

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
October 20, 2014, at 9:00 a.m.
State Capitol, Room 317
Helena, MT

ACTION ITEMS

- 1014-1 **FWP: Garrity Mountain Wildlife Management Area Addition**
Benefits: N/A
Location: Deer Lodge County
APPROVED 4-0
- 1014-2 **Timber Sales**
- A. Runamuk (Limited Access)**
Benefits: Common Schools
Location: Musselshell County
APPROVED 4-0
- B. South Fitzpatrick**
Benefits: Common Schools
Location: Flathead and Lincoln Counties
APPROVED 4-0
- C. Cilly Excaline**
Benefits: Common Schools
Location: Lake County
APPROVED 4-0
- D. Cilly Lost Heli (Contract Harvest)**
Benefits: Common Schools
Location: Lake County
APPROVED 4-0
- 1014-3 **Sale of Cabin and Home Sites: Set Minimum Bid for Sale – Sale 711**
Benefits: Pine Hills
Location: Missoula County
APPROVED 4-0
- 1014-4 **Sale of Cabin and Home Sites: Final Approval for Sale**
- A. Gallatin County – Sale 710**
Benefits: Montana Tech, Eastern – MSU/Western – UM
Location: Gallatin County
APPROVED 4-0
- B. Missoula County – Sale 712**
Benefits: MSU 2nd
Location: Missoula County
APPROVED 4-0
- C. Flathead County – Sale 714**
Benefits: Montana Tech
Location: Flathead County
APPROVED 4-0
- 1014-5 **Land Banking Parcels: Preliminary Approval for Sale**
- A. Carter County**
Benefits: Common Schools
Location: Carter County
APPROVED 4-0
- B. Custer County**
Benefits: Common Schools
Location: Custer County
APPROVED 4-0

C. Garfield County

Benefits: Common Schools

Location: Garfield County

APPROVED 4-0

D. McCone County

Benefits: Common Schools

Location: McCone County

APPROVED 4-0

E. Powder River County

Benefits: Common Schools

Location: Powder River County

APPROVED 4-0

1014-6 Land Banking Acquisition: Final Approval for Purchase – Hougardy Farm

Benefits: Common Schools

Location: Treasure County

APPROVED 4-0

1014-7 Easements

Benefits: Common Schools, Public Lands

*Location: Cascade, Dawson, Lewis and Clark, Missoula, Richland, Sweet Grass, Valley
Counties*

APPROVED 4-0

PUBLIC COMMENT

1014-1

FWP: GARRITY MOUNTAIN
WILDLIFE MANAGEMENT AREA ADDITION

**Land Board Agenda Item
October 20, 2014**

1014-1 FWP: Garry Mountain Wildlife Management Area Addition

Location: Deer Lodge County

Trust Benefits: N/A (non-trust land)

Trust Revenue: N/A (non-trust land)

Item Summary

The 9,475-acre Garry Mountain Wildlife Management Area (WMA), located two miles west of Anaconda in southwest Montana, was purchased in two phases in 2000 and 2001 by the Montana Department of Fish, Wildlife and Parks (FWP). The predominate funding party was the Montana Department of Justice's Natural Resource Damage Program (NRDP), which administers funds derived from a series of settlements between the State of Montana and Atlantic Richfield Company (ARCO) for damages to the Upper Clark Fork River Basin from mining and smelting activities.

FWP proposes to add 640 acres (portions of T4N R11W Sect 6 and T5N R11W Sect 32) via fee-title acquisition to the Garry Mountain WMA in order to protect critical elk winter range and calving habitat, conserve aspen stands and grasslands that support a diversity of wildlife species, improve public access to the existing Garry Mountain WMA, and provide for public recreational use including big game hunting. The land (hereafter the addition) is owned by The Conservation Fund (TCF), which purchased it from American Bank of Bozeman with the intent to convey it to FWP.

Resource Values

The addition provides habitat for a diversity of wildlife species due in part to extensive aspen and riparian habitats, which provide ecological values (e.g., breeding, nesting, foraging) in excess of their footprint on the landscape. Almost half of the land is comprised of aspen groves, riparian areas, wetlands, water, coniferous forests, grasslands, and shrublands; formerly irrigated pasture or meadows comprise the remaining land. Ice House Gulch, a small reservoir on Ice House Gulch, and at least two other ponds provide riparian habitat.

The acquisition would also protect the existing resource values by precluding development (e.g., subdivision) of the property or other management practices that might occur under private ownership, which could be incompatible with fish and wildlife objectives.

Objectives of the Proposed Acquisition

- To protect and enhance critical elk calving grounds and winter range;
- To protect and enhance other seasonal habitats for a diverse complement of fish and wildlife;
- To establish and maintain public access and outdoor recreation opportunities;
- To facilitate and complement management of the existing Garry Mountain WMA; and

- To replace lost and injured resources that were the subject of the State of Montana vs. ARCO settlement.

Cost

The appraised value of the addition and sale price from TCF to FWP would be \$1.38 million. As proposed, NRDP would pay \$1.28 million, FWP would pay \$50,000 from the Habitat Montana Fund, and the Montana Fish and Wildlife Conservation Trust would pay \$50,000 to convey the property to FWP. In addition, NRDP would provide up to \$80,000 for start-up operations and maintenance costs incurred during the first five years of FWP ownership.

Public Review Process

FWP is required by the Montana Environmental Policy Act (MEPA) to assess potential impacts of its proposed actions to the human and physical environments, evaluate those impacts through an interdisciplinary approach, including public input, and make a decision based on this information. FWP released a draft environmental assessment (EA), "Proposed Addition to the Garrity Mountain Wildlife Management Area", for public review of this proposal on August 1, 2014, and FWP accepted public comment until 5:00 p.m. on September 2, 2014.

Legal notices of the proposed addition and its draft EA availability were published in the following newspapers (publication dates in parentheses): *Anaconda Record* (August 1, 8), *Independent Record* (August 1, 8), *Missoulian* (August 1, 8), and *Montana Standard* (August 1, 8). FWP issued a statewide news release regarding this proposal on August 7, 2014.

FWP mailed 23 copies of the EA and emailed approximately 33 notifications of the EA's availability to adjacent landowners and interested individuals, groups, and agencies. The EA was available for public review and comment on FWP's web site (<http://fwp.mt.gov>) beginning August 1, 2014, and through September 2, 2014.

A public hearing to explain the project, answer questions, and take public comment was held in Anaconda on August 14 from 7:00 to 9:00 p.m. at the Metcalf Memorial Senior Citizen Center.

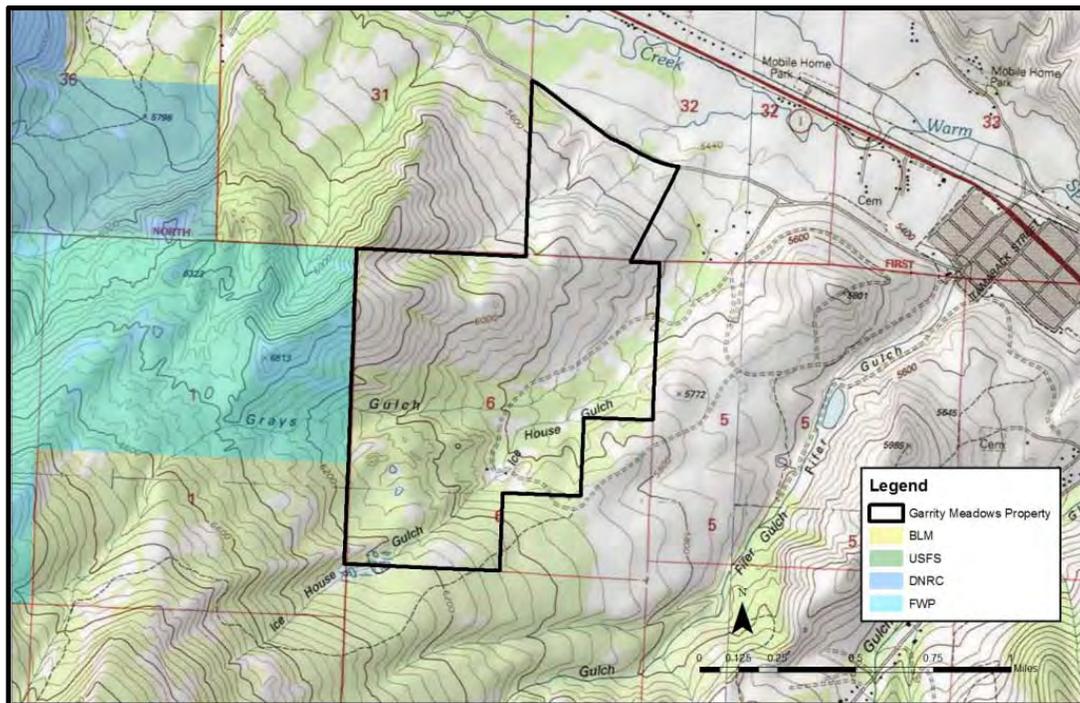
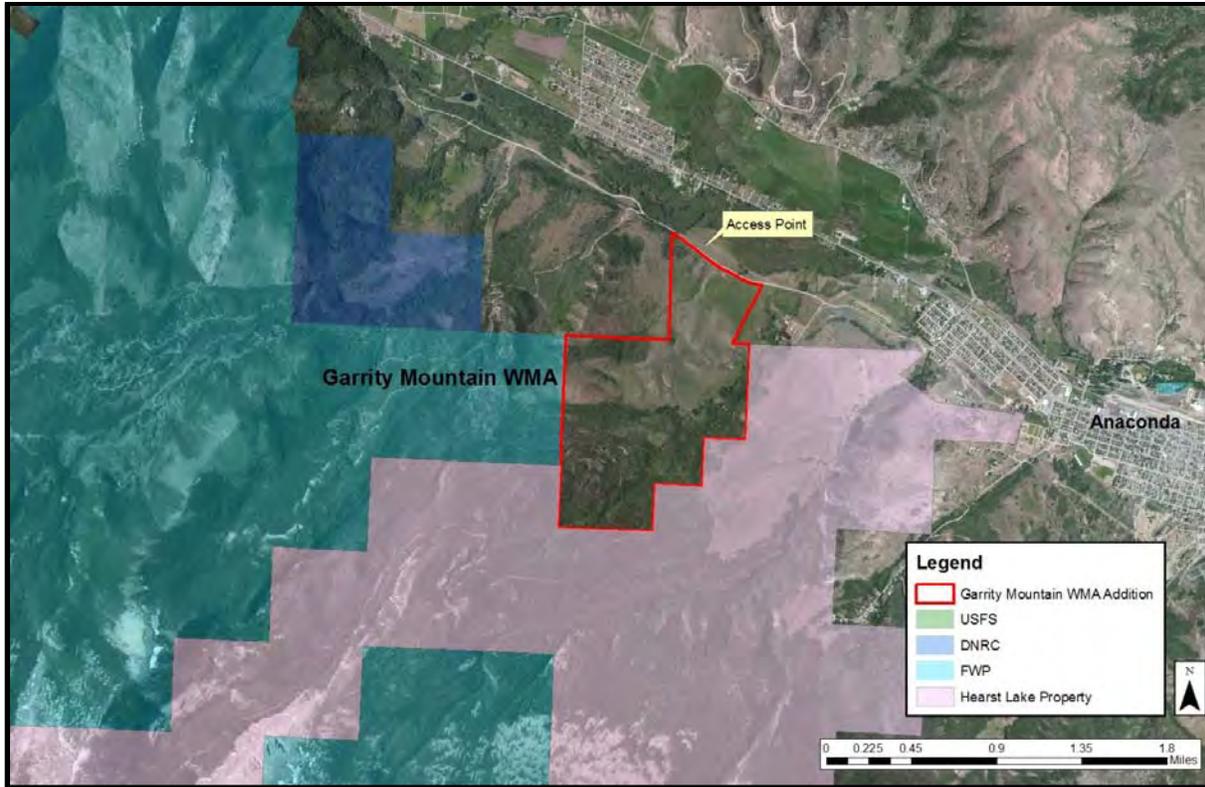
Public Comment

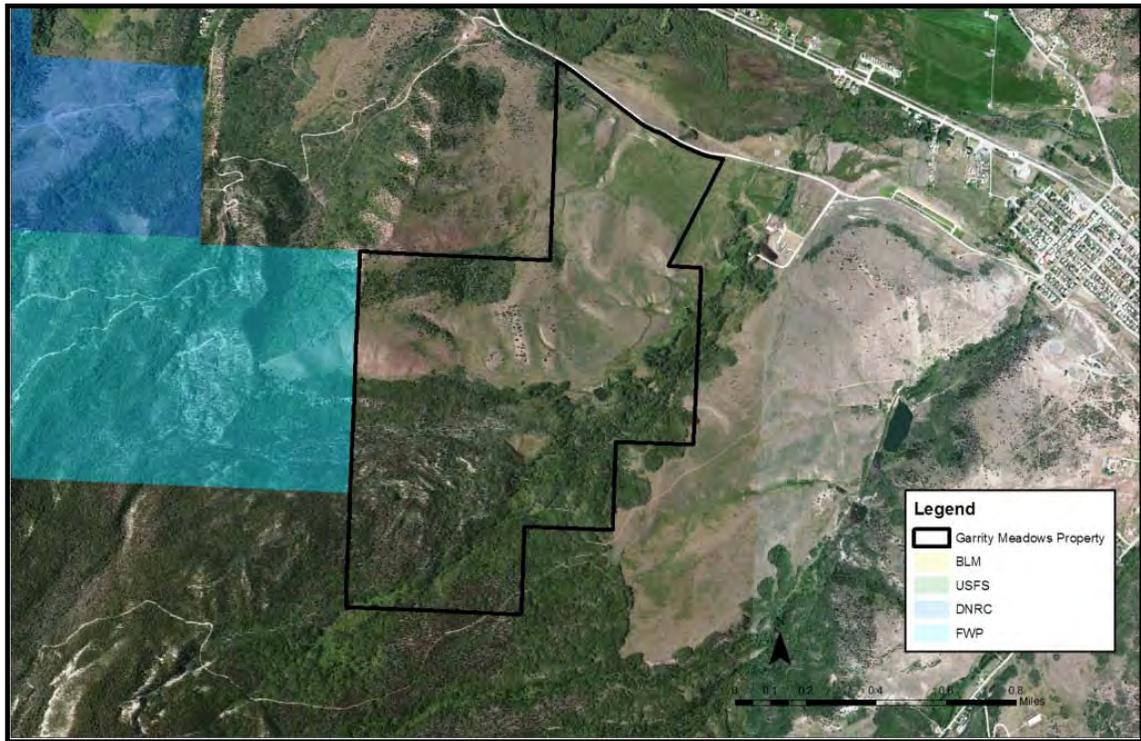
- Sixteen commenters (14 people, one organization, and one public agency) expressed support for the acquisition;
- three did not specifically state support or opposition to the acquisition; and
- one commenter is counted as opposing the acquisition because his specified condition would not be met.

The Fish and Wildlife Commission decision is pending at this time. The commission meets October 16, 2014.

FWP Recommendation

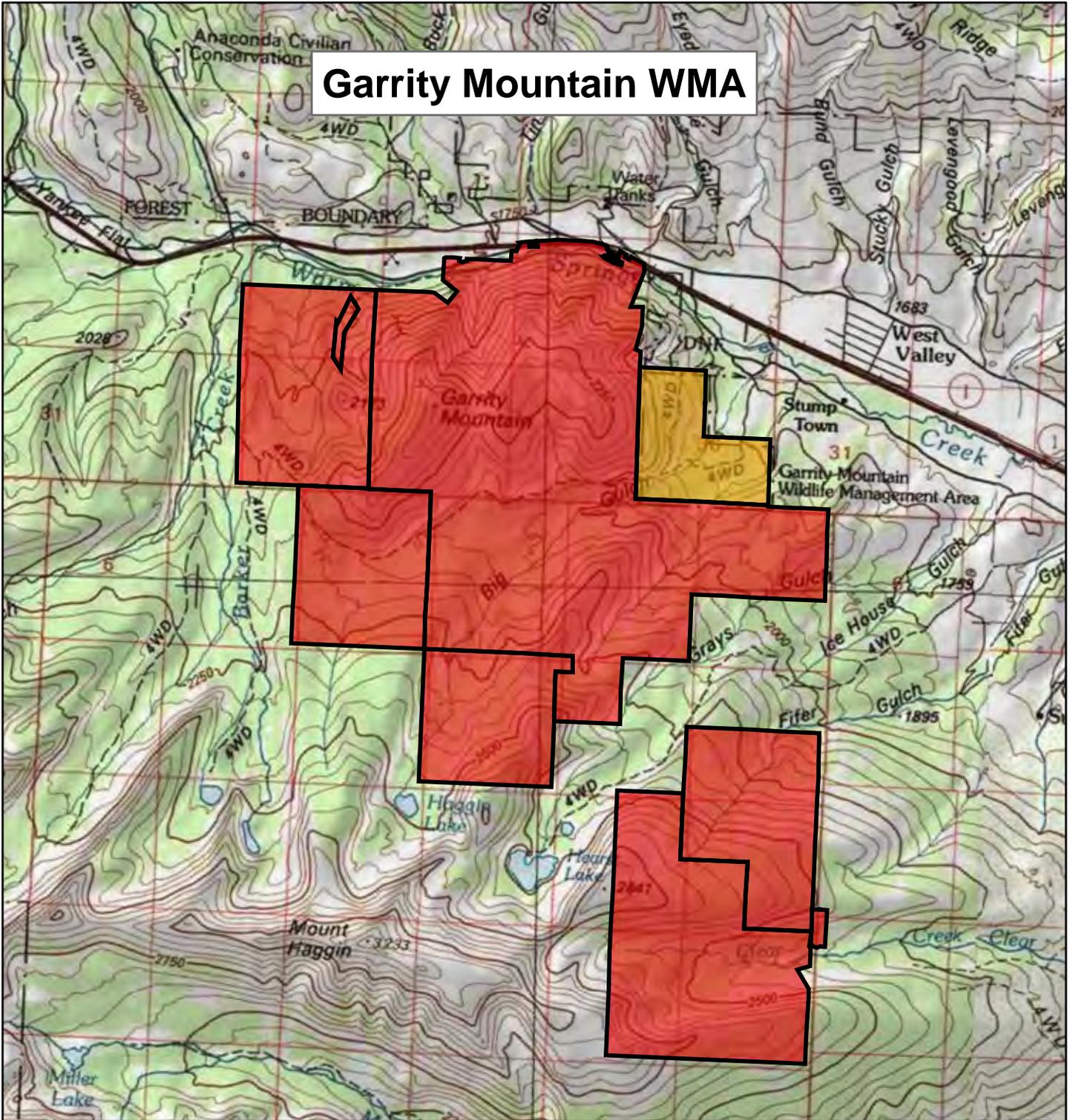
FWP recommends the Land Board approve the Garrity Mountain Wildlife Management Area Addition.



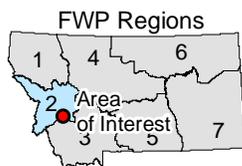
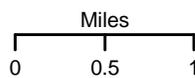




Garry Mountain WMA



- Fee Simple
8,999 Acres
- Agreement, Lease, or Easement
475 Acres
- Conservation Easement
0 Acres



Map produced by:

Strategic Planning & Data Services Section
 Montana Fish, Wildlife & Parks
 1420 East 6th Ave
 Helena, MT 59620-0701

W:\PlanVisitMaps\WMA\2135.pdf - ED - 2/9/2011

Lands data from Montana Fish, Wildlife & Parks.
 Digital Raster Graphics from Environmental Systems
 Research Institute (ESRI), Redlands, CA.



**Montana Fish,
Wildlife & Parks**

1014-2

TIMBER SALES

- A. Runamuk (Limited Access)
- B. South Fitzpatrick
- C. Cilly Excaline
- D. Cilly Lost Heli (Contract Harvest)

**Land Board Agenda Item
October 20, 2014**

1014-2A Timber Sales: Runamuk (Limited Access)

**Location: Musselshell County
Section 16, T6N-R25E**

Trust Benefits: Common Schools

Trust Revenue: \$7,313 (negotiated rate)

Item Summary

The Runamuk Limited Access timber sale is approximately 14 air miles southwest of Roundup, Montana. The sale includes two harvest units totaling 375 acres with an estimated sale volume of 3,250 tons (500 MBF) of sawlogs at a negotiated stumpage rate of \$2.25 per ton, which will generate approximately \$7,313 for the Common Schools trust and \$1,008 in forest improvement fees. The sale is not within the Habitat Conservation Plan (HCP) project area.

The prescription is a commercial thinning of ponderosa pine, leaving trees of six to nine inches in diameter at breast height (DBH) with best form. The increased spacing between trees would decrease crown fire danger and insect susceptibility and increase growth rates.

This isolated state trust section does not have legal access. The proponent (purchaser) has obtained temporary limited access to use existing private ranch roads to access the trust section. Access to the sale is across private land owned by Runamuk Land and Livestock (L&L) and all land surrounding the project area is owned by Runamuk L&L.

No new road construction will occur. Access roads will be maintained and disturbed areas will be reseeded with site-adapted grass upon completion of the sale.

Public involvement was solicited through legal publications in local (Roundup Record and Tribune) and regional (Billings Gazette) newspapers in May 2014. A scoping notice was also published on the Department of Natural Resources and Conservation (DNRC) website and sent to interested parties. No comments were received. DNRC specialists have reviewed the proposal, identified issues to be analyzed, and recommended standard mitigation measures that will be applied to reduce potential impacts.

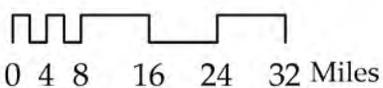
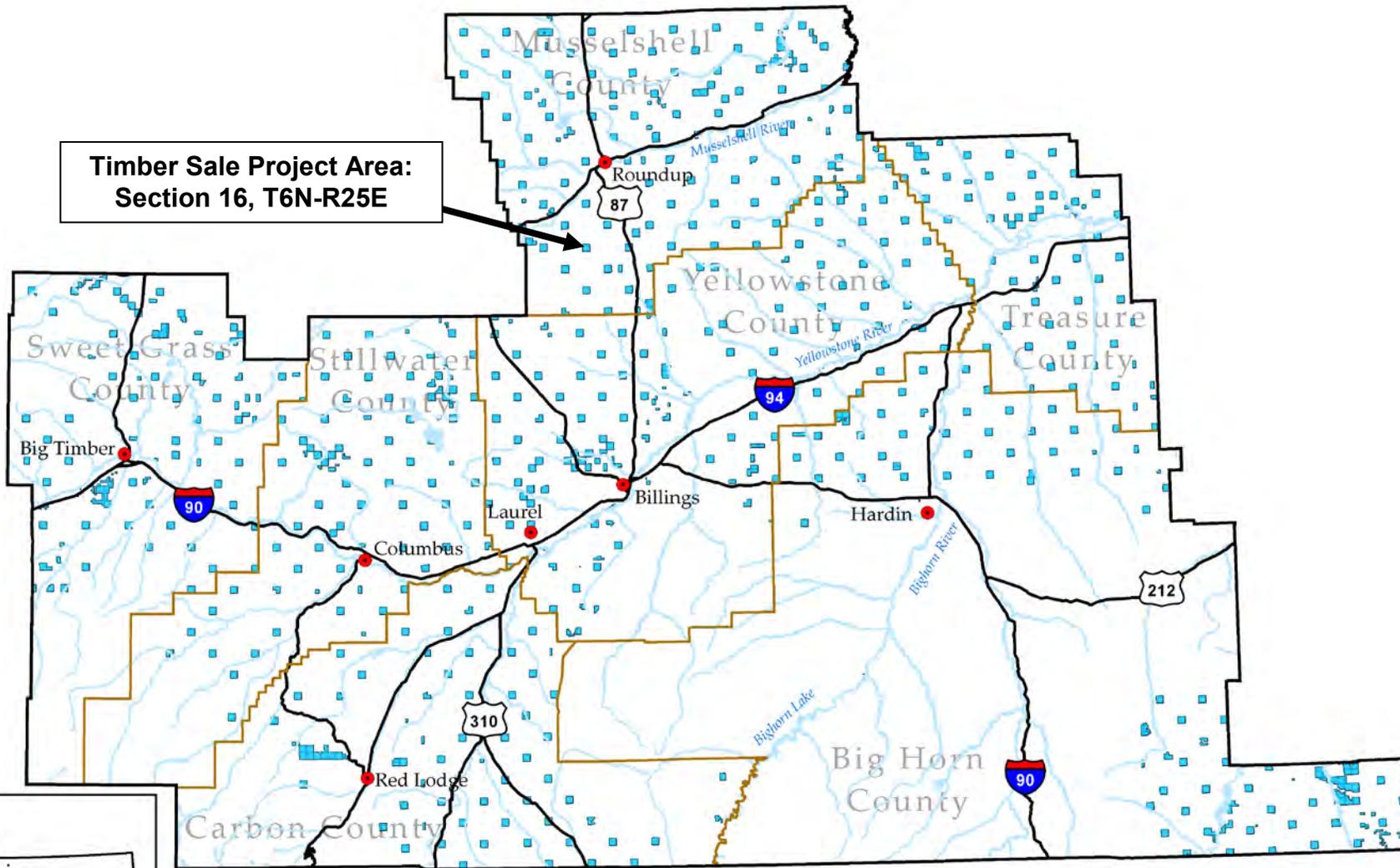
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Runamuk Limited Access Timber Sale.

RUNAMUK LIMITED ACCESS VICINITY MAP SOUTHERN LAND OFFICE

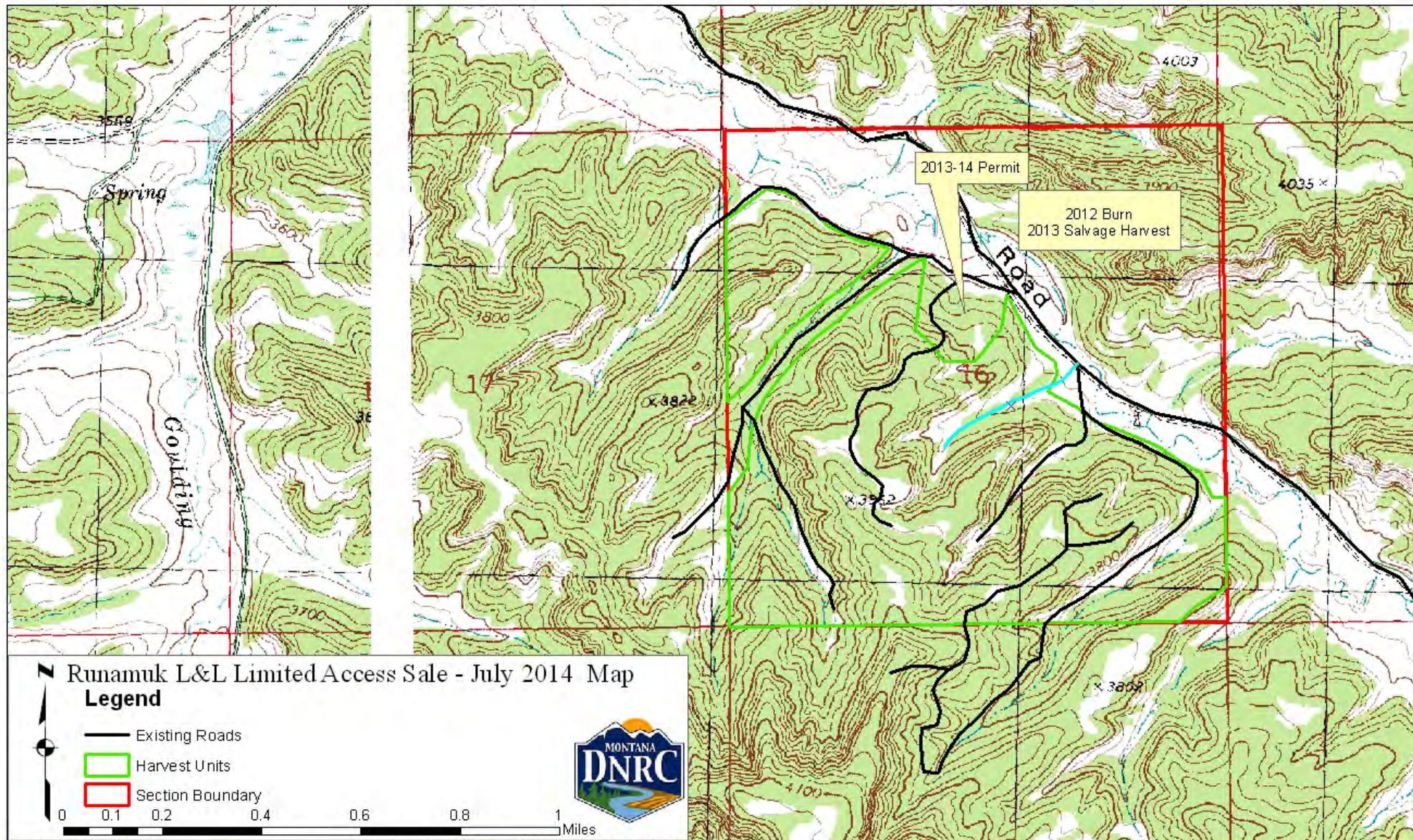


**Timber Sale Project Area:
Section 16, T6N-R25E**



Produced by Montana Department of Natural Resources and Conservation 2013
Datum: NAD 1983 Montana State Plane

- Towns
- County Border
- Major Roads
- Rivers
- Water Bodies
- State Trust Land



**Land Board Agenda Item
October 20, 2014**

1014-2B Timber Sale: South Fitzpatrick

**Location: Lincoln County
Sections 29 - 32, T34N-R24W**

Trust Benefits: Common Schools

Trust Revenue: \$130,989 (estimated, minimum bid)

Item Summary

The South Fitzpatrick timber sale is located approximately 25 miles southwest of Eureka, Montana. The sale consists of ten harvest units totaling 145 acres with an estimated volume of 10,728 tons (1,679 MBF) of sawlogs. The minimum bid value is \$12.21 per ton, which would generate approximately \$130,989 for Common Schools trust and \$42,161 in forest improvement fees. The sale is within the Habitat Conservation Plan (HCP) project area.

Prescriptions consist of seedtree with reserves (113 acres), shelterwood with reserves (14 acres), commercial thinning (13 acres), and old-growth maintenance (5 acres). Treatments are designed to reduce fuels and promote natural regeneration of western larch and Douglas-fir. The five acres of old-growth being treated through this project will remain classified as old-growth after project completion.

In conjunction with the sale, the Department of Natural Resources and Conservation (DNRC) will maintain approximately 10.4 miles of existing road. Less than 0.2 miles of temporary road would be constructed and reclaimed.

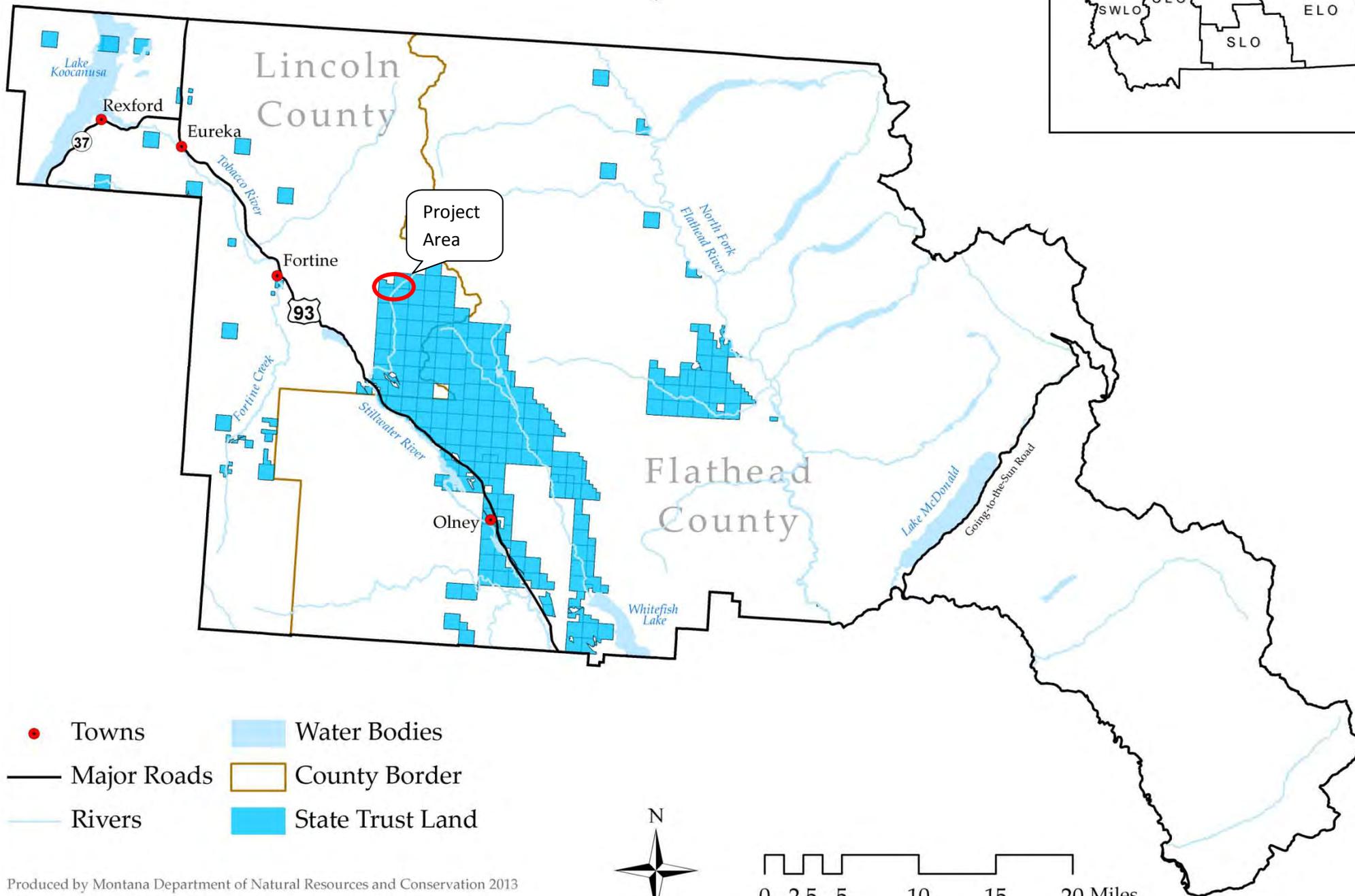
In July 13, 2013, a scoping notice and maps were sent to landowners and interested parties and posted on the DNRC website. Notices were placed in the Tobacco Valley News, Whitefish Pilot, and Daily Interlake newspapers, and the initial proposal was posted at the Stryker and Olney post offices. Two emailed comments were received:

- one comment was in favor of the project as a means of returning revenue to the school trust, improving forest health, increasing growth for the future benefit of the trust, and providing jobs, income, and products for the local economy; and
- one comment was in regards to cultural resources. DNRC staff reported findings to the commenter and assured them of the provision for protection of cultural resources within the timber sale contract.

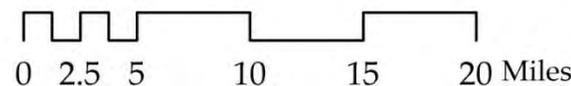
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the South Fitzpatrick timber sale.

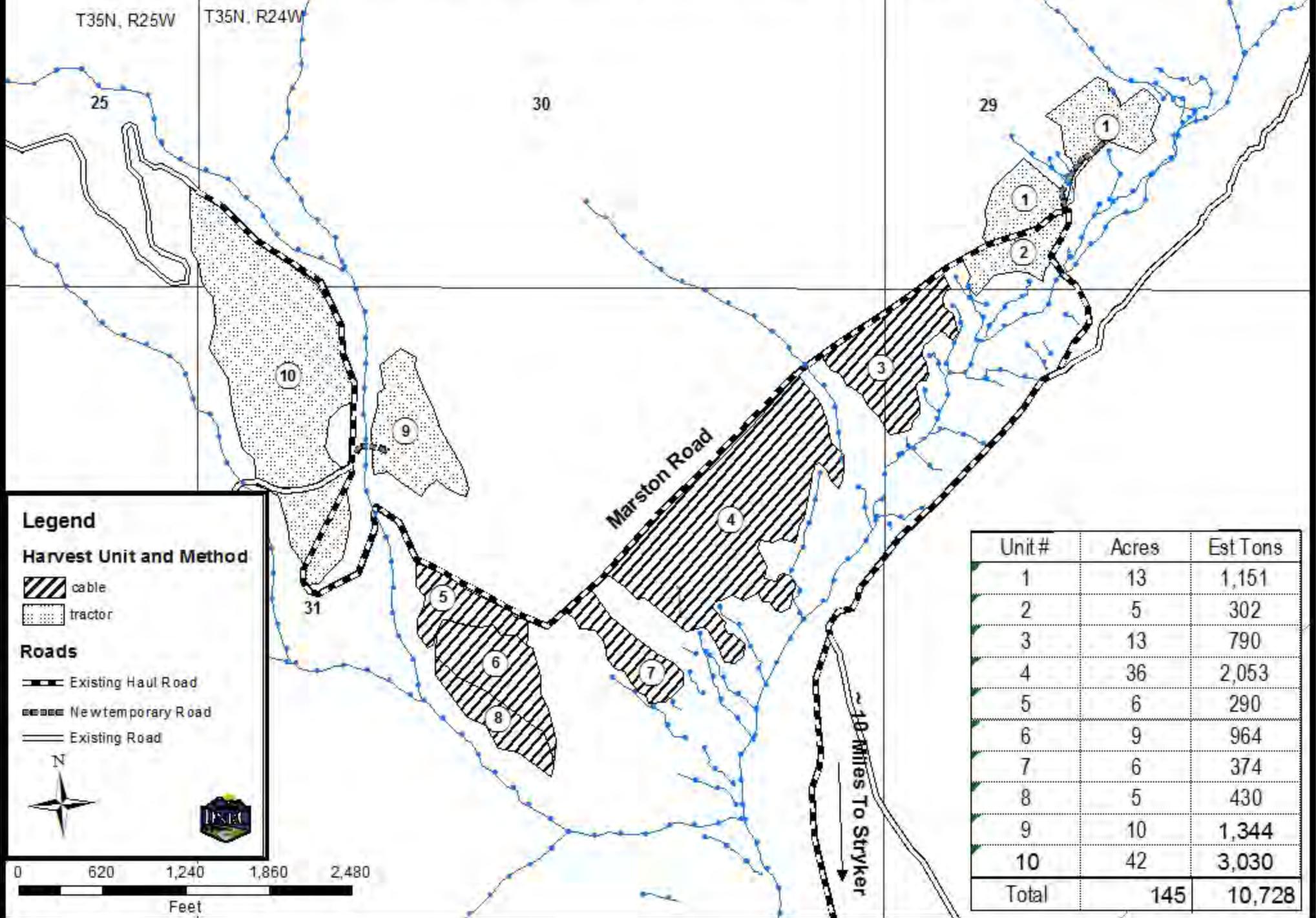
SOUTH FITZPATRICK VICINITY MAP STILLWATER UNIT



- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



South Fitzpatrick Timber Sale Contract Map



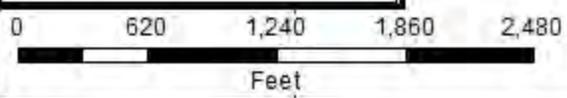
Legend

Harvest Unit and Method

-  cable
-  tractor

Roads

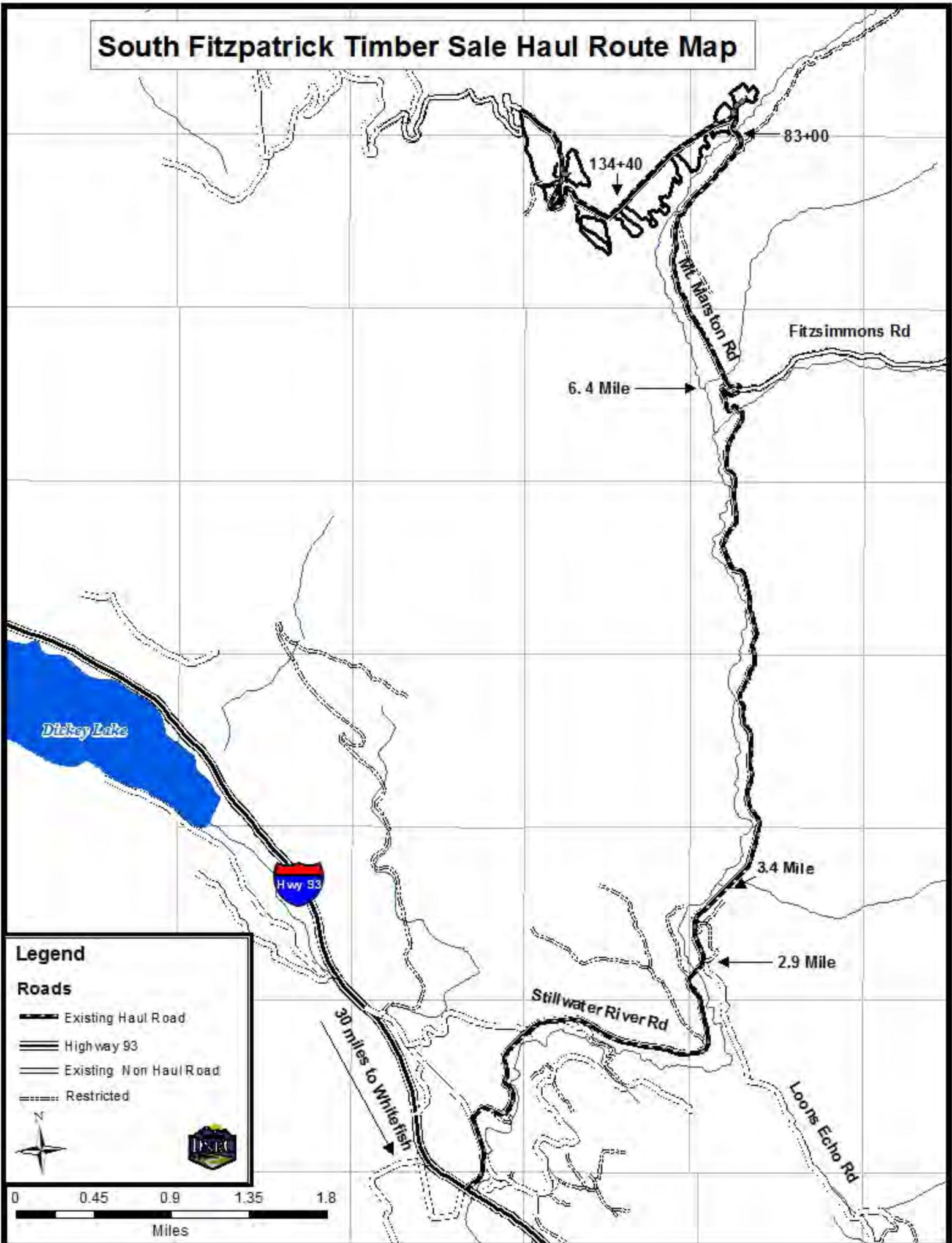
-  Existing Haul Road
-  New temporary Road
-  Existing Road



| Unit # | Acres | Est Tons |
|--------------|------------|---------------|
| 1 | 13 | 1,151 |
| 2 | 5 | 302 |
| 3 | 13 | 790 |
| 4 | 36 | 2,053 |
| 5 | 6 | 290 |
| 6 | 9 | 964 |
| 7 | 6 | 374 |
| 8 | 5 | 430 |
| 9 | 10 | 1,344 |
| 10 | 42 | 3,030 |
| Total | 145 | 10,728 |

~10 Miles To Stryker

South Fitzpatrick Timber Sale Haul Route Map



**Land Board Agenda Item
October 20, 2014**

1014-2C Timber Sales: Cilly Excaline

**Location: Lake County
Sections 2, 3, 4, 10, 11, and 15, T24N-R17W**

Trust Benefits: Common Schools

Trust Revenue: \$514,672 (estimated, minimum bid)

Item Summary

The Cilly Excaline timber sale is located approximately seven miles southeast of Swan Lake, Montana. The sale includes eight harvest units totaling 340 acres with an estimated volume of 25,824 tons (4,420 MBF) of sawlogs. The minimum bid value is \$19.93 per ton, which would generate approximately \$514,672 for the Common Schools trust and \$111,043 in forest improvement fees. The sale is within the Habitat Conservation Plan (HCP) project area.

Silvicultural prescriptions include nine acres of clearcut for a gravel pit, 33 acres of old-growth maintenance, 38 acres of shelterwood, and 260 acres of seed tree harvest. This sale is designed to address forest health issues through harvesting stands with significant insect and disease problems. The prevalent insects and diseases in stands proposed for harvesting include Douglas-fir bark beetle, Schwentzii root and butt rot, Armillaria root disease, Indian paint fungus, Pini rot, western larch and Douglas-fir dwarf mistletoe, white pine blister rust, spruce budworm, and cedar laminated root and butt rot causing significant mortality and reduction in merchantable value within the affected stands.

Treatments would remove dead and dying or infected trees to allow for healthy trees and residual trees to grow to full potential. A minimum of two large snags and two snag recruits would be retained. Western larch, Douglas-fir, ponderosa pine, and western white pine are the preferred species to be retained in all harvest units to promote desired future conditions.

A total of 175 acres of old growth would be treated as a part of this sale. Of this, about 120 acres are considered high risk, meaning that in the near future the stand may no longer meet the Department of Natural Resources and Conservation's (DNRC) old-growth definition due to chronic insect and disease infestations. Of the 175 acres proposed for treatment, 142 acres would no longer meet the DNRC's definition of old growth post-harvest. The removal of these 142 acres of old growth would reduce the amount of old growth acres on the Swan River State Forest by 1.4 percent.

Approximately 2.8 miles of new permanent roads and 0.8 new temporary roads would be constructed. An additional 0.4 miles of existing road would be reconstructed and 25.2 miles would receive maintenance and/or site improvements. After the sale all forest roads used for this sale would meet current Best Management Practices for Forestry (BMPs). Current open/closed road status would not change and all new roads would be closed to motorized use once the sale is completed. Traffic flow and road use were designed to meet the requirements of the Swan Valley Grizzly Bear Conservation Agreement (SVGBCA).

A gravel pit would be developed to provide surface gravel for roads in future planned timber sales in the South Fork Lost Creek Drainage. A permit for a gravel pit mine has been submitted to the Montana Department of Environmental Quality (DEQ) for approval.

This project is one of the first timber sales proposed under the Cilly Cliffs Multiple Timber Sale Environmental Impact Statement (EIS). The following public participation opportunities were offered:

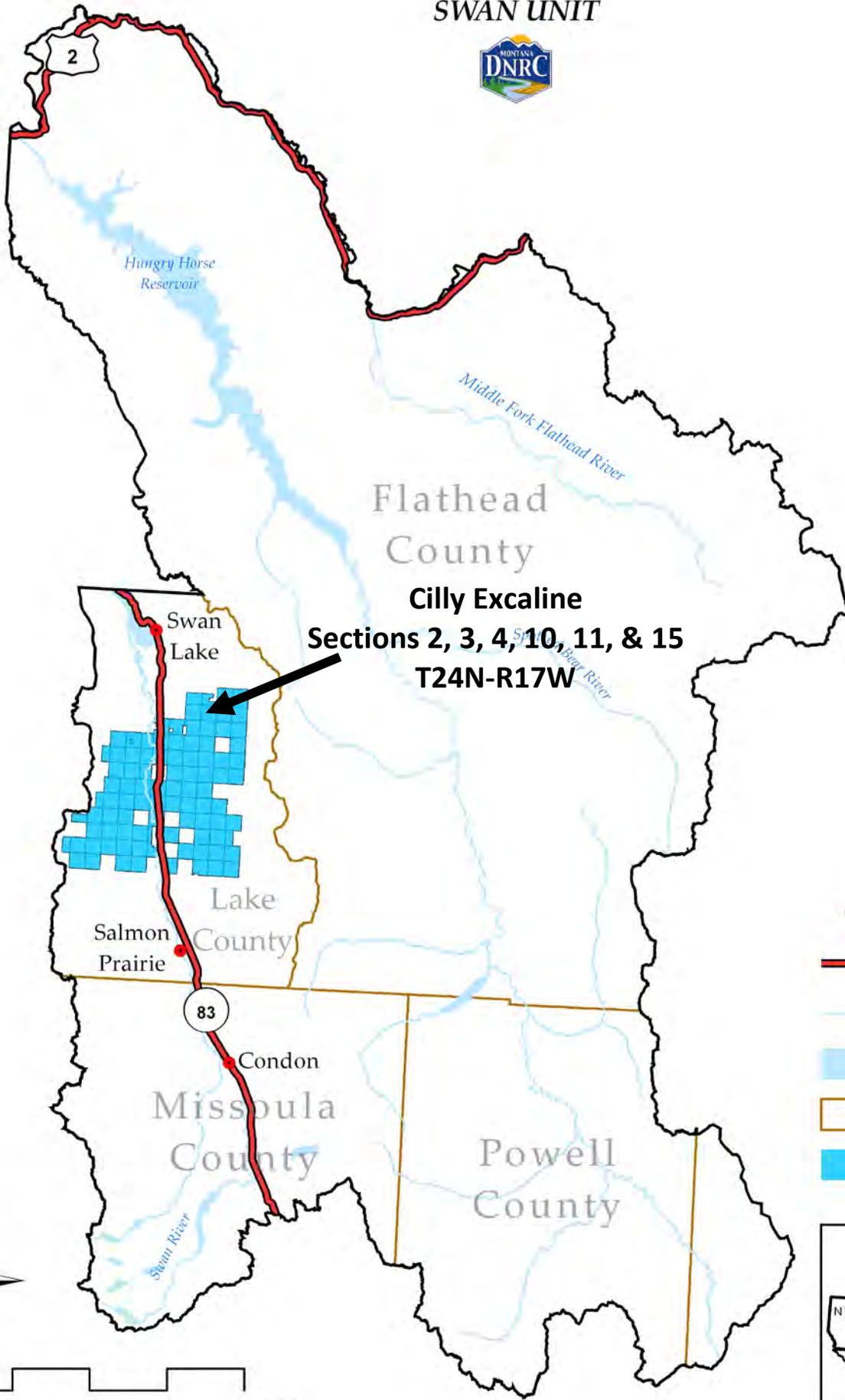
- Scoping letters were mailed to interested parties in February 2013. Public notices were placed in Kalispell's *Daily Interlake* and Swan Valley's *Pathfinder* newspapers. The initial proposal was mailed to individuals, agencies, internal DNRC staff, industry representatives, and other interested parties. During the 30-day comment period, a total of nine responses were received.
- On May 24, 2013, the interdisciplinary team sent a newsletter to individuals/groups on the scoping list containing updated information about the project development. No comments were received.
- DNRC hosted a field tour on October 22, 2013. DNRC staff members and four participants visited stands in and adjacent to the proposed harvest units. Questions and concerns were recorded and cross referenced with comments received during the initial proposal scoping period to ensure that relevant issues were captured.
- On November 7, 2013, the interdisciplinary team sent a second newsletter out to individuals/groups on the scoping list. One written comment was received.
- DNRC distributed the draft EIS for a 30-day public review period on June 17, 2014. Two comment letters were received.

Primary concerns received from the public were: the size and scope of the project, the perceived similarities between action alternatives, impacts of timber harvesting and road construction on old growth and wildlife habitat, protection of water quality, and maintenance of biodiversity. These resource concerns and others were addressed within both the project's design and mitigations and were incorporated into the timber sale contract.

DNRC Recommendation

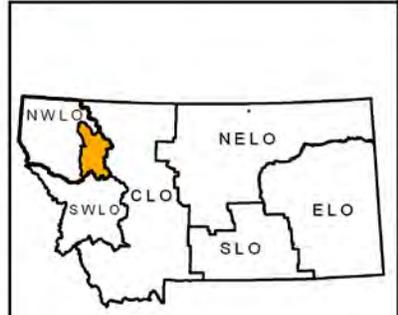
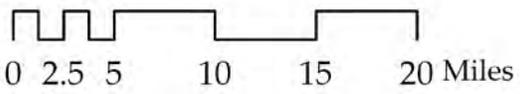
The director recommends the Land Board direct DNRC to sell the Cilly Excaline Timber Sale.

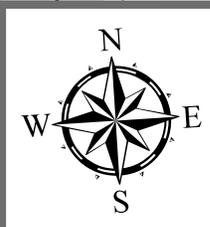
SWAN UNIT



**Cilly Excaline
Sections 2, 3, 4, 10, 11, & 15
T24N-R17W**

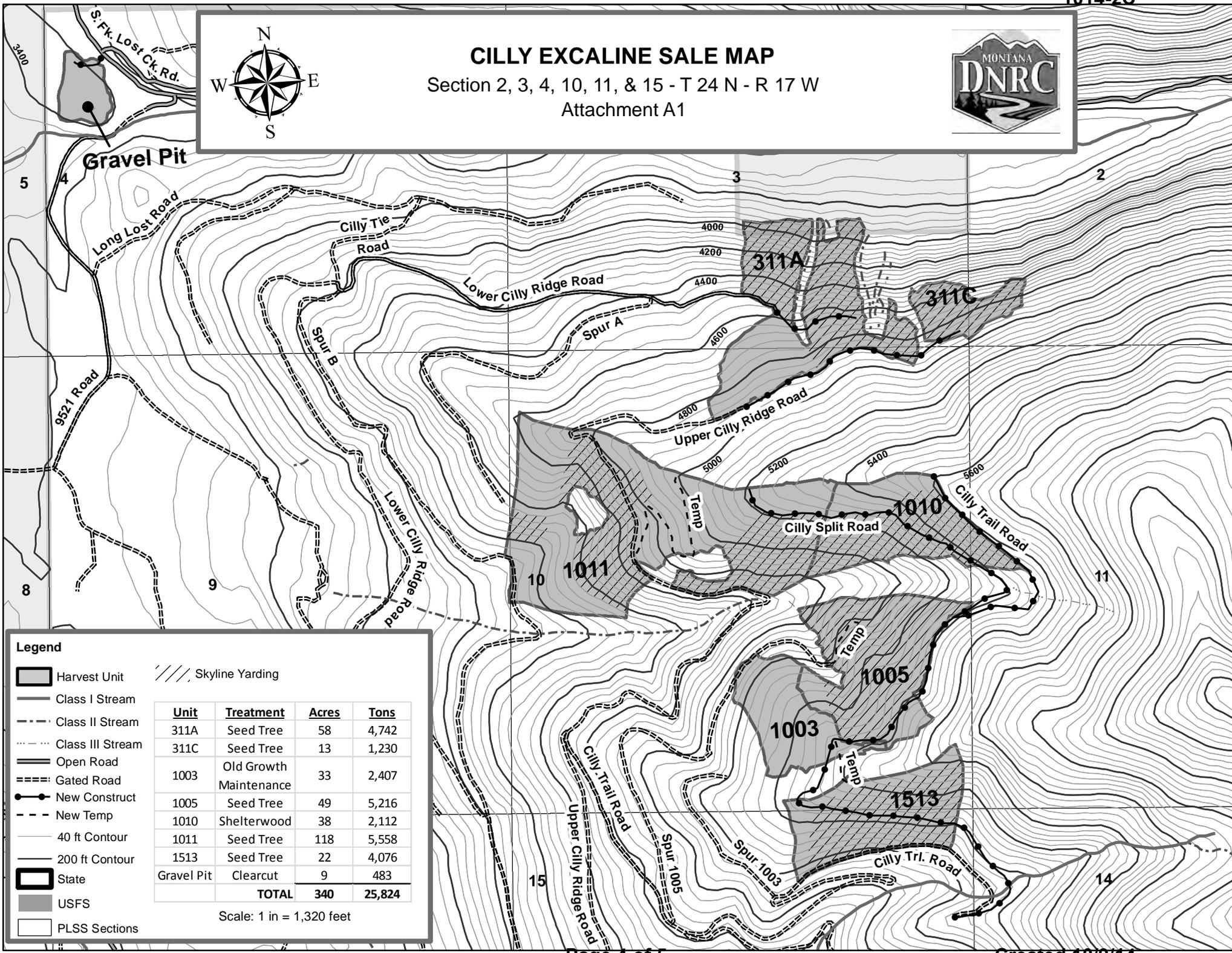
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land





CILLY EXCALINE SALE MAP

Section 2, 3, 4, 10, 11, & 15 - T 24 N - R 17 W
Attachment A1



Legend

- Harvest Unit
- Skyline Yarding
- Class I Stream
- Class II Stream
- Class III Stream
- Open Road
- Gated Road
- New Construct
- New Temp
- 40 ft Contour
- 200 ft Contour
- State
- USFS
- PLSS Sections

| Unit | Treatment | Acres | Tons |
|--------------|------------------------|------------|---------------|
| 311A | Seed Tree | 58 | 4,742 |
| 311C | Seed Tree | 13 | 1,230 |
| 1003 | Old Growth Maintenance | 33 | 2,407 |
| 1005 | Seed Tree | 49 | 5,216 |
| 1010 | Shelterwood | 38 | 2,112 |
| 1011 | Seed Tree | 118 | 5,558 |
| 1513 | Seed Tree | 22 | 4,076 |
| Gravel Pit | Clearcut | 9 | 483 |
| TOTAL | | 340 | 25,824 |

Scale: 1 in = 1,320 feet

CILLY EXCALINE HAULE ROUTE MAP

Section 2, 3, 4, 10, 11 & 15 - T 24 N - R 17 W

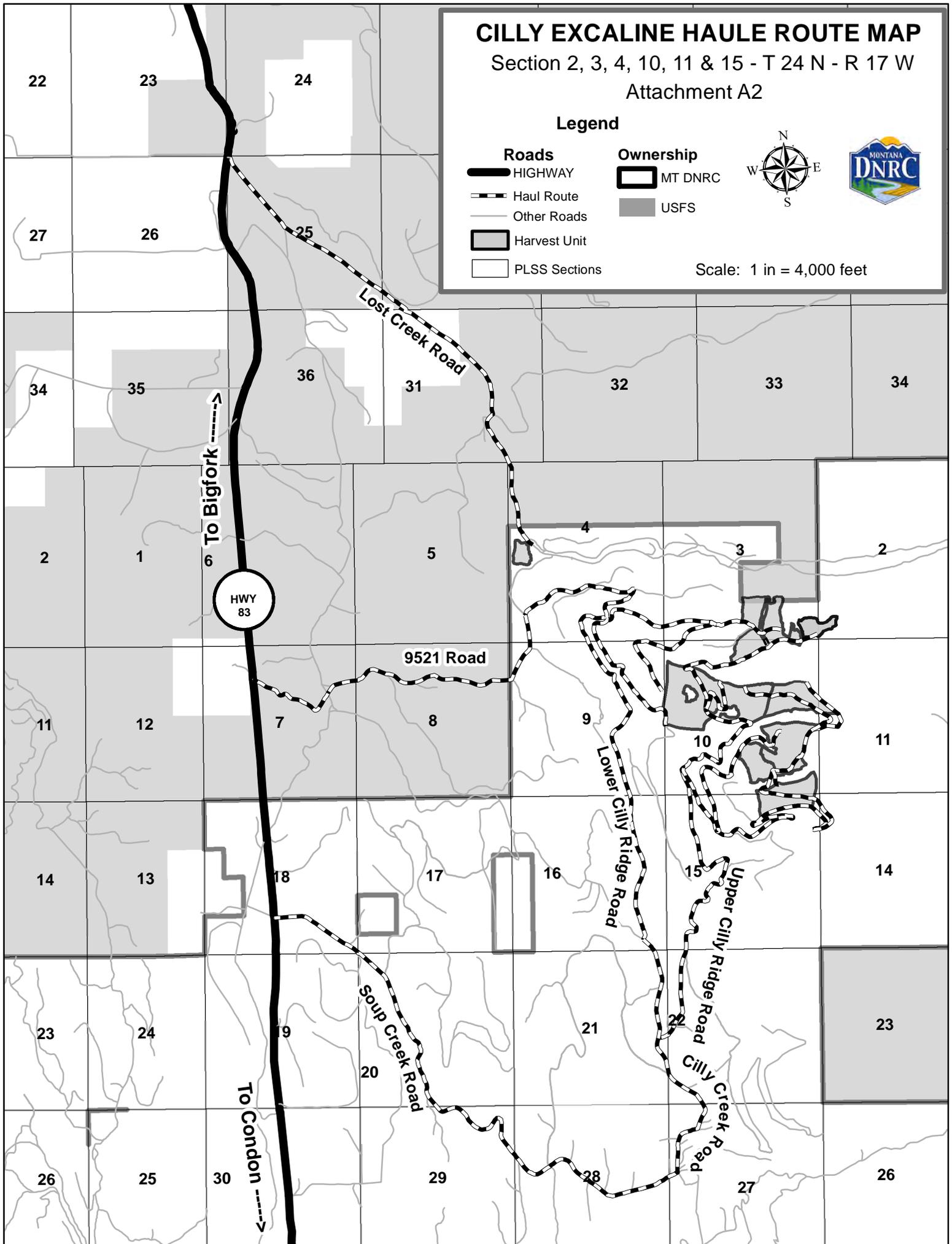
Attachment A2

Legend

- | | |
|---------------|------------------|
| Roads | Ownership |
| HIGHWAY | MT DNRC |
| Haul Route | USFS |
| Other Roads | Harvest Unit |
| Harvest Unit | PLSS Sections |
| PLSS Sections | |



Scale: 1 in = 4,000 feet



**Land Board Agenda Item
October 20, 2014**

1014-2D Timber Sale: Cilly Lost Heli (Contract Harvest)

**Location: Lake County
Sections 1, 2, and 3, T24N-R17W**

Trust Benefits: Common Schools

Trust Revenue: \$67,868 (estimated, minimum bid)

Item Summary

The Cilly Lost Heli timber sale is located approximately seven miles southeast of Swan Lake, Montana. The sale includes three harvest units totaling 173 acres with an estimated volume of 7,361 tons (1,439 MBF) of sawlogs. The minimum bid value is \$9.22 per ton, which would generate approximately \$67,878 for the Common Schools trust and \$36,143 in forest improvement fees. The sale is within the Habitat Conservation Plan (HCP) project area.

Silvicultural prescriptions include 150 acres of salvage and 23 acres of seed tree harvest. Salvage harvest would remove dead trees and trees at high risk of dying in the near future. These acres burned in the South Fork Lost Creek Fire in summer 2011 and the remaining Douglas-fir trees are being attacked by Douglas-fir bark beetles. Treatments are designed to recover the merchantable value of the dead trees and dying trees while the current log market can support the cost of helicopter yarding. A minimum of two live trees and two large snags would be left as well as trees not at risk of dying (such as western larch) and submerchantable trees (such as subalpine fir and grand fir). Seed tree harvest would leave six to eight trees per acre and also maintain a minimum of two large snags and two large snag recruits. Western white pine, western larch, and Douglas-fir would be favored for retention in the seed tree units to promote natural regeneration of desired future cover types.

This sale includes harvest of timber in old-growth stands. A total of 22 acres of old-growth would receive a seed tree prescription and would no longer meet the Department of Natural Resources and Conservation's (DNRC) old growth definition following harvest. Approximately half of this acreage is considered high risk, meaning that in the near future these acres may no longer meet DNRC's old-growth definition due to chronic insect and disease infestations. The removal of these 22 acres of old growth would reduce the amount of old growth acres on the Swan River State Forest by 0.2 percent.

Approximately 0.1 miles of new, temporary road would be constructed and approximately 0.5 miles of existing road would be reconstructed. An additional 7.3 miles of road would receive maintenance or site improvements. After the sale all forest roads used for this sale would meet current Best Management Practices for Forestry (BMPs). Current open/closed road status would not change and all new roads would be closed to motorized use once the sale is completed. Traffic flow and road use were designed to meet the requirements of the Swan Valley Grizzly Bear Conservation Agreement (SVGBCA).

This project is one of the first timber sales proposed under the Cilly Cliffs Multiple Timber Sale Environmental Impact Statement (EIS). The following public participation opportunities were offered:

- Scoping letters were mailed to interested parties in February 2013. Public notices were placed in Kalispell's *Daily Interlake* and Swan Valley's *Pathfinder* newspapers. The initial proposal was mailed to individuals, agencies, internal DNRC staff, industry representatives, and other interested parties. During the 30 day comment period, a total of nine responses were received.
- On May 24, 2013, the interdisciplinary team sent a newsletter to individuals/groups on the scoping list containing updated information about the project development. No comments were received.
- DNRC hosted a field tour on October 22, 2013. DNRC staff members and four participants visited stands in and adjacent to the proposed harvest units. Questions and concerns were recorded and cross referenced with comments received during the initial proposal scoping period to ensure that relevant issues were captured.
- On November 7, 2013, the interdisciplinary team sent a second newsletter out to individuals/groups on the scoping list. One written comment was received.
- DNRC distributed the draft EIS for a 30-day public review period on June 17, 2014. Two comment letters were received.

Primary concerns received from the public were: the size and scope of the project, the perceived similarities between action alternatives, impacts of timber harvesting and road construction on old growth and wildlife habitat, protection of water quality, and maintenance of biodiversity. These resource concerns and others were addressed within both the project's design and mitigations and were incorporated into the timber sale contract.

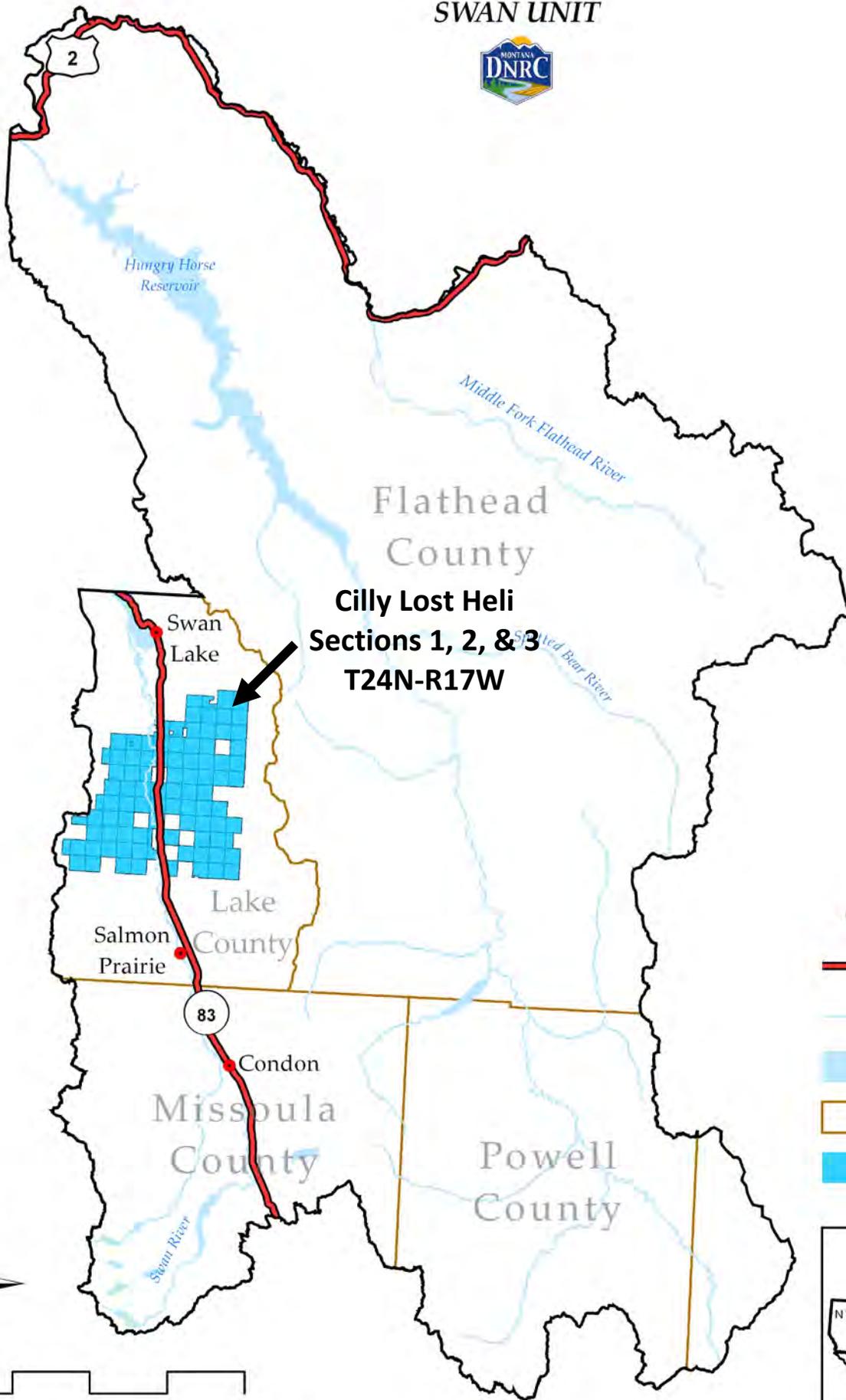
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Cilly Lost Heli timber sale.

CILLY LOST HELI VICINITY MAP

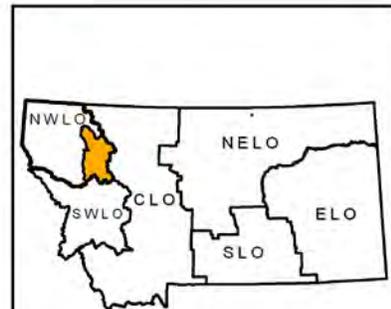
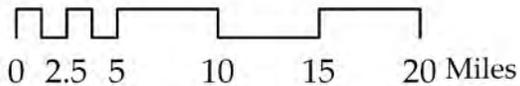
1014-2D

SWAN UNIT



**Cilly Lost Heli
Sections 1, 2, & 3
T24N-R17W**

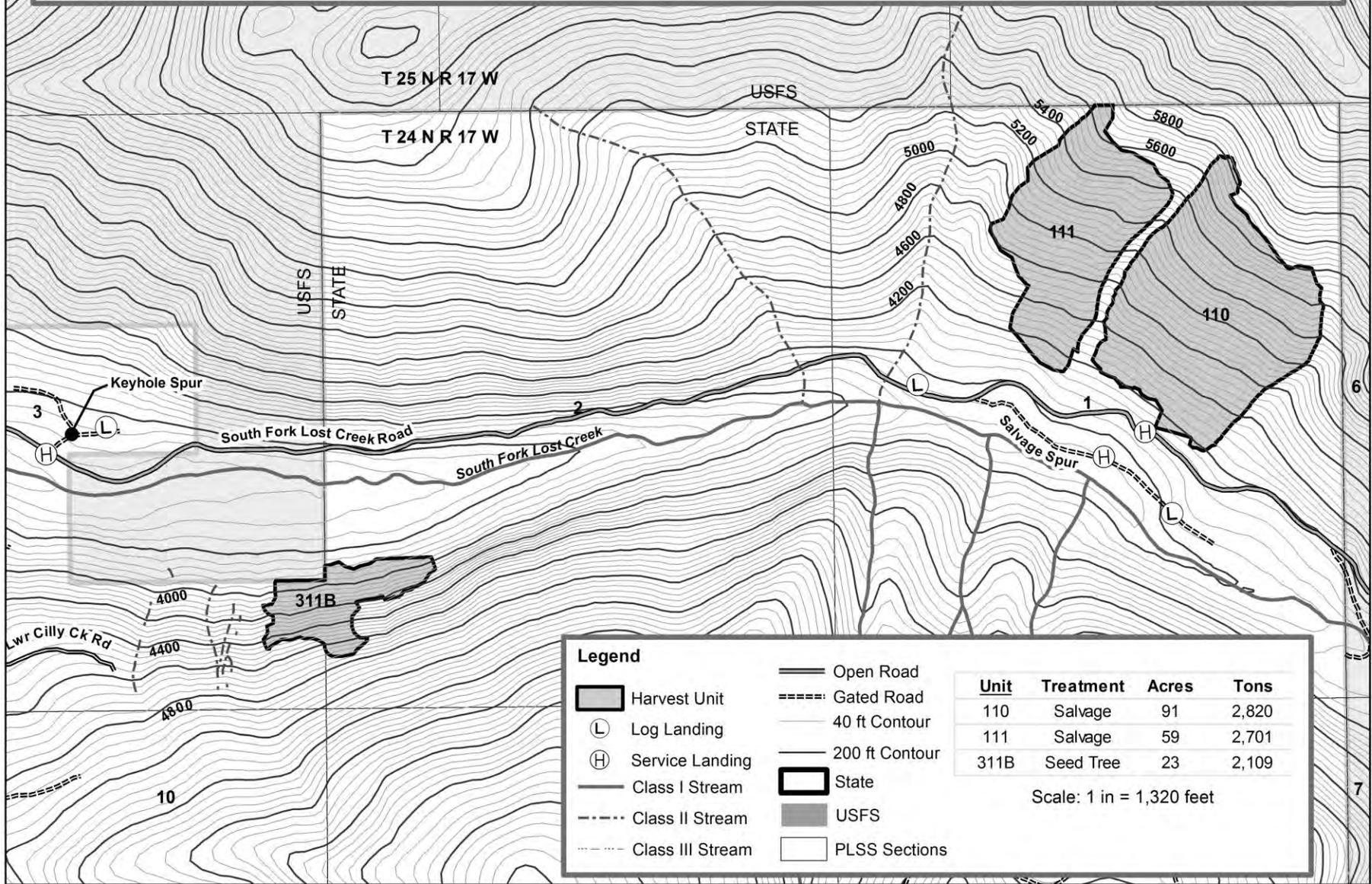
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land





CILLY LOST HELICOPTER CONTRACT HARVESTING

Section 1, 2, & 3 - T 24 N - R 17 W
Sale Map



Legend

- Harvest Unit
- State
- USFS
- PLSS Sections
- Log Landing (L)
- Service Landing (H)
- Open Road
- Gated Road
- 40 ft Contour
- 200 ft Contour
- Class I Stream
- Class II Stream
- Class III Stream

| Unit | Treatment | Acres | Tons |
|------|-----------|-------|-------|
| 110 | Salvage | 91 | 2,820 |
| 111 | Salvage | 59 | 2,701 |
| 311B | Seed Tree | 23 | 2,109 |

Scale: 1 in = 1,320 feet

1014-3

SALE OF CABIN AND HOME SITES:
SET MINIMUM BID FOR SALE – SALE 711

1014-3 Sale of Cabin and Home Sites: Set Minimum Bid for Sale – Sale 711

Location: Missoula County

Trust Benefits: Pine Hills

Trust Revenue: \$150,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one cabin site nominated for sale in Missoula County. The sale was nominated by the lessee and is located approximately ten miles south of Seeley Lake.

| Sale # | # of Acres | Legal | Nominator | Trust |
|--------|------------|--|---------------------------|------------|
| 711 | 0.83 | Lot 16, Elbow Lake, Section 20, T15N-R14W | Tim and Cheryl Schwenk | Pine Hills |

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 2.06 percent. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC’s land banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 1.97 percent on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

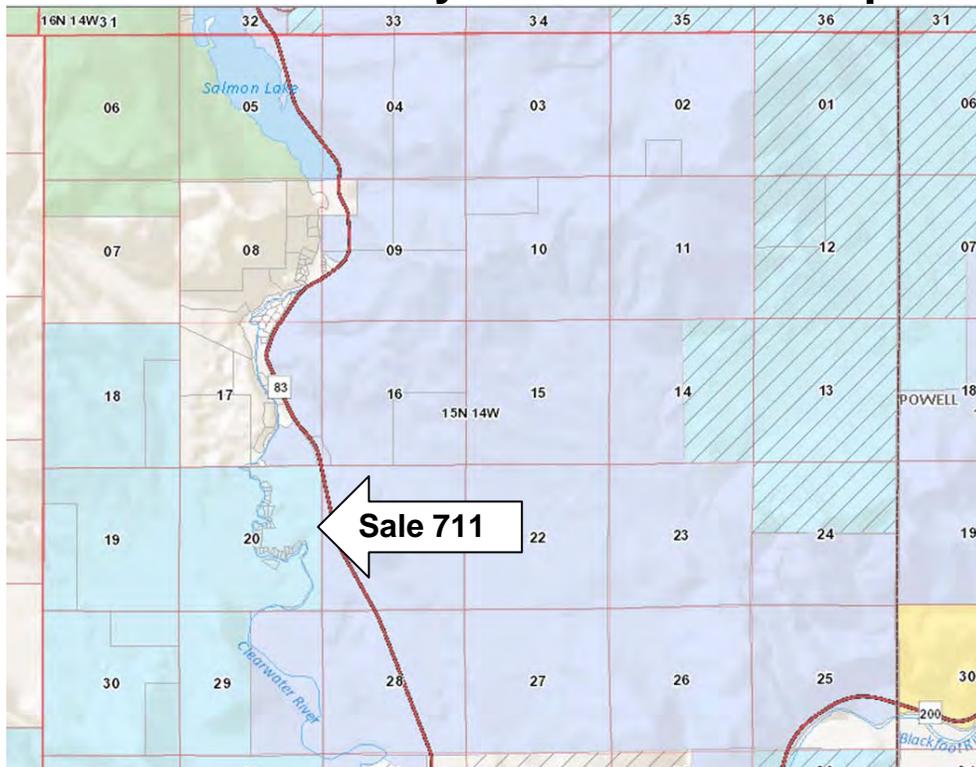
Appraised Values of land and improvements:

| Sale # | Appraised Value of Land | Appraised Value of Improvements |
|--------|-------------------------|---------------------------------|
| 711 | \$150,000 | \$45,000 |

DNRC Recommendation

The director recommends that the board set the minimum bid for the cabin site lot at the appraised value and the maximum value of compensation for the improvements shown above.

Missoula County Sale Location Map



Sale 711
Lot 16, Elbow Lake, Section 20, T15N-R14W
Tim and Cheryl Schwenk



1014-4

SALE OF CABIN AND HOME SITES:

FINAL APPROVAL FOR SALE

A. Gallatin County – Sale 710

B. Missoula County – Sale 712

C. Flathead County – Sale 714

1014-4A Sale of Cabin and Home Sites: Final Approval for Sale – Sale 710

Location: Gallatin County

Trust Benefits: Montana Tech, Eastern College – MSU/Western College - UM

Trust Revenue: \$70,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on one cabin site nominated for sale in Gallatin County. The sale was nominated by the lessee and is located approximately seven miles southeast of Bozeman.

| Sale # | # of Acres | Legal | Nominator | Trust |
|--------|------------|--|--------------------------|--------------------------------------|
| 710 | 0.83 | Lot 6 Bear Canyon Recreation Area, Section 6, T3S-R7E and Section 1, T3S-R6E | Kenny and Christina Wood | Montana Tech, Eastern-MSU/Western-UM |

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 3.33 percent. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC’s land banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 1.97 percent on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

Background:

In March 2014, the Land Board granted preliminary approval for this parcel to continue through the land banking sale evaluation process. In July 2014 the board set the minimum bid for the land at the appraised value below:

| Sale # | Minimum Bid of Land | Appraised Value of Improvements |
|--------|---------------------|---------------------------------|
| 710 | \$70,000 | \$415,000 |

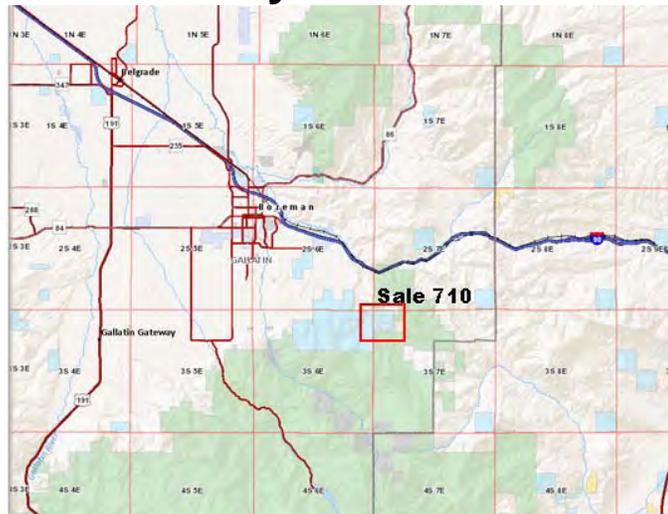
Sale Price:

The cabin site was sold at a public auction on September 19, 2014. The parcel had only one bidder, who was the current lessee and improvements owner, and the parcel was sold for the minimum bid amount listed above.

DNRC Recommendation

The director recommends final approval for the cabin site lot at the appraised value shown above. The sale will be closed within 30 days of final approval by the board.

Gallatin County Sale Location Map



Sale 710

Lot 6 Bear Canyon Recreation Area, Section 6, T3S-R7E and Section 1, T3S-R6E
Kenny and Christina Wood



1014-4B Sale of Cabin and Home Sites: Final Approval for Sale – Sale 712

Location: Missoula County

Trust Benefits: MSU 2nd

Trust Revenue: \$50,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on one cabin site nominated for sale in Missoula County. The sale was nominated by the lessee and is located approximately three miles south of Seeley Lake.

| Sale # | # of Acres | Legal | Nominator | Trust |
|--------|------------|---|---------------------------|---------------------|
| 712 | 1.337 | Lot 13, Morrell Flats, Section 14, T16N-R15W | Bruce and Kathy Graham | MSU 2 nd |

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 3.65 percent. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC's land banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 1.97 percent on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

Background:

In March 2014, the Land Board granted preliminary approval for this parcel to continue through the land banking sale evaluation process. In July 2014 the board set the minimum bid for the land at the appraised value below:

| Sale # | Minimum Bid of Land | Appraised Value of Improvements |
|--------|---------------------|---------------------------------|
| 712 | \$50,000 | \$100,000 |

Sale Price:

The cabin site was sold at a public auction on September 18, 2014. The parcel had only one bidder, who was the current lessee and improvements owner, and the parcel was sold for the minimum bid amount listed above.

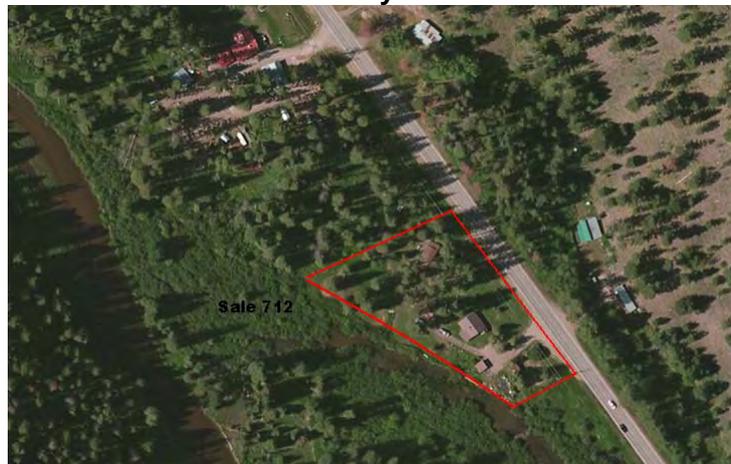
DNRC Recommendation

The director recommends final approval for the cabin site lot at the appraised value shown above. The sale will be closed within 30 days of final approval by the board.

Missoula County Sale Location Map



Sale 712
Lot 13, Morrell Flats, Section 14, T16N-R15W
Bruce and Kathy Graham



1014-4C Sale of Cabin and Home Sites: Final Approval for Sale – Sale 714

Location: Flathead County

Trust Benefits: Montana Tech

Trust Revenue: \$460,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on one cabin site nominated for sale in Flathead County. The sale was nominated by the lessee and is located approximately 13 miles southeast of Kalispell.

| Sale # | # of Acres | Legal | Nominator | Trust |
|--------|------------|--|---------------------------------|-----------------|
| 714 | 1.331 | Lot 21, Echo Lake, Section 5, T27N-R19W | Jake and Margaret Van Seters | Montana Tech |

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 1.99 percent. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through DNRC's land banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 1.97 percent on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

Background:

In March 2014 the Land Board granted preliminary approval for this parcel to continue through the land banking sale evaluation process. In June 2014 the board set the minimum bid for the land at the appraised value below:

| Sale # | Minimum Bid of Land | Appraised Value of Improvements |
|--------|---------------------|---------------------------------|
| 714 | \$460,000 | \$240,000 |

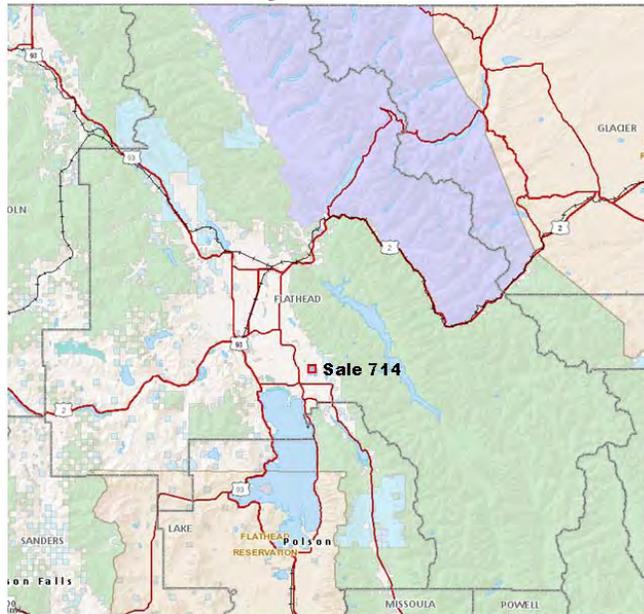
Sale Price:

The cabin site was sold at a public auction on September 17, 2014. The parcel had only one bidder, who was the current lessee and improvements owner, and the parcel was sold for the minimum bid amount listed above.

DNRC Recommendation

The director recommends final approval for the cabin site lot at the appraised value shown above. The sale will be closed within 30 days of final approval by the board.

Flathead County Sale Location Map



Sale 714
Lot 21, Echo Lake, Section 5, T27N-R19W
Jake and Margaret Van Seters



1014-5

LAND BANKING PARCELS: PRELIMINARY APPROVAL FOR SALE

- A. Carter County
- B. Custer County
- C. Garfield County
- D. McCone County
- E. Powder River County

1014-5A Land Banking Parcels: Preliminary Approval for Sale – Carter County

Location: Carter County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests preliminary approval of one parcel totaling approximately 640 acres nominated for sale in Carter County. The sale was nominated by the lessee, and the parcel is located approximately ten miles north of the Wyoming-Montana border.

| Sale # | # of Acres | Legal | Nominator | Trust |
|---------------|-------------------|------------------------------|--------------------|-------------------|
| 61 | 640± | ALL, Section 16, T8S-R56E | Century Ranch, LLC | Common Schools |

Sale parcel 61 is used primarily for livestock grazing purposes. The parcel has average productivity for grazing lands statewide.

The parcel is not legally accessible by the public.

No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

DNRC Recommendation

The director recommends that the board give preliminary approval to sell this parcel.

Carter County Sale Location Map



Sale 61

ALL, Section 16, T8S-R56E
Century Ranch, LLC



1014-5B Land Banking Parcels: Preliminary Approval for Sale – Custer County

Location: Custer County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests preliminary approval of one parcel totaling approximately 752.32 acres nominated for sale in Custer County. The sale was nominated by the lessee, and the parcel is located approximately 36 miles southeast of Miles City.

| Sale # | # of Acres | Legal | Nominator | Trust |
|---------------|-------------------|------------------------------|----------------------|-------------------|
| 232 | 752.32± | ALL, Section 36, T5N-R51E | Jeff and Susan Peila | Common Schools |

Sale parcel 232 is used primarily for livestock grazing purposes. The parcel has average productivity for grazing lands statewide.

The parcel is not legally accessible by the public.

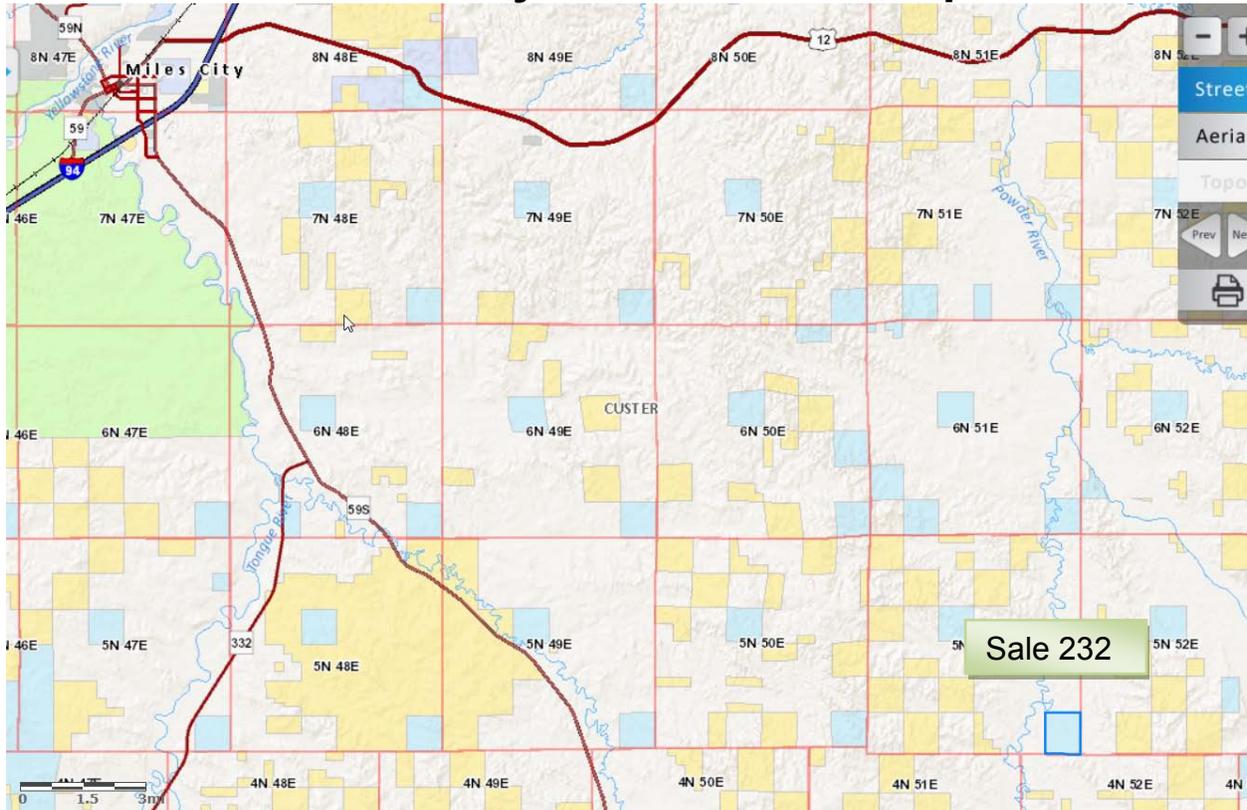
No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

DNRC Recommendation

The director recommends that the board give preliminary approval to sell this parcel.

Custer County Sale Location Map

1014-5B



Sale 232

ALL, Section 36, T5N-R51E
Jeff and Susan Peila



1014-5C Land Banking Parcels: Preliminary Approval for Sale – Garfield County

Location: Garfield County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests preliminary approval of one parcel totaling approximately 320 acres nominated for sale in Garfield County. The sale was nominated by the lessee, and the parcel is located approximately 35 miles southeast of Jordan.

| Sale # | # of Acres | Legal | Nominator | Trust |
|---------------|-------------------|--|-----------------------------|-------------------|
| 719 | 320± | W ¹ / ₂ , Section 14, T15N-R41E | Burl and Shemene Peckman | Common Schools |

Sale parcel 719 is used primarily for livestock grazing purposes. The parcel has average productivity for grazing lands statewide.

The parcel is not legally accessible by the public.

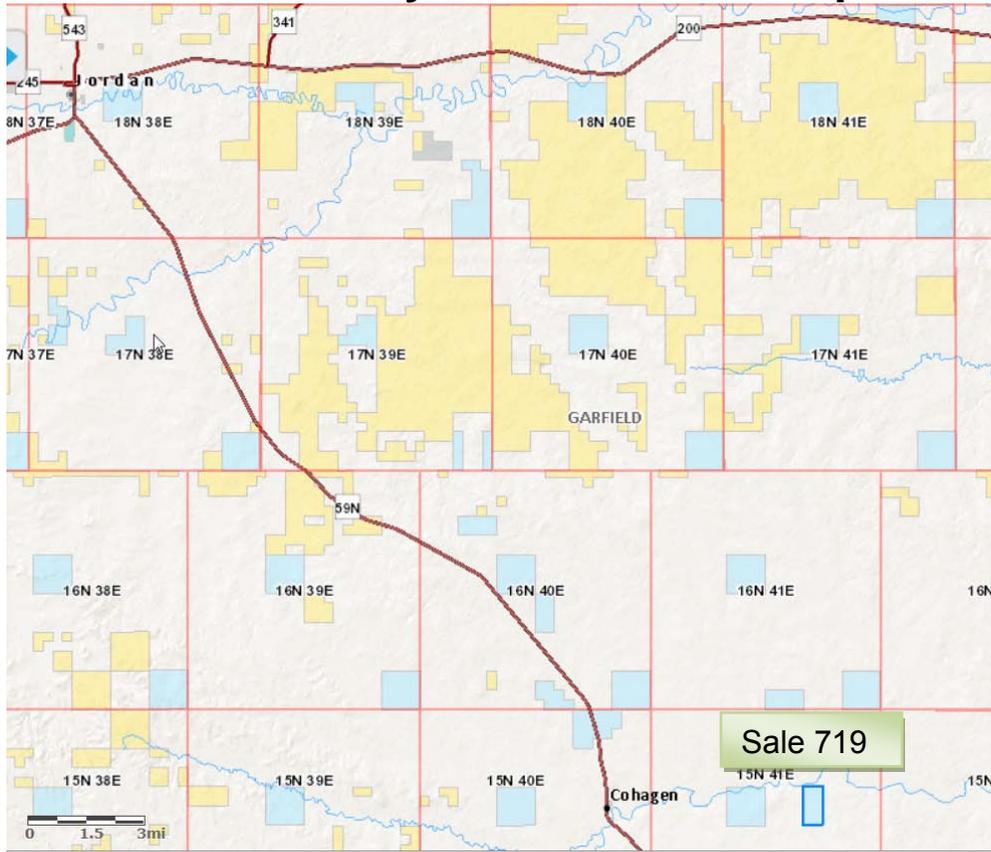
No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

DNRC Recommendation

The director recommends that the board give preliminary approval to sell this parcel.

Garfield County Sale Location Map

1014-5C



Sale 719

W $\frac{1}{2}$, Section 14, T15N-R41E
Burl and Shemene Peckman



1014-5D Land Banking Parcels: Preliminary Approval for Sale – McCone County

Location: McCone County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests preliminary approval of one parcel totaling approximately 40 acres nominated for sale in McCone County. The sale was nominated by the lessee, and the parcel is located approximately 30 miles southeast of Wolf Point.

| Sale # | # of Acres | Legal | Nominator | Trust |
|---------------|-------------------|--|------------------|----------------|
| 717 | 40± | NW ¹ / ₄ NW ¹ / ₄ , Section 16, T26N-R48E | Larry Heser | Common Schools |

Sale parcel 717 is used primarily for livestock grazing purposes. The parcel has below average productivity for grazing lands statewide.

The parcel is not legally accessible by the public.

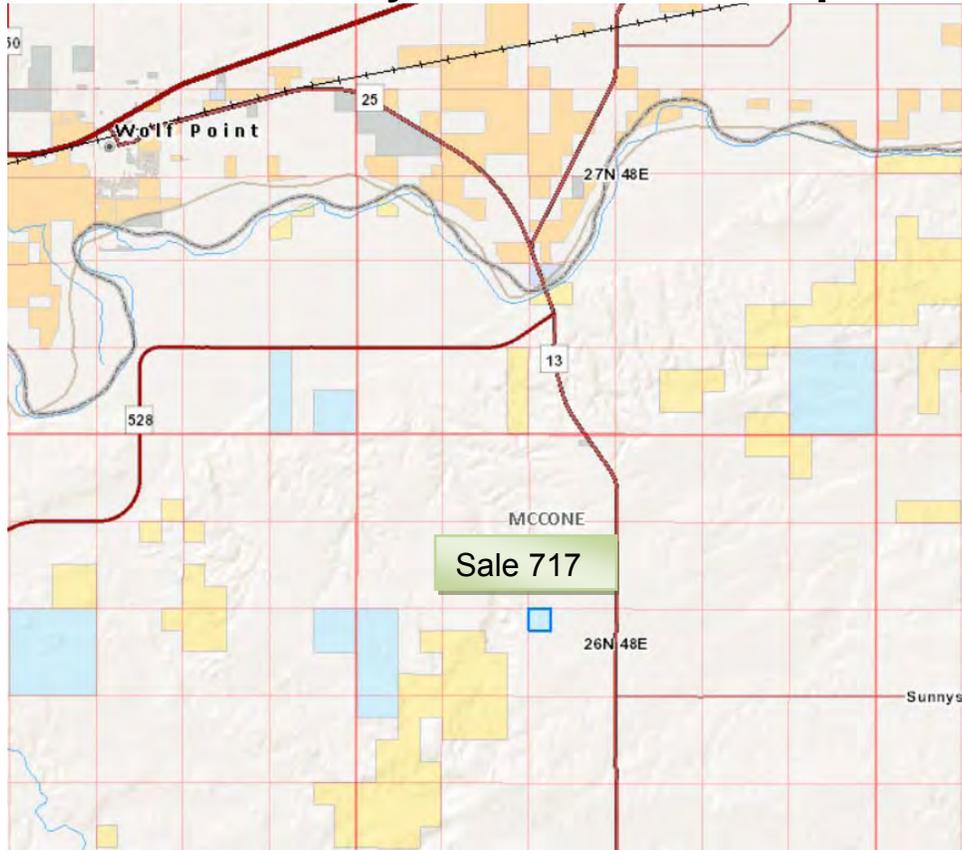
No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

DNRC Recommendation

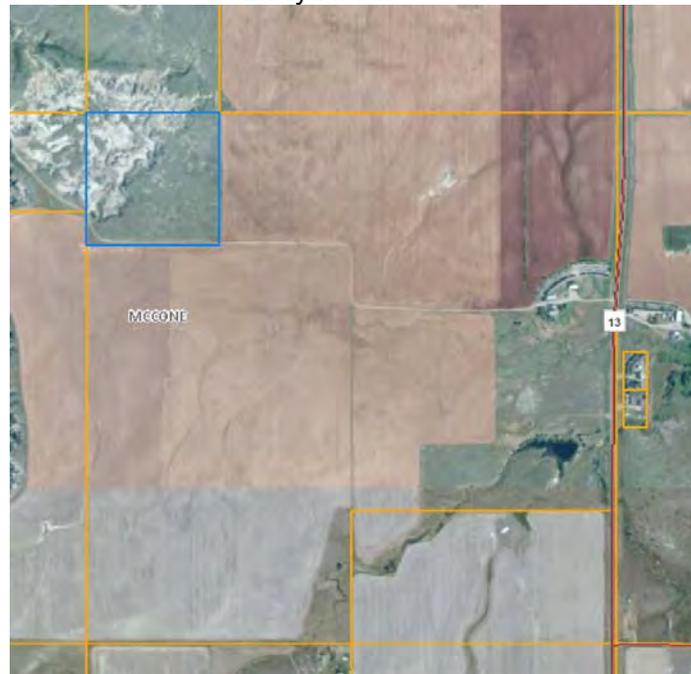
The director recommends that the board give preliminary approval to sell this parcel.

McCone County Sale Location Map

1014-5D



Sale 717
NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 16, T26N-R48E
Larry Hesel



1014-5E Land Banking Parcels: Preliminary Approval for Sale – Powder River County

Location: Powder River County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests preliminary approval of one parcel totaling approximately 80 acres nominated for sale in Powder River County. The sale was nominated by the lessee, and the parcel is located approximately 45 miles northwest of Broadus.

| Sale # | # of Acres | Legal | Nominator | Trust |
|---------------|-------------------|---|-------------------|-------------------|
| 718 | 80± | SW ¹ / ₄ NW ¹ / ₄ , SW ¹ / ₄ SE ¹ / ₄ , Section 16, T4S-R50E | Smith Ranch, Inc. | Common Schools |

Sale parcel 718 is used primarily for livestock grazing purposes, with approximately ten acres of hay field. The parcel has average productivity for grazing and hay lands statewide.

The parcel is not legally accessible by the public.

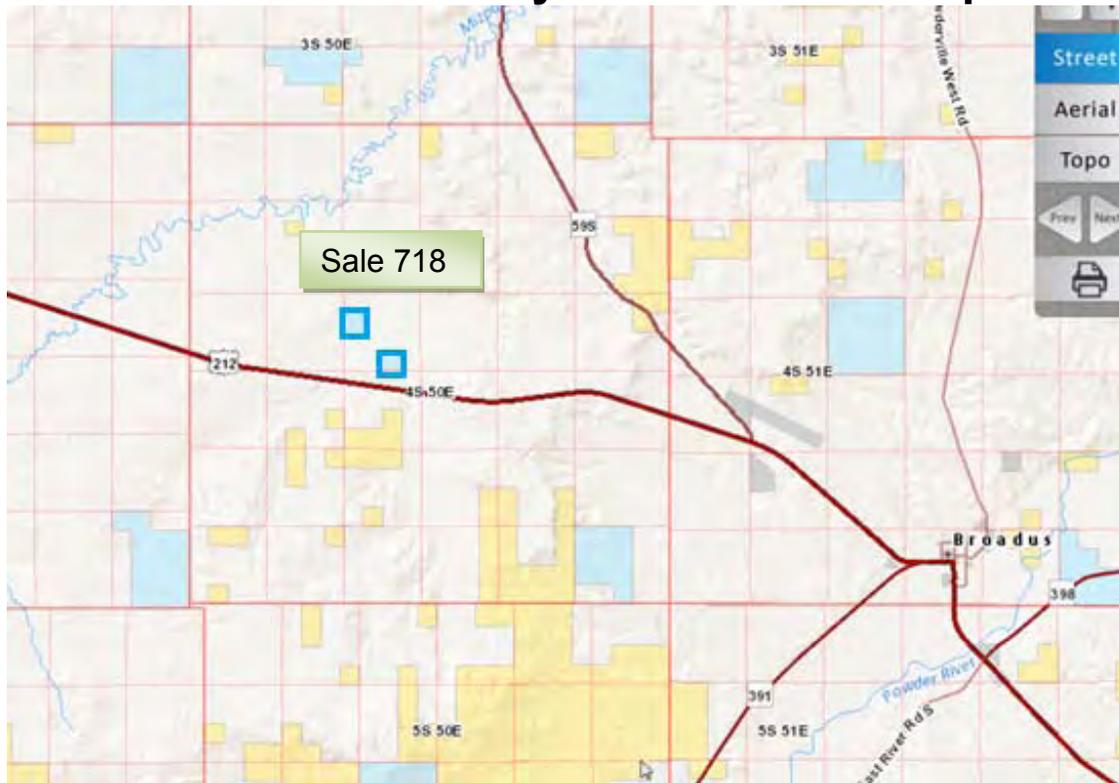
No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

DNRC Recommendation

The director recommends that the board give preliminary approval to sell this parcel.

Powder River County Sale Location Map

1014-5E



Sale 718

SW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 16, T4S-R50E
Smith Ranch, Inc.



1014-6

LAND BANKING ACQUISITION:
FINAL APPROVAL FOR PURCHASE –
HOUGARDY FARM

**Land Board Agenda Item
October 20, 2014**

1014-6 Land Banking Acquisition: Final Approval for Purchase – Hougardy Farm

Location: Treasure County

Trust Benefits: Common Schools

Trust Revenue: N/A

Item Summary

Seller: Kenny and Karen Rogers

Prospective Buyer: State of Montana, Department of Natural Resources and Conservation (DNRC)

Location: The property is located approximately 6.5 miles east of Hysham, Montana.

Property Characteristics: This property totals 406.86 acres. It is a mixture of irrigated cropland (200 acres) and irrigated and dryland grazing (206.86 acres).

Recreational Opportunities: The property provides fair big game hunting and good to excellent upland and migratory bird hunting. Wildlife on this farm includes mule deer, whitetail deer, pheasants, turkeys, geese, ducks, and various other non-game mammals and birds. Other recreational opportunities such as hiking and bird watching may also exist.

Access: The parcel is accessible by both Montana Highway 311 and Mackley Road, a county road. Purchase of this property would also secure perpetual public access to an existing landlocked section of trust land.

Appraised Value/Purchase Price: \$1,000,000.00

Proposed Closing Date: October 31, 2014

Background: The Hougardy Farm received preliminary approval by the Montana State Board of Land Commissioners (board) in May 19, 2014. Since then, DNRC has engaged in evaluation of the property as per land banking rules of ARM 36.25.815.

Public Involvement:

The Hougardy Farm was nominated for state acquisition by the owners under the Land Banking process. DNRC has consulted with the Montana Department of Fish, Wildlife and Parks (FWP) and Treasure County Commissioners regarding this purchase. No opposition has been received.

Selection Considerations and Process:

DNRC secured a purchase agreement for appraised value of the land. The purchase agreement also included a lease back of the agricultural and grazing land to the seller on a cash lease basis at a market rate.

DNRC Recommendation

The director recommends the board grant final approval for acquisition of the Hougardy Farm.

Due Diligence Property Evaluation Summary

| ACQUISITION REPORT | EXPLANATION | | | | | | |
|---|---|--------------|------------|------------|----------------|-----------|-------|
| Seller's Disclosure | No known material defects in the property | | | | | | |
| Annual Rate of Return over 20 years | <table border="0"> <tr> <td><u>Trust</u></td> <td><u>NPV</u></td> <td><u>RoR</u></td> </tr> <tr> <td>Common Schools</td> <td>\$211,004</td> <td>1.8%</td> </tr> </table> | <u>Trust</u> | <u>NPV</u> | <u>RoR</u> | Common Schools | \$211,004 | 1.8% |
| <u>Trust</u> | <u>NPV</u> | <u>RoR</u> | | | | | |
| Common Schools | \$211,004 | 1.8% | | | | | |
| Average Annual Rate of Return of property sold | <table border="0"> <tr> <td><u>Trust</u></td> <td><u>NPV</u></td> <td><u>RoR</u></td> </tr> <tr> <td>Common Schools</td> <td>\$163,814</td> <td>1.39%</td> </tr> </table> | <u>Trust</u> | <u>NPV</u> | <u>RoR</u> | Common Schools | \$163,814 | 1.39% |
| <u>Trust</u> | <u>NPV</u> | <u>RoR</u> | | | | | |
| Common Schools | \$163,814 | 1.39% | | | | | |
| Annual Income | <p><u>Irrigated Crop</u> Corn Silage, Grain Corn, or Wheat Acres at \$65/acre 232.93 acres x \$65/acre = \$15,140.45</p> <p><u>Irrigated Hay</u> Hay Acres at \$45/acre 15.29 acres x \$45/acre = \$688.05</p> <p><u>Grazing</u> 150 AUMs x 15.00/AUM Total Grazing Rate = \$2,250.00</p> <p><u>Sacrifice Area</u> 4.32 acres at \$100.00/year</p> <p><u>Projected Total Annual Net Revenue</u></p> <p>Common Schools \$17,963</p> <p>**All acreage amounts were derived from current USDA Farm Service Agency (FSA) maps. *** Dryland grass acreage was adjusted to equal estimated total acreage.</p> | | | | | | |
| Classification of property | Agricultural Land and Grazing Land | | | | | | |

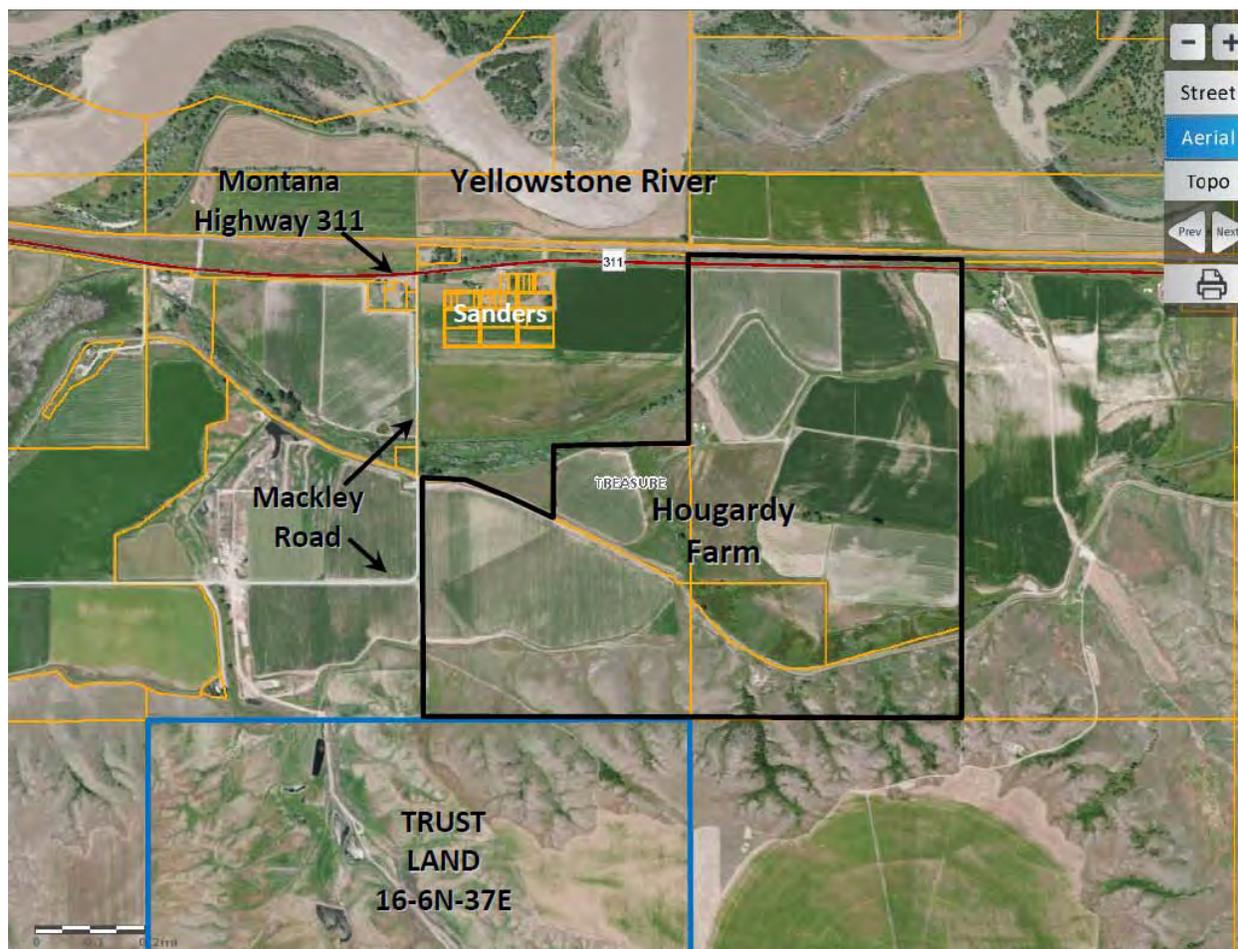
| | |
|-------------------------------|---|
| <p>Soils/Range</p> | <p>Soils in this area are generally well developed and very productive. A United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) soil survey indicated Land Capability Classification as a mixture of Class II, Class III, and Class IV soils. Soil textures vary from clayey, loams, to clayey loams. Some saline seeps are present on the property. Current management, which promotes salt tolerant vegetation in and around saline seeps, is decreasing the size of these areas. Management of the saline seeps will adapt as needed to continue to get good production off these sites. The saline seep areas have a Capability Classification of Class VI and Class VII.</p> |
| <p>Vegetation</p> | <p>Native rangeland on this property is typical of the mixed grassed prairie. Range sites are in fair to excellent condition and dominated by thin hilly sites. Species composition is dominated by grasses which include western wheatgrass, green needle grass, blue bunch wheat grass, needle and thread grass, blue grama, thread leaf sedge, sandberg bluegrass, and prairie junegrass. Sub-dominate species include various forbs and shrubs. The rangeland on this property produces the expected amount for a thin hilly site.</p> <p>The irrigated grazing and hay acreage on this property consists of introduced and native species including western wheatgrass, alfalfa, and thickspike wheatgrass. These areas are highly productive.</p> |
| <p>Range Condition</p> | <p>The property is located in the mixed grass prairie, western sedimentary plains 10-14 inch precipitation zone. Range condition is fair to excellent. The carrying capacity of the property is typical of south central Montana and is estimated at:</p> <p>Dryland grazing: 69 acres x 0.23 AUMs/acre = 16 AUMs</p> <p>The irrigated grazing acreage ranges from 0.4 to 2.5 AUMs per acre. The total AUMs for the irrigated acreage is 105 AUMs.</p> <p>The aftermath grazing on the property was set at a rate ranging from 0.1 to 0.25 AUMs/acre. The total aftermath grazing AUMs is 29 AUMs.</p> <p><u>The total AUMs available on the property is 150 AUMs.</u></p> |

| | |
|---------------------------------|---|
| Weeds | No noxious weeds were noted on the property. Even so, the sellers have an active weed management program across the entire property that includes chemical control, and this program is expected to occur in future years. |
| Sacrifice Area | There is a sacrifice area of 4.32 acres that is used as a staging area. This is where the farming equipment is stored intermittently throughout the year. If at any point the seller/new lessee would like to remove the staging area, this area would be converted to grazing acres. |
| Timber Cruises | N/A |
| Water | The Yellowstone Irrigation District ditch crosses the parcel, generally running from west to east, and the Hysham Irrigation District ditch terminates at the property's southeast corner. |
| Water Rights | DNRC will acquire the sellers' shares in the Hysham Irrigation Ditch and Yellowstone Irrigation Ditch for use on the purchased lands. |
| Wildlife (T&E) | No threatened or endangered species are known to be present on the property. The property is located in sage grouse general habitat, but the closest lek is almost seven miles to the northwest. Other wildlife on the property include: mule deer, whitetail deer, pheasants, turkeys, geese, ducks, and various other non-game mammals and birds. |
| Fisheries | N/A |
| Wetlands/Flood plain | N/A |
| Riparian characteristics | N/A |
| Cultural values | It is presently unknown if cultural resources are present. Applicable cultural resource laws will be followed if the subject property is transferred to state ownership. |

| | |
|-----------------------------------|--|
| Mineral characteristics | The acquisition of the Hougardy Farm includes 50 percent of all oil, gas, and coal, and all seller's interest in sand, gravel, and all other mineral rights that are owned by the seller. There is not oil and gas development in this area, and there is low potential for future oil and gas activity. The adjacent trust land section has not been leased for oil and gas for at least 20 years. This area may have potential for sand and gravel pit development, especially outside the irrigated agricultural lands. |
| Aesthetic values | The property is entirely agricultural and grazing and does not have any structures located on it. The parcel is located less than 0.25 mile from the Yellowstone River and is similar to surrounding properties in the Yellowstone River valley bottom that have been converted to irrigated agriculture. |
| Recreational use | The property would provide fair big game hunting and good to excellent upland bird and waterfowl hunting. Wildlife on this farm include: mule deer, whitetail deer, pheasants, turkeys, ducks, geese, and various other non-game mammals and birds. Other recreational opportunities such as hiking and bird watching may also exist. |
| Zoning | None |
| Planning | None |
| Surrounding land use | Adjacent lands are agricultural land (irrigated and dry cropland) and grazing land. |
| Potential for multiple use | The primary use of the property would be agricultural for corn and small grain production (wheat) and the grazing of livestock. The property is likely to get moderate recreational use during hunting season and will also provide access to a landlocked section of trust land that has been part of block management in the past. |
| Access to parcel | All tracts on this property are accessible though Montana Highway 311 or Mackley Road. |

| Infrastructure | The property contains approximately three miles of border fence and several miles of interior fence to separate the irrigated crop from the subirrigated and native rangeland. There is also gated irrigation pipe and a pivot that will be retained by the seller and utilized in conjunction with the new state agricultural lease. The parcel has 0.5 miles of Highway 311 frontage and 0.5 miles of frontage on Mackley Road, which is a county maintained road. | | | | | | | | | |
|---|---|--------------|--------------|--------------|--------|--|--|---------|-------------|--------|
| Adjacent public lands | The property borders 640 acres of landlocked state trust land on the south side. | | | | | | | | | |
| Adjacent conservation easements | None | | | | | | | | | |
| Appraised Value | \$1,000,000.00 | | | | | | | | | |
| Purchase price | <table border="1"> <thead> <tr> <th data-bbox="667 852 919 884"><u>Trust</u></th> <th data-bbox="919 852 1138 884"><u>Funds</u></th> <th data-bbox="1138 852 1419 884"><u>Acres</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="667 884 919 915">Common</td> <td data-bbox="919 884 1138 915"></td> <td data-bbox="1138 884 1419 915"></td> </tr> <tr> <td data-bbox="667 915 919 947">Schools</td> <td data-bbox="919 915 1138 947">\$1,000,000</td> <td data-bbox="1138 915 1419 947">406.86</td> </tr> </tbody> </table> | <u>Trust</u> | <u>Funds</u> | <u>Acres</u> | Common | | | Schools | \$1,000,000 | 406.86 |
| <u>Trust</u> | <u>Funds</u> | <u>Acres</u> | | | | | | | | |
| Common | | | | | | | | | | |
| Schools | \$1,000,000 | 406.86 | | | | | | | | |
| Summary of Title report | The state has reviewed a preliminary title commitment. The seller warrants the title shall be good, marketable and insurable subject to the exceptions approved by the state. | | | | | | | | | |
| Summary Phase 1 site analysis | A Phase I environmental site assessment was performed by Environmental and Civil Solutions of Billings. Their review and report found no recognized environmental conditions associated with the Hougardy Farm. | | | | | | | | | |
| Notification to commissioners and adjacent land owners | The Treasure County commissioners are aware of this proposed acquisition. No opposition has been received. | | | | | | | | | |
| Comments received during public involvement process | Public comments have been positive and supportive of this purchase. | | | | | | | | | |

Area Map of Hougardy Farm



Certificate of Survey containing 406.85± acres located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 9 & W $\frac{1}{2}$ of Section 10, Township 6 North, Range 37 East, P.M.M in Treasure County

1014-7

EASEMENTS

**Land Board Agenda Item
October 20, 2014**

1014-7 Easements

**Location: Cascade, Dawson, Lewis and Clark, Missoula, Richland,
Sweet Grass, Valley**

Trust Benefits: Common Schools, Public Lands

**Trust Revenue: Common Schools= \$215,602.00
Public Land Trust = \$200.00**

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| Applicant | Right-of-Way Purpose | Page(s) |
|---|-------------------------------|----------------|
| Sun River Electric Cooperative, Inc. | Historic Electric Utility | 1-4 |
| Clinton Irrigation District | Historic Irrigation Diversion | 5-6 |
| Dawson County | Historic County Road | 7-24 |
| Hiland Operating, LLC | Existing Gas Utility | 25-29 |
| NorthWestern Corporation d/b/a NWE | New Cathodic Protection Unit | 30-31 |
| NorVal Electric Cooperative, Inc. | New Electric Utility | 32-35 |
| Hiland Crude, LLC, and Hiland Operating, LLC | Existing Oil and Gas Utility | 36-41 |

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Sun River Electric Cooperative, Inc.
PO Box 309
Fairfield, MT 59436

Application No.: 16680
R/W Purpose: 7.2 kV overhead distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.12
Compensation: \$100.00
Legal Description: 1-foot strip through N2N2, Sec. 36, Twp. 22N, Rge. 8W,
Lewis and Clark County
Trust Beneficiary: Common Schools

Item Summary

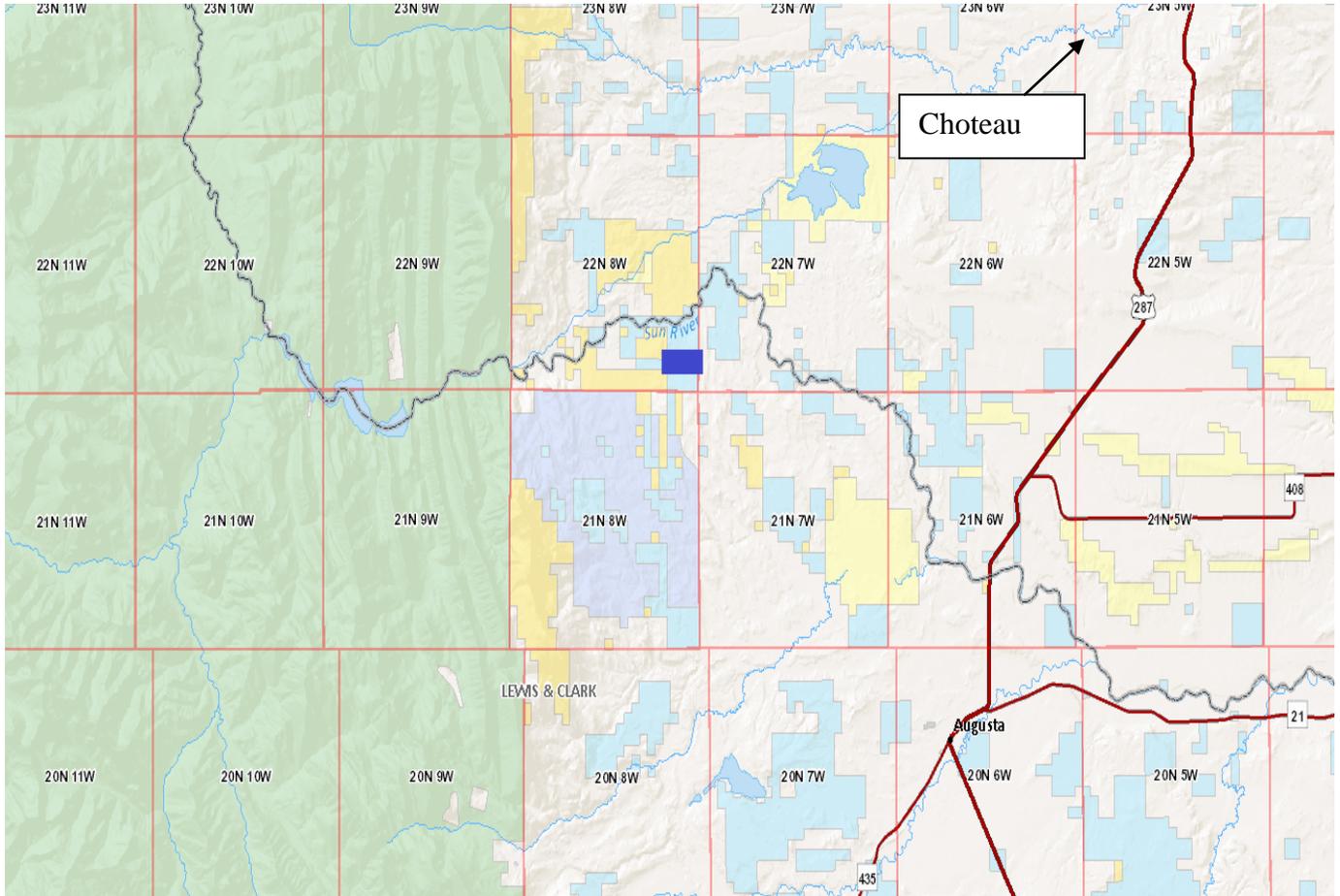
Sun River Electric Cooperative, Inc., is requesting approval of a right of way for an existing 7.2kV overhead power distribution line. This application is made pursuant to §77-1-130, MCA, Historic Rights of Way.

DNRC Recommendation

The director recommends approval of this historic utility request.

Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Sun River Electric Cooperative, Inc. PO Box 309 Fairfield, MT 59436 |
| Application No.: | 16681 |
| R/W Purpose: | 12,470 V overhead distribution line |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 0.04 |
| Compensation: | \$100.00 |
| Legal Description: | 8-foot strip across the Sun River through E2SE4, Sec. 2, Twp. 20N, Rge. 2W, Cascade County |
| Trust Beneficiary: | Public Land Trust |

Item Summary

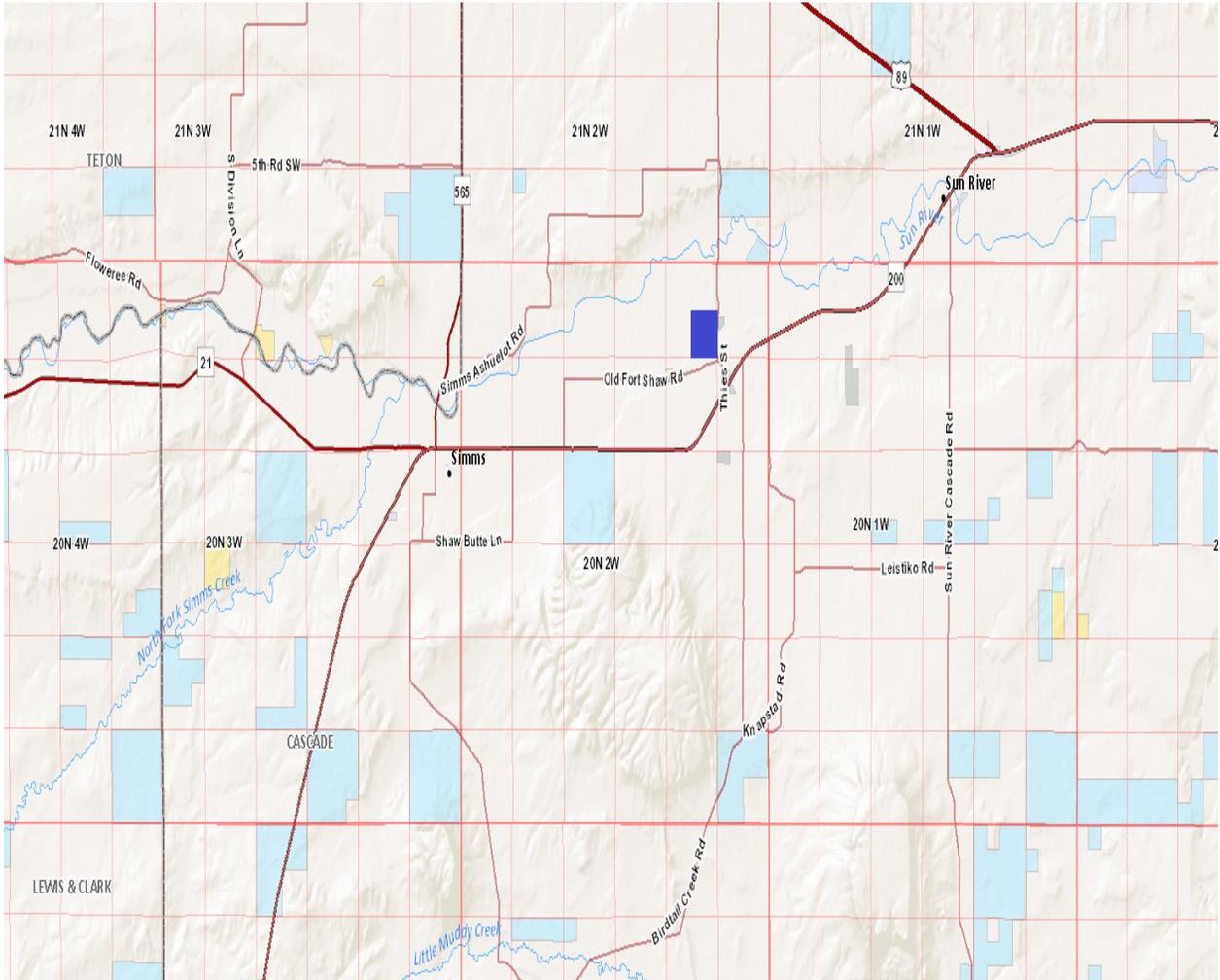
Sun River Electric Cooperative, Inc., is requesting approval of a right of way for an existing 12,470 V overhead power distribution line across the Sun River. This application is made pursuant to §77-1-130, MCA, Historic Rights of Way.

DNRC Recommendation

The director recommends approval of this historic utility request.

Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Clinton Irrigation District 18181 East Mullan Road Clinton, MT 59825 |
| Application No.: | 16682 |
| R/W Purpose: | irrigation diversion structure |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 0.04 |
| Compensation: | \$100.00 |
| Legal Description: | a tract of land in the NW4SW4 on the Clark Fork River, Sec. 12, Twp. 11N, Rge. 17W, Missoula County |
| Trust Beneficiary: | Public Land |

Item Summary

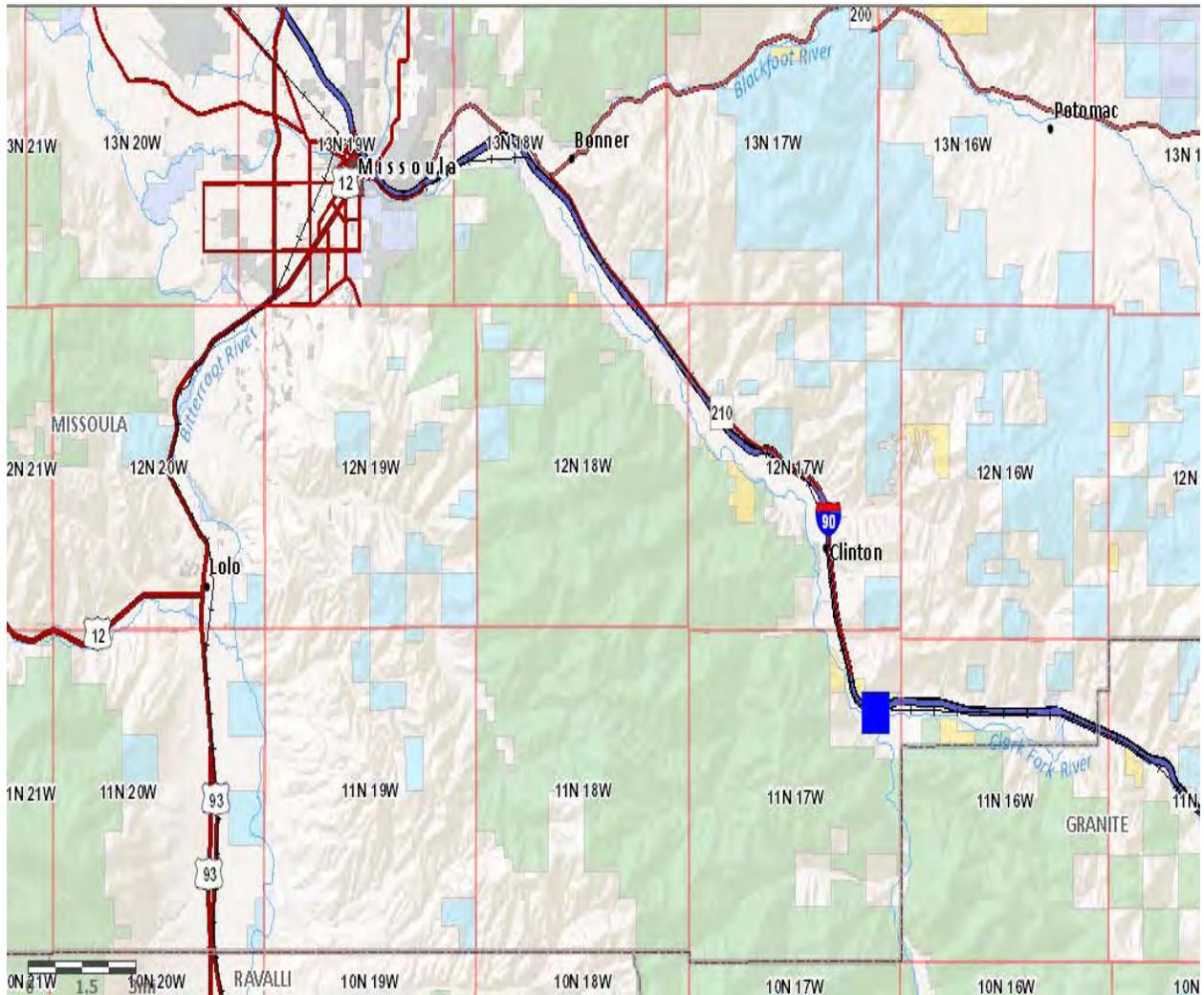
Clinton Irrigation District has made application pursuant to §77-1-1112, MCA (Historic Use of Navigable Riverbeds), for a diversion structure located on the Clark Fork River. There are two statement of claim water rights associated with this diversion and multiple places of use.

DNRC Recommendation

The director recommends approval of this irrigation diversion structure request.

Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16683 |
| R/W Purpose: | a public county road known as Road 431 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 0.14 |
| Compensation: | \$100.00 |
| Legal Description: | 30-foot strip through NE4NE4, Sec. 2, Twp. 20N, Rge. 52E, Dawson County |
| Trust Beneficiary: | Common Schools |

Item Summary

Dawson County has made application for this county road that was constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as a historic right of way.

DNRC Recommendation

The director recommends approval of this historic right of way for Dawson County

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16684
R/W Purpose: a public county road known as Road 508
Lessee Agreement: N/A (Historic)
Acreage: 1.98
Compensation: \$347.00
Legal Description: 30-foot strip through E2NE4 and 60-foot strip through
NE4SE4, Sec. 16, Twp. 21N, Rge. 53E,
Dawson County

Trust Beneficiary: Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16685
R/W Purpose: a public county road known as Road 521
Lessee Agreement: N/A (Historic)
Acreage: 5.38
Compensation: \$942.00
Legal Description: 60-foot strip through E2E2, Sec. 16, Twp. 18N, Rge. 54E,
Dawson County
Trust Beneficiary: Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16686
R/W Purpose: a public county road known as Road 525
Lessee Agreement: N/A (Historic)
Acreage: 2.81
Compensation: \$492.00
Legal Description: 30-foot strip through W2NW4, NW4SW4,
Sec. 28, Twp. 20N, Rge. 55E,
Dawson County

Trust Beneficiary: Common Schools

Item Summary

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16687
R/W Purpose: a public county road known as Road 532
Lessee Agreement: N/A (Historic)
Acreage: 10.28
Compensation: \$1799.00
Legal Description: 60-foot strip through NW4, SW4NE4, SE4,
Sec. 20, Twp. 19N, Rge. 56E,
Dawson County

Trust Beneficiary: Common Schools

Item Summary

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16688 |
| R/W Purpose: | a public county road known as Road 542 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 2.79 |
| Compensation: | \$488.00 |
| Legal Description: | 60-foot strip through S2SW4 & 30-foot strip through S2SE4, Sec. 8, Twp. 18N, Rge. 56E, Dawson County |
| Trust Beneficiary: | Common Schools |

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16689 |
| R/W Purpose: | a public county road known as Road 544 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 4.01 |
| Compensation: | \$702.00 |
| Legal Description: | 60-foot strip through NW4NE4, E2NE4, Sec. 36, Twp. 18N, Rge. 54E, Dawson County |
| Trust Beneficiary: | Common Schools |

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16690 |
| R/W Purpose: | a public county road known as Road 550 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 5.24 |
| Compensation: | \$918.00 |
| Legal Description: | 60-foot strip through NE4NE4, Sec. 16, Twp. 17N, Rge. 54E; 30-foot strip through NW4NE4 & 60-foot strip through N2NE4, Sec. 36, Twp. 18N, Rge. 53E, Dawson County |
| Trust Beneficiary: | Common Schools |

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16691
R/W Purpose: a public county road known as Road 621
Lessee Agreement: N/A (Historic)
Acreage: 3.64
Compensation: \$637.00
Legal Description: 30-foot strip through S2S2, Sec. 36, Twp. 22N, Rge. 50E,
Dawson County
Trust Beneficiary: Common Schools

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16692
R/W Purpose: a public county road known as Road 633
Lessee Agreement: N/A (Historic)
Acreage: 0.78
Compensation: \$137.00
Legal Description: 30-foot strip through NW4SW4, Sec. 16, Twp. 22N, Rge.
52E, Dawson County
Trust Beneficiary: Common Schools

Item Summary

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16693
R/W Purpose: a public county road known as FAS 467
Lessee Agreement: N/A (Historic)
Acreage: 1.83
Compensation: \$320.00
Legal Description: 30-foot strip through S2SE4, Sec. 16, Twp. 17N, Rge. 51E,
Dawson County
Trust Beneficiary: Common Schools

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16694 |
| R/W Purpose: | a public county road known as Road 510 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 3.62 |
| Compensation: | \$634.00 |
| Legal Description: | 30-foot strip through S2S2, Sec. 16, Twp. 21N, Rge. 54E, Dawson County |
| Trust Beneficiary: | Common Schools |

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59330

Application No.: 16695
R/W Purpose: a public county road known as Road 523
Lessee Agreement: N/A (Historic)
Acreage: 0.82
Compensation: \$144.00
Legal Description: 30-foot strip through SE4SE4, Sec. 16, Twp. 21N, Rge. 54E,
Dawson County
Trust Beneficiary: Common Schools

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Dawson County 207 W Bell Glendive, MT 59330 |
| Application No.: | 16697 |
| R/W Purpose: | a public county road known as Road 540 |
| Lessee Agreement: | N/A (Historic) |
| Acreage: | 3.62 |
| Compensation: | \$634.00 |
| Legal Description: | 30-foot strip through S2S2, Sec. 36, Twp. 19N, Rge. 53E, Dawson County |
| Trust Beneficiary: | Common Schools |

Item Summary

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dawson County
207 W Bell
Glendive, MT 59930

Application No.: 16698
R/W Purpose: a public county road known as Road 513
Lessee Agreement: N/A (Historic)
Acreage: 1.7
Compensation: \$297.00
Legal Description: 30-foot strips through E2SE4, Sec. 36, Twp. 19N, Rge. 53E
and Government Lot 4, Sec. 18, Twp. 19N, Rge. 54E,
Dawson County

Trust Beneficiary: Common Schools

Item Summary

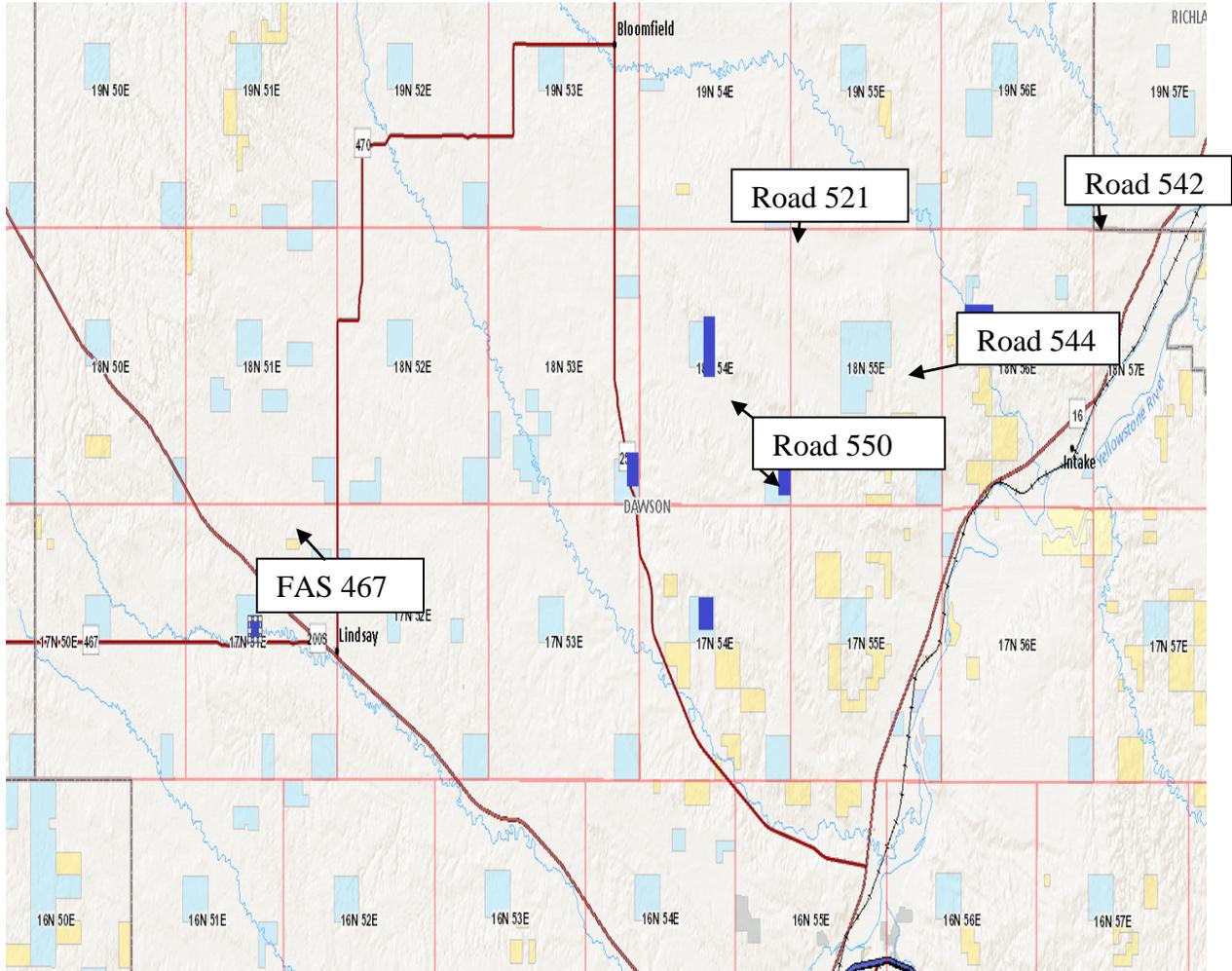
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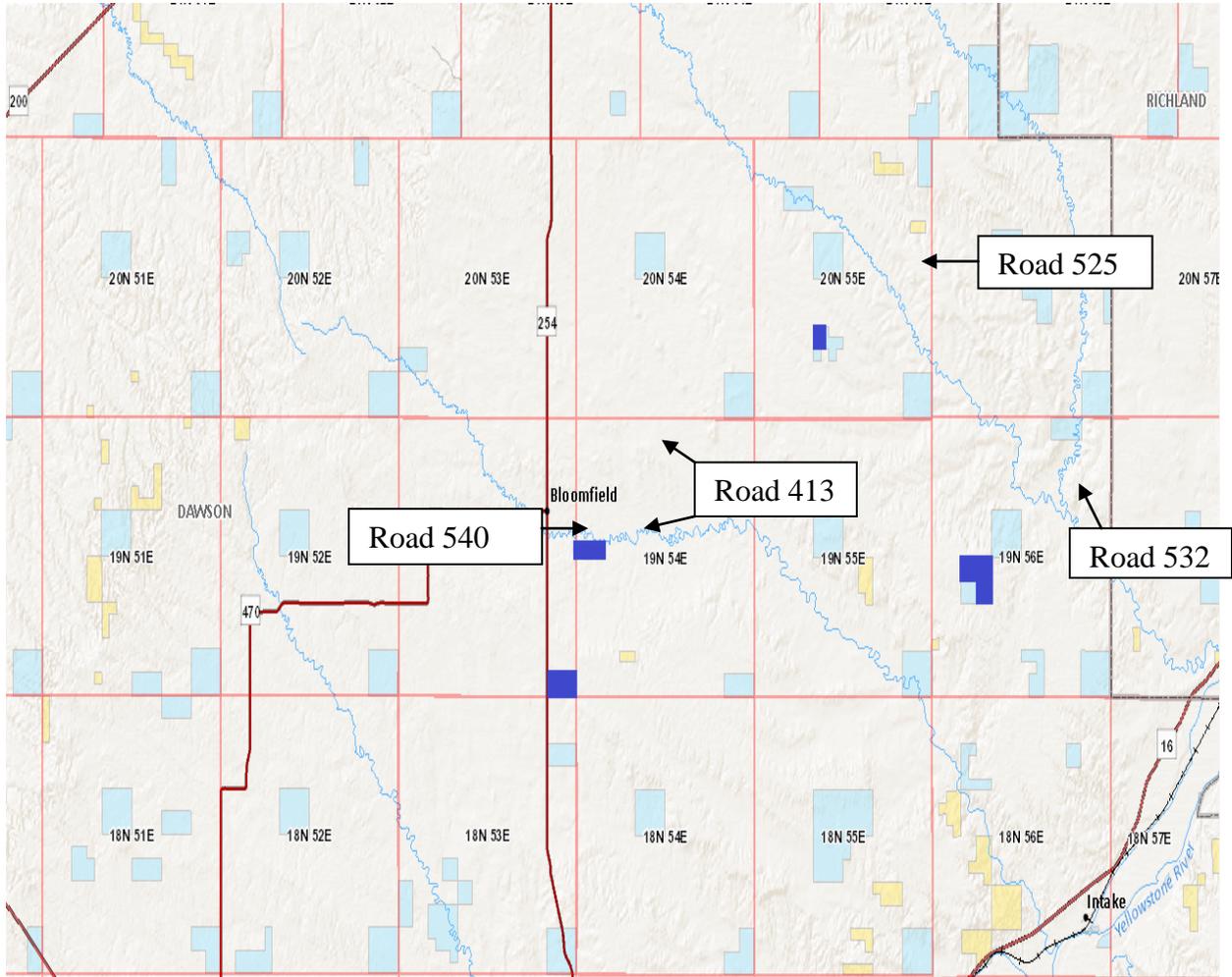
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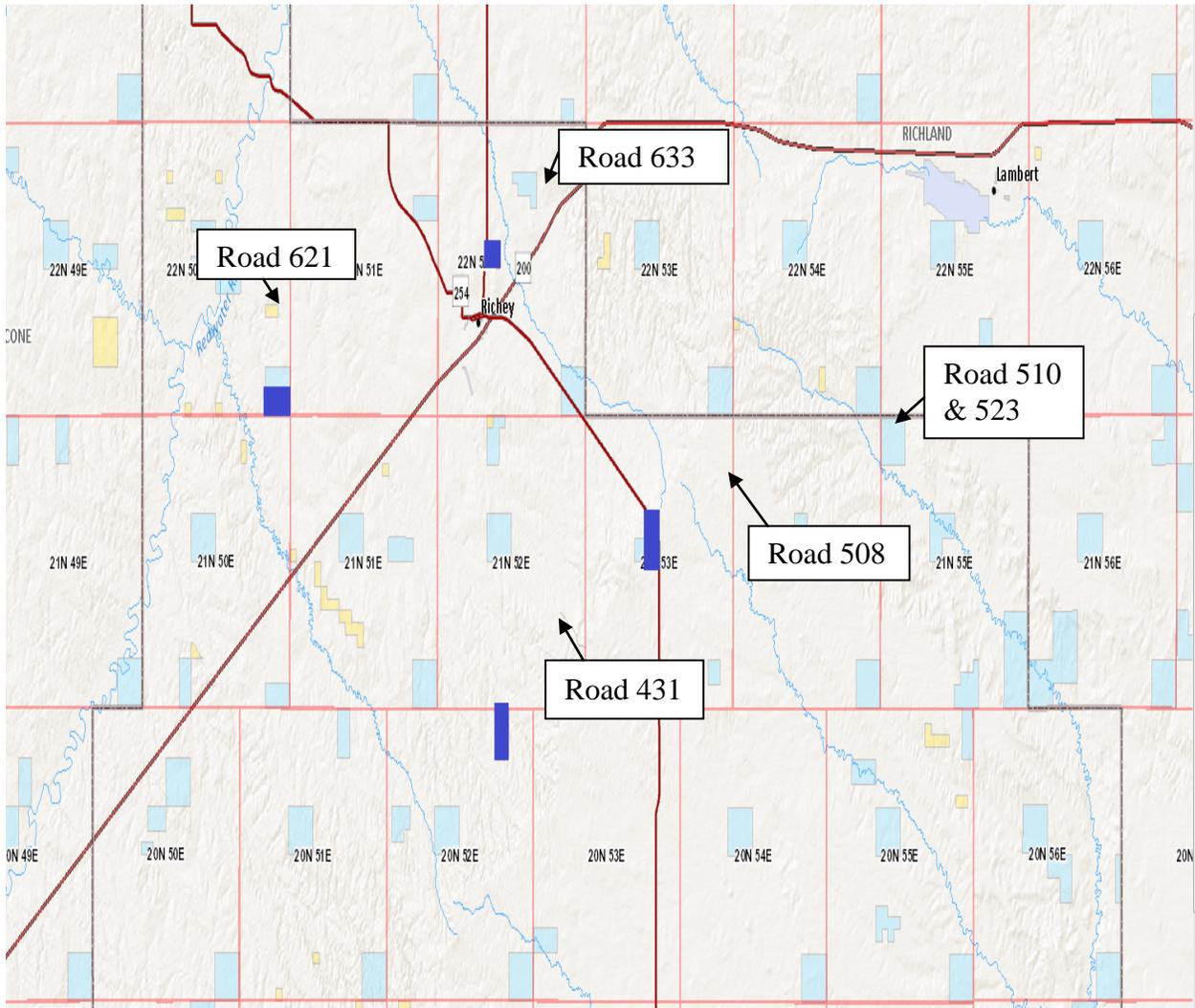
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Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Hiland Operating, LLC PO Box 5122 Enid, OK 73702 |
| Application No.: | 16699 |
| R/W Purpose: | two 10-inch buried natural gas pipelines |
| Lessee Agreement: | needed |
| Acreage: | 1.0 |
| Compensation: | \$4208.00 |
| Legal Description: | 50-foot strip through SE4SE4, Sec. 36, Twp. 24N, Rge. 56E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Operating, LLC, has made application for two existing 10-inch natural gas pipelines, one poly and one steel, which parallel one another within a defined corridor. The pipelines were previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Operating, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Hiland Operating, LLC PO Box 5122 Enid, OK 73702 |
| Application No.: | 16700 |
| R/W Purpose: | an 8-inch buried natural gas pipeline |
| Lessee Agreement: | ok |
| Acreage: | 3.64 |
| Compensation: | \$25,624.00 |
| Legal Description: | 30-foot strip through S2S2, Sec. 36, Twp. 24N, Rge. 54E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Operating, LLC, has made application for an 8-inch natural gas pipeline. The pipeline was previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Operating, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Hiland Operating, LLC PO Box 5122 Enid, OK 73702 |
| Application No.: | 16701 |
| R/W Purpose: | a 6-inch buried natural gas pipeline |
| Lessee Agreement: | ok |
| Acreage: | 0.79 |
| Compensation: | \$5560.00 |
| Legal Description: | 30-foot strip through SW4SW4, Sec. 36, Twp. 24N, Rge. 55E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Operating, LLC, has made application for a 6-inch natural gas pipeline. The pipeline was previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Operating, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|---|
| Applicant: | Hiland Operating, LLC PO Box 5122 Enid, OK 73702 |
| Application No.: | 16702 |
| R/W Purpose: | an 8-inch buried natural gas pipeline |
| Lessee Agreement: | needed |
| Acreage: | 1.17 |
| Compensation: | \$8312.00 |
| Legal Description: | 30-foot strip through NE4NW4 & NW4NE4, Sec. 36, Twp. 25N, Rge. 54E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

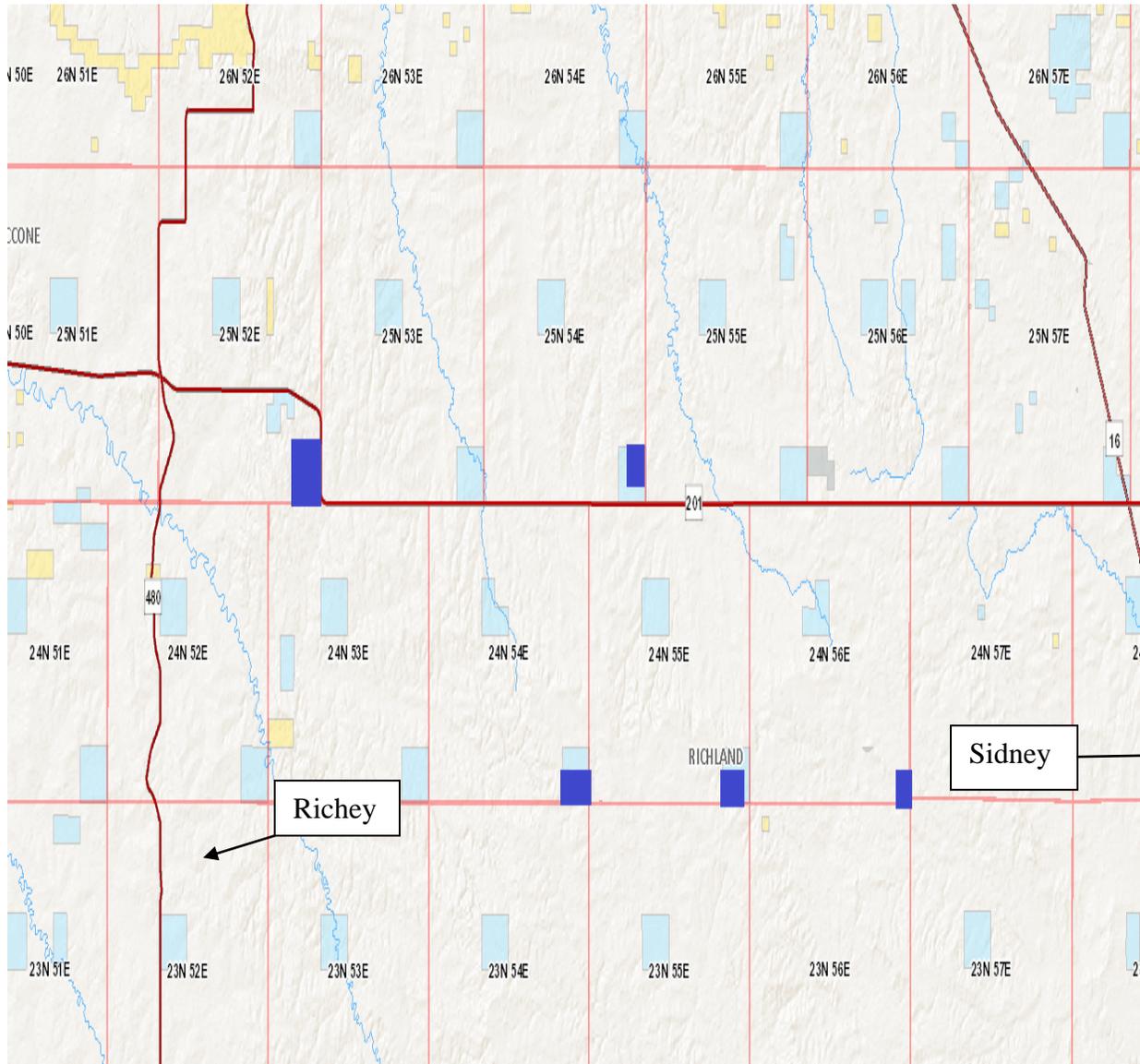
Highland Operating, LLC, has made application for an 8-inch natural gas pipeline. The pipeline was previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Operating, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | NorthWestern Corporation d/b/a NorthWestern Energy 40 East Broadway Street Butte, MT 59701 |
| Application No.: | 16703 |
| R/W Purpose: | construction, operation, and maintenance of a cathodic protection unit |
| Lessee Agreement: | ok |
| Acreage: | 0.66 |
| Compensation: | \$1000.00 |
| Legal Description: | tract of land in NE4NW4, Sec. 11, Twp. 1S, Rge. 13E, Sweet Grass County |
| Trust Beneficiary: | Common Schools |

Item Summary

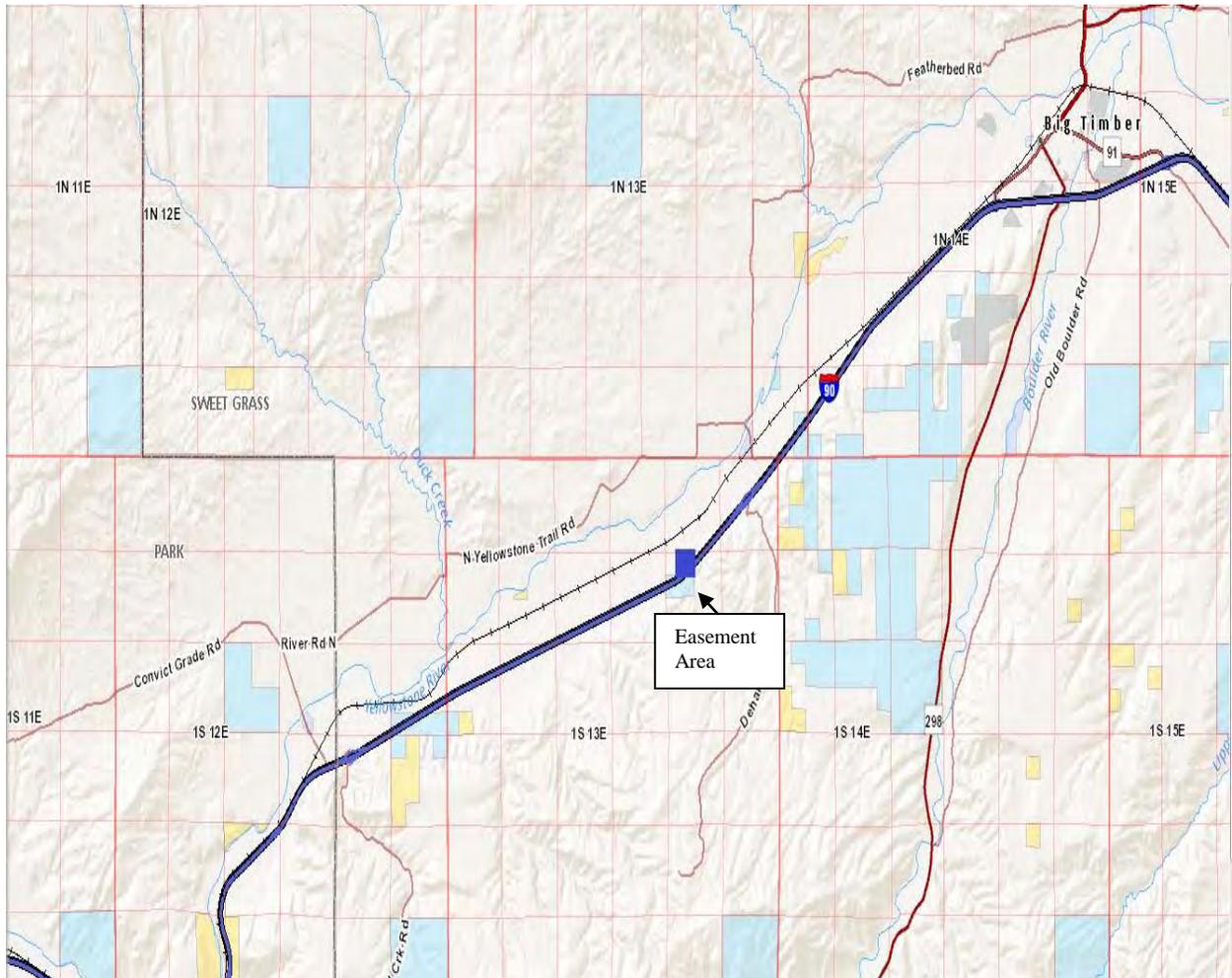
NorthWestern Corporation has made application to install a new cathodic protection unit on an existing pipeline. Cathodic protection is a technique used to control the corrosion of a metal surface. These systems protect a wide range of metallic structures in various environments. Cathodic protection is mandated by the Department of Transportation and is essential for public safety. NorthWestern Corporation requests to replace an existing unit that is near the end of its useful life and must be replaced to adequately protect the existing natural gas transmission line. The existing ground bed unit was previously authorized under an easement issued in 1939.

DNRC Recommendation

The director recommends approval of this cathodic protection unit.

Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | NorVal Electric Cooperative, Inc. 1130 Hwy 2 West Glasgow, MT 59230 |
| Application No.: | 16704 |
| R/W Purpose: | a 7.2kV buried distribution line |
| Lessee Agreement: | ok |
| Acreage: | 1.22 |
| Compensation: | \$534.00 |
| Legal Description: | 20-foot strips through SW4SW4 & NE4NE4, Sec. 20, Twp. 31N, Rge. 40E, Valley County |
| Trust Beneficiary: | Common Schools |

Item Summary

NorVal Electric Cooperative, Inc., has made application to install new underground distribution facilities to replace existing aging underground lines. The power line upgrade is necessary to maintain a reliable service to consumers on this portion of their system as they are experiencing frequent outages. The proposed route will provide accessibility for construction and maintenance. The locations of these lines are north of St. Marie, along Highway 24 and Olsen Springs Road.

DNRC Recommendation

The director recommends approval of this buried distribution line.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorVal Electric Cooperative, Inc.
1130 Hwy 2 West
Glasgow, MT 59230

Application No.: 16705
R/W Purpose: a 7.2kV buried distribution line
Lessee Agreement: ok
Acreage: 2.42
Compensation: \$665.00
Legal Description: 20-foot strip through N2N2, Sec. 21, Twp. 31N, Rge. 40E,
Valley County
Trust Beneficiary: Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorVal Cooperative, Inc.
1130 Hwy 2 West
Glasgow, MT 59230

Application No.: 16706
R/W Purpose: a 7.2kV buried distribution line
Lessee Agreement: ok
Acreage: 1.28
Compensation: \$352.00
Legal Description: 20-foot strip through N2NW4, Sec. 22, Twp. 31N, Rge. 40E,
Valley County
Trust Beneficiary: Common Schools

Item Summary

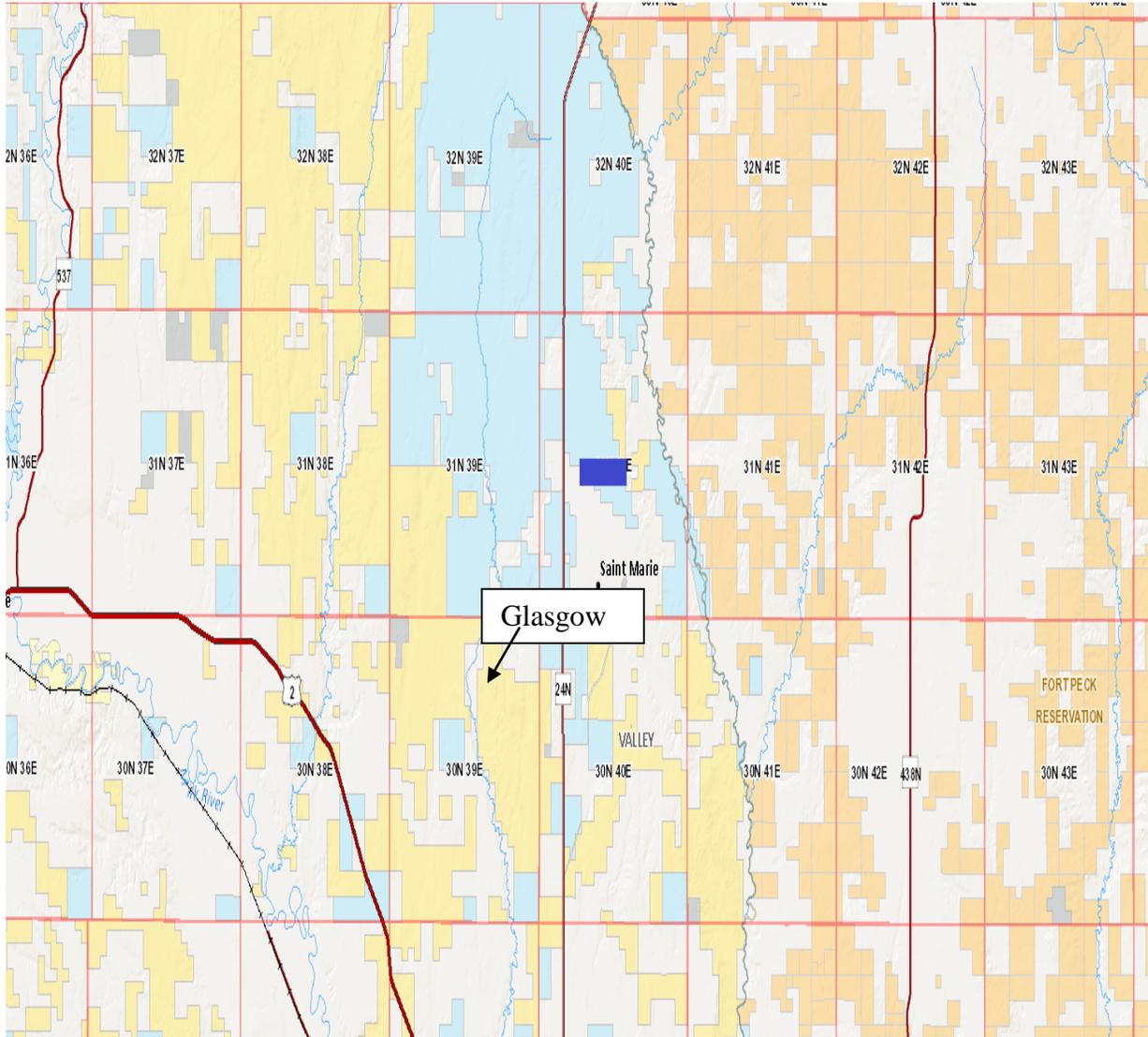
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DNRC Recommendation

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Rights of Way Applications

October 20, 2014



Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Hiland Crude, LLC PO Box 3886 Enid, OK 73702 |
| Application No.: | 16708 |
| R/W Purpose: | one 6-inch and one 8-inch buried crude oil pipeline and two 4-inch crude oil pipeline ties to well sites |
| Lessee Agreement: | ok |
| Acreage: | 4.01 |
| Compensation: | \$28,216.00 |
| Legal Description: | 30-foot strip through S2S2, Sec. 36, Twp. 24N, Rge. 54E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Crude, LLC, has made application for two existing crude oil pipelines, one 6-inch and one 8-inch, and two 4-inch crude oil pipeline ties to existing well sites. One site is located on private ground, Sec. 1, Twp. 23N, Rge. 54E (BR 21-1H), and one located on state trust land, Sec. 36, Twp. 24N, Rge. 54E (BR 44-36H). The pipeline was previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Crude, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in this area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for these crude oil pipelines.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

| | |
|--------------------|--|
| Applicant: | Highland Operating, LLC PO Box 5122 Enid, OK 73702 |
| Application No.: | 16709 |
| R/W Purpose: | a 6-inch buried natural gas pipeline |
| Lessee Agreement: | ok |
| Acreage: | 6.68 |
| Compensation: | \$47,048.00 |
| Legal Description: | 30-foot strip through N2N2, E2E2, Sec. 36, Twp. 25N, Rge. 52E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Operating, LLC, has made application for a 6-inch natural gas pipeline. The pipeline was previously authorized to be installed through a land use license in 2010, and this application has been submitted to convert the license to a 30-year term easement. Highland Operating, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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|--------------------|--|
| Applicant: | Hiland Crude, LLC PO Box 3886 Enid, OK 73702 |
| Application No.: | 16710 |
| R/W Purpose: | a 4-inch buried crude oil pipeline |
| Lessee Agreement: | ok |
| Acreage: | 5.0 |
| Compensation: | \$52,784.00 |
| Legal Description: | 20-foot strip through S2S2, E2E2, Sec. 36, Twp. 25N, Rge. 52E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Crude, LLC, has made application for a 4-inch crude oil pipeline. The pipeline was previously authorized to be installed through a land use license in 2010, and this application has been submitted to convert the license to a 30-year term easement. Highland Crude, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this crude oil pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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|--------------------|---|
| Applicant: | Hiland Crude, LLC PO Box 3886 Enid, OK 73702 |
| Application No.: | 16711 |
| R/W Purpose: | a buried 8-inch crude oil pipeline |
| Lessee Agreement: | needed |
| Acreage: | 3.96 |
| Compensation: | \$27,856.00 |
| Legal Description: | 30-foot strip through N2N2, Sec. 36, Twp. 25N, Rge. 52E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Crude, LLC, has made application for an 8-inch crude oil pipeline. The pipeline was previously authorized to be installed through a land use license in 2010, and this application has been submitted to convert the license to a 30-year term easement. Highland Crude, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this crude oil pipeline.

Rights of Way Applications

October 20, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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|--------------------|--|
| Applicant: | Hiland Crude, LLC PO Box 3886 Enid, OK 73702 |
| Application No.: | 16712 |
| R/W Purpose: | a buried 4-inch crude oil pipeline |
| Lessee Agreement: | ok |
| Acreage: | 0.54 |
| Compensation: | \$5752.00 |
| Legal Description: | 20-foot strip through SW4SW4, Sec. 36, Twp. 24N, Rge. 55E, Richland County |
| Trust Beneficiary: | Common Schools |

Item Summary

Highland Crude, LLC, has made application for a 4-inch crude oil pipeline. The pipeline was previously authorized to be installed through a land use license in 2004, and this application has been submitted to convert the license to a 30-year term easement. Highland Crude, LLC, has offered compensation in the amount of \$80 per rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement for this crude oil pipeline.

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