

**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*
- 313-2**     **Land Banking Parcels: Preliminary Approval for Sale**  
*Benefits: Common Schools, MSU Morrill*  
*Location: Beaverhead County*
- 313-3**     **Land Banking Parcels: Set Minimum Bid for Sale**  
*Benefits: Common Schools*  
*Location: Broadwater County*
- 313-4**     **Timber Sale: Lake Rogers**  
*Benefits: Common Schools, Montana Tech*  
*Location: Flathead County*
- 313-5**     **Communitization Agreement: Whiting Oil and Gas Corporation**  
*Benefits: Common Schools*  
*Location: Richland County*
- 313-6**     **Oil and Gas Lease Sale (March 5, 2013)**  
*Benefits: Common Schools*  
*Location: Daniels, Dawson, Fallon, Glacier, Musselshell, Richland, Roosevelt, and Valley Counties*
- 313-7**     **Disclaimer of Interest: Berrum Addition**  
*Benefits: NA (non-Trust Land)*  
*Location: Park County*
- 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*  
**B. Reciprocal Access Agreement: Mount Ellis Easement Exchange**  
*Benefits: Public Buildings*  
*Location: Gallatin County*

**PUBLIC COMMENT**

# 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

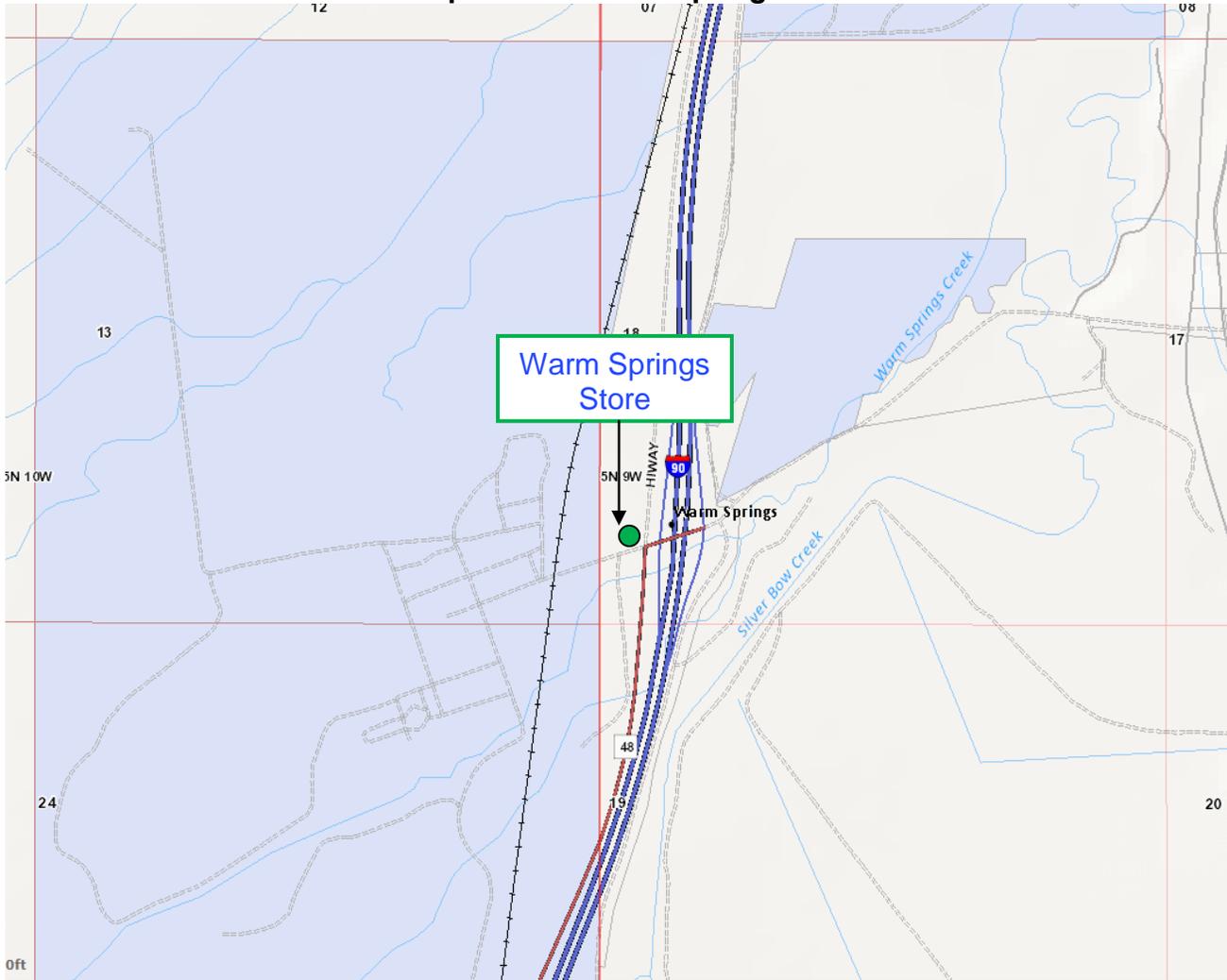
**PROPOSAL:** The attached map shows the approximate area proposed for sale, and the proposed easements to secure a water and sewer line rights-of-way.

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.

<b>County</b>	<b>Sale #</b>	<b># of Acres</b>	<b>Legal</b>	<b>Trust</b>
Beaverhead	281	7±	Pt in NE¼NW¼, East of I-15 & North Kidd Exit, Section 13, T12S-R10W	MSU Morrill
Beaverhead	281	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

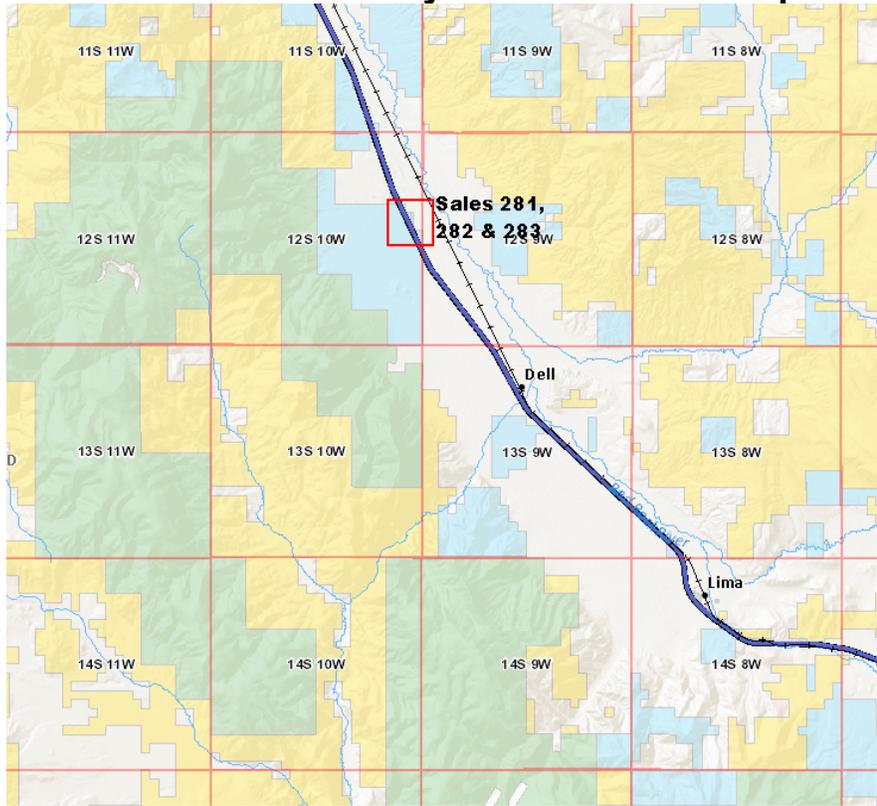
**Total Acres** **100±**

**MEPA Issues:** Parcels 281-283 – None

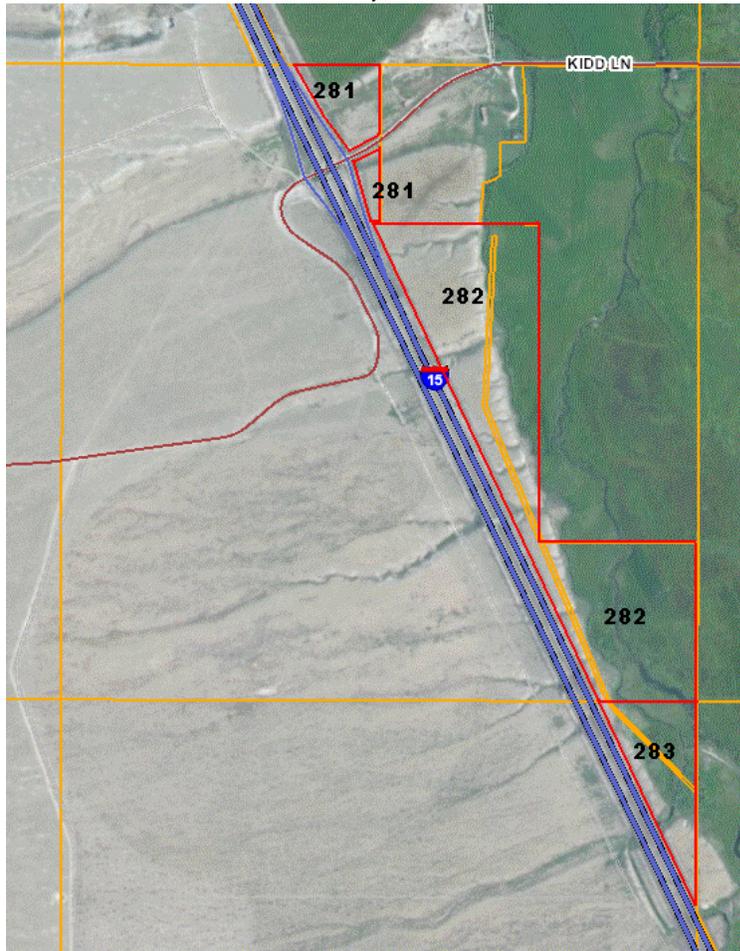
**Recommendation:** The Director recommends that the Board give preliminary approval to sell Parcels # 281-283.

# Beaverhead County Sales Location Map

313-2



## 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:**

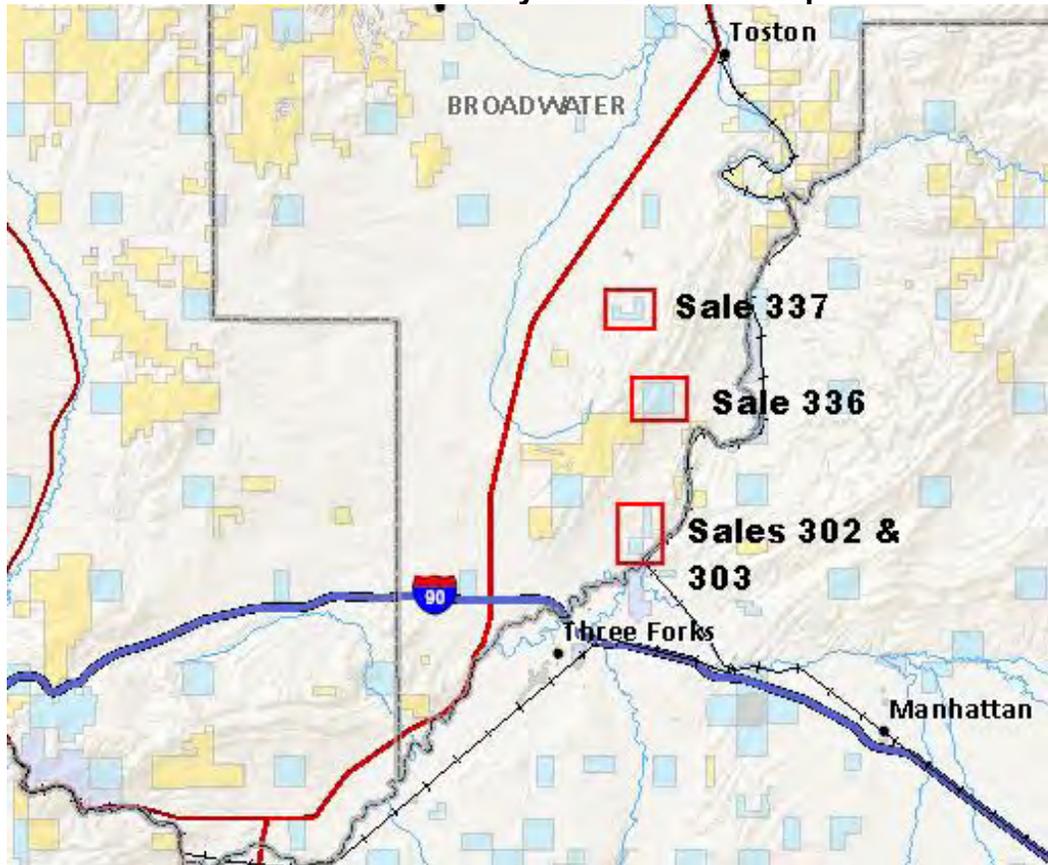
The Schmitt Site (24BW559) is located immediately adjacent to (east of) the state parcel in Section 4, T2N R2E on private land. This unique Native American mine complex and associated campsite was operated ca. 2,700-2,000 years ago, but its full purpose is not understood. Montana State University conducted 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:

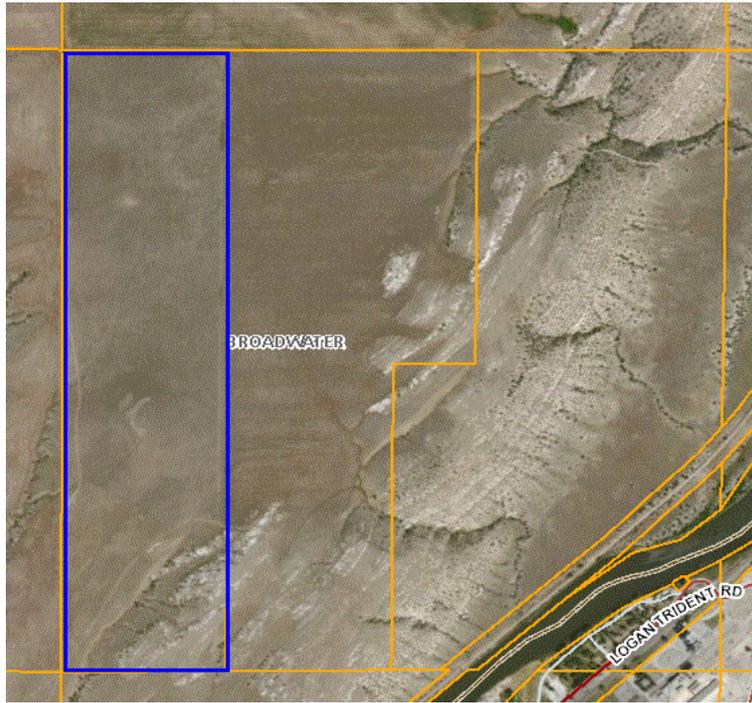
Sale #	# of Acres	Appraised Value Without Access	Appraised Value With Access	Appraised Value/Acre With Access	Recommended Minimum Bid	Trust
302	161.63 ±	\$46,000	\$85,000	\$526	\$85,000	Common Schools
303	160 ±	\$45,000	\$84,000	\$525	\$84,000	Common Schools
336	637.84 ±	\$103,000	\$191,000	\$300	\$191,000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

**Broadwater County Sale Location Map**

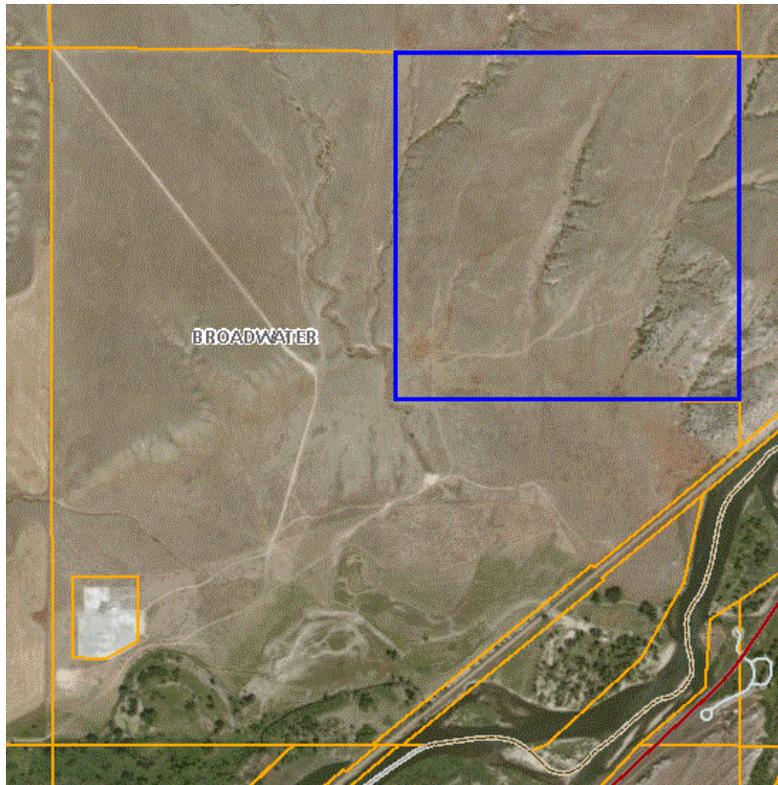


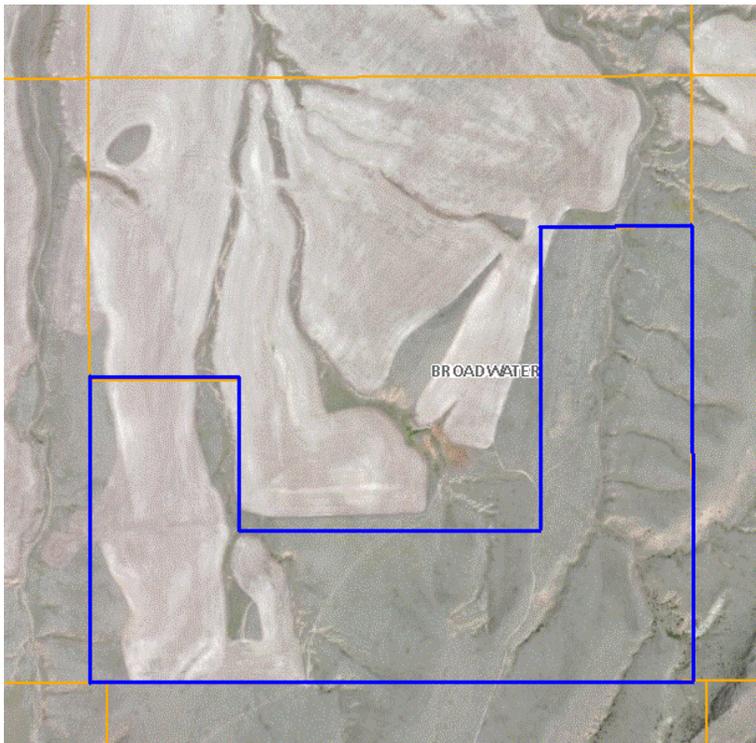
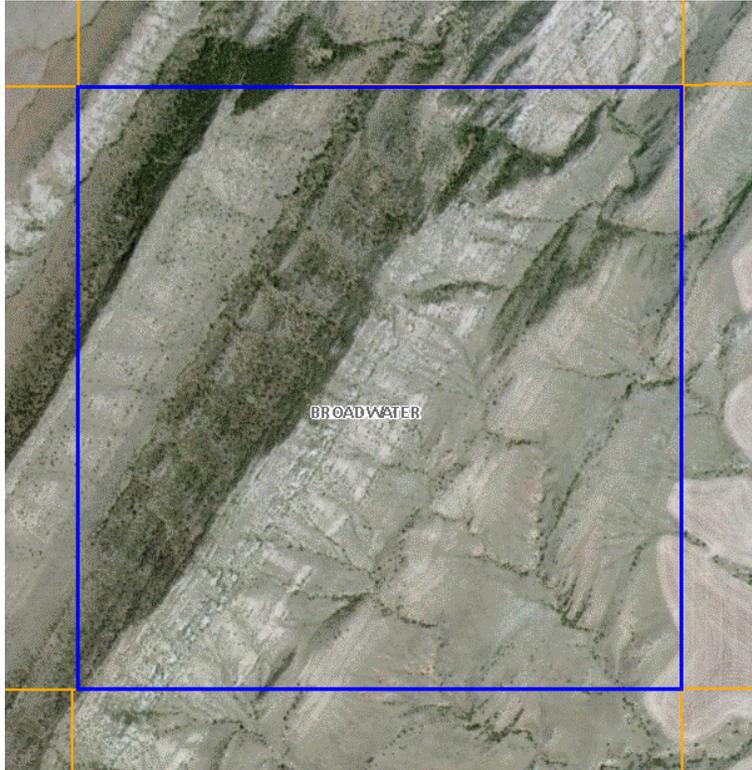
**Sale #302**

**313-3**



**Sale #303**





# 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.

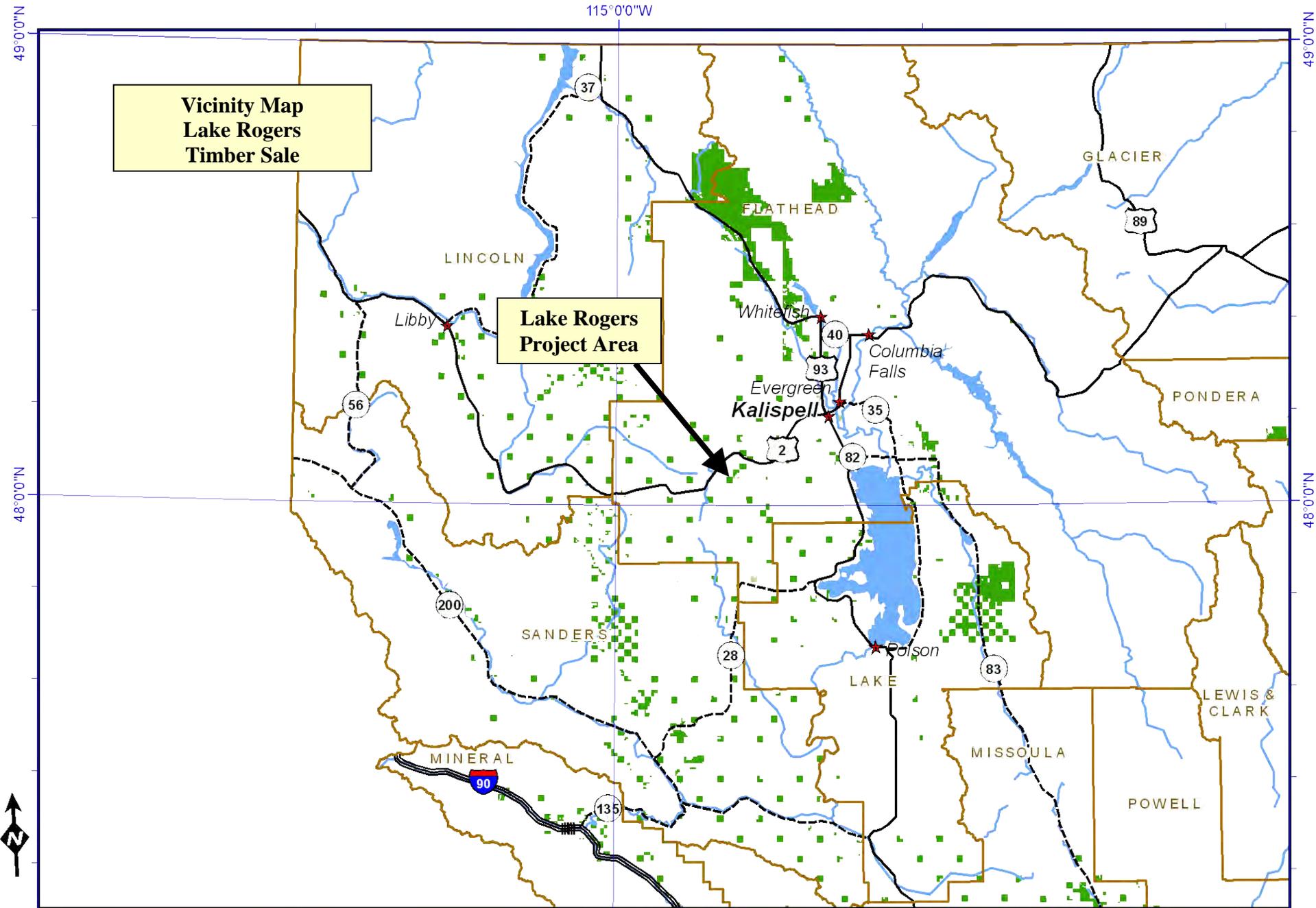
## Public Involvement:

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.

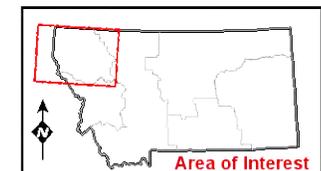
## Issues & Mitigations:

- 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.**



21 February 2007  
 Montana DNRC  
 Technical Services Section/dr





# Lake Rogers Harvest Area Map

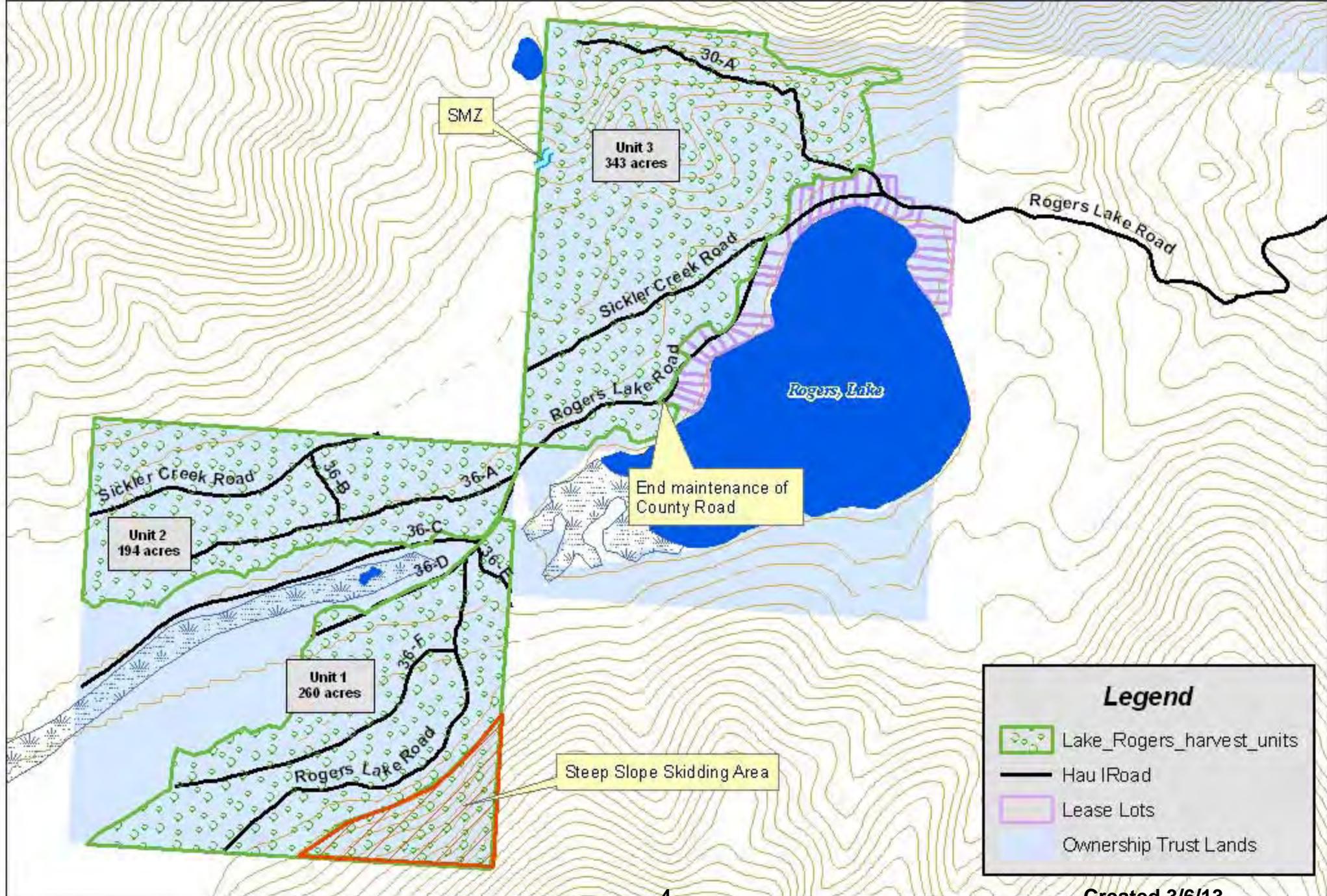
S. 30, T27N, R23W

S. 36, T27N, R24W

Attachment A



0.5 0.25 0 0.5 Miles



**Legend**

- Lake\_Rogers\_harvest\_units
- Hau IRoad
- Lease Lots
- Ownership Trust Lands

# 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.

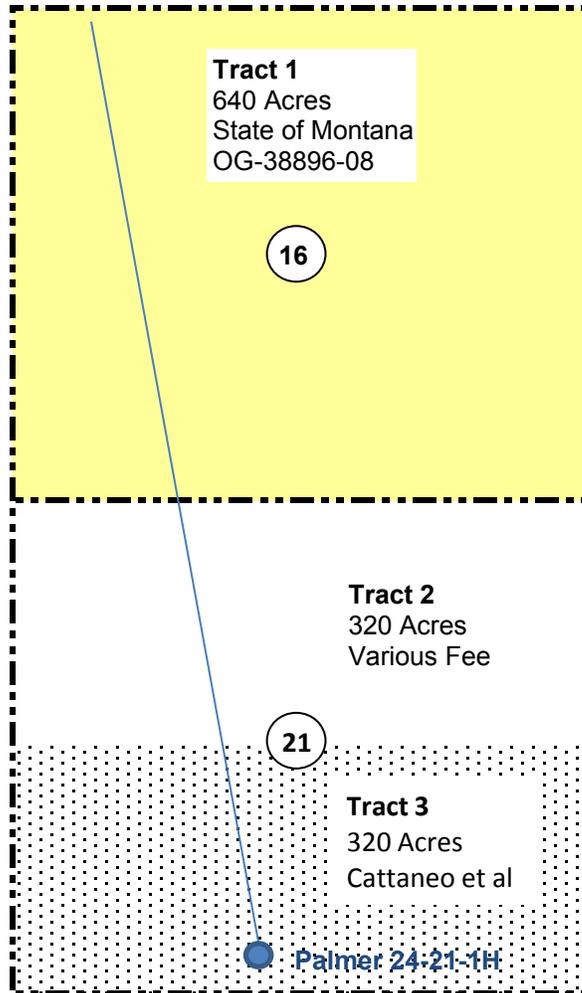
The Palmer 24-21-1H well, which is a Bakken formation oil well, was drilled in the SE4SW4 of Section 21. This spacing unit has a total of 1280 acres. The Department owns 640 acres of the 1,280 mineral acres in the permanent spacing unit that will be communitized. All the mineral owners in the spacing 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
<b>Daniels</b>									
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
<b>Dawson</b>									
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.
<b>Fallon</b>									
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
<b>Glacier</b>									
16	1, 2, 3, 4, 5, 6, 7, 10	32.N	5.W	36	All	* 640.00	\$50.00	\$32,000.00	KESUN 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
<b>Musselshell</b>									
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 RWs	* 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.
<b>Richland</b>									
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.
<b>Roosevelt</b>									
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.
<b>Valley</b>									
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

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

## Oil and Gas Lease Sale Summary

<b>Total Tracts Offered</b>	<b>29</b>
<b>Total Acres Offered</b>	<b>14,021.01</b>
<b>Total Tracts Sold</b>	<b>25</b>
<b>Total Acres Sold</b>	<b>12,596.33</b>
<b>Total Bid Revenue</b>	<b>\$1,011,278.00</b>
<b>Average Bid Per Acre</b>	<b>\$80.28</b>

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

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- 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:

(GREAT SEAL OF  
THE STATE BOARD  
OF LAND COMMISSIONERS)

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

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





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.

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# 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.

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# 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.

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# 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.

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# 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.

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# 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.

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# 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.

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# 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.

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# 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.

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# 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.

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# Rights of Way Applications

## March 18, 2013

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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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.

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# 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.

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# 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.

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# 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.

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# Rights of Way Applications

## March 18, 2013

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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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.

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# 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.

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# 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.

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# Rights of Way Applications

## March 18, 2013

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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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.

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# 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.

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# Rights of Way Applications

## March 18, 2013

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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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.

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# Rights of Way Applications

## March 18, 2013

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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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.

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**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:	<u>Township 2 South, Range 6 East, P.M.M.</u>	<u>Trust</u>
	Section 34: NE1/4NE1/4, SE1/4NE1/4	PB
	Section 35: NW1/4SW1/4	PB
State Land benefited:	<u>Township 2 South, Range 6 East, P.M.M.</u>	
	Section 34: NE1/4, S1/2 480.00 acres	PB
	Section 35: NE1/4, S1/2 480.00 acres	PB
	<u>Township 3 South, Range 6 East, P.M.M.</u>	
	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.