

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, April 15, 2013, at 9:00 a.m.
Justice Building, Supreme Court Courtroom
215 N. Sanders
Helena, MT

ACTION ITEMS

- 413-1** **Timber Sales**
A. Harris Creek
Benefits: Common Schools
Location: Lincoln County
APPROVED 4-0 (Ms. McCulloch absent)
- B. Kamas Point**
Benefits: Common Schools
Location: Missoula County
APPROVED 4-0 (Ms. McCulloch absent)
- C. Scout Lake #5**
Benefits: Common Schools
Location: Lake County
APPROVED 4-0 (Ms. McCulloch absent)
- 413-2** **Communitization Agreement: EOG Resources**
Benefits: Common Schools
Location: Roosevelt County
APPROVED 4-0 (Ms. McCulloch absent)
- 413-3** **Land Banking Parcels: Set Minimum Bid for Sale**
A. Jefferson County
Benefits: Common Schools
Location: Jefferson County
APPROVED 4-0 (Ms. McCulloch absent)
- B. Rosebud County**
Benefits: Common Schools
Location: Rosebud County
APPROVED 4-0 (Ms. McCulloch absent)
- 413-4** **Easements**
A. Rights-of-Way
Benefits: Common Schools, Montana Tech, Public Buildings, School for the Deaf and Blind
Location: Golden Valley, Lewis and Clark, Liberty, Pondera, Prairie, Sheridan, and Yellowstone Counties
APPROVED 4-0 (Ms. McCulloch absent)
- B. Cost Share: Deep Blue Spring**
Benefits: Common Schools
Location: Sanders County
APPROVED 4-0 (Ms. McCulloch absent)

PUBLIC COMMENT

413-1

TIMBER SALES

- A. Harris Creek
- B. Kamas Point
- C. Scout Lake #5

HARRIS CREEK TIMBER SALE

April 15, 2013
Land Board

Location of Sale:

- Libby Unit (NWLO) – Approximately 17 air miles southeast of Libby, Montana.
- Lincoln County – Section 16, T28N-R29W
- 100% Common Schools
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated volume is 33,387 tons (5,325 MBF) with a conversion factor of 6.27 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume (tons)	Total Minimum Sale Value
\$16.83	\$4.01	\$20.84	*33,387	\$695,785.08

*The estimated volume is equivalent to approximately 31,325 cubic meters

Sale & Harvest Treatments:

- The sale consists of two harvest units totaling 414 acres.
- The silvicultural prescriptions proposed are seed tree harvest and clearcut. The proposed harvest treatments will be used to capture to value of the mortality and overall declining health of the treatment area and to advance the treatment area towards the desired future condition (dominance of seral species, western larch and ponderosa pine).

Harvest Systems:

- 56% tractor
- 44% skyline

Road Construction:

- Approximately 2.5 miles of new road construction is required to access harvest units. Maintenance on 13.88 miles of existing roads is required.
- Current road restrictions will remain in place to maintain wildlife security, reduce the spread of noxious weeds, and minimize future maintenance costs.

Public Involvement & Issues:

- Public involvement was solicited through a legal notice in the *Western News*. Letters were sent to adjacent landowners and special interest groups. The public and DNRC specialists helped identify the issues that were analyzed. One letter of support was received from a local sawmill and a call from an interested contractor.

The Director recommends the Land Board direct the Department to sell the Harris Creek Timber Sale.

49°0'0"N

115°0'0"W

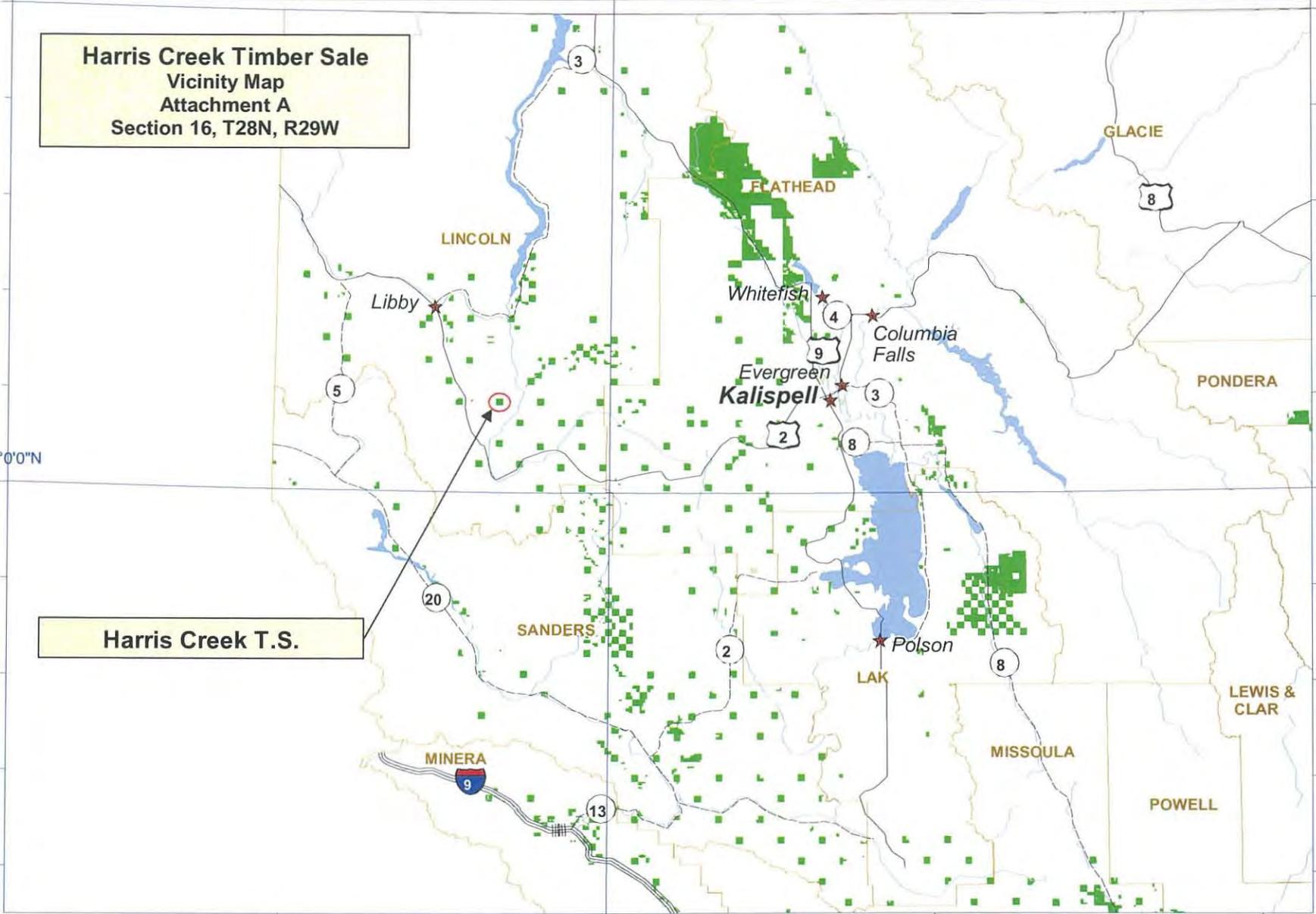
49°0'0"N

**Harris Creek Timber Sale
Vicinity Map
Attachment A
Section 16, T28N, R29W**

48°0'0"N

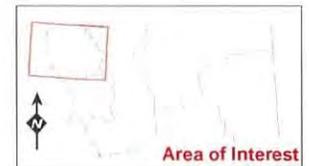
48°0'0"N

Harris Creek T.S.



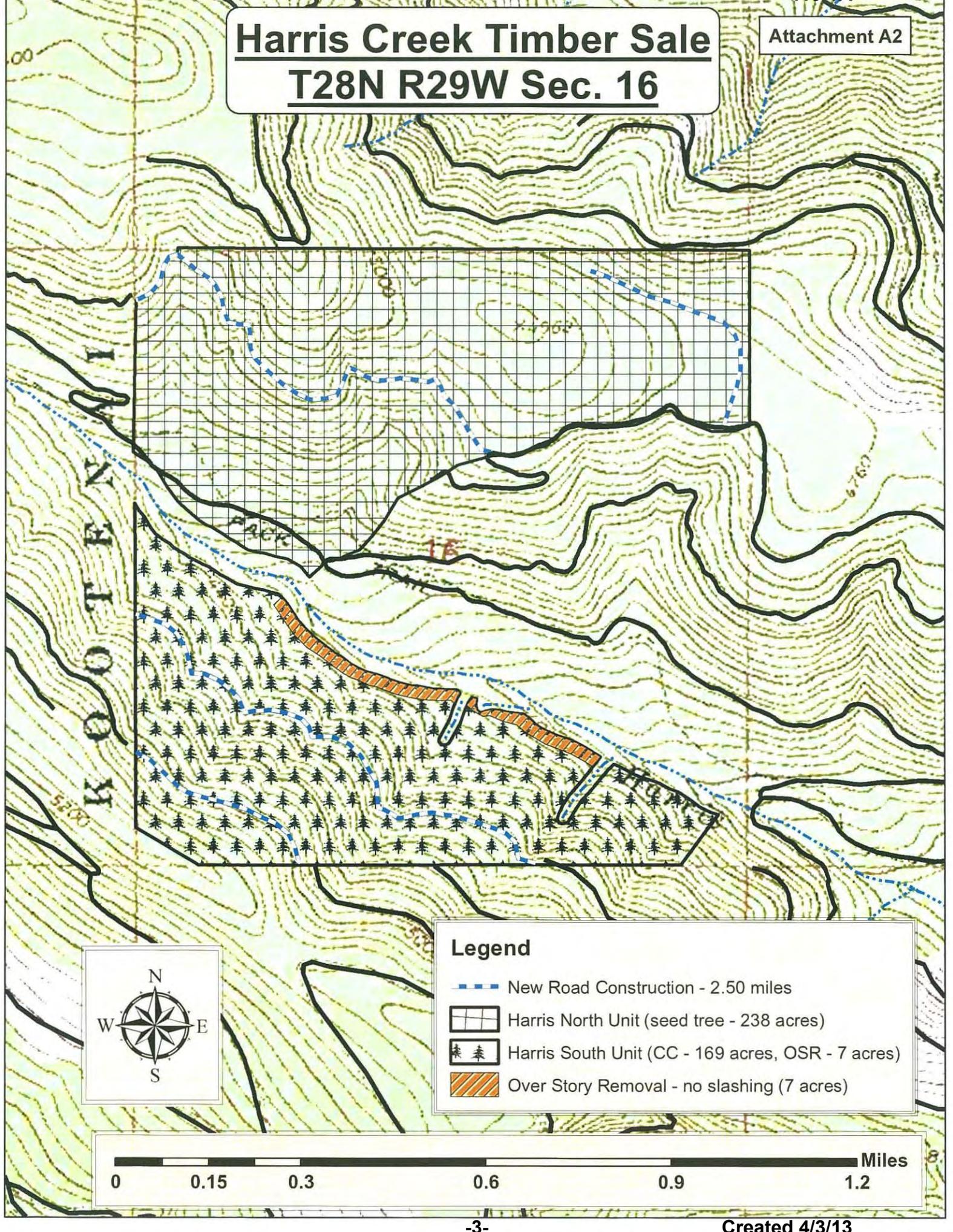
	Interstate Highway		River		Lake
	U.S. Route		Cit		DNRC managed for timber
	State Highway		Count		DNRC other

February, 2013
Montana DNRC
Libby Unit/jr



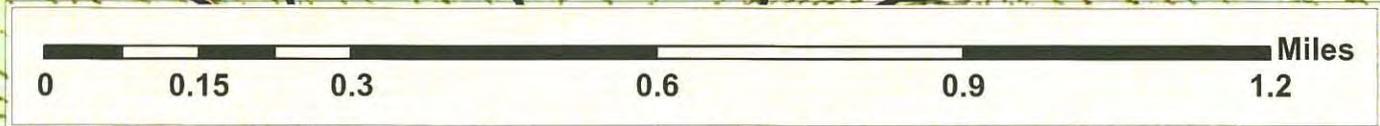
Harris Creek Timber Sale T28N R29W Sec. 16

Attachment A2



Legend

-  New Road Construction - 2.50 miles
-  Harris North Unit (seed tree - 238 acres)
-  Harris South Unit (CC - 169 acres, OSR - 7 acres)
-  Over Story Removal - no slashing (7 acres)



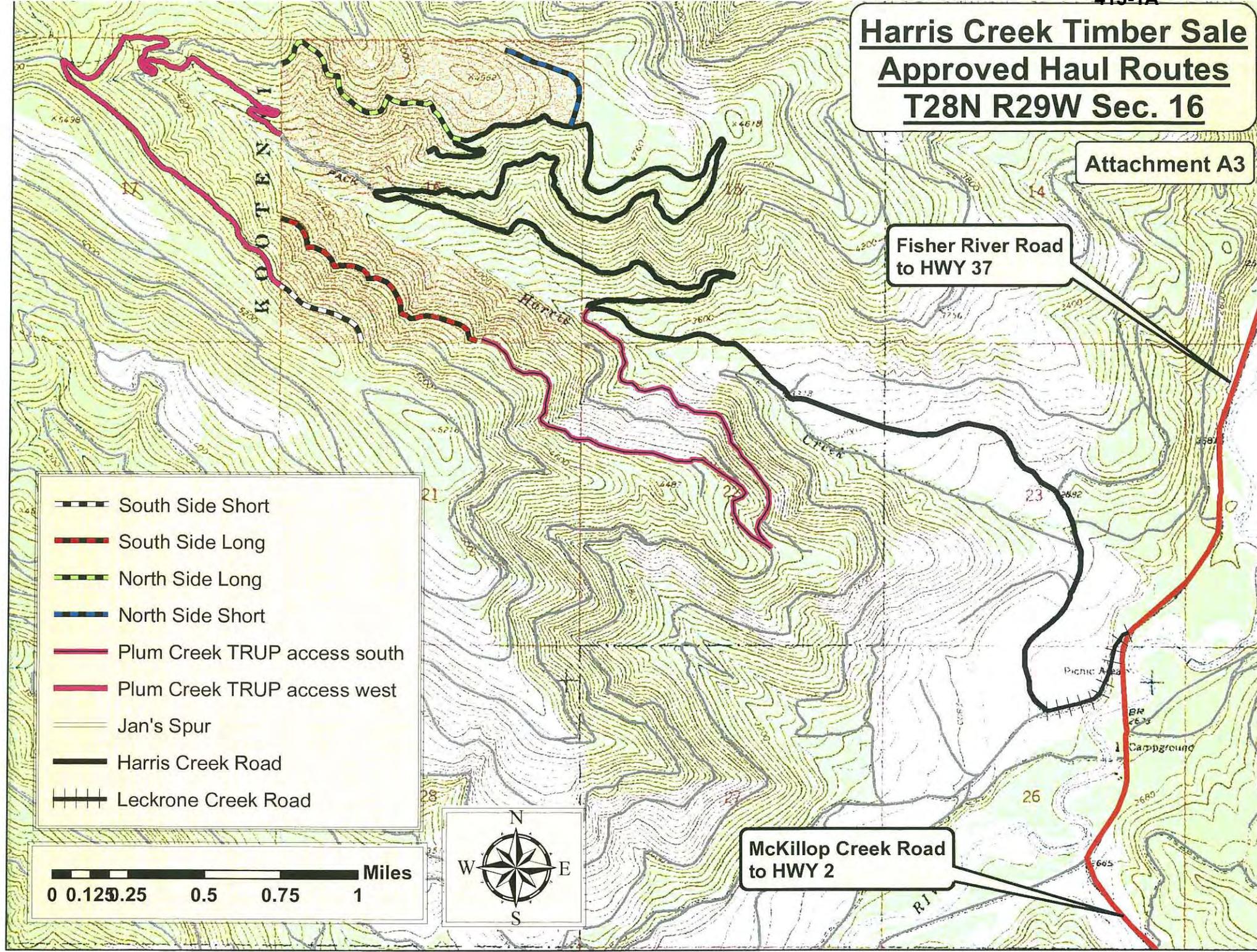
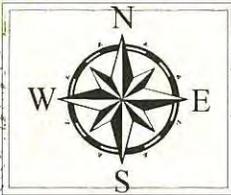
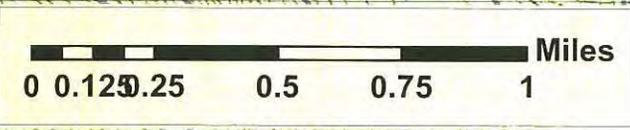
Harris Creek Timber Sale Approved Haul Routes T28N R29W Sec. 16

Attachment A3

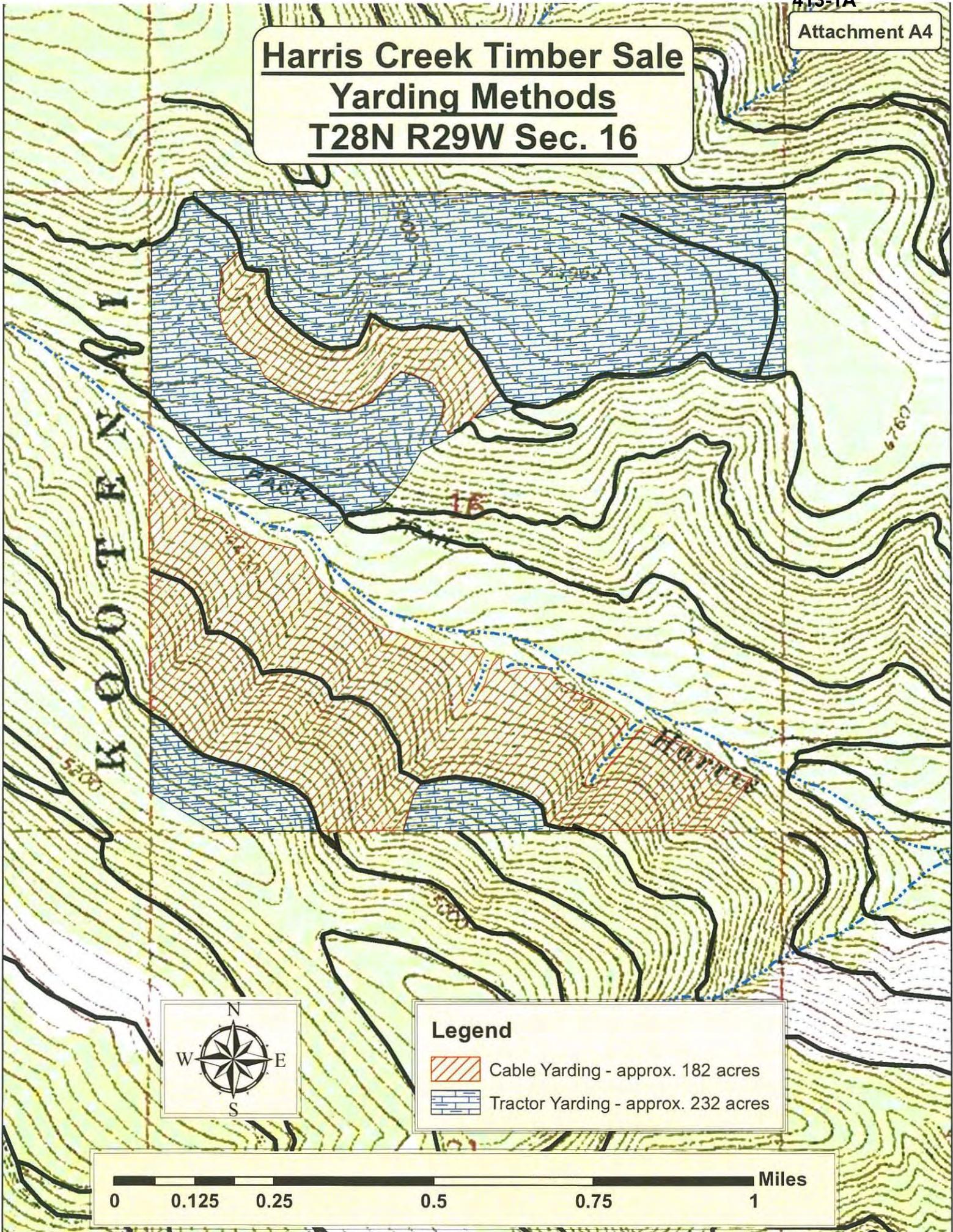
Fisher River Road
to HWY 37

McKillop Creek Road
to HWY 2

-  South Side Short
-  South Side Long
-  North Side Long
-  North Side Short
-  Plum Creek TRUP access south
-  Plum Creek TRUP access west
-  Jan's Spur
-  Harris Creek Road
-  Leckrone Creek Road

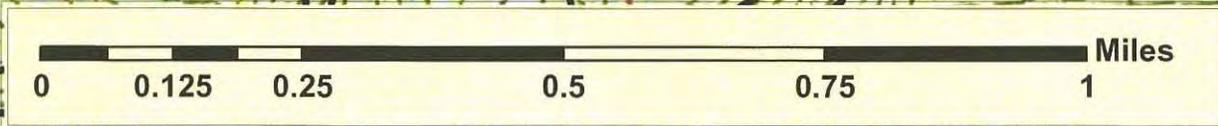
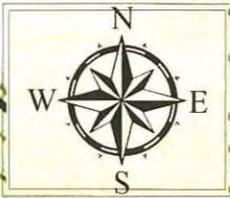


Harris Creek Timber Sale
Yarding Methods
T28N R29W Sec. 16

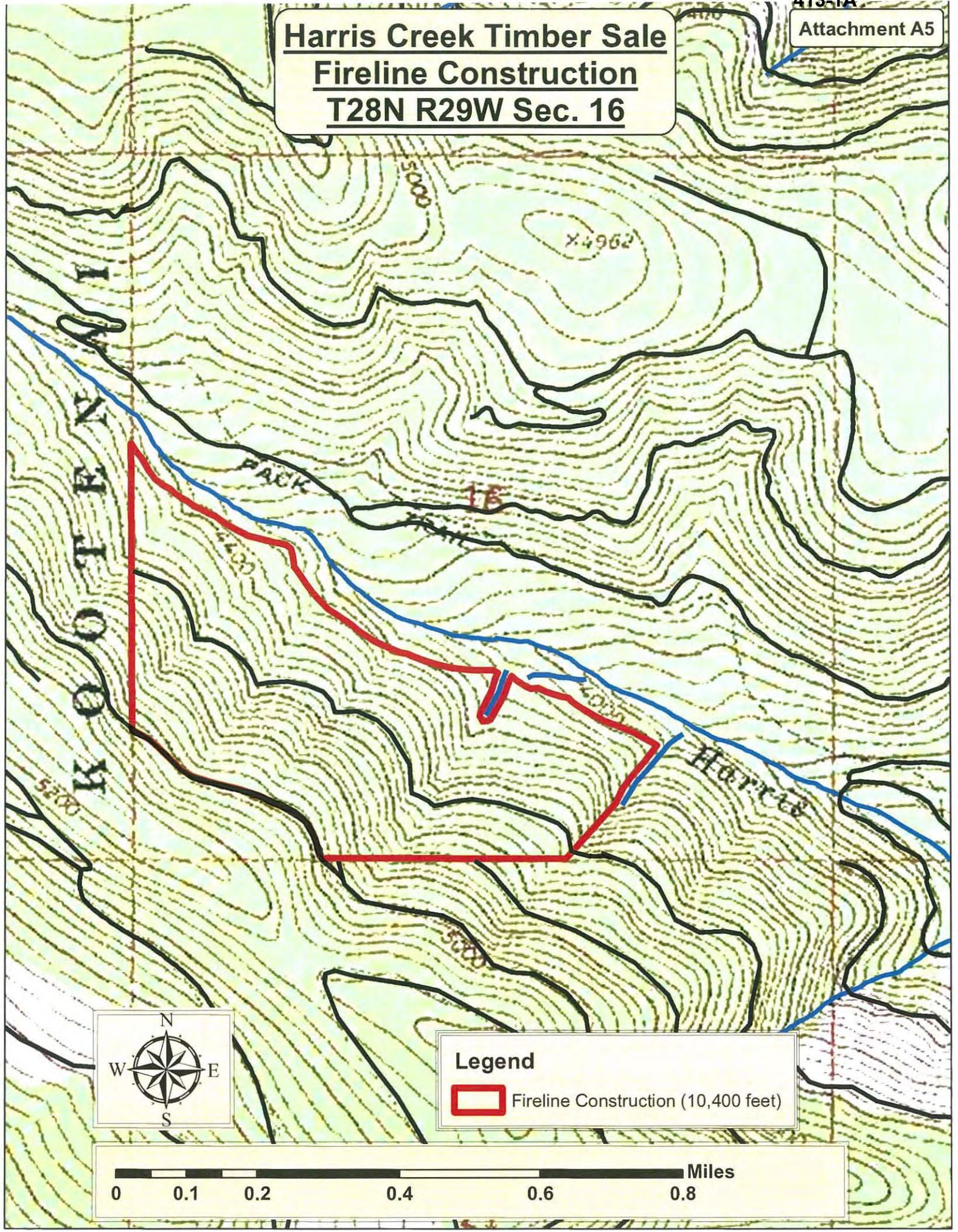


Legend

-  Cable Yarding - approx. 182 acres
-  Tractor Yarding - approx. 232 acres

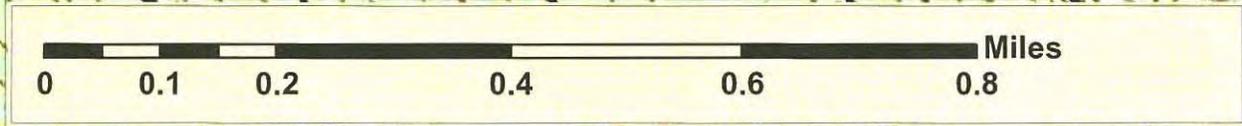


Harris Creek Timber Sale
Fireline Construction
T28N R29W Sec. 16



Legend

 Fireline Construction (10,400 feet)



KAMAS POINT TIMBER SALE

April 15, 2013
Land Board

Location of Sale:

- Missoula Unit (SWLO) – Approximately 18 air miles southeast of Missoula, MT.
- Missoula County – Kamas Point Section 16, T12N-R16W.
- 100% Common Schools
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated volume is 20,356 tons (3,227 MBF) of sawlogs with a conversion factor of 6.31 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume (tons)	Total Minimum Sale Value
\$9.40	\$3.60	\$13.00	*20,356	\$264,628.00

*The estimated volume is equivalent to approximately 19,019 cubic meters.

Sale & Harvest Treatments:

- The sale consists of 19 harvest units totaling 359 acres.
- Silvicultural prescriptions will reduce stocking and will improve stand vigor, and promote regeneration. Salvage treatments would occur in areas affected by Douglas-fir beetle (currently endemic) where mortality has occurred. A combination of crown thinning and shelterwood treatments would be implemented.
- The harvest would emulate natural disturbances such as a mixed intensity fire or Douglas-fir beetle mortality (that has occurred). The treatment would improve stand vigor and encourage regeneration of a new age class on some acres, promoting structural development.
- Old Growth – Harvest would take place within approximately 160 acres of potential old growth stands. These acres would receive old growth maintenance treatments and continue to be potential old growth following harvest.

Harvest System:

- 62% tractor
- 38% cable

Road Construction:

- Approximately 5.45 miles of new road construction is required. 13.75 miles of road would be improved and reconstructed along segments, to improve road surface drainage. Motorized access is restricted to the Kamas Point Section and walk-in hunting is allowed.

Public Involvement & Issues:

- Comments from the general public, interest groups and agency specialists (DNRC) were solicited in May, 2011. A newspaper Legal Notice was run in the Missoulian, on May 29 to June 5 of 2011. Scoping notices were sent to 37 individuals and or organizations (a list of the organizations/individuals contacted is available in the project file). The Scoping Notice was made available on the DNRC website. The Scoping Notice was sent internally (DNRC) as well. Scoping notices were mailed to adjacent landowners and residents along the Proposed Haul Route: Morrison Lane and the existing road up Ashby and East Ashby Creek.
- The Tribal Preservation Office of the Confederated Salish and Kootenai Tribes expressed concern about protection of any cultural resources. Several residents along Morrison Lane expressed concerns about road use issues: safety, dust, maintenance and repairs. Several individuals expressed concern that continued timber harvest within affected drainages could negatively impact forest cover important to elk and deer.

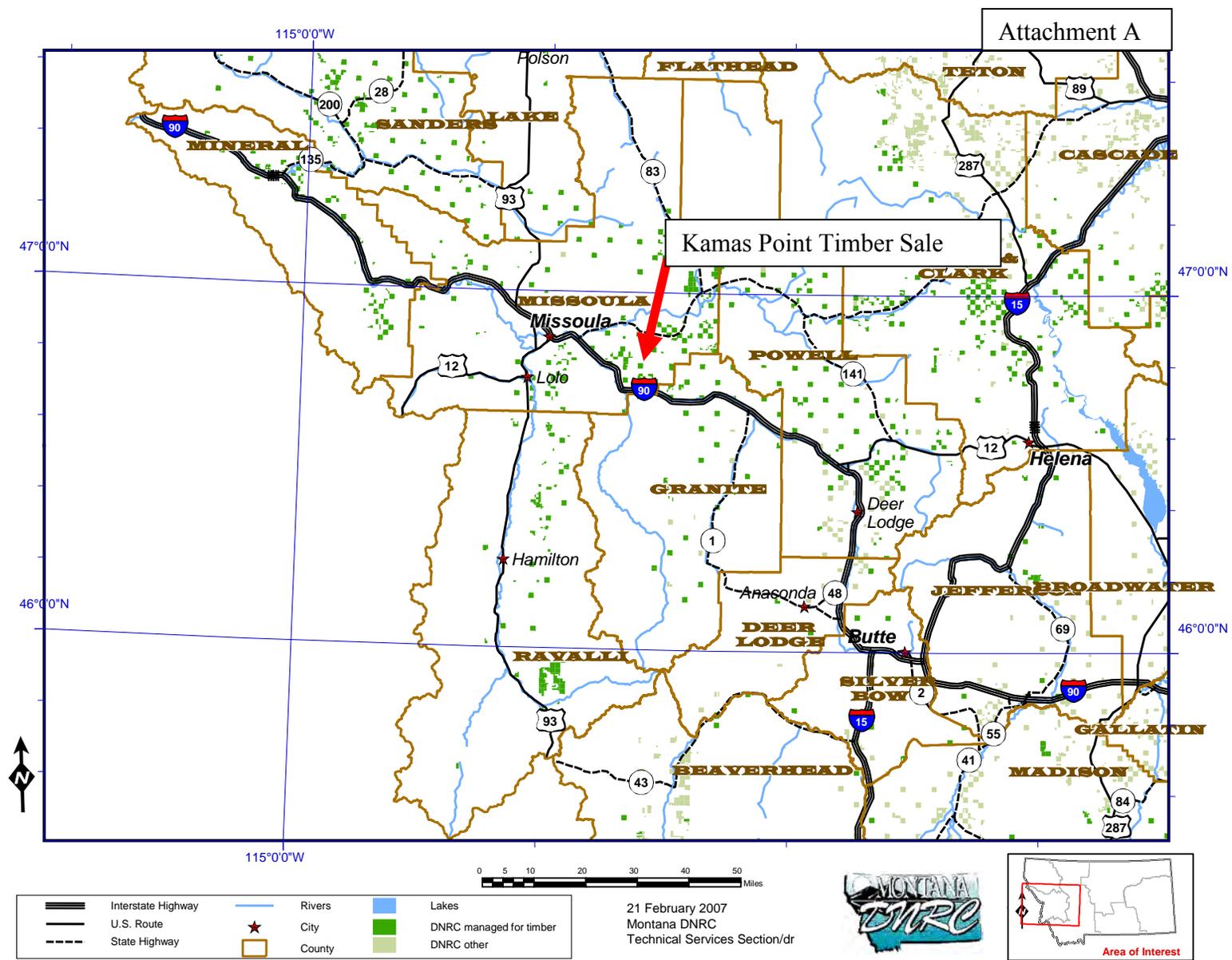
Issues and Mitigations:**Wildlife:**

- Contract stipulations would state that should Threatened and Endangered species be encountered within the Sale area, activities would cease until such time as specified by the DNRC biologist.
- Harvest would take place within 230 acres of Lynx Habitat. Within these areas a minimum of 40% crown cover would be maintained so that post-harvest these areas would be suitable as Lynx habitat (classified as Other Suitable Lynx Habitats).

Roads:

- There would be no net increase to open road density, because the Kamas Point Section is behind a locked gate and motorized access is restricted. Impacts to wildlife would be short term as a result of logging and road construction activities.
- Substantial road maintenance, repairs, and BMP upgrades will improve road conditions and drainage.

The Director recommends the Land Board direct the Department to sell the Kamas Point Timber Sale.



Legend

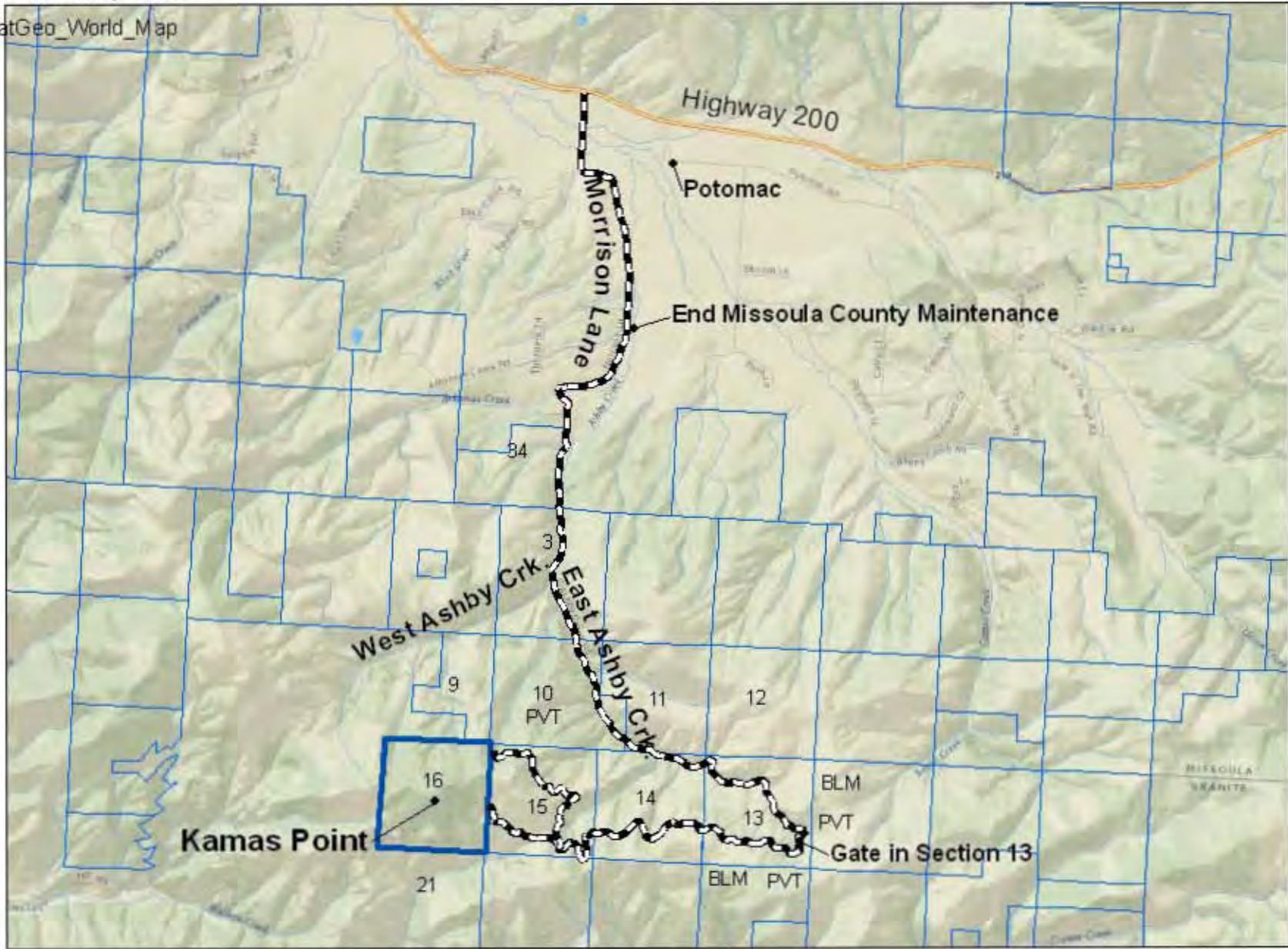
-  Haul Route
-  Kamas Point Section
-  Other DNRC parcels

Kamas Point Timber Sale Vicinity

Haul Route to: Section 16, T12N, R16W



NatGeo_World_Map

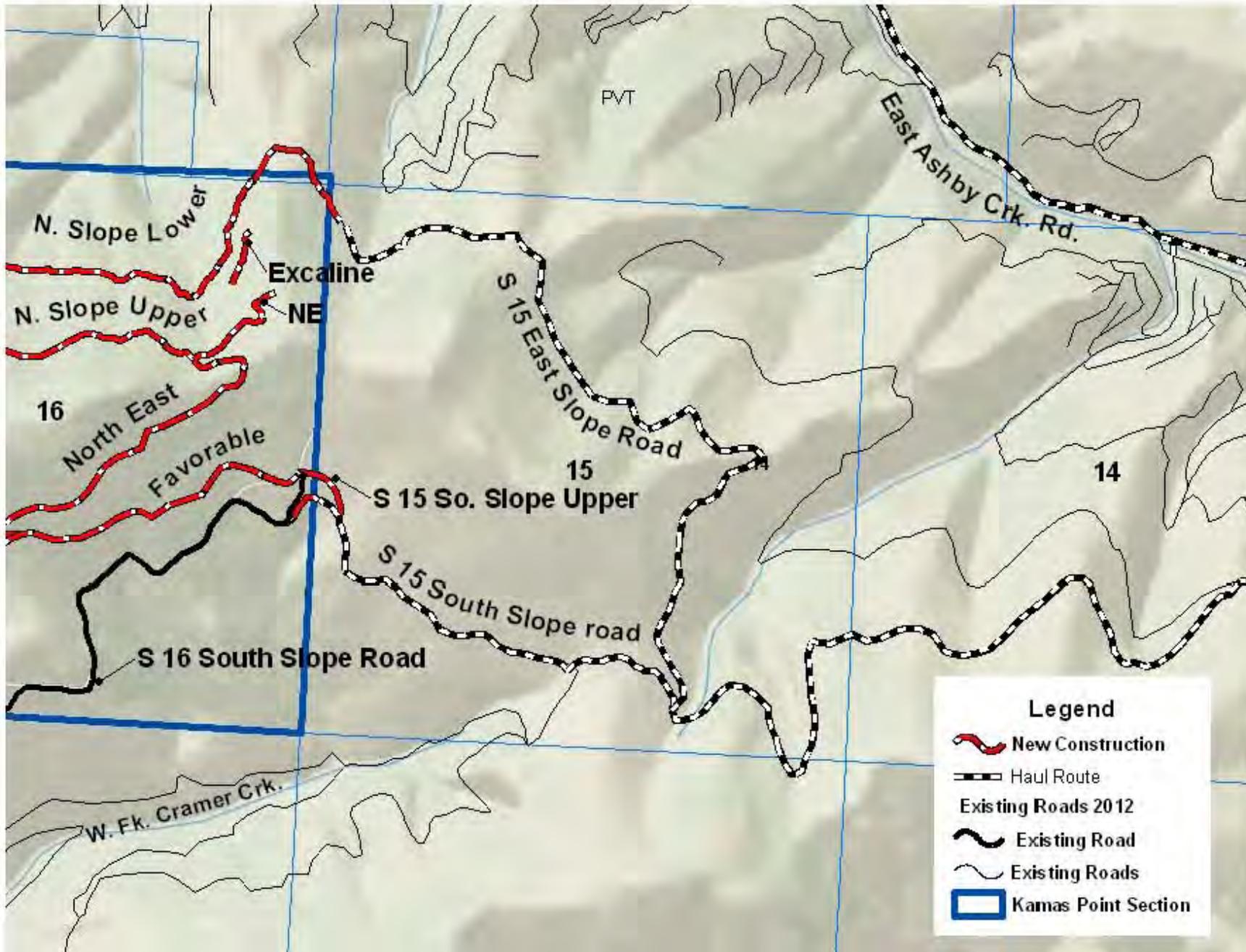


0 0.5 1 2 3 4 5 6 7 8 9 10 Miles

DNRC
R. Stocker
2-2013

Kamas Point Vicinity Road Map Sections 14-16, T12N, R16W

Attachment A



0 660 1,320 1,980 2,640 3,300 3,960 4,620 5,280 Feet

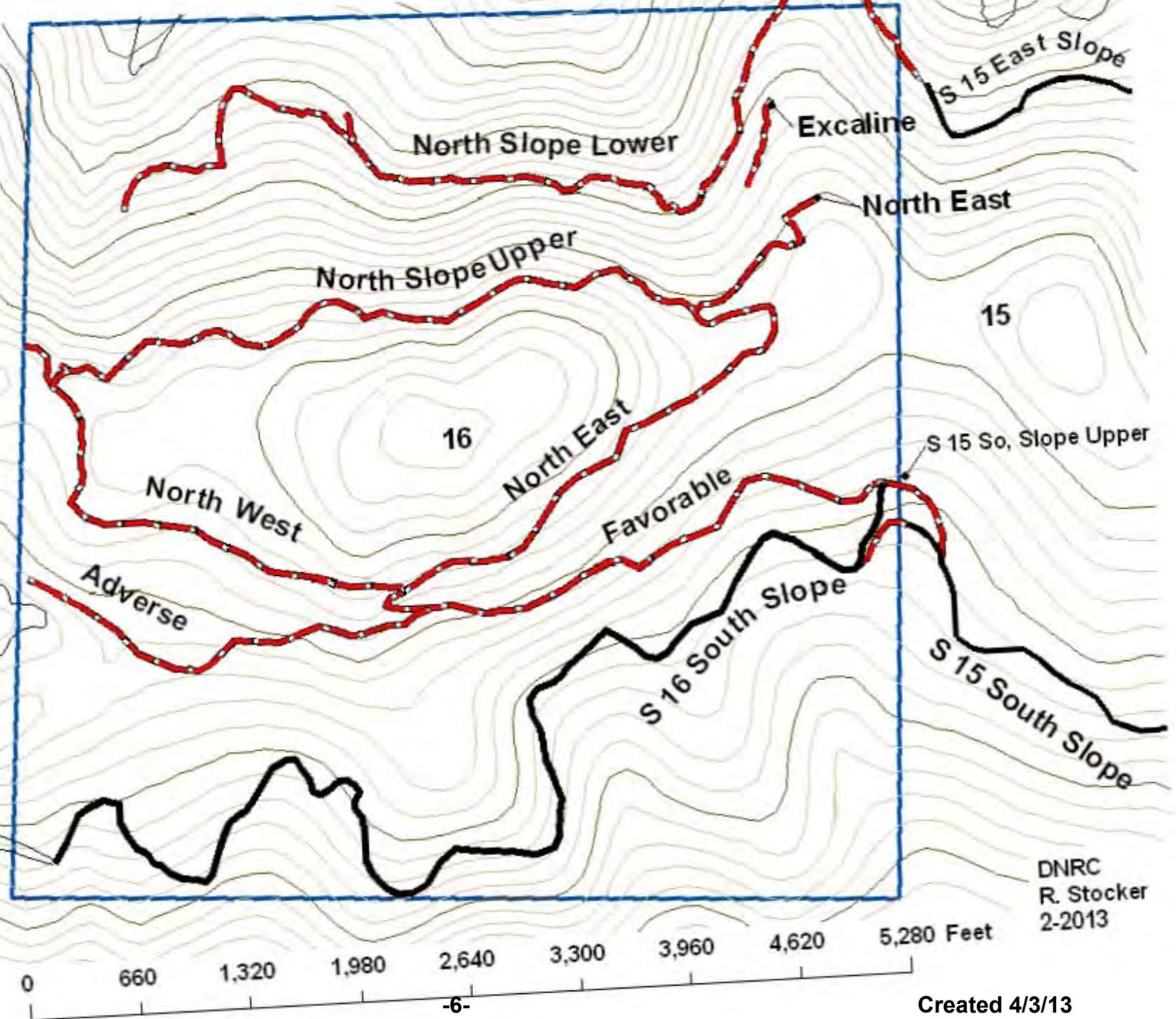
DNRC/ Stocker/ 2-2013

Kamas Point Timber Sale Road Map Section 16, T12N, R16W

Attachment A



- Legend**
- New Construction
 - Existing Roads 2012
 - Existing Road
 - Existing Roads
 - Kamas Point Section

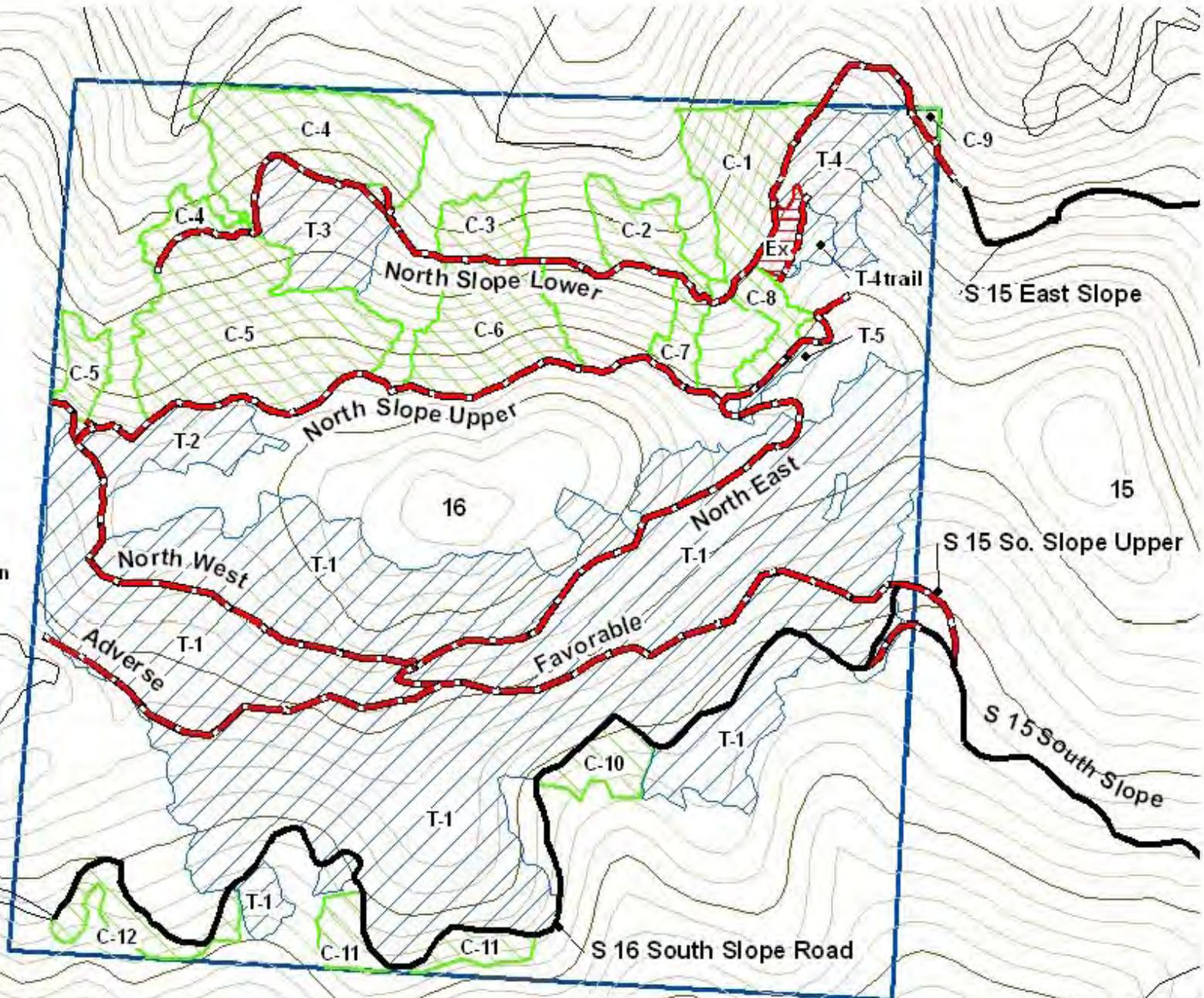


DNRC
R. Stocker
2-2013

Kamas Point Harvest Map Section 16, T12N, R16W



- Legend**
- Harvest Type**
- Tractor
 - Cable
 - Excavator
 - Proposed Roads
 - Existing Roads 2012
 - Existing Road
 - Existing Roads
 - Kamas Point Section



0 660 1,320 1,980 2,640 3,300 3,960 4,620 5,280 Feet

DNRC/ Stocker/ 2-2013

SCOUT LAKE SALE #5

April 15, 2013
Land Board

This project is the fifth timber sale proposed under the Scout Lake Multiple Timber Sale Project EIS.

Location of Sale:

- Swan Unit (NWLO) – Approximately 8 air miles south of Swan Lake, Montana
- Lake County – Section 32, T24N-R17W.
- 100% Common Schools
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated volumes are 8,504 tons (1,513 MBF) of sawlogs with a conversion factor of 5.62 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume (tons)	Total Minimum Sale Value
\$23.82	\$4.47	\$28.29	*8,504	\$240,578.16

*The estimated volume is equivalent to approximately 8,104 cubic meters

Sale & Harvest Treatments:

- The sale consists of 5 harvest units totaling 149 acres.
- Silvicultural prescriptions include:
 - 44 acres of commercial thin. The commercial thin treatment would leave approximately 35 to 40 percent of the stand. 105 acres of regeneration harvest treatments; 48 acres of seedtree and 57 acres of shelterwood treatments. Regenerations treatments would leave approximately 10 to 15 percent of the stand, respectively.
- A minimum of 2 large snags per acre would also be retained in each harvest unit where snags are available.
- Western larch, Douglas-fir, ponderosa pine, and other species where present, would also be retained throughout the sale.
- This sale treats approximately 134 acres of old growth and 15 acres of 00-039 year age class. Post harvest, 29 of the treated old growth acres are expected to remain old growth. Post-harvest, 120 acres would potentially fall within 0-39 age class.
- All harvest treatments are meant to: address insect and disease issues; promote appropriate species composition and desired future conditions; and balance revenue recovery with environmental considerations such as wildlife habitat, watershed health, and soil stability.

Harvest Systems:

- 100% tractor

Road Construction:

- No new roads would be constructed. Additionally 4.4 miles would receive maintenance or spot improvements. After the sale, all forest roads used for this sale would meet current BMPs. Current open/closed road status would not change and all new roads would be closed to non-administrative motorized use once the sale is completed. Traffic flow and road use were designed to meet the requirements of the SVGBCA.

Public Involvement & Issues:

Public scoping for the Scout Lake Multiple Timber Sale Environmental Impact Statement (EIS) began on April 16, 2010 with a 30-day public comment period. The project proposal was mailed to interested individuals, owners of adjacent land, State Land Board staff, special interest groups, private industry, State representatives, local newspapers, and federal and state agencies. Public notices were also published in the *Bigfork Eagle*, the *Kalispell Daily Interlake*, and the *Swan Valley Pathfinder*. As a result of these initial scoping efforts, a total of 8 letters/emails, 4 phone calls, and 13 requests to remain informed were received from a wide range of interested parties.

- In November 2010 and July 2011, DNRC sent out newsletters to update interested parties about the project. No responses were received as a result of the newsletters.
- The ID Team conducted one public field tour of the project area on October 20, 2010. A second tour was offered in September 2011 but was canceled due to a lack of participation. One party requested and received maps of the project area and potential harvest units.
- The DEIS was prepared and mailed out for comments on December 16, 2011 with a 30-day comment period which closed on January 17, 2012. A total of three comments to the DEIS were received.
- Primary concerns by those who commented (Friends of the Wild Swan, Stephan Braun, and F.H. Stoltze) throughout the project development include: impacts of timber harvesting and road construction on old growth and wildlife habitat, protection of water quality and fisheries habitat, maintaining biodiversity, project economic viability, project cost analysis, aesthetics, and forest health and vigor. These resource concerns and others were addressed and incorporated into the project's design through the development of appropriate mitigation measures and contractual language
- Final EIS published and mailed out on March 3, 2012. Alternative B identified as proposed decision in FEIS with final decision made on March 25, 2012.

Issues and Mitigations:

Old Growth – Timber management of the old growth stands for this sale would concentrate on the removal of insect and disease problems. A total of 134 acres of old growth would be treated as a part of this sale and 29 acres of the treated acres are expected to meet the department's definition of old growth post-harvest. The proposed sale would reduce the classified old growth acreage on the Swan River State Forest to 10,242 acres. Under Alternative B and upon completion of the proposed timber sale, old growth acreage on the Swan River State Forest would be reduced from 10,347 acres to 10,242 acres – a reduction of 105 acres or 1.01 percent. The proportion of the Swan River State Forest that is old growth would decrease from 24.8 to 24.6 percent, a 0.2 percent reduction.

- Many of the larger trees in the old growth portions of the stands are dead or dying as a result of insect and disease issues. In addition, many of the seral species are declining while shade tolerant species are increasing and moving away from desired future conditions (DFCs). Seedtree harvest treatments in the old growth portions of the stand correspond to old growth removal treatments (ARM 36.11.418) which are meant to emulate stand replacement fire regimes on these sites. This type of treatment is designed to reduce short and long-term insect and disease problems, increase the presence of seral species (western larch, ponderosa pine, etc.) and reduce the amount of shade tolerant species such as subalpine fir, balance value recovery of dead and dying trees with environmental considerations, and move these stands toward desired future conditions.

- Western larch, Douglas-fir, and ponderosa pine would be favored for retention when present within the harvest units. Leave trees would represent various size and age classes. Stands would move from predominantly shade tolerant or climax species, such as Engelmann spruce, grand fir, and subalpine fir, to shade intolerant or seral species such as western larch, Douglas-fir, and ponderosa pine. This would also move these stands towards the department's desired future condition for the Swan River State Forest. This proposed treatment is consistent with the SFLMP, HCP, and Forest Management Rules.

Wildlife – Road closures would remain in place. Forest connectivity to allow animals to move between areas would be slightly reduced. At least 2 large snags per acre would be retained after harvest where available. Thermal cover for deer and elk would be slightly reduced.

Threatened and Endangered Species –

- **Grizzly Bear** – This sale conforms to the Swan Valley Grizzly Bear Conservation Agreement. Harvest activities are not permitted during the non-denning period within a closed subunit. Harvest activities would occur during the denning period of November 16 through March 1 within a closed subunit. Harvest activities could also occur from June 16 through March 31 within an active subunit.
- **Bull Trout** – No timber harvest is planned within SMZs along streams with a bull trout population. Unit boundaries have been designed to limit potential impacts to streams and comply with all applicable Rules and Laws.

Water Quality/Streams – There are no plans to harvest within SMZ or RMZ buffers. All road maintenance and/or renovation would meet current BMPs for water quality.

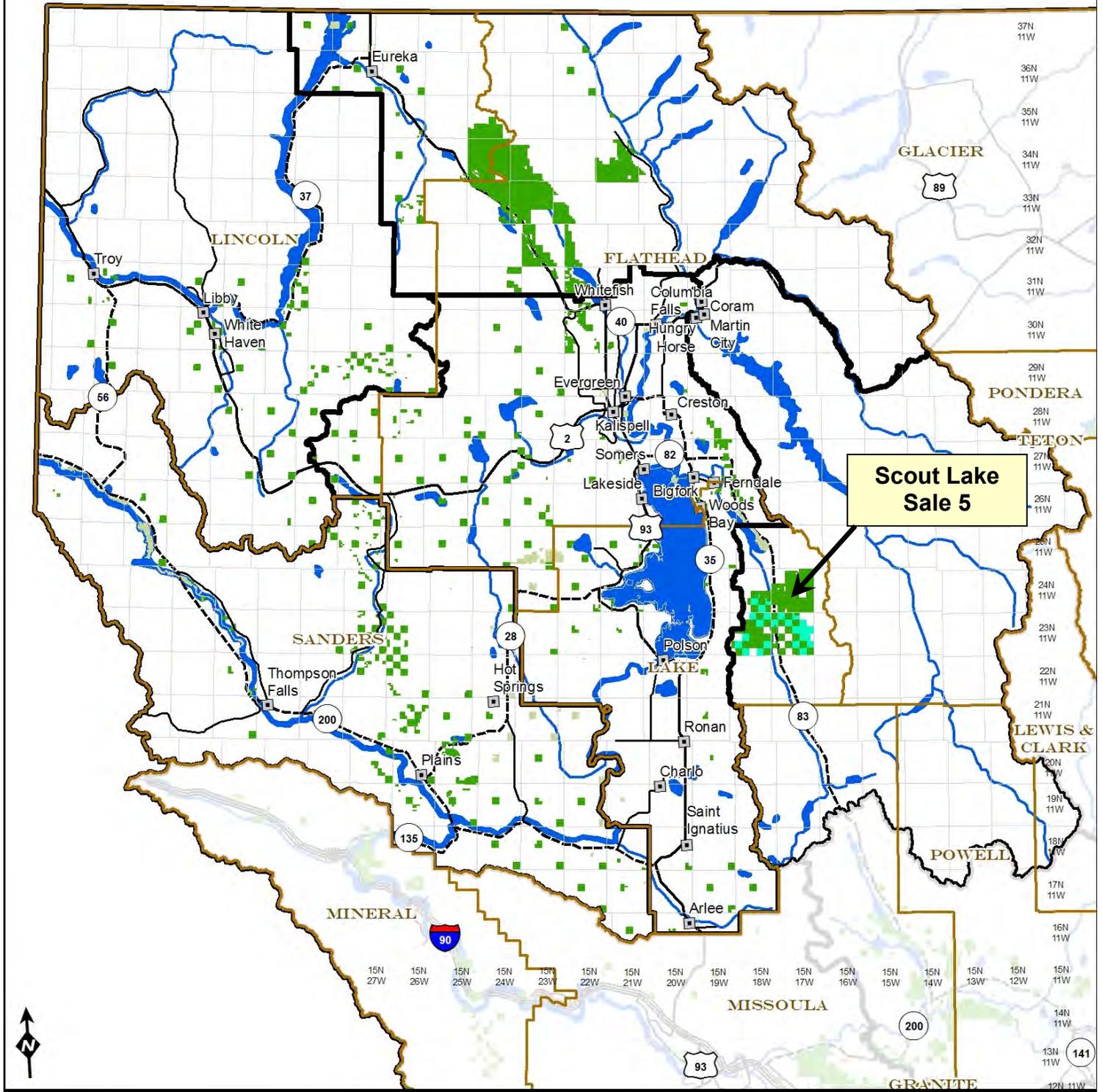
Biodiversity – The harvest prescriptions would have a variety of size and age classes present after harvest. Seral stands would replace the non-typical climax stands identified for treatment. Harvest prescriptions along with post-harvest treatments of pile and scarification, pile burning and planting would contribute to creating a variety of stands that are more reflective of historic species composition on the landscape.

Economics – The sale is expected to generate a minimum of \$202,565.00 for the Common School Trust. The sale would also spur the local economy through creating or sustaining as many as **15** higher paying timber industry related jobs.

Forest Health – This sale is designed to address forest health issues by treating stands with significant insect and disease problems and hazardous fuels adjacent to private property. The stands selected for treatment have active insect and disease problems. This area has been affected by dwarf mistletoe, Pini rot, and Indian paint fungus resulting in moderate defect and mortality in species such as western larch and grand fir. Without treatment, these problems will likely worsen and spread as documented by regular aerial survey flights. Treatments would remove dead and dying or infected trees to capture the associated revenue and allow for healthy trees to take their place or to allow healthy residual trees to grow to full potential.

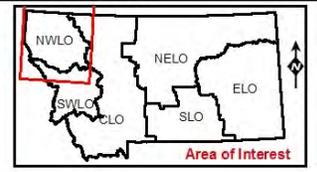
The Director recommends the Land Board direct the Department to sell the Scout Lake Sale 5.

**Scout Lake Sale 5
Vicinity Map
Attachment A1**



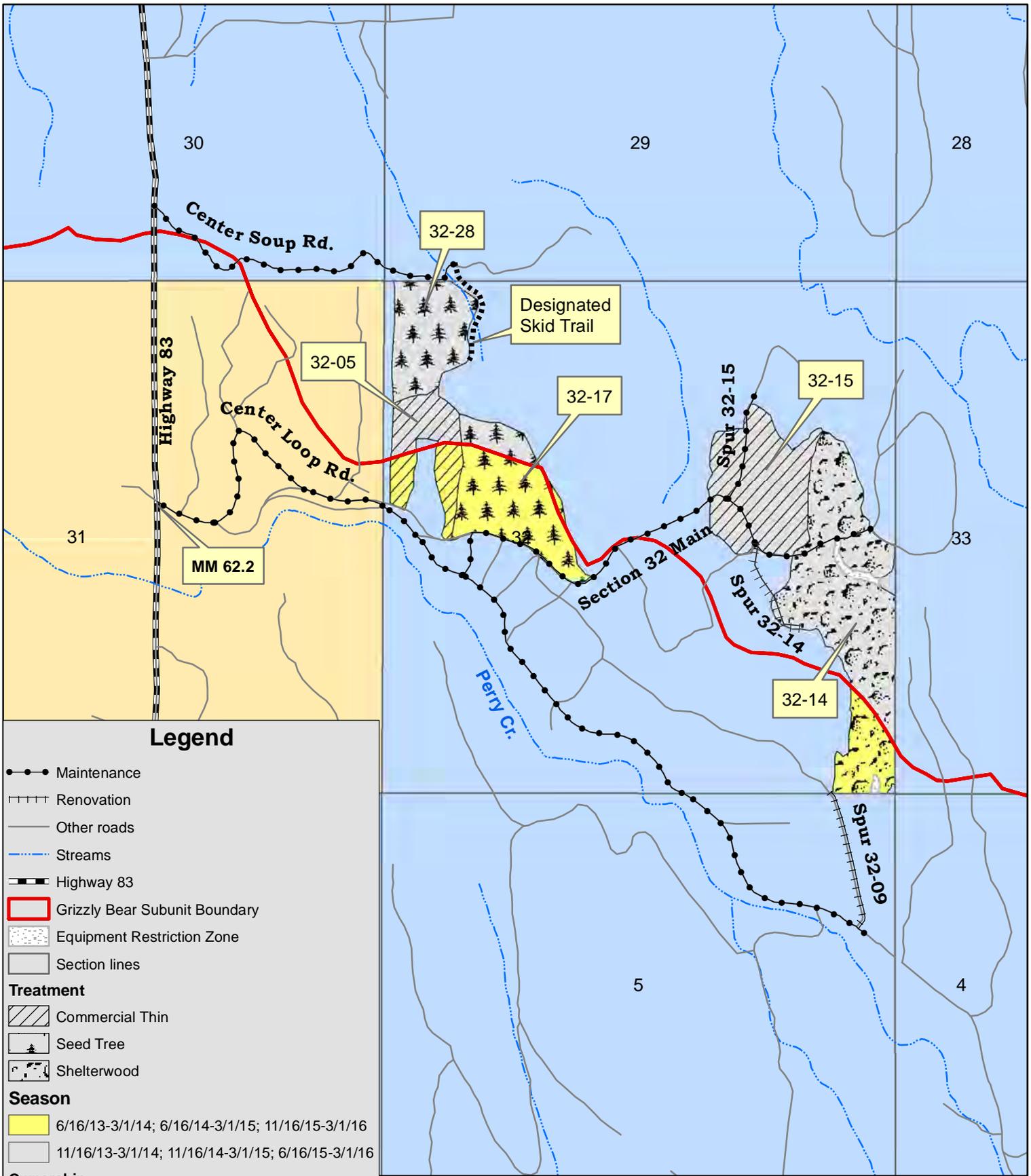
28 January 2013
Montana DNRC
OIT/GIS dr

	Interstate Highway		County		City
	U.S. Route		DNRC other		Township/Range
	State Highway		DNRC acquired Dec 2012		Management Unit
	Secondary Roads		DNRC managed for timber production		



Scout Lake Sale 5

Project Area Map
 Section 32 T24N R17W
 Attachment A2



Legend

- Maintenance
- ++++ Renovation
- Other roads
- Streams
- ▬ Highway 83
- ▭ Grizzly Bear Subunit Boundary
- ▨ Equipment Restriction Zone
- ▭ Section lines

Treatment

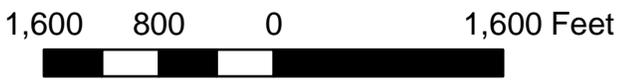
- ▨ Commercial Thin
- ▭ Seed Tree
- ▭ Shelterwood

Season

- ▭ 6/16/13-3/1/14; 6/16/14-3/1/15; 11/16/15-3/1/16
- ▭ 11/16/13-3/1/14; 11/16/14-3/1/15; 6/16/15-3/1/16

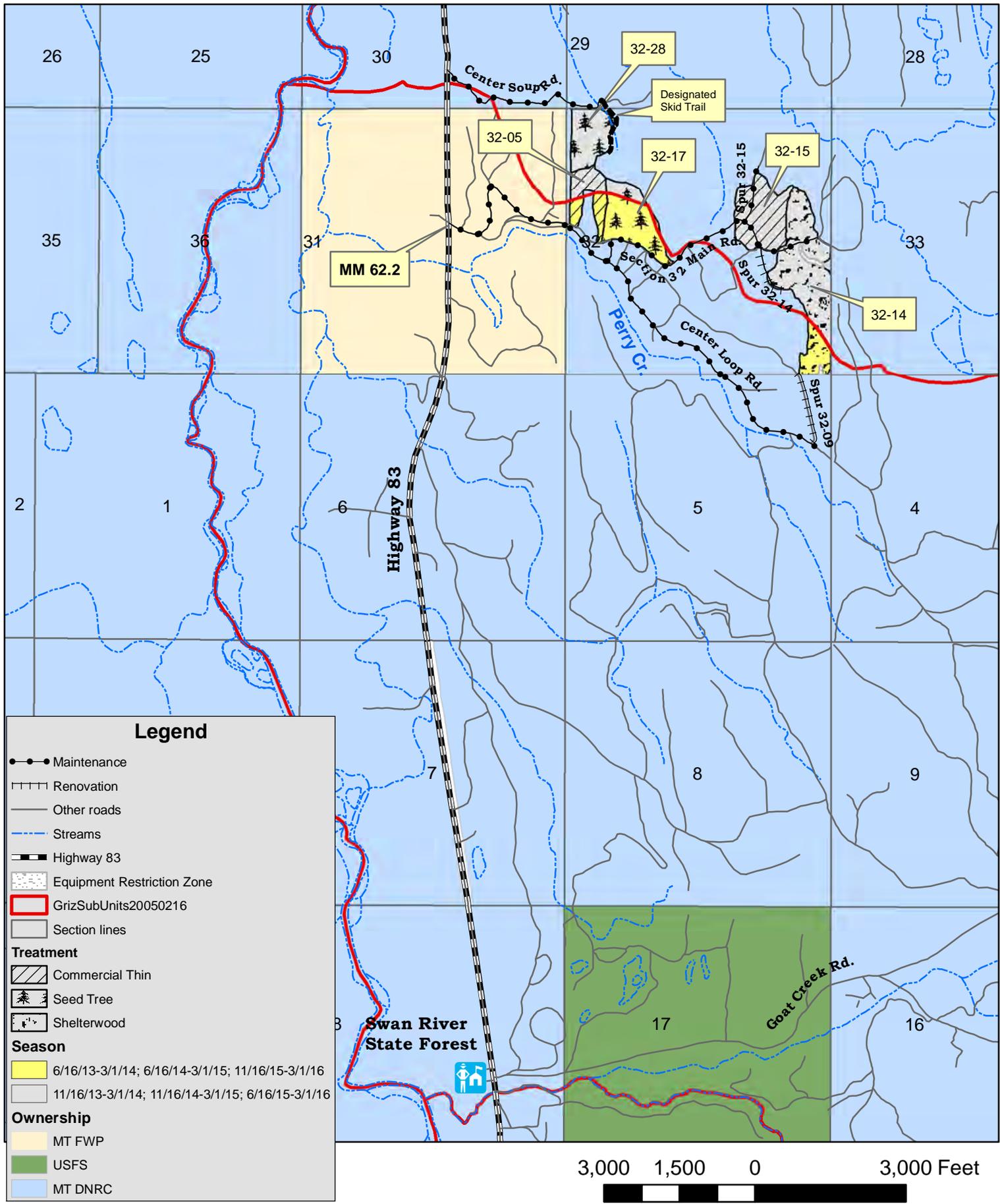
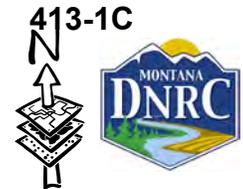
Ownership

- ▭ MT FWP
- ▭ MT DNRC



Scout Lake Sale 5

Project Area Map
 Section 32 T24N R17W
 Attachment A3



Legend

- Maintenance
- ▤▤▤▤ Renovation
- Other roads
- Streams
- ▬ Highway 83
- ▨ Equipment Restriction Zone
- ▭ GrizSubUnits20050216
- ▭ Section lines

Treatment

- ▨ Commercial Thin
- 🌲 Seed Tree
- 🌲 Shelterwood

Season

- ▭ 6/16/13-3/1/14; 6/16/14-3/1/15; 11/16/15-3/1/16
- ▭ 11/16/13-3/1/14; 11/16/14-3/1/15; 6/16/15-3/1/16

Ownership

- ▭ MT FWP
- ▭ USFS
- ▭ MT DNRC

413-2

COMMUNITIZATION AGREEMENT: EOG RESOURCES

**REQUEST FOR APPROVAL OF COMMUNITIZATION AGREEMENT
APRIL 15, 2013
LAND BOARD**

EOG Resources, Inc.
600 17th Street, Suite 1000N
Denver, CO 80202

Township 28 North, Range 59 East
Section 16: ALL
Section 21: ALL
1280 Acres
Roosevelt County

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

EOG Resources, Inc. 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.

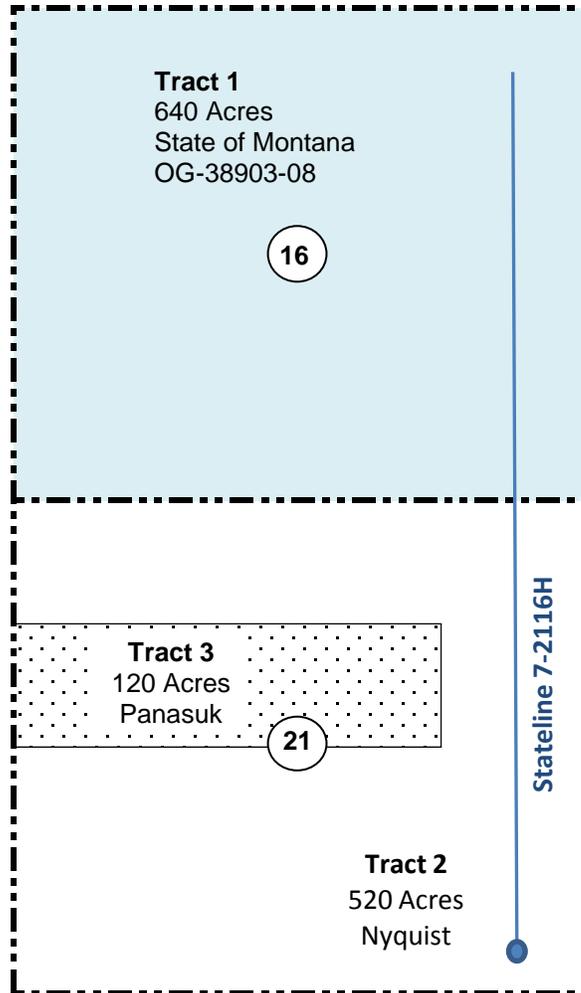
The Stateline 7-2116H well, which is a Bakken formation oil well, was drilled in the SE4SE4 of Section 21. The State owns 640 acres of the 1280 mineral acres in the permanent spacing unit that will be communitized. All the mineral owners in the spacing unit will share in the royalty from this well. The Communitization Agreement shall include said lands from the Bakken and Three Forks Formations only in Sections 16 and 21.

The State'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 State will consequently receive 8.335% 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 28 North Range 59 East

Sections 16 & 21



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	State of Montana	640.00	50.0000%	16.67%	0.083350
2	Nyquist	520.00	40.6250%	18.75%	0.07617188
3	Panasuk	120.00	9.3750%	16.67%	0.01562813
Total		1280.00	100.00%		

* The Operator of the Communitized Area is EOG Resources, Inc.

413-3

LAND BANKING PARCELS: SET MINIMUM BID FOR SALE

- A. Jefferson County
- B. Rosebud County

LAND BOARD AGENDA ITEM

April 15, 2013

**SET MINIMUM BID FOR LAND BANKING
PARCEL # 687
JEFFERSON COUNTY**

- Seller:** State of Montana, Department of Natural Resources and Conservation
- Nominator:** Parcel 687 – Lessees, Calvin Erb & Robert Rufenacht
- Location:** Parcel 687 – is located 10 miles west of Three Forks.
- Property Characteristics:** Parcel 687 – This parcel is flat to gently rolling and used primarily for grazing purposes.
- Access:** Parcel 687 – Is not legally accessibly by the public, and is surrounded by private land.
- Economic Analysis:**
- Short term – The rate of return on the sale parcel is 0.3% for Common Schools Grant. It would continue to receive this return if the parcel remains in state ownership.
- Long term – The sale of this parcel would result in the acquisition of lands that generate a higher rate of return. To date the average annual rate of return has been approximately 2.06%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcel nominated for sale was inventoried to Class III standards for cultural and paleontological resources. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. A cultural and paleontologic resources inventory report has been prepared and is on file with the DNRC, and the Montana State Historic Preservation Office.

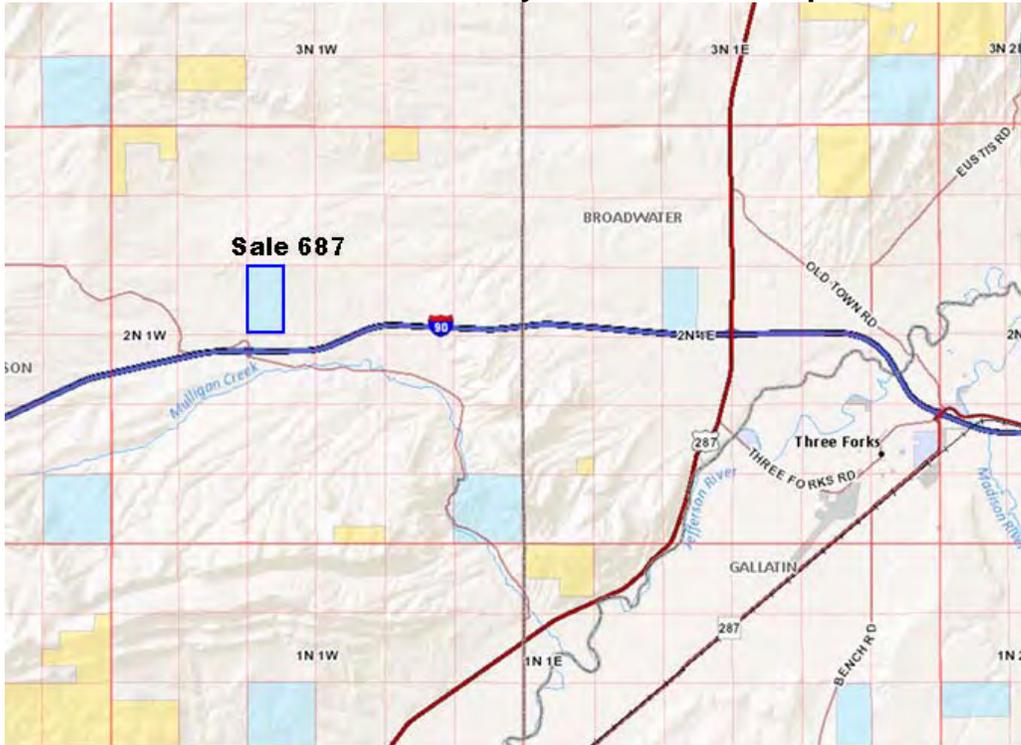
Agency Recommendation:

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

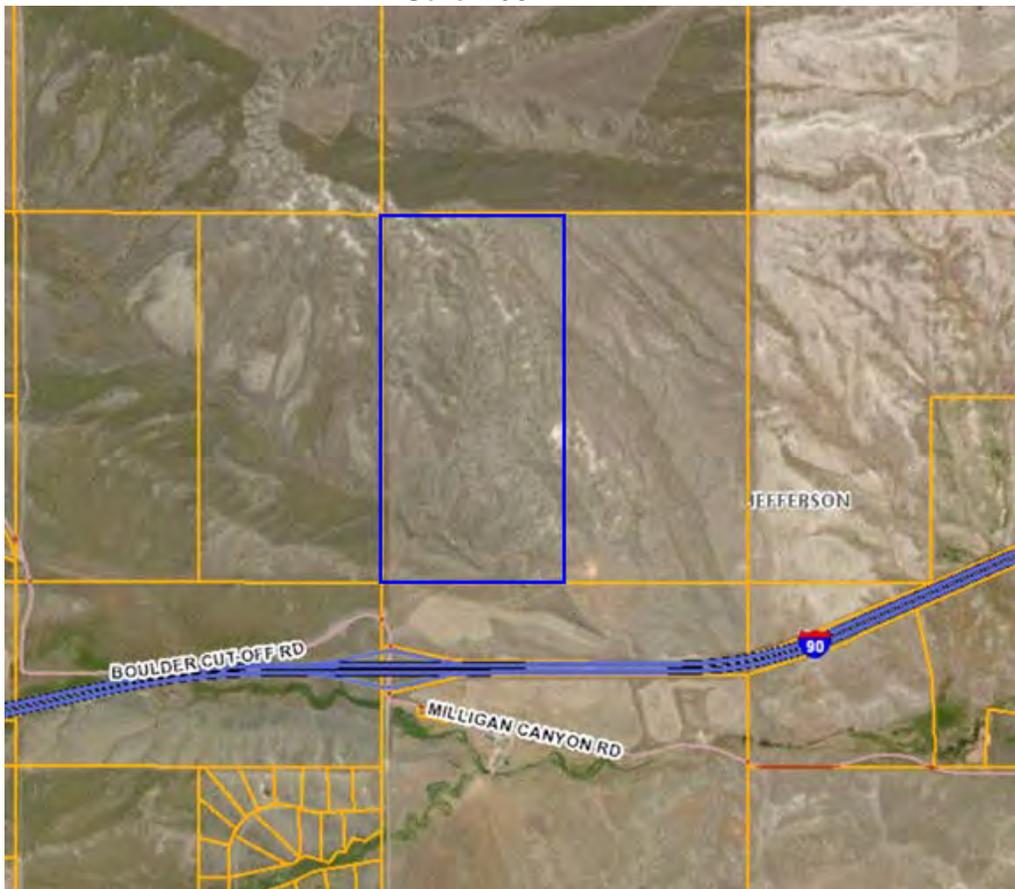
Sale #	# of Acres	Appraised Value With Access	Appraised Value/Acre With Access	Recommended Minimum Bid	Trust
687	320 ±	\$192,000	\$600	\$192,000	Common Schools
Total				\$ 192,000	

Jefferson County Sale Location Map

413-3A



Sale #687



LAND BOARD AGENDA ITEM

April 15, 2013

**SET MINIMUM BID FOR LAND BANKING
PARCEL # 683
ROSEBUD COUNTY**

- Seller:** State of Montana, Department of Natural Resources and Conservation
- Nominator:** Parcel 683 – Lessee, Jump Angela Farms LLC
- Location:** Parcel 683 – is located 18 miles northwest of Miles City.
- Property Characteristics:** Parcel 683 – This parcel is flat to gently rolling and used primarily for grazing purposes.
- Access:** Parcel 683 – Is not legally accessibly by the public, and is completely surrounded by private land.
- Economic Analysis:** Short term – The rate of return on the sale parcel is 0.6% for Common Schools Grant. It would continue to receive this return if the parcel remains in state ownership.
- Long term – The sale of this parcel would result in the acquisition of lands that generate a higher rate of return. To date the average annual rate of return has been 2.06%, on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcel proposed for sale was inventoried to Class III standards for cultural and paleontologic resources. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. A cultural and paleontologic resources inventory report has been prepared and is on file with the DNRC, and the Montana State Historic Preservation Office.

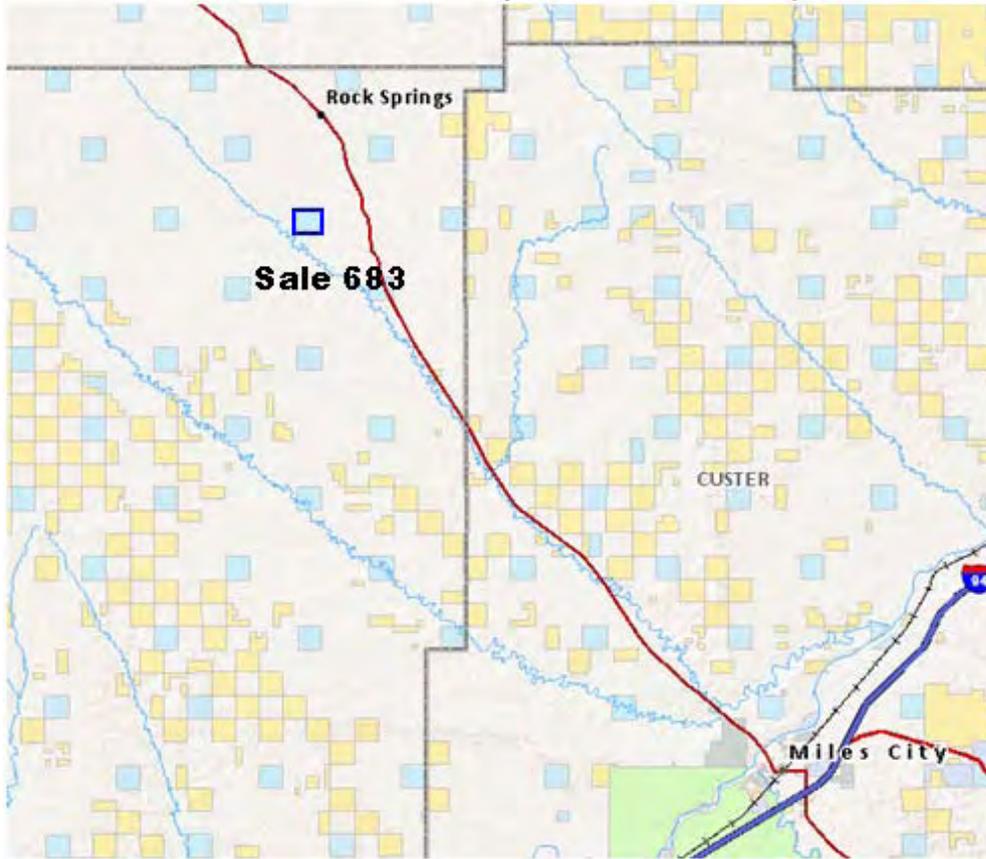
Agency Recommendation:

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

Sale #	# of Acres	Appraised Value With Access	Appraised Value/Acre With Access	Recommended Minimum Bid	Trust
683	640 ±	\$148,000	\$230	\$148,000	Common Schools
Total				\$ 148,000	

Rosebud County Sale Location Map

413-3B



Sale #683



413-4

EASEMENTS

A. Rights-of-Way

B. Cost Share Agreement: Deep Blue Springs

SUMMARY SHEET – RIGHTS OF WAY APPLICATIONS

HISTORIC COUNTY ROAD – *Prairie County* (Pages 2-3)

HISTORIC TELEPHONE UTILITY – *Northern Telephone Coop.* (Page 5-6)

EXPANSION OF ELECTRIC FACILITY – *NorthWestern Energy* (Page 1)

NEW WATER LINE FACILITY – *N Central MT Regional Water* (Page 4)

NEW WATER INJECTION LINE – *TAQA North USA* (Page 9)

NEW TELEPHONE UTILITY – *Mid-Rivers Telephone Coop.* (Page 7)

STATE HIGHWAY RECONSTRUCTION – *Dept. of Transportation* (Pages 8 & 10)

AFFECTED GRANTS AND PROPOSED INCOME:

Common Schools	\$ 16,077
Public Buildings	\$ 3,336
Deaf & Blind	\$ 3,614
Montana Tech	\$ 2,300

AFFECTED COUNTIES: Golden Valley, Lewis & Clark, Liberty, Pondera, Prairie, Sheridan, Yellowstone

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	NorthWestern Energy 40 East Broadway Butte MT 59701
Application No.:	8034 (Amended)
R/W Purpose:	expansion of an existing electric transmission substation
Lessee Agreement:	ok
Acreage:	5.83
Compensation:	\$6,300.00
Legal Description:	a tract of land in the NE4NW4, Sec. 20, Twp. 1N, Rge. 26E, Yellowstone County
Trust Beneficiary:	Common Schools
Classification:	III



Applicant has a substation under an existing easement that was issued in 1979. Applicant is upgrading the substation facility to improve its reliability and need additional area for grade changes. The additional area to be encumbered is minimal and will cause little impact to the remainder of the tract, which is encumbered currently with transmission lines and communication facilities. The Department recommends approval of this amended easement request.

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County P O Box 125 Terry MT 59349-0125
Application No.:	16246
R/W Purpose:	a public county road known as 13 Flats Road
Lessee Agreement:	N/A (Historic)
Acreage:	1.82
Compensation:	\$319.00
Legal Description:	30-foot strip through W2NW4, Sec. 36, Twp. 11N, Rge. 53E, Prairie County
Trust Beneficiary:	Common Schools
Classification:	III



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

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County P O Box 125 Terry MT 59349-0125
Application No.:	16247
R/W Purpose:	a public county road known as Kempton Bench Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	\$637.00
Legal Description:	30-foot strips through E2NE4, Sec. 16 and W2NW4, Sec. 27, Twp. 11N, Rge. 51E, Prairie County
Trust Beneficiary:	Common Schools
Classification:	III



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

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	North Central Montana Regional Water Authority P O Box 2456 Havre MT 59501
Application No.:	16250
R/W Purpose:	a buried 10" potable water line
Lessee Agreement:	ok
Acreage:	1.83
Compensation:	\$1,647.00
Legal Description:	50-foot strip through N2NW4, Sec. 28, Twp. 28N, Rge. 2W, Pondera County
Trust Beneficiary:	Common Schools
Classification:	II



This application is associated with the Rocky Boys/North Central Montana Regional Water Project and is associated with the Conrad to Brady to Dutton phase. The 10" water line will provide potable water supply to the communities of Dutton and Brady. The pipeline runs along the section boundary and will cause minimal disturbance and environmental impact to the state land. The Department recommends approval of this easement request.

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northern Telephone Cooperative, Inc. P O Box 190 Sunburst MT 59482
Application No.:	16251
R/W Purpose:	a buried fiber optic telecommunications distribution cable
Lessee Agreement:	N/A (Historic)
Acreage:	2.42
Compensation:	\$726.00
Legal Description:	20-foot strip through E2E2, Sec. 16, Twp. 32N, Rge. 5E, Liberty County
Trust Beneficiary:	Common Schools
Classification:	III



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

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northern Telephone Cooperative, Inc. P O Box 190 Sunburst MT 59482
Application No.:	16252
R/W Purpose:	a buried fiber optic telecommunications distribution cable
Lessee Agreement:	N/A (Historic)
Acreage:	1.05
Compensation:	\$315.00
Legal Description:	20-foot strip through S2SE4, Sec. 16, Twp. 35N, Rge. 5E, Liberty County
Trust Beneficiary:	Common Schools
Classification:	III



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

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Telephone Cooperative, Inc. 105 Seven Mile Drive Glendive MT 59330
Application No.:	16255
R/W Purpose:	a buried telecommunications distribution cable
Lessee Agreement:	ok
Acreage:	0.99
Compensation:	\$693.00
Legal Description:	20-foot strip through N2NE4, Sec. 36, Twp. 5N, Rge. 19E, Golden Valley County
Trust Beneficiary:	Common Schools
Classification:	III



Applicant is upgrading facilities in their Ryegate exchange area. The route chosen was the most direct, follows an existing utility corridor and is located along the north section line. Minimal impacts will occur from the installation of this proposed facility. The Department recommends approval of this request.

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Department of Transportation
 P O Box 201001
 Helena MT 59620-1001

Application No.: 16256
 R/W Purpose: highway construction and maintenance, including occupancy by
 public utilities as defined in §69-4-101, MCA

Lessee Agreement: ok
 Acreage: 3.47
 Compensation: \$6,950.00
 Legal Description: tract of land in SW4, N2SE4, SE4NE4, Sec. 12, Twp. 14N,
 Rge. 8W, Lewis & Clark County

Trust Beneficiary: Public Buildings and School for Deaf & Blind
 Classification: III



The Department of Transportation is reconstructing portions of Highway 200 near Lincoln to allow for better sight distance and better passing capability. The additional right of way being sought is minimal and environmental impacts are negligible. The Department recommends approval of this request.

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	TAQA North USA, Inc. P O Box 1835 Williston ND 58802
Application No.:	16257
R/W Purpose:	a buried 4" high pressure water injection pipeline to service Joyes State 4 well
Lessee Agreement:	ok
Acreage:	1.03
Compensation:	\$5,440.00
Legal Description:	20-foot strip through N2NW4, Sec. 16, Twp. 37N, Rge. 57E, Sheridan County
Trust Beneficiary:	Common Schools
Classification:	III



Applicant is proposing to construct a water injection pipeline to improve the movement of water from an oil well on State land. The pipeline would connect to a water injection system and storage facility located on adjoining private land. The route chosen is the only available route so as to directly connect the well to the existing water system. Minimal impacts from the construction of the pipe will occur. The applicant has offered \$40/rod for the waterline easement, which represents the current market value in the area for oil and gas pipeline easements. The Department recommends approval of this easement request and acceptance of the \$40/rod for compensation.

Rights of Way Applications

April 15, 2013

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Department of Transportation
 P O Box 201001
 Helena MT 59620-1001

Application No.: 16261
 R/W Purpose: highway construction and maintenance, including occupancy by
 public utilities as defined in §69-4-101, MCA

Lessee Agreement: ok
 Acreage: 1.14
 Compensation: \$2,300.00
 Legal Description: tract of land in SE4SE4, Sec. 6, Twp. 14N, Rge. 7W,
 Lewis & Clark County

Trust Beneficiary: Montana Tech
 Classification: III



Please see page 8 for explanation.

**U.S. FOREST SERVICE COST SHARE SUMMARY
Supplement No. 41, Kootenai and Lolo National Forests**

(Deep Blue Spring)

April 15, 2013

RIGHT-OF-WAY-APPLICATION FILE NO. 16260

I. Applicant:

United States of America (USDA-Forest Service)
Region 1
Lolo National Forest
Missoula, MT 59804

II. Purpose of Reciprocal Cost-Share Agreement:

State land is intermingled with National Forest System lands administered by the Kootenai and Lolo National Forests. In order for both the State of Montana and the U.S. Forest Service to gain legal access, it is necessary to exchange easements as provided by the Master Cost Share Agreement with the US Forest Service, Northern Region.

III. Legal Description:

The State of Montana DNRC and the USA Forest Service will exchange standard Cost Share easements, 60 feet in width, over the following described lands:

State Lands: Section 16, T23N, R30W

National Forest System Lands: Section 15, T23N, R30W

IV. General Information:

Tributary area, right of way area, and miles of road are summarized as follows:

	State	USFS	Total
Tributary Area:	293 acres	1,820 acres	2,113 acres
Miles of Road:	1.09 miles	0.27 miles	1.36 miles
Right of Way Area:	7.93 acres	1.96 acres	9.89 acres

Land Office: NWLO
Unit Office: Plains
Land Classification: Forest
Beneficiary: C.S. – Common Schools
County: Sanders

V. Costs to be Borne by Each Party:

Excess costs, by land value and road costs, were determined by negotiation with the USFS Lolo National Forest in accordance with the principals found in the Master Cost Share Agreement. It was agreed that under this Supplement the State has a net excess cost of \$21,071 (Forest Service owes State), which will be entered on the Master cost share balance sheet.

VI. Results of MEPA Analysis:

The Northwest Land Office, Plains Unit prepared (Oct. 2012) an Environmental Assessment and USFS prepared Categorical Exclusions for the project.

VII. Benefits to State:

This exchange of cost share easements will provide permanent legal access on the preferred and mutually beneficial transportation system and in particular, to 23 acres of Trust Lands.

This supplement provides for the shared construction of the preferred transportation system. Once completed this would become the primary access route from the Blue Slide Road into the Deep Creek and Spring Gulch area.

Rerouting of the existing road allows for the best grade and alignment for continued public use of the road system. This existing access road is located in the bottom of Deep Creek drainage immediately adjacent to the stream, which has a history of washing out the road during high spring runoff events or following a major storm.

The cost share easements provide for sharing of future maintenance and reconstruction costs.

VIII. Recommendation/Action:

After review of the documents, exhibits, and benefits to the State, the Director of the Department of Natural Resources and Conservation recommends approval of the Deep Blue Spring Cost Share Supplement No. 41 with the US Forest Service.

U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE - REGION ONE
LOLO NATIONAL FOREST - PLAINS/THOMPSON FALLS RANGER DISTRICT
STATE OF MONTANA - DNRC - PLAINS UNIT
PLANS FOR PROPOSED CONSTRUCTION OF FOREST DEVELOPMENT ROADS
DEEP BLUE COST SHARE - SUPPLEMENT NO. 41

Project Area



STATE OF MONTANA - DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
 Reviewed by:

Larry Ballantyne 2-4-13
 Name: _____ Date

Approved by:
Larry Ballantyne 2-4-13

Name: _____ Date
 Title: PLAINS UNIT MGR MT DNRC

FOREST SERVICE - LOLO NATIONAL FOREST
 Reviewed by:

Cadma Mullan 1/25/13
 Name: _____ Date

Approved by:
[Signature] 1/25/13

Name: _____ Date
 Title: ACTING FOREST ENGINEER

PROJECT ROADS:

Road No.	Road Name	Length (mi.)	
68000	Deep Creek Loop	0.28	(C)

(C) - new construction

State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 41

DEEP BLUE SPRING

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

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Cabinet Ranger District
LOLO NATIONAL FOREST
Plains/Thompson Falls Ranger District
Sanders County, Montana
Principal Meridian, Montana

LEGEND

- Supplement Boundary
- Tributary Area Boundary
- 1** Tributary Area Number
- Jointly Financed Roads
- Road Number
- Termini of Road Segment
- NFSL National Forest System Lands
- STATE State of Montana
- SLC Stimson Lumber Company
- SP Small Private

Based on Geographic Coordinate Data Base and USGS Quads: Belknap (1992) Seven Point Mountain (1966)

R/W Width: 60 ft (NFSL)
60 ft (STATE)

R/W Area: 1.96 acres (NFSL)
7.93 acres (STATE)

Prepared by M. Slaten Date Dec 31, 2012

Checked by *Abraham Torgerson* Date 1-16-2013

Checked by *Mark Peterson* Date 3-11-13

