:	All	643.48 acres	PB
Section 4:	S1/2	320.00 acres	PB
Section 9:	All	640.00 acres	PB
Section 10:	All	640.00 acres	SM
Section 11:	All	640.00 acres	DB/DDA
Section 12:	All	640.00 acres	PB

State Land Benefited Total: 5,447.55 acres

Grossi Land burdened/benefited: Township 2 South, Range 6 East, P.M.M.

Section 35: NW1/4 160.00 acres

Total R/W Acres:

State grant to Grossi:	2.57 acres
Grossi grant to State:	0.24 acre

Total R/W Miles:

State grant to Grossi:	0.53 mile
Grossi grant to State:	0.05 mile

IV. General Information:

Land Office:	CLO
Unit Office:	Bozeman
County:	Gallatin
Affected Trusts:	Public Buildings (PB), Eastern/Western College (SNS), Pine Hills School (SRS), Montana Tech (SM), School for the Deaf and Blind (DB/DDA)
Classification:	Forest

V. Costs to be Borne by Each Party:

Excess costs, by land value and road costs, are summarized as follows:

	EXCESS COSTS	
	Grossi owes State	State owes Grossi
Land Value	$ 3,914	$ 1,049
Road Costs	$ 0	$ 3,198
Total Value/Costs	$ 3,914	$ 4,247

NET BALANCE

Land Value	$ 2,865	
Road Costs		$ 3,198
Subtotals	$ 2,865	$ 3,198

GROSSI NET EXCESS TOTAL FOR LAND AND ROAD *** $ 333**

* The remaining Net Balance of $333 that the State owes Grossi will be offset by the Grossi's share of document preparation, leaving a net balance of $-0- owed.

VI. Results of MEPA Analysis:

No significant impacts are expected and no further analysis required.

VII. Benefits to the State:

1. *Describe the rights regarding which DNRC lands are being accessed.*

   Provides permanent access for resource management purposes and for access to not more than three (3) single family residences with associated outbuildings and underground utilities on an existing road to State Trust Lands as described above.

2. *Describe the public access situation and the effects of this agreement.*

   There is public access to State land via adjacent Gallatin National Forest lands.

3. *Describe other benefits associated with completing the agreement.*

   - Provides for an integrated transportation system which reduces road densities and potential resource impacts to water quality and wildlife habitat.
   - Provides for shared financial obligations for road maintenance, resurfacing, weed management, and road reconstruction, if need be, to current road standards.
   - Future Trust revenue through the 1% conveyance fee if lands are subdivided.

VIII. Recommendation/Action:

After review of the documents, exhibits, and benefits to the State, the Director recommends approval of this proposed Easement Exchange Agreement with Grossi.