AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, June 20, 2016, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

616-1 **FWP: Conservation Easement – Pintail Flat**
Benefits: N/A
Location: Phillips County

616-2 **Oil and Gas Lease Sale (June 7, 2016)**
Benefits: Common Schools, Public Land Trust–Navigable Rivers, Water Resource Division
Location: Big Horn, Carter, Custer, Fallon, Richland, Sheridan

616-3 **Land Banking Parcel: Preliminary Approval for Sale**
Benefits: Common Schools
Location: Park County

616-4 **Sale of Cabin and Home Sites: Final Approval for Sale – Sale 788**
Benefits: Montana Tech
Location: Flathead County

616-5 **Land Banking Acquisition: Final Approval for Purchase – Clapper Flats**
Benefits: Pine Hills School, Eastern College-MSU / Western College - UM
Location: Yellowstone County

616-6 **Disclaimer of Interest – Larry Rau**
Benefits: N/A
Location: Rosebud County

616-7 **Settlement Agreement and Cross-Disclaimers of Interest: Burlington Northern Santa Fe**
Benefits: N/A
Location: Richland County

616-8 **Easements**
Benefits: Common Schools, Eastern College - MSU/Western Montana - UM, Montana Tech, Public Buildings, Public Land
Location: Chouteau, Fergus, Judith Basin, Lake, Liberty, Mineral, Prairie, Ravalli, Richland, Rosebud, Sanders

PUBLIC COMMENT

616-1

FWP: CONSERVATION EASEMENT:

Pintail Flat

Land Board Agenda Item
June 20, 2016

616-1 FWP: Conservation Easement - Pintail Flat

Location: Phillips County – 14 miles SW of Dodson

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

The Department of Fish, Wildlife, and Parks (FWP) has negotiated a conservation easement with Wetlands America Trust, a division of Ducks Unlimited, on approximately 1,760 acres in Phillips County, Montana. (Exhibit A, Exhibit B).

The primary purpose of this proposed conservation easement is to enhance and conserve a productive complex of grassland and wetland habitat as well as traditional agricultural uses, including livestock grazing. The mosaic of grassland and wetland is valuable for waterfowl production, breeding and migrating shorebird, and grassland birds. In addition, this habitat supports sage-grouse, sharp-tailed grouse, mule deer, antelope, black-tailed prairie dogs, and a wide variety of other native species. This property is strategically located adjacent to Bureau of Land Management (BLM) and United States Fish and wildlife Service (USFWS) Waterfowl Production Area land that supports similar habitat, providing a sizeable block of conserved habitat. This conservation easement would also assure public access for hunting and wildlife viewing in perpetuity.

The appraised value of the easement is $505,000. Wetlands America Trust is donating $100,000 of value through a bargain sale, making the cost of the conservation easement $405,000. An additional $50,285 would be provided by FWP toward cost-share of grazing improvements. The funding source is the Migratory Bird Wetland Program and Habitat Montana. Wetlands America Trust intends to sell the property as ranchland after a conservation easement is completed.

FWP released a Draft Environmental Assessment (EA) for public comment in January 2016 and held a public hearing in Malta on February 16th. The draft EA was made available to neighboring landowners and interested parties, and the EA was posted on the FWP webpage. FWP received 25 written public comments from individuals and organizations. Nineteen of the comments supported the project, one was neutral and five opposed the project. The five opposing comments identified questions, issues or concerns that are addressed in the Decision Notice and reflected in the final EA. The Pintail Flat project will be considered for final commission approval on June 9, 2016.

Rationale for Land Board Action

Purchase of the Pintail Flat Conservation Easement would allow FWP to take advantage of a bargain sale from Wetlands America Trust, while maintaining an important grassland/wetland complex which is valuable for waterfowl production, breeding and migrating shorebirds, upland game and non-game species, and would provide public access for recreation and hunting.

FWP Recommendation

FWP recommends approval by the Land Board to proceed with the purchase of the Pintail Flat Conservation Easement from Wetlands America Trust, a division of Ducks Unlimited.

Exhibit A. Location Map, Pintail Flat Conservation Easement.

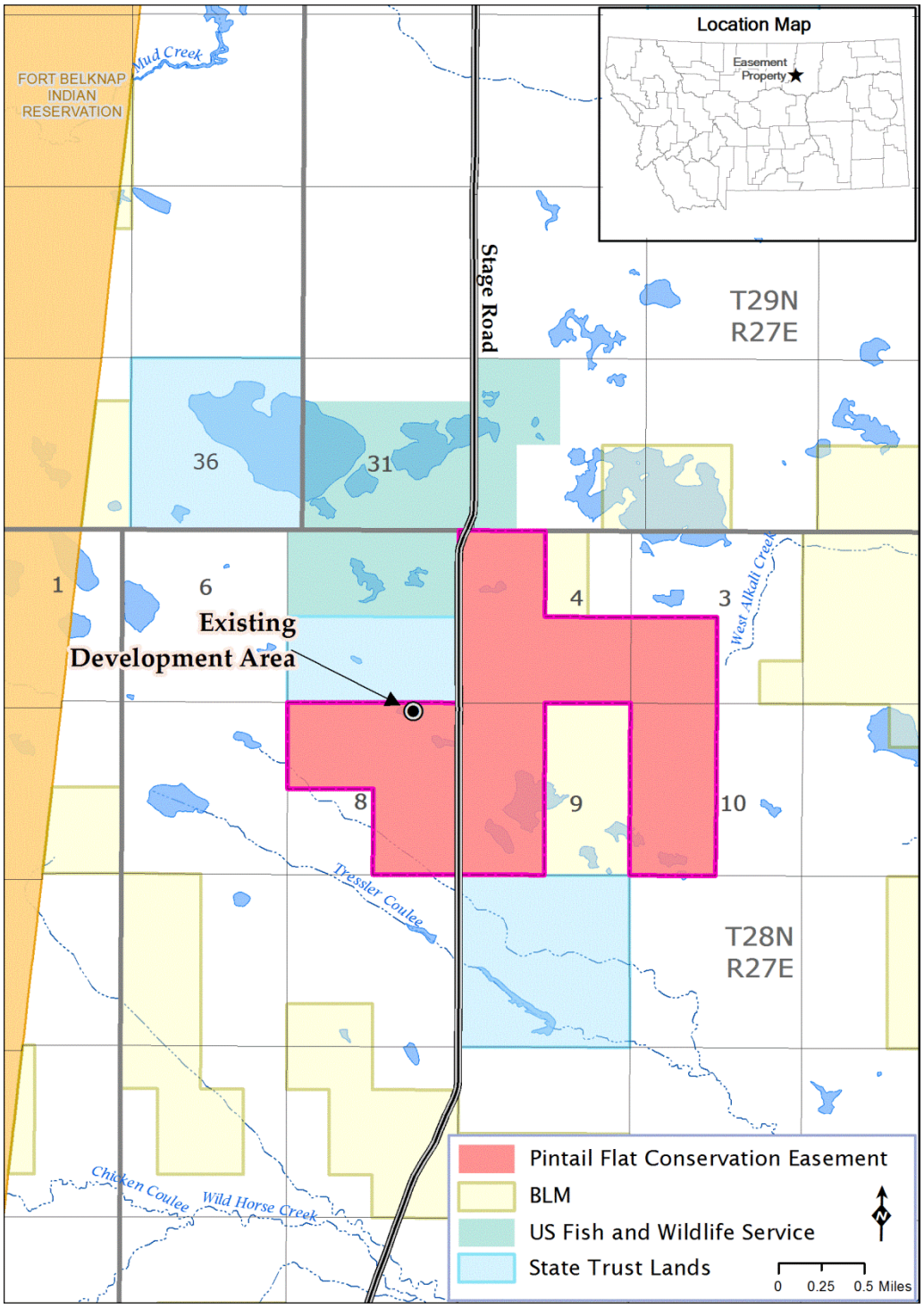
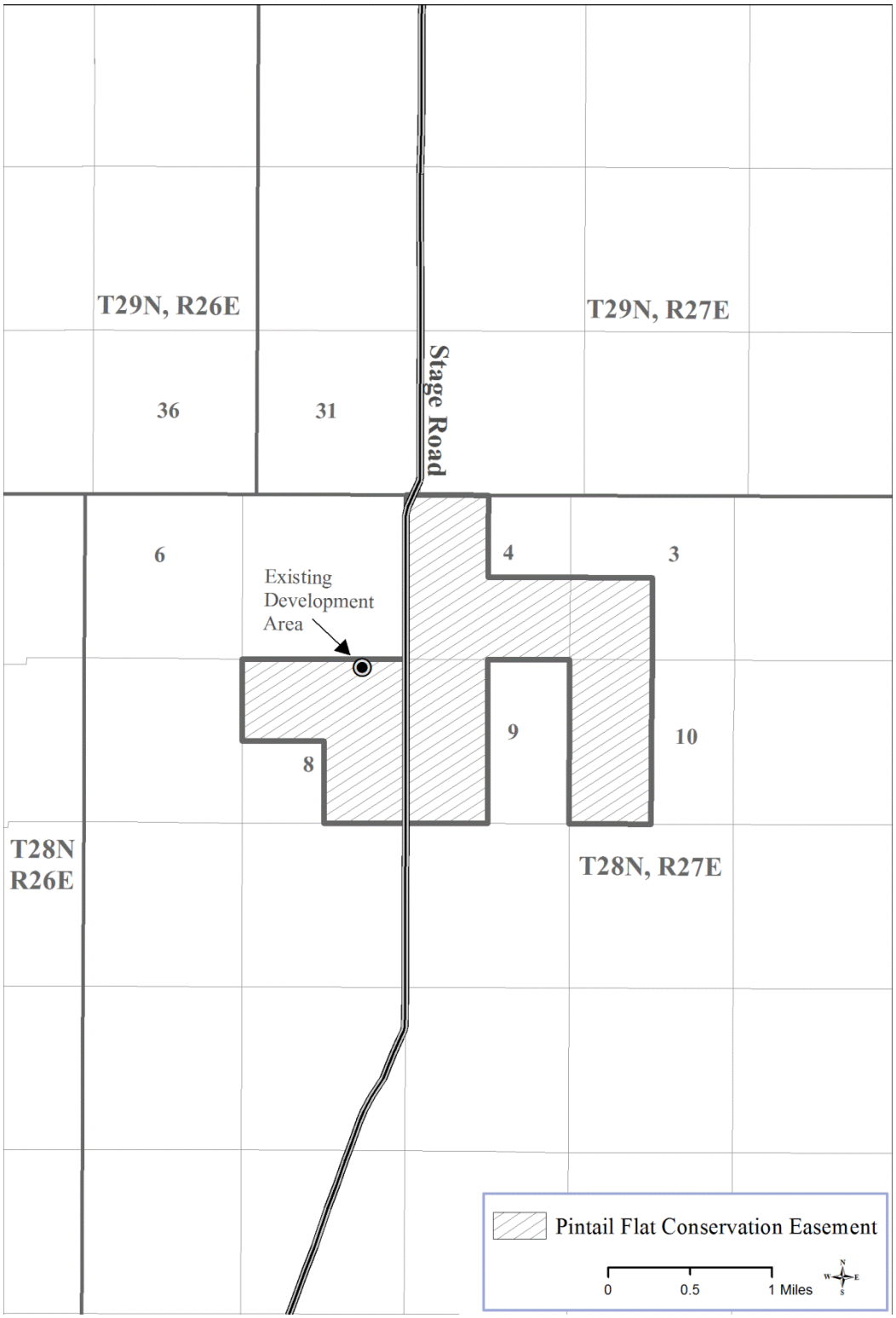


Exhibit B. Pintail Flat Conservation Easement.



DECISION NOTICE

PINTAIL FLAT CONSERVATION EASEMENT

Montana Fish, Wildlife & Parks
Region 6 - Glasgow
May 12, 2016

PROPOSAL

Montana Fish, Wildlife & Parks (FWP) is proposing to purchase a perpetual conservation easement on 1,760 acres owned by Wetlands America Trust, Inc in Phillips County. Wetlands America Trust is a supporting arm of Ducks Unlimited. The property, referred to as Pintail Flat, consists of a single parcel located west of Malta and 14 miles south of Dodson. The cost to FWP to acquire the conservation easement will be $405,000, which reflects a donation of $100,000 from Wetlands American Trust, Inc from the $505,000 determined by an independent appraisal to be the fair market value. Funds will be provided by FWP's Migratory Bird Wetland program.

The primary purpose of this action is to protect, enhance and preserve the integrity of the native habitats and their traditional agricultural use and ownership to include livestock grazing. The terms of the easement are directed at conserving the primary habitats represented on the property, including grasslands interspersed with wetland communities. This interspersion of grasslands and wetlands is valuable for waterfowl production, and also supports breeding and migrating shorebird and grassland bird species. In addition, habitats that support sage grouse, sharp-tailed grouse, mule deer, antelope, black-tailed prairie dogs, and a wide variety of native species of migratory birds, songbirds, and small mammals, will be perpetuated. The easement also assures that free public access for hunting and wildlife viewing will continue to be the tool used to manage game populations and provide recreational opportunities.

MONTANA ENVIRONMENTAL POLICY ACT (MEPA) REVIEW

The Montana Environmental Policy Act (MEPA) directs State agencies to assess the impacts of their proposed actions on the human and natural environment. Consistent with this MEPA requirement, FWP described the Pintail Flat Conservation Easement proposal and analyzed its potential impacts in an Environmental Assessment (EA) released to the public on January 22, 2016. The EA was open to public comment through February 26, 2016. During this period, a public hearing was held at the Phillips County Library in Malta on February 16, 2016.

SUMMMARY OF PUBLIC COMMENTS

Five people attended the public hearing on February 16, 2016. No formal comment was received at the public hearing. Several concerns were voiced that were subsequently submitted as written comments.

Twenty-five written comments were received, nineteen of which were in favor of FWP acquiring the conservation easement and one was neutral. Supporting comments are classified as follows (the number in parenthesis indicates the number of comments received for that category):

1. Protects wildlife habitat while retaining agricultural use and private ownership on the land (5)
2. Protects wildlife habitat and public hunting and viewing opportunities (12)
3. Protects wildlife habitat (2)

Five written comments opposed to this project. Several comments contained multiple individual comments and are classified as follows (the number in parenthesis indicates the number of comments received for that category):

1. Oppose Ducks Unlimited (DU) revolving lands program (2)
2. Block Management and other easements are already in place to protect habitat and hunting access (3)
3. Value of easement is too high (1)
4. Migratory Bird Funds should be used to maintain other FWP lands (1)
5. Phillips County Commissioners do not allow parking on county roads (1)

FWP RESPONSES TO PUBLIC COMMENTS

Issue 1: Opposition to FWP purchasing an easement from DU.

FWP Response: DU's role as a landowner and utilizing a revolving land program is independent of FWP habitat programs. The proposed conservation easement is based on the merits of the wildlife habitat and matching FWP priorities for habitat conservation to include wetland communities.

Issue 2: Block Management and/or other easements already protect the habitat and/or access values within the proposed easement terms.

FWP Response: No existing easements are in place on the property that protects the wildlife and habitat values in perpetuity. While Block Management is in place, those are annual agreements that pay the landowner for hunter impacts to the property.

Issue 3: The value of the easement is too high.

FWP Response: The appraisal of the property was conducted by an independent certified real estate appraiser not affiliated with FWP or the landowner. The appraisal was based on comparable sales. Furthermore, to address this concern Wetland America Trust, Inc. donated $100,000 from the $505,000 appraised value to reduce the cost of the conservation easement to FWP to $405,000.

Issue 4: Migratory Bird Funds should be used to maintain other FWP lands.

FWP Response: The Migratory Bird Fund is used for the protection, conservation, and development of wetlands and associated uplands in Montana. These funds are not used for maintenance of other FWP lands. A citizen-based Wetland Protection Advisory Council provides program oversight and approved using Migratory Bird Funds for the Pintail Flat conservation easement.

Issue 5: Phillips County Commissioners do not allow parking on county roads.

FWP Response: Terms of the Conservation Easement and management plan have been changed to establish designated parking areas off the county road right-away.

Based on comments received through the public comment period, several changes were made to the draft EA. The conservation easement purchase price is changed from $505,000 to $405,000. Walk-in public access for recreation is now from designated parking area(s) to be determined by the landowner rather than the county road. These changes are reflected in the Final EA available for public viewing on the Montana Fish Wildlife & Parks website at *http://fwp.mt.gov/news/publicNotices/*

DECISION

For more than 30 years, Montana Fish, Wildlife & Parks has effectively utilized conservation easements to protect wildlife habitat from development, subdivision and human encroachment; to provide public recreational opportunities; and to work cooperatively with private landowners to maintain compatible agricultural land uses. The proposed Pintail Flat Conservation Easement will ensure that important grassland and wetland habitats will be protected and enhanced, while keeping the land in agricultural production and providing public hunting and other recreational opportunities. The conservation easement will achieve these important conservation goals while having no identified adverse impacts to the natural or human environment.

After reviewing the merits of this proposal and the public comments, it is my decision that Montana Fish, Wildlife & Parks move forward to purchase the Pintail Flat Conservation Easement. This decision is made subject to the approval of the Montana Fish and Wildlife Commission and the Montana Board of Land Commissioners.

Mark S Sullivan

Mark Sullivan, Region 6 Supervisor

FISH and WILDILFE COMMISSION AGENDA ITEM COVER SHEET

Meeting Date: June 9, 2016

Agenda Item: Pintail Flat Conservation Easement

Division: Wildlife **Action Needed:** Final Action

Time Needed on Agenda for this Presentation: 5 minutes

Background
FWP has been negotiating a conservation easement with Wetlands America Trust, a division of Ducks Unlimited, on approximately 1,760 acres in Phillips County. The Pintail Flat project received Commission endorsement in August 2013.

The primary purpose of this proposed conservation easement is to enhance and conserve a productive complex of grassland and wetland habitats as well as their traditional agricultural uses, to include livestock grazing. This interspersion of grasslands and wetlands is valuable for waterfowl production and breeding and migrating shorebird and grassland birds. In addition, these habitats support sage-grouse, sharp-tailed grouse, mule deer, antelope, black-tailed prairie dogs, and a wide variety of other native species. This property is strategically located adjacent to BLM and USFWS Waterfowl Production Area lands that support similar habitats, providing a sizeable block of conserved habitat. This conservation easement would also assure free public access for hunting and wildlife viewing in perpetuity.

The appraised value of the easement is $505,000. However, Wetlands America Trust is donating $100,000 of value through a bargain sale, making the final cost of the conservation easement to the department of $405,000. An additional $50,285 would be provided by FWP toward cost-share of grazing improvements. The funding source is the Migratory Bird Wetland Program and Habitat Montana. Wetlands America Trust intends on selling the property as ranchland after a conservation easement is completed.

Public Involvement Process & Results
FWP released a Draft Environmental Assessment for public comment from January 22 to February 26, 2016 and included a public hearing in Malta on February 16th. The Draft EA was made available to neighboring landowners and interested parties, and the EA was posted on the FWP webpage. FWP received 25 written public comments from individuals and organizations. Nineteen of the comments supported, one was neutral and five opposed the project. The five opposing comments identified questions, issues or concerns in five different categories that are addressed in the Decision Notice and reflected in the Final EA.

Alternatives and Analysis
Two alternatives were analyzed and considered in the EA: 1) Proposed Action—purchase the Pintail Flat conservation easement and 2) No Action—do not complete the proposed conservation easement. Under the Proposed Action, the property would: Continue to be sustainably managed for livestock grazing; conserve important fish and wildlife habitat; and maintain public recreational opportunity. Under the No Action Alternative, no immediate changes would be likely since the conservation easement was designed to maintain current sustainable management practices and public access. However, there would be no certainty that future land management actions would maintain the property as functional grassland and wetland habitat. There is a high potential for grasslands to be converted to cropland, which would substantially reduce the habitat values on this and adjacent properties.

Agency Recommendation & Rationale
FWP recommends the Commission approve the purchase of the Pintail Flat conservation easement in order to protect, enhance and preserve high value wildlife habitats, traditional agricultural uses, and public access.

Proposed Motion
I move the Commission give final approval for the purchase of the Pintail Flat conservation easement from Wetlands America Trust.

616-2

OIL AND GAS LEASE SALE

(June 7, 2016)

Land Board Agenda Item
June 20, 2016

616-2 Oil and Gas Lease Sale (June 7, 2016)

Location: Big Horn, Carter, Custer, Fallon, Richland, Sheridan Counties

Trust Benefits: Common Schools, Public Land Trust – Navigable Rivers

Trust Revenue: $357,934.33

Water Resources Division: $786.33

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on June 7, 2016, in the auditorium at the Montana Department of Transportation building. A total of one hundred twenty-two tracts were offered for lease. One hundred twenty-two tracts were leased for a total of $358,720.66. The one hundred twenty-two tracts that were sold covered a total of 66,730.06 acres. The average bid per acre was $5.38.

The high competitive bid for the June 7, 2016 sale was $315.00 per acre and the largest total bid was $201,600.00 for Tract 119 in Richland County.

DNRC Recommendation

The director requests Land Board approval to issue the leases from the June 7, 2016 oil and gas lease sale.

State of Montana
Oil & Gas Lease Sale - June 7, 2016
Lease Sale Results

The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, June 7, 2016.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 7	7.5.S	41.E	36	Lots 1 thru 8, N2S2	454.32	$1.50	$681.48	PLATTE RIVER LAND SERVICE, LLC
2	1, 2, 3, 4, 5, 6, 7, 9	8.S	42.E	36	All	640.00	$1.50	$960.00	PLATTE RIVER LAND SERVICE, LLC
3	2, 3, 4, 5, 6, 9, 18	9.S	40.E	1	South 30 acres of SW4SW4, south 30 acres of SE4SW4, west 10 acres of SW4SE4, N2NE4SE4SW4, NE4NW4SE4SW4, NW4NE4NW4	87.50	$1.50	$131.25	PLATTE RIVER LAND SERVICE, LLC
4	2, 3, 4, 5, 6, 9, 18	9.S	40.E	2	Lots 3, 4, SW4NW4, W2SW4, SE4SW4, N2NE4NE4, W2SW4SE4, E2SE4SE4SE4, SE4NE4SE4SE4	287.97	$1.50	$431.96	PLATTE RIVER LAND SERVICE, LLC
5	1, 2, 3, 4, 5, 6, 9, 11, 17	9.S	40.E	11	S2SE4	0.00	$0.00	$0.00	TRACT WITHDRAWN
6	1, 2, 3, 4, 5, 6, 9, 11, 17	9.S	40.E	12	NE4, S2	0.00	$0.00	$0.00	TRACT WITHDRAWN
7	1, 2, 3, 4, 5, 6, 9, 11, 17	9.S	40.E	14	Part of NE4, part of NE4SW4, part of N2SE4	0.00	$0.00	$0.00	TRACT WITHDRAWN
8	1, 2, 3, 4, 5, 6, 9, 11, 17	9.S	40.E	15	W2SW4, part of E2SW4, part of W2SE4	0.00	$0.00	$0.00	TRACT WITHDRAWN
9	1, 2, 3, 4, 5, 6, 9, 17	9.S	40.E	16	All	0.00	$0.00	$0.00	TRACT WITHDRAWN
10	2, 3, 4, 5, 6, 9, 18	9.S	40.E	23	NW4NW4, tracts in the SW4NW4 and NE4NW4	59.44	$1.68	$100.00	PLATTE RIVER LAND SERVICE, LLC
11	2, 3, 4, 5, 6, 9, 18	9.S	40.E	27	Tracts in NW4NE4, S2NE4, NE4NE4, NW4SE4, NE4SE4, SE4SE4, SW4SE4	82.08	$1.50	$123.12	PLATTE RIVER LAND SERVICE, LLC
12	1, 2, 3, 4, 5, 6, 10	9.S	42.E	16	All	640.00	$1.50	$960.00	PLATTE RIVER LAND SERVICE, LLC
Carter									
13	1, 2, 3, 4, 5, 6, 7, 9	3.N	55.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
14	1, 2, 3, 4, 5, 6, 9	3.N	55.E	36	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
15	1, 2, 3, 4, 5, 6, 9	3.N	56.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
16	1, 2, 3, 4, 5, 6	3.N	56.E	36	Lots 1, 2, 3, 4, W2, W2E2	542.73	$1.50	$814.10	HIGHLANDS MONTANA CORPORATION
17	1, 2, 3, 4, 5, 6, 7, 9	4.N	55.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
18	1, 2, 3, 4, 5, 6, 9	4.N	55.E	22	E2	320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
19	1, 2, 3, 4, 5, 6, 9	4.N	55.E	36	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
20	1, 2, 3, 4, 5, 6, 9, 12	4.N	56.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
21	1, 2, 3, 4, 5, 6, 9	4.N	56.E	28	NW4NE4, E2NE4, NE4SE4, S2S2	320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
22	1, 2, 3, 4, 5, 6, 9	4.N	56.E	36	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
Custer									
23	1, 2, 3, 4, 5, 6, 7, 9	3.N	50.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
24	1, 2, 3, 4, 5, 6, 9	3.N	50.E	36	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
25	1, 2, 3, 4, 5, 6, 7, 9, 12	3.N	51.E	16	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
26	1, 2, 3, 4, 5, 6, 7, 9	3.N	51.E	36	All	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Custer										
27	1, 2, 3, 4, 5, 6, 9	3.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
28	1, 2, 3, 4, 5, 6, 9	3.N	52.E	36	Lots 1, 2, 3, 4, N2		534.80	$1.50	$802.20	HIGHLANDS MONTANA CORPORATION
29	1, 2, 3, 4, 5, 6, 9	3.N	53.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
30	1, 2, 3, 4, 5, 6, 9	3.N	53.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
31	1, 2, 3, 4, 5, 6, 9	3.N	54.E	16	All	*	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
32	1, 2, 3, 4, 5, 6, 7, 9	3.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
33	1, 2, 3, 4, 5, 6, 7, 9	4.N	50.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
34	1, 2, 3, 4, 5, 6, 9	4.N	50.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
35	1, 2, 3, 4, 5, 6, 7, 9	4.N	51.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
36	1, 2, 3, 4, 5, 6, 7, 9	4.N	51.E	36	Lots 1, 2, 3, 4, N2, N2S2		633.63	$1.50	$950.44	HIGHLANDS MONTANA CORPORATION
37	1, 2, 3, 4, 5, 6, 9	4.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
38	1, 2, 3, 4, 5, 6, 7, 9	4.N	52.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
39	1, 2, 3, 4, 5, 6, 9, 11, 16	4.N	53.E	16	Lots 1, 2, 3, 4, S2NW4, S2SE4, SW4		451.94	$1.50	$677.91	HIGHLANDS MONTANA CORPORATION
40	1, 2, 3, 4, 5, 6, 9, 11, 12, 16	4.N	53.E	36	Lots 1 thru 9, W2, SW4NE4, NW4SE4		622.52	$1.50	$933.78	HIGHLANDS MONTANA CORPORATION
41	1, 2, 3, 4, 5, 6, 7, 9	4.N	54.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
42	1, 2, 3, 4, 5, 6, 7, 9	4.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
43	1, 2, 3, 4, 5, 6, 7, 9	5.N	50.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
44	1, 2, 3, 4, 5, 6, 7, 9	5.N	50.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
45	1, 2, 3, 4, 5, 6, 7, 9	5.N	51.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
46	1, 2, 3, 4, 5, 6, 9, 13	5.N	51.E	36	Lots 1 thru 12, N2		752.32	$1.50	$1,128.48	HIGHLANDS MONTANA CORPORATION
47	1, 2, 3, 4, 5, 6, 9	5.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
48	1, 2, 3, 4, 5, 6, 7, 9, 11, 15, 16	5.N	52.E	36	All interest of the State within Section 36		760.00	$1.50	$1,140.00	HIGHLANDS MONTANA CORPORATION
49	1, 2, 3, 4, 5, 6, 9	5.N	53.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
50	1, 2, 3, 4, 5, 6, 9, 11, 12	5.N	53.E	31	Lots 4, 5, 6, 7, 8		170.60	$1.50	$255.90	HIGHLANDS MONTANA CORPORATION
51	1, 2, 3, 4, 5, 6, 7, 9	5.N	53.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
52	1, 2, 3, 4, 5, 6, 7, 9	5.N	54.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
53	1, 2, 3, 4, 5, 6, 9	5.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
54	1, 2, 3, 4, 5, 6, 7, 9	6.N	50.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
55	1, 2, 3, 4, 5, 6, 9	6.N	50.E	18	Lots 3, 4, E2SW4, SE4	*	316.11	$1.50	$474.16	HIGHLANDS MONTANA CORPORATION
56	1, 2, 3, 4, 5, 6, 7, 9	6.N	50.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
57	1, 2, 3, 4, 5, 6, 9, 12	6.N	51.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
58	1, 2, 3, 4, 5, 6, 7, 9, 12	6.N	51.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
59	1, 2, 3, 4, 5, 6, 7, 9	6.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
60	1, 2, 3, 4, 5, 6, 7, 9	6.N	52.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
61	1, 2, 3, 4, 5, 6, 7, 9	6.N	53.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
62	1, 2, 3, 4, 5, 6, 7, 9	6.N	53.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
63	1, 2, 3, 4, 5, 6	6.N	54.E	3	Lots 1 thru 12, S2		761.68	$1.50	$1,142.52	HIGHLANDS MONTANA CORPORATION

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Custer										
64	1, 2, 3, 4, 5, 6	6.N	54.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
65	1, 2, 3, 4, 5, 6, 7, 9	6.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
66	1, 2, 3, 4, 5, 6, 7	7.N	50.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
67	1, 2, 3, 4, 5, 6, 7, 9	7.N	50.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
68	1, 2, 3, 4, 5, 6, 9	7.N	51.E	16	All	*	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
69	1, 2, 3, 4, 5, 6, 7, 9, 11, 12, 16	7.N	51.E	36	Lots 1 thru 8, SE4NW4, NE4NE4, E2SE4, SW4SW4		428.06	$1.50	$642.09	HIGHLANDS MONTANA CORPORATION
70	1, 2, 3, 4, 5, 6, 7, 9	7.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
71	1, 2, 3, 4, 5, 6, 7, 9	7.N	52.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
72	1, 2, 3, 4, 5, 6, 7	7.N	53.E	16	W2, N2NE4, S2SE4		480.00	$1.50	$720.00	HIGHLANDS MONTANA CORPORATION
73	1, 2, 3, 4, 5, 6, 7	7.N	53.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
74	1, 2, 3, 4, 5, 6	7.N	54.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
75	1, 2, 3, 4, 5, 6	7.N	54.E	35	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
76	1, 2, 3, 4, 5, 6	7.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
77	1, 2, 3, 4, 5, 6, 7	8.N	50.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
78	1, 2, 3, 4, 5, 6, 7	8.N	50.E	36	All	*	640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
79	1, 2, 3, 4, 5, 6, 7, 9	8.N	51.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
80	1, 2, 3, 4, 5, 6, 9, 11	8.N	51.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
81	1, 2, 3, 4, 5, 6, 7, 9	8.N	52.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
82	1, 2, 3, 4, 5, 6, 7	8.N	52.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
83	1, 2, 3, 4, 5, 6, 7	8.N	53.E	10	N2		320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
84	1, 2, 3, 4, 5, 6, 9	8.N	53.E	12	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
85	1, 2, 3, 4, 5, 6	8.N	53.E	14	W2W2		160.00	$1.50	$240.00	HIGHLANDS MONTANA CORPORATION
86	1, 2, 3, 4, 5, 6, 7	8.N	53.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
87	1, 2, 3, 4, 5, 6, 7	8.N	53.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
88	1, 2, 3, 4, 5, 6	8.N	54.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
89	1, 2, 3, 4, 5, 6, 9	8.N	54.E	24	W2	*	320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
90	1, 2, 3, 4, 5, 6, 7	8.N	54.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
Fallon										
91	1, 2, 3, 4, 5, 6, 7, 9	5.N	55.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
92	1, 2, 3, 4, 5, 6, 9	5.N	55.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
93	1, 2, 3, 4, 5, 6, 7, 9, 11	5.N	56.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
94	1, 2, 3, 4, 5, 6, 7, 9	5.N	56.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
95	1, 2, 3, 4, 5, 6, 9	6.N	55.E	6	Lots 3, 4, 5, 6, 11, 12, 13, NE4SW4		300.43	$1.50	$450.64	HIGHLANDS MONTANA CORPORATION
96	1, 2, 3, 4, 5, 6, 9	6.N	55.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
97	1, 2, 3, 4, 5, 6, 9	6.N	55.E	20	NE4, N2NW4, SE4NW4		280.00	$1.50	$420.00	HIGHLANDS MONTANA CORPORATION
98	1, 2, 3, 4, 5, 6, 9, 11	6.N	55.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
99	1, 2, 3, 4, 5, 6, 7, 9	6.N	56.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Fallon										
100	1, 2, 3, 4, 5, 6, 8, 9	6.N	56.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
101	1, 2, 3, 4, 5, 6, 9	7.N	55.E	14	W2, less 1 acre in the SW4		319.00	$1.50	$478.50	HIGHLANDS MONTANA CORPORATION
102	1, 2, 3, 4, 5, 6, 9	7.N	55.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
103	1, 2, 3, 4, 5, 6, 9	7.N	55.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
104	1, 2, 3, 4, 5, 6, 7, 9	7.N	56.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
105	1, 2, 3, 4, 5, 6, 9	7.N	56.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
106	1, 2, 3, 4, 5, 6, 9	8.N	55.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
107	1, 2, 3, 4, 5, 6, 9	8.N	55.E	22	NW4, N2NE4, N2SW4	*	320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
108	1, 2, 3, 4, 5, 6, 8, 9	8.N	55.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
109	1, 2, 3, 4, 5, 6, 9	8.N	56.E	16	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
110	1, 2, 3, 4, 5, 6, 7, 9	8.N	56.E	22	S2	*	320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
111	1, 2, 3, 4, 5, 6, 9	8.N	56.E	24	N2		320.00	$1.50	$480.00	HIGHLANDS MONTANA CORPORATION
112	1, 2, 3, 4, 5, 6, 7, 9, 12	8.N	56.E	36	All		640.00	$1.50	$960.00	HIGHLANDS MONTANA CORPORATION
Richland										
113	1, 2, 3, 4, 5, 6, 14, 16	23.N	60.E	5	Yellowstone Riverbed and related acreage		295.00	$7.00	$2,065.00	BEYOND HORIZON, LLC
114	1, 2, 3, 4, 5, 6, 14, 16	23.N	60.E	6	Yellowstone Riverbed and related acreage		41.00	$50.00	$2,050.00	BEYOND HORIZON, LLC
115	1, 2, 3, 4, 5, 6, 14, 16	23.N	60.E	8	Yellowstone Riverbed and related acreage		178.00	$11.00	$1,958.00	BEYOND HORIZON, LLC
116	1, 2, 3, 4, 5, 6, 14, 16	23.N	60.E	17	Yellowstone Riverbed and related acreage		107.00	$20.00	$2,140.00	BEYOND HORIZON, LLC
117	1, 2, 3, 4, 5, 6, 12, 19	24.N	58.E	16	All		640.00	$6.00	$3,840.00	BEYOND HORIZON, LLC
118	1, 2, 3, 4, 5, 6, 12, 19	24.N	58.E	36	Lots 1, 2, 3, N2, NW4SE4, N2SW4		560.49	$60.00	$33,629.40	BEYOND HORIZON, LLC
119	1, 2, 3, 4, 5, 6, 19	24.N	59.E	16	All		640.00	$315.00	$201,600.00	BEYOND HORIZON, LLC
120	1, 2, 3, 4, 5, 6, 14, 16	24.N	60.E	29	Yellowstone Riverbed and related acreage		77.00	$50.00	$3,850.00	BEYOND HORIZON, LLC
121	1, 2, 3, 4, 5, 6, 14, 16	24.N	60.E	31	Yellowstone Riverbed and related acreage		261.00	$25.00	$6,525.00	BEYOND HORIZON, LLC
122	1, 2, 3, 4, 5, 6, 14, 16	24.N	60.E	32	Yellowstone Riverbed and related acreage		143.00	$35.00	$5,005.00	BEYOND HORIZON, LLC
Sheridan										
123	1, 2, 3, 4, 5, 6, 19	31.N	56.E	36	NW4		160.00	$3.00	$480.00	MONKOTA PETROLEUM CORPORATION
124	1, 2, 3, 4, 5, 6, 8, 19	31.N	59.E	16	Lots 1, 2, 3, 4, W2		504.28	$1.75	$882.49	MONKOTA PETROLEUM CORPORATION
125	1, 2, 3, 4, 5, 6, 19	32.N	58.E	36	All		640.00	$1.50	$960.00	RICHARD E. SAMPSEN
126	1, 2, 3, 4, 5, 6, 12, 19	36.N	58.E	16	All	*	640.00	$1.50	$960.00	RICHARD E. SAMPSEN
127	1, 2, 3, 4, 5, 6, 8, 12, 13, 19	37.N	58.E	16	Lots 1, 2, 3, N2, SW4	*	558.16	$1.50	$837.24	RICHARD E. SAMPSEN

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	66,730.06	122

Oil and Gas Lease Sale Summary

Total Tracts	122
Total Acres	66,730.06
Total Bid Revenue	$358,720.66
Average Bid Per Acre	$5.38

State of Montana
Oil & Gas Lease Sale - June 7, 2016
Stipulations

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

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

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

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

4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises. The lessee’s methods of control shall be reviewed and approved by the Department’s Unit Office that has jurisdiction for that locale.

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

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

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

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

9 This lease is located within designated sage grouse general habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.

10 This lease is located within designated sage grouse core habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.

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

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

13 Any activity within 1/8 mile of the river, stream, floodplain, or lake/reservoir on or adjacent to this tract must be approved in writing by the TLMD prior to commencement. No surface occupancy is allowed within the bed of the river and/or stream, abandoned channels, the bed of the lake/reservoir, or on islands and accretions associated with the river, stream, or lake/reservoir.

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

15 This tract contains non-navigable river/lake bed(s). The State, as a riparian owner, may have an ownership claim to adjacent river/lake bed(s) and related acreage in this tract. Upon completion of a successful well, where river or lake title or adjoining land title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.

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

17 This lease is issued subject to a prior existing State of Montana coal lease. Lessee's right to search for, develop, and produce oil and gas may be restricted by such prior existing lease rights.

18 No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Administrator of Water Resources Division, DNRC.

19 If whooping cranes are observed on-site, construction and/or maintenance activities shall be suspended until birds leave the area.

616-3

LAND BANKING PARCEL:

Preliminary Approval for Sale

Land Board Agenda Item
June 20, 2016

616-3 Land Banking Parcel: Preliminary Approval for Sale

Location: Park County

Trust Benefits: University of Montana

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval to sell one parcel totaling approximately 7.6 acres nominated for sale in Park County. The sale was nominated by DNRC and is located approximately 12 miles south of Livingston.

Sale #	# of Acres	Legal	Nominator	Trust
770	7.6±	an un-surveyed tract in the E½SE¼NE¼ T4S-R9E, Sec 32	DNRC	University of Montana

Sale parcel 770 is used primarily for livestock grazing purposes. The parcel has lower than average productivity for grazing land statewide.

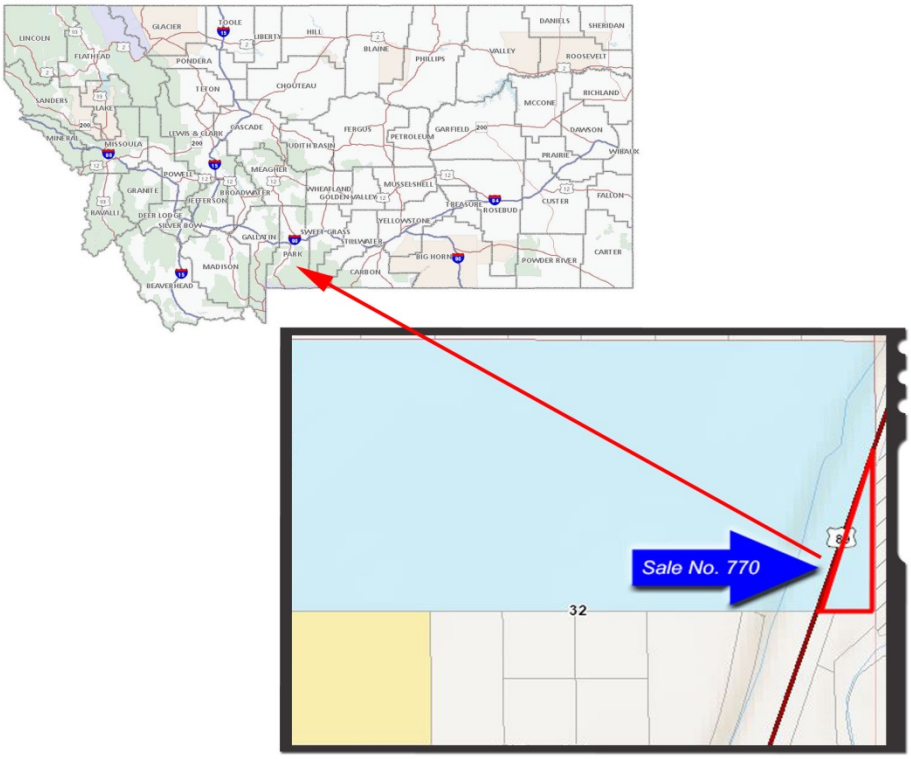
The sale parcel is legally accessible by the public via US Highway 89; however recreational use is limited by the quality of access, the small size of the parcel and the appearance that the parcel is privately owned because it is fenced in common with the adjacent private land posted with no trespassing signs.

No potentially negative issues were identified through the MEPA process regarding the sale of these parcels.

DNRC Recommendation

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

Park County Sale Location Map



Sale #770
an un-surveyed tract in the E½SE¼NE¼
Section 32, T4S-R9E

616-4

SALE OF CABIN AND HOME SITES:

Final Approval for Sale – Sale 788

616-4 Sale of Cabin and Home Sites: Final Approval for Sale – Sale 788

Location: Flathead County

Trust Benefits: Montana Tech

Trust Revenue: $180,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on a cabin site nominated for sale in Flathead County. The sale was nominated by the owner of the improvements in conjunction with the cabin and home site sale program.

Sale #	# of Acres	Legal	Nominator	Trust
788	1.193	Lot 17, Beaver Lake, T31N-R22W, Sec. 20	Dennis & Susan Breed	Montana Tech

Sale parcel 788 is currently leased as a 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 and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rate of return on the sale parcel 788 is 0.06%. This 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 3.33% 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:

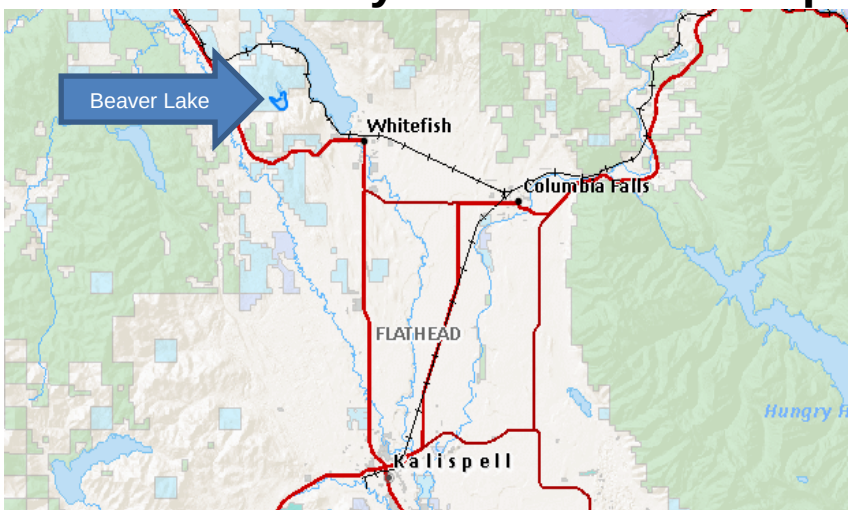
In July 2015, the board granted preliminary approval for this parcel to continue through the cabin site sale evaluation process. In November 2015, the board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised values below:

Sale #	Minimum Bid of Land	Appraised Value of Improvements
788	$180,000	$31,000

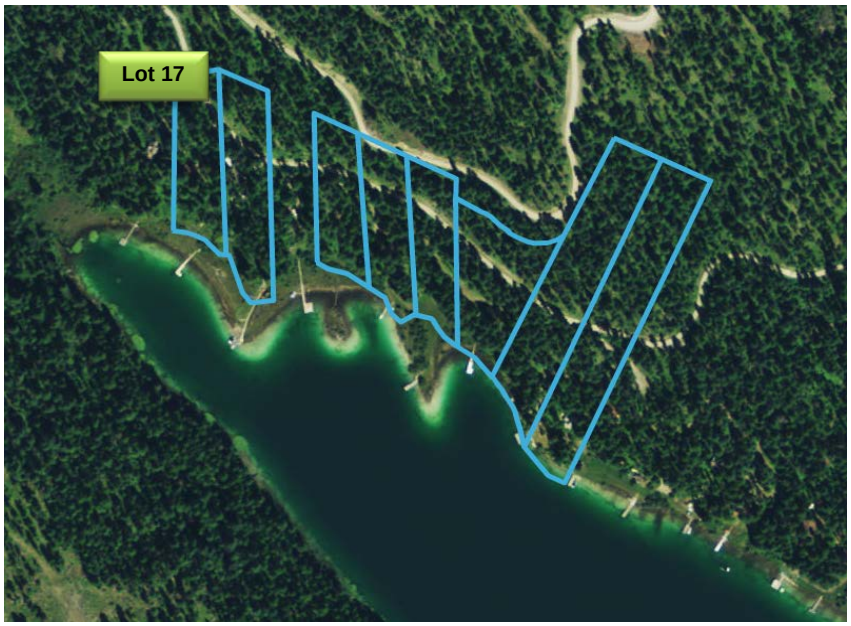
Sale Price:
The cabin site was sold at a public auction on June 1, 2016. The parcel had one bidder, who was not the owner of the improvements; the parcel was sold for the minimum bid amount listed above.

DNRC Recommendation
The director recommends final approval for this cabin site sale and the lots at the value shown above. These sales will be closed within 30 days of final approval by the board.

Flathead County Sale Location Map



BEAVER LAKE



616-5

LAND BANKING ACQUISITION:

Final Approval for Purchase

Land Board Agenda Item
June 20, 2016

616-5 Land Banking Acquisition: Final Approval for Purchase – Clapper Flats

Location: Yellowstone County

Trust Benefits: Pine Hills School, Public Buildings

Trust Revenue: N/A

Item Summary

Seller: Estate of Herta Frank.

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

Location:
The property is located approximately one mile northwest of Laurel, Montana, in Yellowstone County, along the south side of Clapper Flat Road, west of Buffalo Trail.

Property Characteristics:
This property totals 617 acres and is a mixture of dryland agricultural land (302.25 acres) and dryland grazing (314.75 acres). DNRC projects the property will generate an estimated annual net revenue of $9,559 from agricultural and grazing leases. This is an increase over net revenue of $6,576 generated from lands sold that will be used to purchase this property.

Multiple Use Opportunities:
The parcel has a variety of natural resource uses including dryland agricultural and grazing land. The property also offers wildlife habitat, hunting (big game and upland game birds), and other recreational opportunities. Purchase of this property would also ensure permanent public access to an existing parcel of land-locked trust land.

Access:
The parcel is accessible from Clapper Flat Road, a county road. Purchase of this property would also secure perpetual administrative and public access to an existing landlocked section of trust land.

Appraised Value: $490,000.00
Purchase Price: $490,000.00

Proposed Closing Date: June 30, 2016

Background:
The Clapper Flat Farm received preliminary approval by the Board of Land Commissioners (Board) on December 21, 2015. Since that time, DNRC has engaged in evaluation of the property as per Land Banking Rules at ARM 36.25.815.

Public Involvement:
The Clapper Flat Farm was nominated for state acquisition by DNRC. A general scoping of this purchase was recently completed by DNRC. The scoping process included a public notice with DNRC's intent printed in the local newspaper and direct mailings to Montana Fish, Wildlife and Parks (FWP) as well as Yellowstone County Commissioners and adjacent land owners.

Selection Considerations and Processes:
DNRC secured a purchase agreement for $493,600.00 or the appraised value of the land whichever is less.

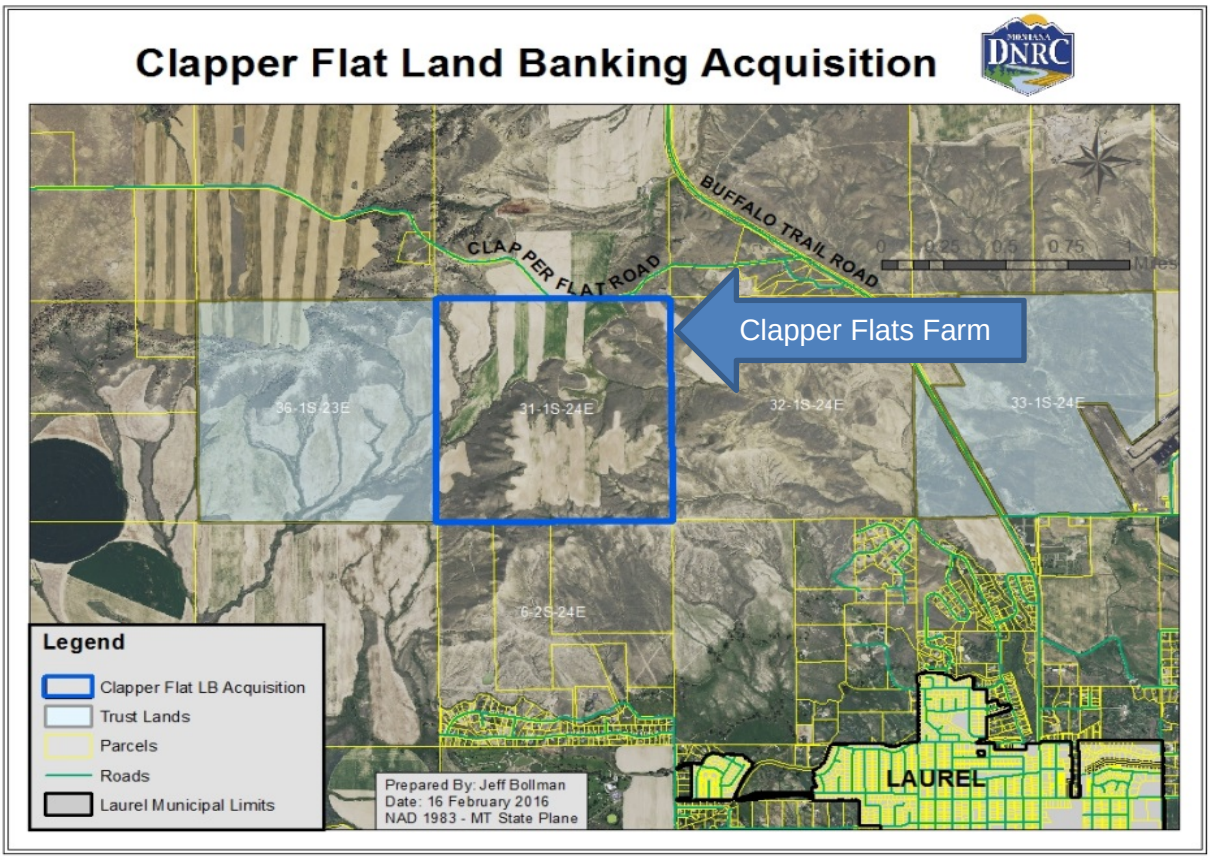
DNRC Recommendation
The director recommends Land Board grant final approval for acquisition of the Clapper Flats Farm.

ACQUISITION REPORT	EXPLANATION
Seller's Disclosure	No known material defects or environmental concerns reported on the property.
Acquisition Annual Rate of Return over 20 years	Trust / NPV / RoR Public Buildings / $43,674 / 1.91% Pine Hills School / $68,612 / 1.98%
Average Annual Rate of Return of property sold	Trust / NPV / RoR Public Buildings / $23,491 / 1.03% Pine Hills School / $53,752 / 1.55%
Annual Income	Dryland Crop: 302.25 acres Wheat Grazing: 314.75 acres 107 AUMs Projected Total Annual Net Revenue Public Buildings $3,718 Pine Hills School $5,841 **Total $9,559**
Classification of property	Agricultural Land and Grazing Land
Soils/Range	The soil textures on this tract vary from loams, clayey loams, to hilly gravel. The majority of the hilly gravel sites are currently used as grazing acres. The dry land crop soils are fairly productive and stable. The USDA – NRCS soil survey indicated Land Capability Classification of the dryland crop acres as a mixture of Class III and IV soils. The remaining grazing acres have Capability Classes from IV-VII. The current lessee has reported dry land winter wheat on summer fallow yields of 25 – 40 bu/acre.
Vegetation	Native rangeland on this property is typical of the eastern glaciated plains. Range sites are in good to excellent condition and dominated by loams, clay loams, and hilly gravelly sites. Species composition is dominated by grasses which include: western wheatgrass, bluebunch wheatgrass, green needle grass, needle and thread grass, blue grama, thread leaf sedge, sandberg bluegrass and prairie junegrass. Sub-dominate species include various forbs and shrubs. The native rangeland on this property produces average grass production and is expected to have a carrying capacity of approximately 0.25 AUMS/Acre. The cropland on this tract has historically been in a winter wheat/summer fallow rotation. This rotation has shown yields between 25-40 bu/acre.

Range Condition	The property is located in the northern mixed grass prairie, Eastern Glaciated Plains 10-14 inch precipitation zone. Range condition is good to excellent. The carrying capacity of the property is typical of southcentral Montana and estimated at: Dryland Grazing: 314.75 acres *.25 AUMs / acre = 79 AUMs Aftermath grazing on the property was set at a rate of 0.1 AUMs / ac. The total aftermath grazing AUMs is approximately 28 AUMs. <u>The total AUMs available on the property is approximately 107 AUMs</u>.
Weeds	Various common weeds and agricultural nuisance weeds are present on the property. No out of control or large patches of noxious weeds were noted on the property. The sellers have an active weed management program across the entire property that includes chemical control and this is expected to continue in future years with a new lessee.
Sacrifice Area	None
Timber Cruises	N/A
Water	There is no live water source found on this tract. No wells have been established and no water pipelines have been installed. The future lessee will be responsible to provide water for their livestock during grazing.
Water Rights	None
Wildlife (T&E)	No threatened or endangered species are known to be present on the property. The section is located within Greater Sage-Grouse General Habitat; however, the closest active lek is ±12 miles to the west. Other wildlife on the property include: mule deer, antelope, upland game birds and various other non-game mammals and birds.
Fisheries	N/A
Wetlands/Flood plain	No wetlands are present on this property.
Riparian characteristics	A very small coulee runs from the northeast to southwest corner of this tract. It may hold some water in the early spring months, but for most of the year it is a dry coulee.
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	A minerals title report was not conducted, but based on documents filed with the Yellowstone County Clerk & Recorder, it would appear that DNRC will not be acquiring subsurface mineral rights with this transaction. There is no active oil and gas development in this area and it is not within a known field. Historically, there has been some activity in the area, including on this parcel, but none of the wildcat wells have been successful. This area may have potential for sand and gravel pit development, especially outside the agricultural lands.
Aesthetic Values	The property is entirely agricultural and grazing and does not have any unique features. The south end of the property is at the edge of a bench and is above the Yellowstone valley and affords a view to the south of Laurel and the Beartooth, Pryor and Bighorn mountain ranges.
Recreational Use	The property would provide big game hunting opportunities. Wildlife in this area includes: mule deer, antelope, upland game birds and various other non-game mammals and birds. In addition, the acquisition would provide recreational access to the landlocked Trust land in Section 36 to the west, which provides similar hunting opportunities and is on the edge of elk range. Other recreational opportunities such as hiking and bird watching may also exist. There is a shortage of Trust land in the Southern Land Office with public access and this acquisition would provide additional recreational opportunities for the public.
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 wheat production and the grazing of livestock. The property is likely to get moderate to heavy recreational use during hunting season.
Access to parcel	The property has access from Clapper Flat Road, which is a county road located on the north section line.
Infrastructure	The property contains approximately 4 +/- miles of border and cross fencing, as well as a stock tank.
Adjacent public lands	The property borders and will provide access to 627.65 acres of landlocked state Trust land (1S-23E-36) on the west side.
Adjacent conservation easements	None
Appraised Value	$490,000.00
Purchase Price	**Trust** / **Funds** / **Acres** Public Buildings / $195,000 / 240± Pine Hills School / $295,000 / 377± $490,000 / 617±

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 ECS Engineers of Billings; their review and report found no recognized environmental concerns associated with the property.
Notification to Commissioners and adjacent land owners	The Yellowstone County Commissioners have been notified of this proposed acquisition. No opposition has been received.
Comments received during public involvement process	The Southern Land Office has not received any public comments on the proposed acquisition. The SLO expects to have interest from several area farmers in leasing this property from the state, following acquisition.



616-6

DISCLAIMER OF INTEREST

Land Board Agenda Item
June 20, 2016

616-6 Disclaimer of Interest – Larry Rau

Location: Rosebud County
Portions of Sections 4, 5, 8, and 9, Township 6 North, Range 43 East

Trust Benefits: N/A

Trust Revenue: N/A

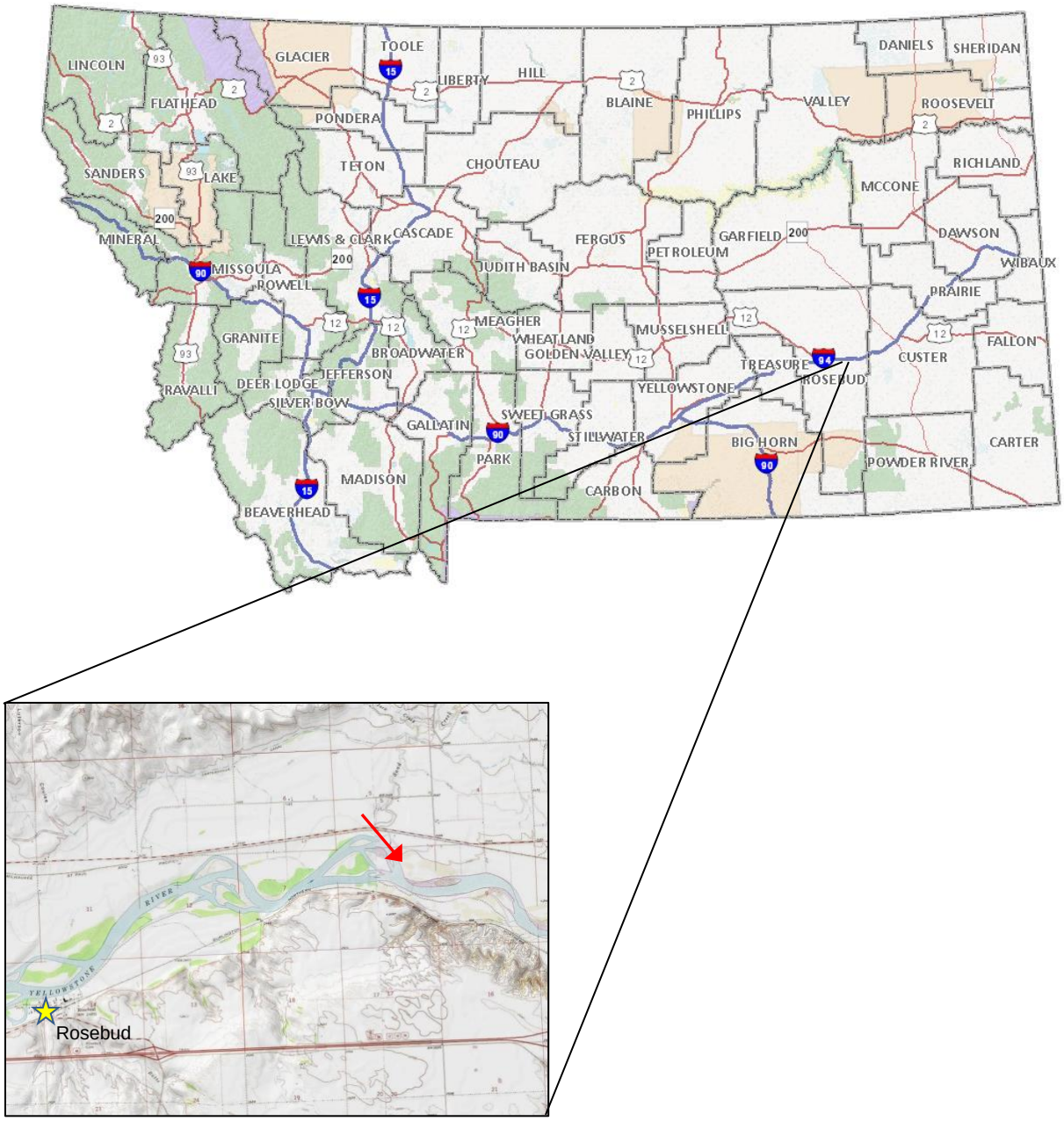
Item Summary
The Department of Natural Resources and Conservation (DNRC) received a request from Larry Rau to review parcels of land along the navigable Yellowstone River near Rosebud, MT for any state ownership claim. Mr. Rau and the Montana Aquatic Resources Services (MARS) seek to enter into a channel migration easement covering Mr. Rau's property adjacent to the Yellowstone River. A channel migration easement prohibits the landowner from armoring or otherwise reinforcing riverbanks that are within the river's 100-year floodplain. MARS obtains channel migration easements from selected riparian landowners to "protect the ecological benefits of natural river channel migration while compensating landowners for their land potentially lost to erosion or damaged by flooding." The State of Montana continues to own the bed of the river and related island landforms as the river migrates.

DNRC review determined the area proposed for disclaimer of interest consists of land formed by a composite of pre-statehood and post-statehood accreted sediment and attached bars. This area does not contain post-statehood island landforms. The State of Montana owns the beds of navigable rivers, including island landforms formed through vertical accretion in the beds of navigable rivers after statehood. Riparian landowners can gain or lose acreage through lateral accretion or erosion. These lateral accretions belong to the riparian landowner. Therefore, the state does not have an ownership claim to the five surveyed parcels, which together total 203.81 acres.

DNRC prepared the attached Disclaimer of Interest to clarify the state's ownership position regarding the subject parcels of land. Rivers are dynamic and can erode and return to the surveyed area in the future. The disclaimer is subject to all future changes in the reserved interest due to movement of the river.

Impact to the State
Issuance of the disclaimer of interest quiets title to land not owned by the state. The state is not involved in or a party to the channel migration easement between Mr. Rau and MARS.

DNRC Recommendation
The director recommends the Land Board approve the attached Disclaimer of Interest covering the subject parcels of land.



Location Map

Index of Exhibits

Figure 1: Survey of non-State Rau Property
Figure 2: Aerial Photo of non-State Rau Property

Exhibit 1: Disclaimer of Interest by State Regarding Rau Property
Exhibit 2: MARS Program Information

Certificate of Survey No._____

SW1/4SW1/4, Section 4, and SE1/4SE1/4, SW1/4SE1/4, Section 5, and Govt. Lot 1 & 2, Section 8, and NW1/4NW1/4, Govt. Lot 4, Section 9, Township 6 North, Range 43 East, P.M.M.
Rosebud County, Montana

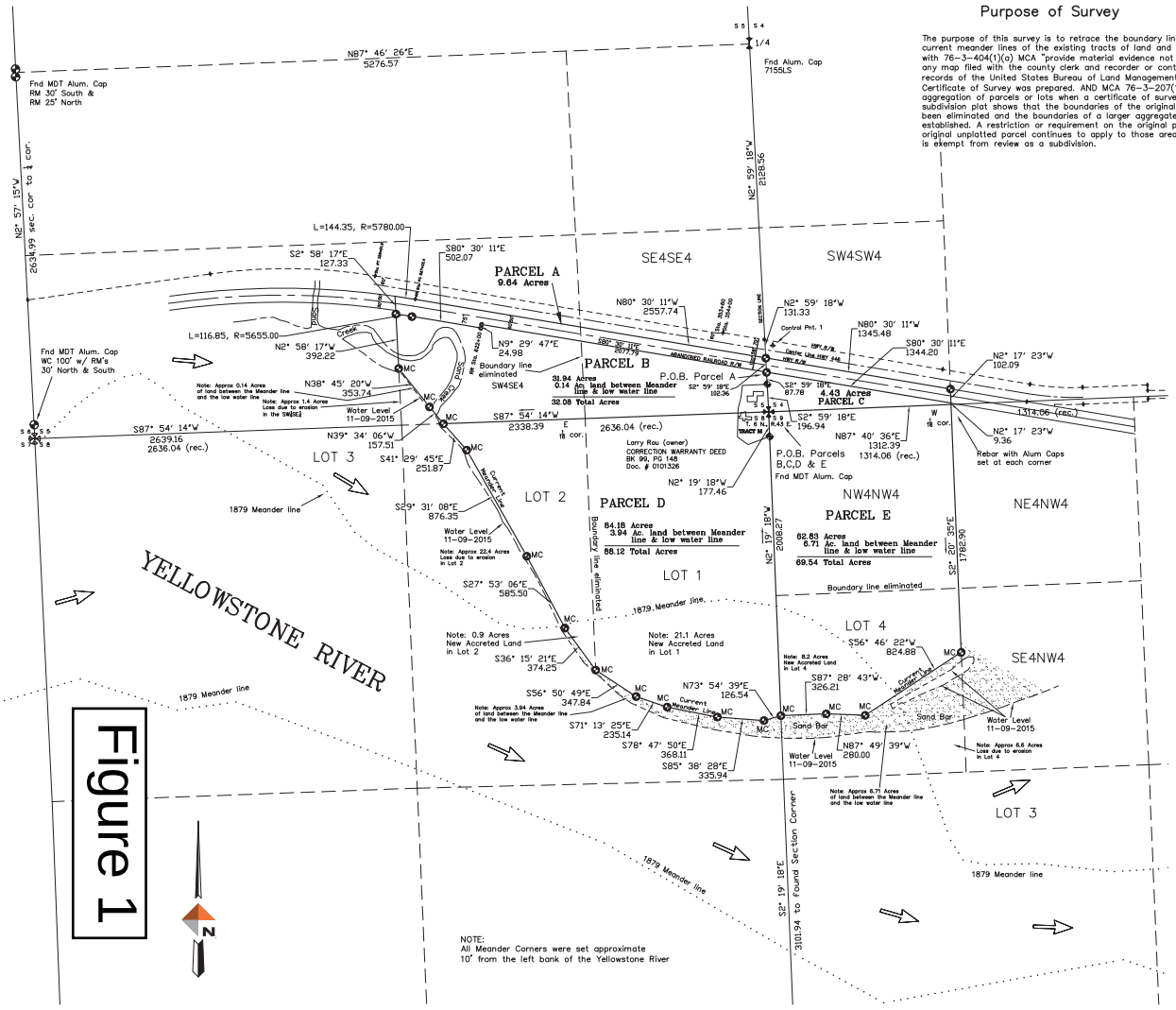


Figure 1

Purpose of Survey

The purpose of this survey is to retrace the boundary lines and current meander lines of the existing tracts of land and to comply with 76-3-404(1)(a) MCA "provide material evidence not appearing on any map filed with the county clerk and recorder or contained in the records of the United States Bureau of Land Management" this Certificate of Survey was prepared. AND MCA 76-3-207(1)(f) aggregation of parcels or lots when a certificate of survey or subdivision plat shows that the boundaries of the original parcels have been eliminated and the boundaries of a larger aggregate parcel are established. A restriction or requirement on the original platted lot or original unplatted parcel continues to apply to those areas therefore it is exempt from review as a subdivision.

Metes & Bounds

PARCEL A

A parcel of land being the abandoned C. M. St Paul Railroad lying in the SW¼SE¼, SE¼SE¼, Section 5 and the SW¼SW¼ Section 4, Township 6 North, Range 43 East, P.M.M., more particularly described as follows:
Commencing at the the southeast corner of said Section 5; thence N.02°59'18"W., a distance of 196.94 feet; thence N.02°59'18"W., a distance of 87.78 feet to a point on the south railroad right of way; said point being the POINT OF BEGINNING; thence S.80°30'11"E., a distance of 1,344.20 feet; thence N.02°17'23"W., a distance of 102.09 feet; thence N.80°30'11"W., a distance of 1345.48 feet; thence N.80°30'11"W., a distance of 2,557.74 feet to a point of curve to the left having a radius of 5,780.00 feet and a central angle of 01°25'51"; thence westerly along the arc a distance of 144.35 feet; thence S.02°58'17"E., a distance of 127.33 feet to the point of curve of a non tangent curve to the right, of which the radius point lies S.08°18'47"W., a radial distance of 5,655.00 feet; thence easterly along the arc, through a central angle of 01°11'02", a distance of 116.85 feet; thence S.80°30'11"E., a distance of 502.07 feet; thence N.09°29'47"E., a distance of 24.98 feet; thence S.80°30'11"E., a distance of 2,077.79 feet to the POINT OF BEGINNING.
Containing 9.64 acres, more or less.

PARCEL B

A parcel of land being all the land lying south of the abandoned C. M. St. Paul Railroad (PARCEL A) lying in the SW¼SE¼ & SE¼SE1/4, Section 5, Township 6 North, Range 43 East, P.M.M., more particularly described as follows:
Beginning at the southeast corner of said Section 5, said point being the POINT OF BEGINNING; thence S.87°54'14"W., a distance of 2,338.39 feet to a Meander Corner on the left bank of the Yellowstone River; thence N.39°34'06"W. along said Yellowstone River bank, a distance of 157.51 feet; thence N.38°45'20"W. along said Yellowstone River bank, a distance of 353.74 feet; thence N.02°58'17"W. along a north-south $\frac{1}{16}$th line, a distance of 392.22 feet to a point on the south RR right of way and also to the point of curve of a non tangent curve to the right, of which the radius point lies S.08°18'47"W., a radial distance of 5,655.00 feet; thence easterly along the arc, through a central angle of 01°11'02", a distance of 116.85 feet; thence S.80°30'11"E. along said RR right of way, a distance of 502.07 feet; thence N.09°29'47"E., a distance of 24.98 feet; thence S.80°30'11"E., a distance of 2,077.79 feet; thence S.02°59'18"E., a distance of 87.78 feet; thence continue southerly along said line, a distance of 196.94 feet to the POINT OF BEGINNING.
Containing 31.94 acres, more or less plus the addition of 0.14 acres of land between the Meander Line & the Low Water line for a Total of 32.08 acres.

PARCEL C

A parcel of land being all the land lying south of the abandoned C. M. St Paul Railroad (PARCEL A) lying in the SW¼SW¼, Section 4, Township 6 North, Range 43 East, P.M.M., more particularly described as follows:
Beginning at the southwest corner of said Section 4, said point being the POINT OF BEGINNING; thence N.87°40'36"E., a distance of 1,312.39 feet; thence N.02°17'23"W., a distance of 9.36 feet; thence N.80°30'11"W., a distance of 1,344.20 feet; thence S.02°59'18"E., a distance of 87.78 feet; thence continue southerly along said line, a distance of 196.94 feet to the POINT OF BEGINNING.
Containing 4.43 acres, more or less.

PARCEL D

A parcel of land being all of Govt. Lot 1 & Govt. Lot 2, Section 8, Township 6 North, Range 43 East, P.M.M., more particularly described as follows:
Beginning at the northeast corner of said Section 8, said point being the POINT OF BEGINNING; thence S.87°54'14"W., a distance of 2,338.39 feet to a Meander Corner on the left bank of the Yellowstone River; thence S.41°29'45"E. along the meander line of the left bank of the Yellowstone River, a distance of 251.87 feet; thence S.29°31'08"E. along the meander line of the left bank of the Yellowstone River, a distance of 876.35 feet; thence S.27°53'06"E. along the meander line of the left bank of the Yellowstone River, a distance of 585.50 feet; thence S.36°15'21"E. along the meander line of the left bank of the Yellowstone River, a distance of 374.25 feet; thence S.56°50'49"E. along the meander line of the left bank of the Yellowstone River, a distance of 347.84 feet; thence S.71°13'25"E. along the meander line of the left bank of the Yellowstone River, a distance of 235.14 feet; thence S.78°47'50"E. along the meander line of the left bank of the Yellowstone River, a distance of 368.11 feet; thence S.85°38'28"E. along the meander line of the left bank of the Yellowstone River, a distance of 335.94 feet; thence N.73°54'39"E. along the meander line of the left bank of the Yellowstone River, a distance of 126.54 feet; thence N.02°19'18"W. along the east line of said Section 8, a distance of 2,008.27 feet; thence N.02°19'18"W., a distance of 177.46 feet to the POINT OF BEGINNING.
Containing 84.18 acres, more or less plus the addition of 3.94 acres of land between the Meander Line & the Low Water line for a Total of 88.12 acres.

PARCEL E

A parcel of land being all of NW¼NW¼ & Govt. Lot 4, Section 9, Township 6 North, Range 43 East, P.M.M., more particularly described as follows:
Beginning at the northwest corner of said Section 9, said point being the POINT OF BEGINNING; thence N.87°40'36"E., a distance of 1,312.39 feet; thence S.02°20'35"E., a distance of 1,782.90 feet to a Meander Corner on the left bank of the Yellowstone River; thence S.56°46'22"W. along the meander line of the left bank of the Yellowstone River, a distance of 824.88 feet; thence N.87°49'39"W. along the meander line of the left bank of the Yellowstone River, a distance of 280.00 feet; thence S.87°28'43"W. along the meander line of the left bank of the Yellowstone River, a distance of 326.21 feet; thence N.02°19'18"W. along the west line of said Section 9, a distance of 2,008.27 feet; thence N.02°19'18"W., a distance of 177.46 feet to the POINT OF BEGINNING.
Containing 62.83 acres, more or less plus the addition of 6.71 acres of land between the Meander Line & the Low Water line for a Total of 69.54 acres.

Certificate of Surveyor

STATE of MONTANA
ss
COUNTY of CUSTER

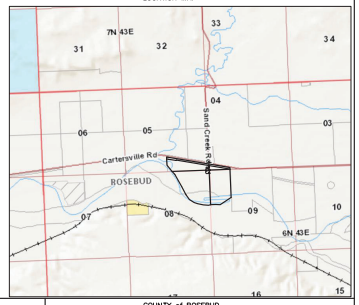
On the basis of my knowledge, information, and belief, I, Quinn W. Wright, of Miles City, Montana, for DOWL, do hereby certify to Montana Aquatic Resources Services and Larry Rau that as a result of a survey made on the ground to the normal standard of care of professional land surveyors practicing in Montana, this plat was prepared from notes taken during that survey conducted in November, 2015; that said survey is true and correct as shown and that the monuments found and set are of the character and occupy the positions shown hereon.

_____
DOWL
Corp. Reg. #1265
by Quinn W. Wright
Montana Reg. #9334LS
_____ Date
"UNLESS SIGNED, SEALED AND DATED THIS IS A PRELIMINARY PLAT"

MONTANA QUINN W WRIGHT 9334LS REGISTERED PROFESSIONAL LAND SURVEYOR

Date
Valid only if signed and dated.

LOCATION MAP



LEGEND

- Section Corner (Found)
- Aluminum Cap Quarter Corner (Found)
- ⅝" Rebar with Yellow Plastic Cap Stamped "DOWL 9334LS" (Found)
- ⅝"X24" Long Rebar with Yellow Plastic Cap Stamped "DOWL 9334LS" (SET THIS SURVEY)
- MDT Right of Way Monument Found

400 0 400 800
SCALE IN FEET

Control Point No.1 LAT: N 46° 17' 49.76769" (OPUS)
LONG: W 106° 21' 46.39172
SPC(2500 MT) Northing 762235.15 Inft
Easting 2760873.61 Inft
ELEVATION 2465.07
CP 1 bears N03°38'10"E a distance of 480.20' from the Southwest corner of Section 4

Filed this_____day of_____,2016 A.D.
at_____o'clock__.m.

_____
Rosebud County Clerk and Recorder
by_____

Envelope #_____ Document #_____

BASIS of BEARING

The basis of bearing is from Montana State Plane Coordinate System (Montana 2500). The convergence of grid bearing to true bearing is 2°17'42" at the southeast corner of Section 5, T.6N., R.43E.
REF FRAME: NAD83-(2011)(EPOCH: 2010.0000).

NOTE: The measured distances shown on plat are Montana State Plane NAD83-2011 distances.
Use a combination scale factor (CFS) of 0.99935471 to convert to surface distance.
Surface distance = state plane distance/CFS

Date Drawn: 2-23-2016	Drawn by: Quinn Wright PLS	Checked by: C.W.	Project No. 4127.21172.01

DOWL
WWW.DOWL.COM
713 Pleasant Street
Miles City, Montana 59301
406-234-6666

COUNTY of ROSEBUD
CERTIFICATE OF SURVEY No._____
Sections 4, 5, 8 & 9, Township 6 North, Range 43 East of the P.M.M.

Prepared for:
Montana Aquatic Resources Services
202 S. Black Avenue
Bozeman, MT 59715

Owner:
Larry Rau
1828 Cartersville RD
Rosebud, MT 59347

616-6
1

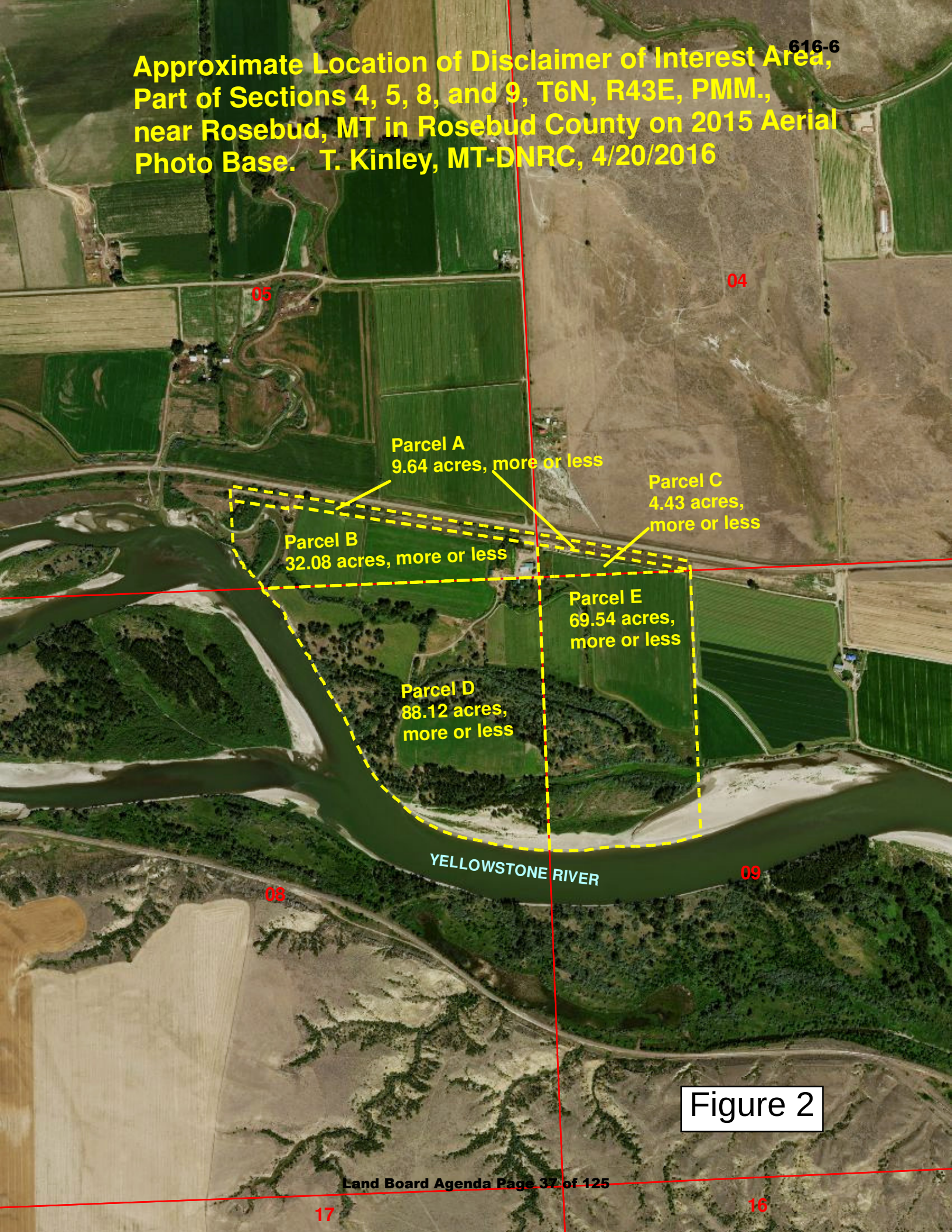

Approximate Location of Disclaimer of Interest Area, Part of Sections 4, 5, 8, and 9, T6N, R43E, PMM., near Rosebud, MT in Rosebud County on 2015 Aerial Photo Base. T. Kinley, MT-DNRC, 4/20/2016
05
04
Parcel A
9.64 acres, more or less
Parcel C
4.43 acres,
more or less
Parcel B
32.08 acres, more or less
Parcel E
69.54 acres,
more or less
Parcel D
88.12 acres,
more or less
YELLOWSTONE RIVER
09
08
17
16

Figure 2

Exhibit 1

After Recording Return to:

Monte Mason
Minerals Management Bureau Chief
Department of Natural Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601

DISCLAIMER OF INTEREST FROM THE STATE OF MONTANA

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

> Five tracts of land located in Sections 4, 5, 8, and 9, Township 6 North, Range 43 East, P.M.M., County of Rosebud, State of Montana, more particularly identified as Parcel "A", Parcel "B", Parcel "C", Parcel "D" and Parcel "E" on Certificate of Survey No. 0115615 filed in the office of the Clerk and Recorder of said County, under Envelope # 227A (lg). A copy of which is attached hereto.

This Disclaimer of Interest is subject to all existing easements of record and to the reservation of the State of Montana of: the fee simple ownership of the active bed of the Yellowstone River pursuant to Sections 70-1-202 and 70-16-201, MCA; the State's reservation of an easement for public use between the high-water marks of the Yellowstone River pursuant to Section 87-2-305, MCA; any post-statehood vertically-accreted islands pursuant to Section 70-18-203, MCA; and any and all future changes resulting from but not limited to accretion, erosion, avulsion, and island formation.

IN TESTIMONY WHEREOF the State of Montana has caused these presents to be executed by the Governor and to be attested by the Secretary of State and countersigned by the Director of the Montana Department of Natural Resources and Conservation, and the Great Seal of the State and the Seal of the State Board of Land Commissioners to be hereunto affixed this _____ day of _____, 2016.

(GREAT SEAL OF
THE STATE OF MONTANA)

_____
STEVE BULLOCK
Governor of the State of Montana

ATTEST: _____
LINDA McCULLOCH
Secretary of State

Countersigned by: _____
JOHN E. TUBBS
Director, Department of Natural Resources
and Conservation

(GREAT SEAL OF
THE STATE BOARD
OF LAND COMMISSIONERS)

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

Filed for record this _____day of _____, 2016 at _____o'clock ___M., recorded as Document No. _____of the records of Rosebud County Clerk and Recorder.

Clerk & Recorder

By: _____,

Yellowstone River Channel Migration Easement Program

The Channel Migration Easement (CME) program offers landowners an opportunity to sell the right to armor and reinforce riverbanks that are within the river's 100-year channel migration zone.

A CME is a special form of conservation easement where a landowner continues to use their land while allowing the river to erode and move across the floodplain within the easement boundaries.

Rivers in Montana are the cornerstone of our economy and quality of life. The Yellowstone River is an irreplaceable natural resource tied to the history and culture of Montana. It supports industry, agriculture, recreation, and fish and wildlife for all.

Purpose

The migration of river channels across valley bottoms provides many ecological functions that are valued by Montanans, including flood water storage, improved water quality, and fish and wildlife habitat.

Often the dynamic movement of the river channel is perceived as in conflict with land management activities. However, channel migration easements benefit both the river and its adjacent landowners.

As a practical tool used in many watersheds, the easements help protect the ecological benefits of natural river channel migration while compensating landowners for their land potentially lost to erosion or damaged by flooding.

Typically, restrictions outlined in the easement focus on avoiding the cost and habitat impact of armoring, hardening, or diking the riverbank and floodplain.

The landowner retains the right to manage the acres for agricultural production, irrigation, recreation, and other uses.

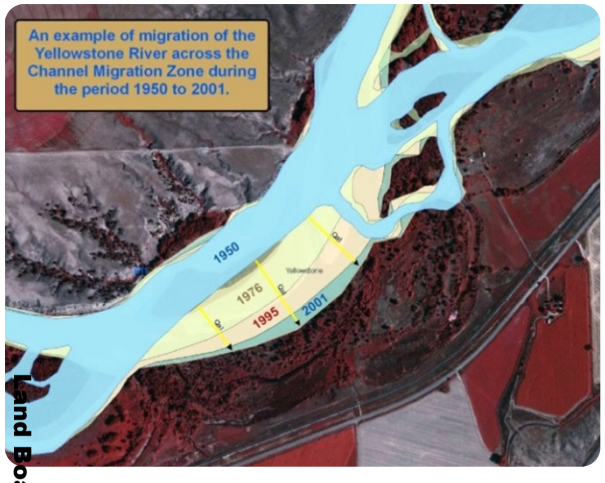
Benefits

- ✓ **Financial:** Participating landowners can receive income through cash payments and tax credits, and avoid liabilities that may result from future flooding. In contrast, bank armoring is very costly to landowners along large rivers.
- ✓ **Soil fertility:** Valley bottoms hold the deepest, richest, most productive soils in the state. This soil fertility is a direct result of streams carrying and depositing new sediments and nutrients on the land and keeping the floodplain hydrated.
- ✓ **Improved water quality:** Clean water is not only beneficial to agriculture and fish and wildlife but the growing economic sectors for recreation and tourism.
- ✓ **Habitat protection:** Channel migration creates bare ground areas along rivers that serve as critical nursery habitat needed to establish young forests.
- ✓ **Water conservation:** Floodplain dikes isolate areas that otherwise have the ability to absorb and hold water for groundwater recharge. Water storage in shallow aquifers supports fisheries as well as municipal, agricultural, and commercial users.

  If the river can't migrate, cottonwood forests progressively age without reproducing and may eventually die out. These riparian areas provide habitat for nesting, rearing, and migration for 90% of the bird species found in Montana. Forests provide shade for livestock during the summer and thermal protection for livestock and wild ungulates during winter.
- ✓ **Flood protection:** The ability to predict the timing and magnitude of runoff and flooding has always been a challenge. One of the best defenses to flooding is maximizing the ability of surrounding land to absorb those additional flows.

Exhibit 2

What Does Channel Migration Look Like?



This "channel migration zone" map illustrates the natural movement of the Yellowstone River channel over time. The segment shown shifted considerably in 50 years (to the southeast in this case), creating new patterns of flow, new habitat, and other new features within the floodplain.

MARS' vision for the channel migration easement program is to keep the river connected to its floodplain by providing the river room to move across its valley like this within the mapped 100-year channel migration zone. Contact MARS today to see if you and your property can benefit from a channel migration conservation easement.

MARS
MONTANA AQUATIC RESOURCES SERVICES

The Process

Step 1 – Interested landowners meet with MARS to discuss the program and the floodplain property being considered.

Step 2 – An analysis of past river migration patterns is conducted and the results are discussed with the landowner to identify potential easement boundaries and benefits.

Step 3 – Specific easement and financial terms are discussed with all involved parties in an open process that acknowledges the needs of the landowner, MARS, and easement holder.

Step 4 – The channel migration easement is finalized, payment made to the landowner, and papers are filed at the County Courthouse. The easement is monitored over the long-term as prescribed by the agreed-upon terms.

Who We Are

MARS is a nonprofit conservation organization working to conserve Montana's aquatic resources including streams, riparian areas, wetlands, and watersheds. MARS' Board includes knowledgeable and experienced natural resource consultants, small businessmen and women, agency specialists and non-profit conservation experts. Our projects enhance stream and wetland functions, conserve clean water, improve fish and wildlife habitat and, where feasible, provide public recreation.

Contact Us

Montana Aquatic Resources Services, Inc.
info@montanaaquaticresources.org
www.montanaaquaticresources.org

Yellowstone River Channel Migration Easements

A win-win conservation program to benefit you and the environment

MARS
MONTANA AQUATIC RESOURCES SERVICES

616-7

SETTLEMENT AGREEMENT AND CROSS-DISCLAIMERS OF INTEREST

Land Board Agenda Item
June 20, 2016

616-7 Burlington Northern Santa Fe: Settlement Agreement and Cross-Disclaimers of Interest

Location: Richland County
Part of Sections 17 & 20, Township 22 North, Range 59 East, P.M.M.

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

The Department of Natural Resources and Conservation (DNRC) received a request from BNSF Railway Corporation (hereinafter "BNSF") to review parcels of land along the navigable Yellowstone River located in Richland County, Montana. BNSF has requested reciprocal Disclaimers of Interest to allow them to withdraw from the active quiet title action, *Stip, et al. v. State of Montana*

That quiet title action is seeking to resolve ownership of oil and gas royalties attributable to the Darlene 41X-20 and Marker 34X-20 wells. The spacing unit is located three miles south of Sidney, Montana.

DNRC has conducted a review of the real property interest BNSF claims and has determined there is no conflict with the real property DNRC is claiming in the above entitled litigation. As such, DNRC seeks approval from the Land Board to enter into this Settlement Agreement and to execute reciprocal Disclaimers of Interest. This would clarify title to the land by and between BNSF and the DNRC.

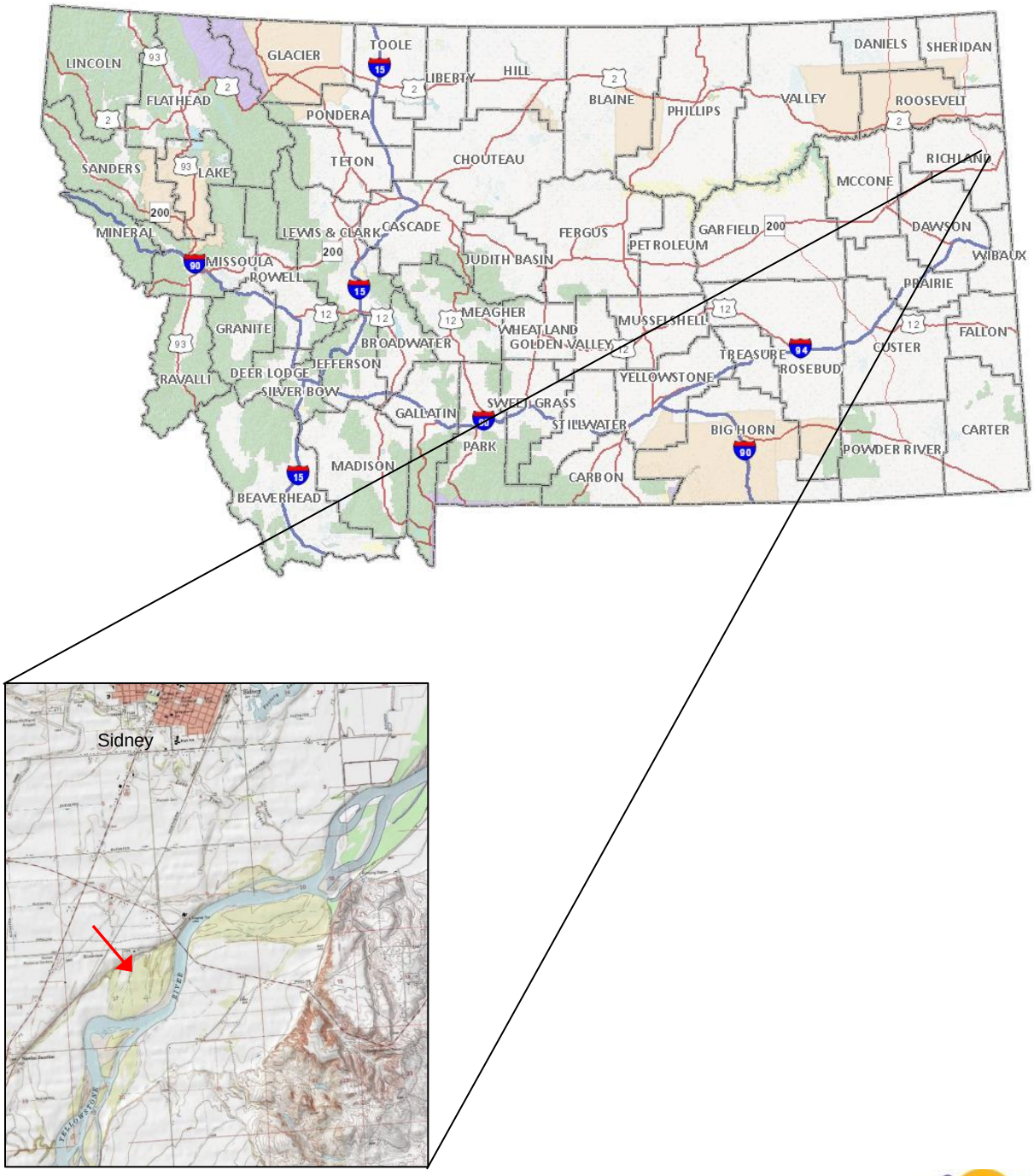
The Settlement Agreement and Disclaimers of Interest will not result in a full adjudication of title. Instead, this Settlement Agreement and Release is operative only between the DNRC and BNSF.

The following individuals and entities still contest the DNRCs claim of ownership: XTO Energy Inc., M Lazy Heart Ranch, Karen G. Gragert, and The Revocable Living Trust of Henry Stip and Beverly A. Stip, Sandra J. Stip, Connie R. Corbett, Patrick L. Corbett, Rosanna L. Westfall, William R. Westfall, Nancy A. Crighton, David L. Crighton, and Harold Haffner, the Stip Credit Shelter Trust, and the Harold G. Haffner Revocable Living Trust.

Approximate location diagrams of the parcels involved and a copy of Certificate of Survey Number 27-953, Document #588676 and Surveyors Affidavit of Correction, Document #590121, recorded and filed in State of Montana, Richland County, as well as a copy of the Settlement Agreement and Disclaimers of Interest are attached hereto.

DNRC Recommendation

The director recommends the Land Board approve the attached Settlement Agreement and Disclaimer of Interest covering the subject parcels of land.



Location Map

Index of Exhibits

Figure 1: Survey of State Island/Riverbed Ownership and Correction Sheet
Figure 2: Aerial Photo of Spacing Unit and Location of State & BNSF Properties

Exhibit 1: BNSF-State Settlement Agreement
Exhibit 2: Disclaimer of Interest by BNSF regarding State Island/Riverbed Ownership
Exhibit 3: Disclaimer of Interest by State regarding BNSF Property

CERTIFICATE OF SURVEY

DEPENDENT RESURVEY AND ACCRETION OF ISLANDS AND THE BED OF THE YELLOWSTONE RIVER

Lying in Portions of Township 22 North, Range 59 East of the P.M.M.

Richland County, State of Montana

SURVEYOR'S CERTIFICATION

I, Roger W. Meyer, do hereby certify that I am a registered land surveyor licensed under the laws of the State of Montana; that this certificate is a true, correct and complete representation of a survey performed by me or under my direct supervision; that this certificate of survey meets the requirements of the Uniform Standards for Certificates of Survey, ARM 24.183.1104.

Executed this 17th day of February 20 15

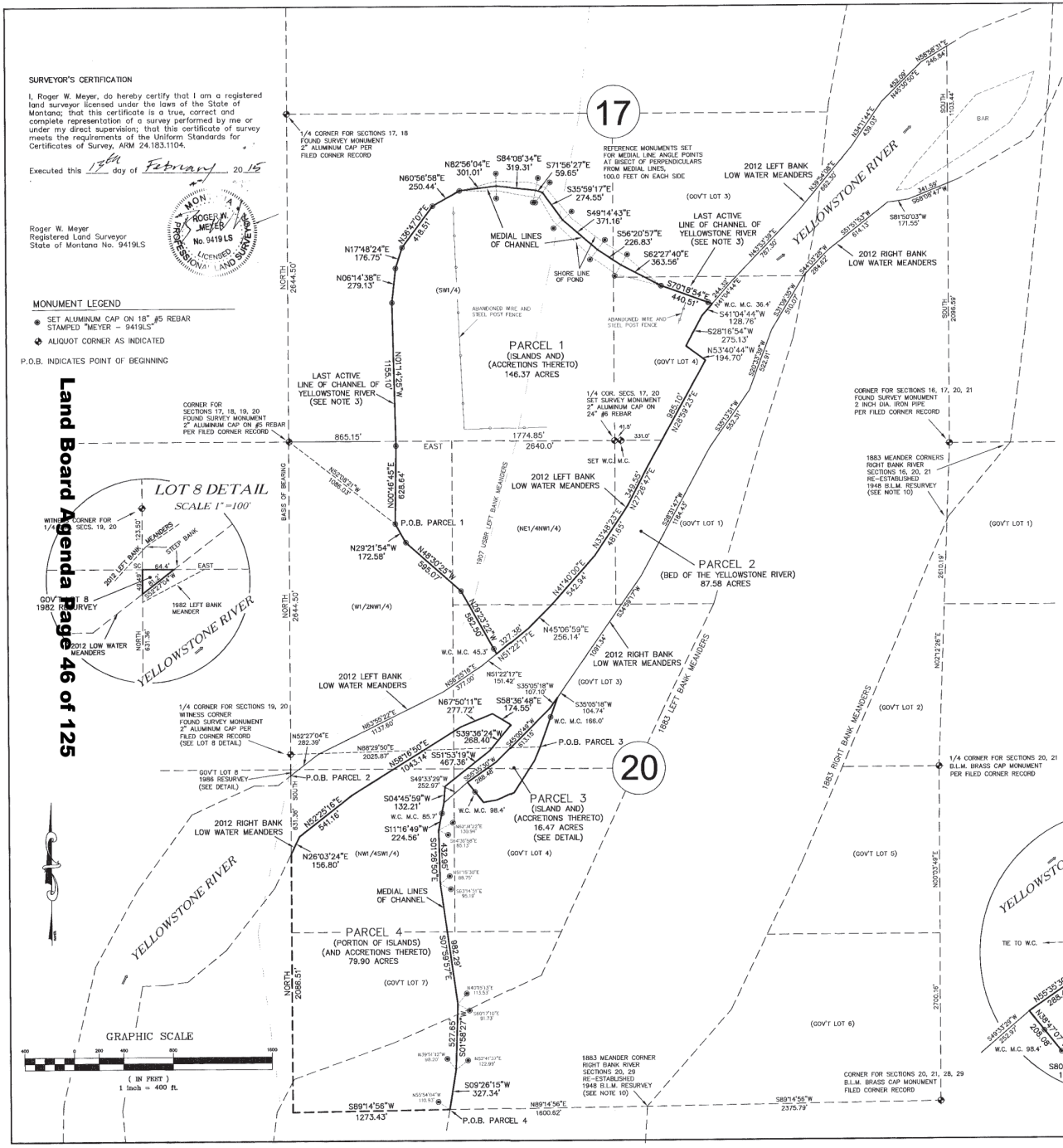
Roger W. Meyer
Registered Land Surveyor
State of Montana No. 9419LS

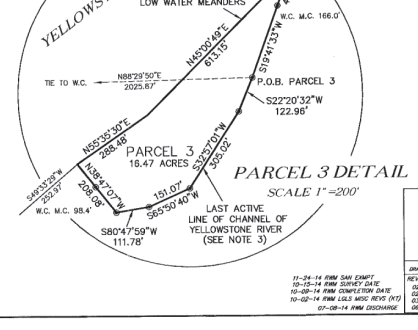
MONTANA ROGER W. MEYER No. 9419 LS LICENSED PROFESSIONAL LAND SURVEYOR

MONUMENT LEGEND

- SET ALUMINUM CAP ON 18" #5 REBAR STAMPED "MEYER – 9419LS"
- ALIQUOT CORNER AS INDICATED

P.O.B. INDICATES POINT OF BEGINNING





PARCEL DESCRIPTIONS

PARCEL 1

A tract of land situate in Sections 17 and 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being islands in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the corner common to Sections 17, 18, 19 and 20 bears N52°08'21"W, 1086.03 feet; thence along said last active line of a channel of the Yellowstone River the following six (6) courses:

1) N00°46'45"E, 628.64 feet;
2) N01°14'25" W, 1155.10 feet;
3) N06°14'38"E, 279.13 feet;
4) N17°48'24"E, 176.75 feet;
5) N38°47'07"E, 418.51 feet;
6) N60°56'58"E, 250.44 feet;

thence along the medial line of said channel the following seven (7) courses:

1) N82°56'04"E, 301.01 feet;
2) S84°08'34"E, 319.31 feet;
3) S71°56'27"E, 59.65 feet;
4) S35°59'17"E, 274.55 feet;
5) S49°14'43"E, 371.16 feet;
6) S56°20'57"E, 226.83 feet;
7) S62°27'40"E, 363.56 feet;

thence along said last active line of a channel of the Yellowstone River S70°18'54"E, 440.51 feet to the low water line of the left bank of the Yellowstone River; thence along the following nine (9) meanders of said low water line:

1) S41°04'44"W, 128.76 feet;
2) S28°16'54"W, 275.13 feet;
3) S53°40'44"E, 194.70 feet;
4) S28°59'23"W, 985.10 feet;
5) S27°28'47"W, 349.55 feet;
6) S33°48'23"W, 481.65 feet;
7) S41°40'00"W, 542.94 feet;
8) S45°06'59"W, 256.14 feet;
9) S51°22'17"W, 327.38 feet;

to said last active line of a channel of the Yellowstobne River; thence along said last active line of a channel the following three (3) courses:

1) N29°23'22"W, 582.50 feet;
2) N48°30'25"W, 595.07 feet;
3) N29°21'54"W, 172.58 feet;

To the Point of Beginning; containing 146.37 acres, more or less.

PARCEL 2

A tract of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of the bed of the Yellowstone River more particularly described as follows:

Beginning at a Point on the low water line of the left bank of the Yellowstone River, from which the quarter (1/4) corner for Sections 19 and 20 of said Township and Range bears North 49.49 feet; thence along the following seventeen (17) left bank meanders of said low water line;

1) N52°27'04"E, 282.39 feet;
2) N63°55'22"E, 1137.60 feet;
3) N56°25'16"E, 377.00 feet;
4) N51°22'17"E, 478.80 feet;
5) N45°06'59"E, 256.14 feet;
6) N41°40'00"E, 542.94 feet;
7) N33°48'23"E, 481.65 feet;
8) N27°26'47"E, 349.55 feet;
9) N28°59'23"E, 985.10 feet;
10) N53°40'44"W, 194.70 feet;
11) N28°16'54"E, 275.13 feet;
12) N41°04'44"E, 373.08 feet;
13) N43°53'39"E, 787.30 feet;
14) N39°54'08"E, 662.30 feet;
15) N34°11'44"E, 439.03 feet;
16) N45°30'50"E, 452.08 feet;
17) N58°58'31"E, 246.84 feet;

thence departing said left bank meanders of the low water line South, 1103.44 feet to the low water line of the right bank of the Yellowstone River; thence along the following twenty-one (21) right bank meanders of said low water line;

1) S88°08'47"W, 341.59 feet;
2) S81°50'03"W, 171.55 feet;
3) S51°51'53"W, 614.13 feet;
4) S44°03'28"W, 284.62 feet;
5) S31°06'35"W, 510.07 feet;
6) S20°33'39"W, 522.91 feet;
7) S35°13'51"W, 552.31 feet;
8) S28°31'47"W, 1184.43 feet;
9) S34°59'17"W, 1091.34 feet;
10) S35°05'18"W, 211.84 feet;
11) S45°00'49"W, 613.15 feet;
12) S55°35'30"W, 288.48 feet;
13) S49°33'29"W, 252.97 feet;
14) N04°45'59"E, 132.21 feet;
15) N51°53'19"E, 467.36 feet;
16) N39°36'24"E, 268.40 feet
17) N58°36'48"W, 174.55 feet;
18) S67°50'11"W, 277.72 feet
19) S58°16'50"W, 1043.14 feet;
20) S52°25'16W, 541.16 feet;
21) S26°03'24"W, 156.80 feet;

thence departing said right bank meanders of said low water line; North, 631.36 feet; to the Point of Beginning; containing 87.58 acres, more or less.

PARCEL 3

A tract of land situate in Section 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being an island in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the quarter (1/4) corner common to Sections 19 and 20 of said Township and Range, bears S88°29'50"W, 2025.87; thence along said last active line of a channel of the Yellowstone River the following five (5) courses:

1) S22°20'32"W, 122.96 feet;
2) S32°57'01"W, 305.02 feet;
3) S65°50'40"W, 151.07 feet;
4) S80°47'59"W, 111.78 feet;
5) N38°47'07"W, 208.08 feet;

to the low water line of the right bank of the Yellowstone River; thence along the meanders of said low water line the following three (3) courses:

1) N55°35'30"E, 288.48 feet;
2) N45°00'49"E, 613.15 feet
3) N35°05'18"E, 107.10 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel S19°41'33"W, 421.59 feet to the Point of Beginning; containing 16.47 acres, more or less.

PARCEL 4

A parcel of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of islands in the bed of the Yellowstone River and accretions thereto; and being more particularly described as follows:

Beginning at a Point on the medial line of a channel of the Yellowstone River from which, the corner common to Sections 20, 21, 28, 29 of said Township and Range, bears N89°14'56"E, 3976.41 feet; thence S89°14'56"W, 1273.43 feet; thence North, 2086.51 feet to the low water line of the right bank of the Yellowstone River; thence along the following eight (8) meanders of said low water line of the right bank of the Yellowstone River;

1) N26°03'24"E, 156.80 feet;
2) N52°25'16"E, 541.16 feet;
3) N58°16'50"E, 1043.14 feet;
4) N67°50'11"E, 277.72 feet;
5) S58°36'48"E, 174.55 feet;
6) S39°36'24"W, 268.40 feet;
7) S51°53'19"W, 467.36 feet;
8) S04°45'59"W, 132.21 feet,

to said medial line of a channel of the Yellowstone River, the following five (5) courses:

1) S11°16'49"W, 224.56 feet;
2) S01°26'50"E, 432.95 feet;
3) S07°59'57"E, 982.29 feet;
4) S01°58'27"W, 527.65 feet;
5) S09°26'15"W, 327.34 feet;

to the Point of Beginning; containing 79.90 acres, more or less.

SURVEY NOTES

1) Survey Dates: Field Survey September – November, 2012. Monumentation completed October 9, 2014.

2) Survey commissioned by: State of Montana, Department of Natural Resources and Conservation, Trust Land Management Division.

3) Purpose of Survey: This plat represents a retracement of portions of the subdivisional lines of Sections 17 and 20 along with islands that have arisen from the bed of the Yellowstone River, as field delineated, on the ground, by Ray H. Breuninger Ph.D, Professional Geologist at the time of this survey.

4) Adjacent Properties: Land designations shown in parenthesis () are depicted for informational purposes only as their locations may be in conflict with the locations of the subject Parcels. No attempt has been made with this survey to reconcile such conflicts as they are subject to the Laws of the United States and the State of Montana as to their respective riparian boundaries.

5) The Parcels described herein are not subject to review under the the Montana Subdivision and Platting Act. No division of land is created with this retracement as the subject Parcels were created by operation of law as contemplated in **MCA 70-18-203. Island formed in navigable stream.** "Islands and accumulations of land formed in the beds of streams which are navigable belong to the state if there is no title or prescription to the contrary." and **MCA 70-18-201. Alluvion or accretion – increase of bank.** "Where from natural causes land forms by imperceptible degrees upon the bank of a river or stream, navigable or not navigable, either by accumulation of material or by the recession of the stream, such land belongs to the owner of the bank, subject to any existing right-of-way over the bank." and therefore pursuant to **MCA 73-3-201. Exemption for certain divisions of land ..."** (1)(a) "is created by order of any court of record in this state or by operation of law or ...", the lands depicted on this Certificate of Survey are exempt from review under such Act, and therfore exempt from review under **MCA 76-4 Sanitation in Subdivisions** pursuant to **MCA 76-4-125(2) (a)**.

6) Basis of Bearing: NORTH between the witness corner monument for the 1/4 corner common to Sections 19 and 20 and the monument found marking the 1/4 corner common to Sections 17 and 18, as shown hereon.

7) Riparian Lands: Those lands which are riparian in character may be subject to future changes such as accretion, erosion and avulsion.

8) Low Water: The meanders of the left and right low water marks of the Yellowstone River were determined in the field at the edge of water on November 3, 2012. On that date the river discharge rate was 5,640 cfs at the USGS gaging station No. 06329500 near Sidney, Montana approximately 1.5 miles downstream of the survey.

9) Medial Lines: A median line was computed between salient points at waters edge along the left and right banks of abandoned channels of the Yellowstone River. Short line segments were eliminated to produce a practical boundary with no significant change in the true position of the median line. The resulting approximation is defined as the medial line.

10) Portions of the 1883 U.S.G.L.O. Original Subdivision of Sections 17, 20, T22N, R59E were found to be erroneous. The field notes and plats thereof indicate [illegible] of certain section lines, meanders and related monuments.

History of Applicable Surveys

- 1883 – U.S.G.L.O. Original Subdivision and Meanders (Plat accepted 1884)
- 1907 United States Bureau of Reclamation's Lower [illegible] Elmer Towne (Plat [illegible] Project, Dependent Resurvey and Subdivision of Sections in T22N, R59E
- of the Yellowstone River.
- 1948 – U.S.B.L.M. Dependant Resurvey of a portion [illegible] lines in T22N, R59E, lying east of the Yellowstone River, by Willis Sandy.
- 1982 U.S.B.L.M. Dependent Resurvey and Subdivision [illegible] 22, T22N, R59E (Plat accepted 1986)

588676 MISC FILE Pages: 1 STATE OF MONTANA RICHLAND COUNTY RECORDED: 03/02/2015 3:59 KGI: MAP STEPHANIE VERHASSELT CLERK AND RECORDER FEE: $26.50 BY: [illegible] TO:	Figure 1

CERTIFICATE OF SURVEY NO. 21-953 Richland County, Montana	Montana [illegible] Surveys
DRAWN BY: RWM DATE: NOV-24-2012 REVISIONS: 11-24-14 RWM SAN EXMPT 10-15-14 RWM SURVEY DATE 10-09-14 RWM COMPLETION DATE 10-02-14 RWM LGLS MISC REVS (KT) 07-08-14 RWM DISCHARGE 02-19-13 RWM PER CONF. 02-21-13 RWM LGL DESCRS 03-11-13 RWM LGL CHK REVS 06-27-14 RWM LGLS MISC REVS JOB NO.: 12026 DRAWING NO.: 12026COS SHEET 1 OF 1	PO Box 176 Lambert, Montana (406) 774-3390 22 N. Main Street 59243 surveyor@midrivers.com

590121 MISC FILE Pages: 1
STATE OF MONTANA RICHLAND COUNTY
RECORDED: 06/26/2015 2:32 KOI: SURVEY AFF 616-7
STEPHANIE VERHASSELT CLERK AND RECORDER
FEE: $17.00 BY: Sandy Houston
TO. ROGER W. MEYER PLS PO BOX 176, LAMBERT, MT 59243

SURVEYORS AFFIDAVIT OF CORRECTION

Whereas, pursuant to the Montana Subdivision and Platting Act, a Certificate of Survey was caused to be filed in the Office of the Richland County Clerk and Recorder, State of Montana on March 2, 2015 Certificate of Survey No. 27-953, as Document No. 588676 in Envelope No 759A.

Whereas, certain minor technical errors have been found to be made on the face of Certificate and that such errors do not i) affect real property rights or interests in the subject property or adjacent properties ii) affect location of the property, notes, covenants, declarations or restrictions contemplated on the plat iii) affect the intentions of the parties thereon. Nor do such errors create or revise a tract of land that may be subject to review under the Montana Subdivision and Platting Act.

Whereas, it is desirable to have such errors corrected for the benefit of the Public Record.

Therefore, I, Roger W. Meyer, a registered Land Surveyor in the State of Montana, being the Surveyor of Record on the above referenced Certificate of Survey, hereby submit the following corrections to such Certificate of Survey, to wit:

PARCEL 3

A tract of land situate in Section 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being an island in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the ***Witness Corner Monument for the*** quarter (1/4) corner common to Sections 19 and 20 of said Township and Range, bears S88°29'50"W 2025.87; thence along said last active line of a channel of the Yellowstone River the following five (5) courses:

1) S22°20'32"W, 122.96 feet;
2) S32°57'01"W, 305.02 feet;
3) S65°50'40"W, 151.07 feet;
4) S80°47'59"W, 111.78 feet;
5) N38°47'07"W, 208.08 feet;

to the low water line of the right bank of the Yellowstone River; thence along the meanders of said low water line the following three (3) courses:

1) N55°35'30"E, 288.48 feet;
2) N45°00'49"E, 613.15 feet
3) N35°05'18"E, 107.10 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel S19°41'33"W 421.59 feet to the Point of Beginning; containing ***4.12*** acres, more or less.

And further I hereby certify that I have verified the errors contemplated in this affidavit and the revisions are true and correct.

Executed this 26 day of June, AD 2015.

MONTANA ROGER W. MEYER No. 9419 LS LICENSED PROFESSIONAL LAND SURVEYOR

Roger W. Meyer PLS
State of Montana
Reg. No. 9419LS

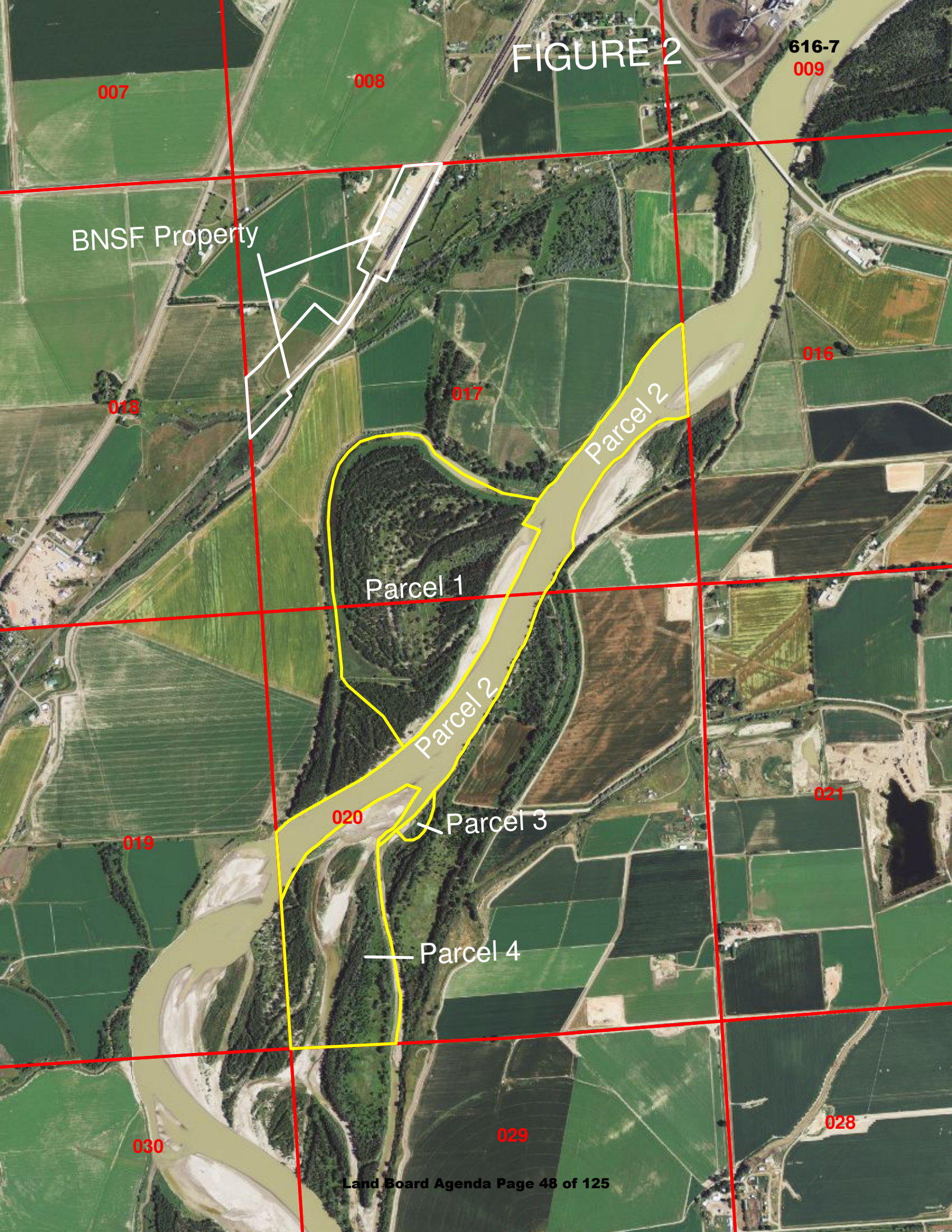


FIGURE 2
616-7
007
008
009
BNSF Property
016
017
018
Parcel 2
Parcel 1
Parcel 2
020
Parcel 3
021
019
Parcel 4
029
028
030

Exhibit 1

Dennison A. Butler
Special Assistant Attorney General
Montana Department of Natural
Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601
(406) 444-3776
dennisonbutler@mt.gov

MONTANA SEVENTH JUDICIAL DISTRICT COURT, RICHLAND COUNTY

REVOCABLE LIVING TRUST OF HENRY STIP and BEVERLY A. STIP, HENRY STIP and BEVERLY A. STIP, TRUSTEES, SANDRA J. STIP, CONNIE R. CORBETT, PATRICK L. CORBETT, ROSANNA L. WESTFALL, WILLIAM R. WESTFALL, NANCY A. CRIGHTON, DAVID L. CRIGHTON and HAROLD HAFFNER, Plaintiffs, vs. STATE OF MONTANA, MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, XTO ENERGY INC., ROY M. DEGN, SHIRLEY M. DEGN, JANET K. TYLER, MARY JANE KELLY, TERESA I. KELLY KAPPEL, SUE ANN PARKS, HARLEY B. JOHNSON, MARVIN D. JOHNSON, LAWRENCE L. JOHNSON, PATRICK KELLY and ALL UNKNOWN PERSONS CLAIMING ANY RIGHT, TITLE, ESTATE, OR INTEREST, Defendants. STATE OF MONTANA, BOARD OF LAND COMMISSIONERS, and MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION,	**Cause No. DV-2011-110** **SETTLEMENT AGREEMENT BETWEEN THE STATE OF MONTANA AND BNSF RAILWAY COMPANY**

Counter-claimants and
Third-party Plaintiffs,

vs.

BNSF RAILWAY COMPANY; BLACKHAWK RESOURCES, LLC; BREHM INVESTMENT GROUP; BURLINGTON NORTHERN SANTA FE RAILROAD; GREEN GABLE, INC.; HAROLD G. HAFFNER, as TRUSTEE OF THE HAROLD G HAFFNER REVOCABLE LIVING TRUST; HEADINGTON OIL, LP; ROBERT KOCH and VIRGINIA C . KOCH, as TRUSTEES OF ROBERT AND VIRGINIA C. KOCH TRUST; WILMER A. LORENZ and DARLENE R. LORENZ, as TRUSTEES OF THE WILMER A. LORENZ AND DARLENE R. LORENZ REVOCABLE TRUST; WILMER A. LORENZ and DARLENE R. LORENZ, a/k/a DARLENE M. LORENZ, as TRUSTEES OF THE DARLENE R. LORENZ REVOCABLE TRUST DATED JUNE 29, 2004; M LAZY HEART RANCH; NEWFIELD EXPLORATION COMPANY; NEWFIELD PRODUCTION COMPANY; NEWFIELD RMI, LLC; OASIS PETROLEUM NORTH AMERICA, LLC; PAR INVESTMENTS, LLC; HENRY STIP and BEVERLY A. STIP, individually and as TRUSTEES OF THE STRIP TRUST DATED APRIL 12, 1996; STIP CREDIT SHELTER TRUST; XTO ENERGY, INC.; CASEY JOE ALBERT; KRISTINA MARIE ALBERT; ESTHER ALLEN; PEGGY J. ALLEN; JUDY BETHEL; RONALD H. BLODGETT; ROGER D. BLODGETT; BETTY ANN CAYKO; LYNN CLOUTIER; PAT CORBETT; CONNIE CORBETT; NANCY A. CRIGHTON; DAVID LEE CRIGHTON; ROY M. DEGN; SHIRLEY DEGN; NANCY DENOWH; J. MICHAEL GLEASON; KAREN G. GRAGERT; ALBERT H. GROSKINSKY; ANNE GROSKINSKY; WILLIAM G.GROSKINSKY;

HAROLD G. HAFFNER; ALVINA M. HELZER; SCOTT W. HELZER; WILBUR HELZER; ANNA HIBNER; PATRICIA HONODEL; ANNA HIBNER; PATRICIA HONODEL; DALE IVERSEN; DEAN MARLOW IVERSEN; JACK IVERSEN, a/k/a JOHN R. IVERSEN; LEROY A. IVERSEN; LOUISE M. IVERSEN; MARK W. IVERSEN; RUTH IVERSON; STEVEN IVERSEN; HARLEY B. JOHNSON; KNEIL WADE JOHNSON; LAWRENCE L. JOHNSON; MARVIN D. JOHNSON; TERESA KELLY KAPPEL; MARY JANE KELLY; PATRICK KELLY; SHELDON J. KELLY; DEBRA D. LINDNER; DENNIS W. MARKER; JULIA E. MARKER; LARRY V. MARKER; BECKY MEITZEL, a/k/a BECKY MEITZEL-SKOGAS; BRYAN MEITZEL; ROBERTA MEITZEL; MARIAN R. MILLER; GERALD J. NAVRATIL; MARYELLEN NAVRATIL; ELAINE R. NELSON; SUE ANN PARKS; JACQUELINE K. REISENER; DONALD D.SCHEETZ; KENNETH L. SCHEETZ; CHARLES SCHILLING; IONA SCHILLING; EILLEEN SCHILLING; SANDRA J. STIP; ALLEN TOFTE, a/k/a ALAN TOFTE; WANDA TOFTE; CASEY TOFTE; DEANN TOFTE; JANET K. TYLER; AND ALL OTHER PERSONS, UNKNOWN, CLAIMING OR WHO MIGHT CLAIM ANY RIGHT, TITLE, ESTATE, OR INTEREST IN OR LIEN OR ENCUMBRANCE UPON THE REAL PROPERTY DESCRIBED IN THE COMPLAINT ADVERSE TO PLAINTIFF'S OWNERSHIP OR ANY CLOUD UPON PLAINTIFF'S TITLE, WHETHER THE CLAIM OR POSSIBLE CLAIM IS PRESENT OR CONTINGENT, Counter-defendants and Third-party Defendants.	

This Settlement Agreement and Release is made and entered into effective as of _____, 2016, by and between THE STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION and THE STATE BOARD OF LAND COMMISSIONERS, whose address is P.O. Box 201601, Helena, Montana 59620-1601 (hereinafter cumulatively referred to as "the Department") and BNSF RAILWAY COMPANY, whose address is 2650 Lou Menk Drive, Fort Worth, TX 76131.

RECITALS

WHEREAS, the State of Montana, filed the above-captioned quiet title action to quiet title to three island parcels and the active bed of the Yellowstone River described in the Counter-claim and third-party Complaint and the Summons in the above-captioned action, as follows: the active river bed of the Yellowstone River from low-water mark to low-water mark as it presently exists within portions of Sections 17 and 20 within Township 22 North, Range 59 East, M.P.M., and three islands vertically-arising from between the low-water marks of the Yellowstone River after Statehood, now present within portions of Sections 17 and 20 within Township 22 North, Range 59 East, M.P.M., further described as:

ISLAND PARCEL ONE

A tract of land situate in Sections 17 and 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being islands in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the corner common to Sections 17, 18, 19 and 20 bears N52°08’21”W, 1086.03 feet; thence along said last active line of a channel of the Yellowstone River the following six (6) courses:

1) N00°46’45”E, 628.64 feet;
2) N01°14’25”W, 1155.10 feet;
3) N06°14’38”E, 279.13 feet;
4) N17°48’24”E, 176.75 feet;
5) N36°47’07”E, 418.51 feet;
6) N60°56’58”E, 250.44 feet;

thence along the medial line of said channel the following seven (7) courses:

1) N82°56’04”E, 301.01 feet;
2) S84°08’34”E, 319.31 feet;
3) S71°56’27”E, 59.65 feet;
4) S35°59’17”E, 274.55 feet;
5) S49°14’43”E, 371.16 feet;
6) S56°20’57”E, 226.83 feet;
7) S62°27’40”E, 363.56 feet;

thence along said last active line of a channel of the Yellowstone River S70°18’54”E, 440.51 feet to the low water line of the left bank of the Yellowstone River; thence along the following nine (9) meanders of said low water line:

1) S41°04’44”W, 128.76 feet;
2) S28°16’54”W, 275.13 feet;
3) S53°40’44”E, 194.70 feet;
4) S28°59’23”W, 985.10 feet;
5) S27°26’47”W, 349.55 feet;
6) S33°48’23”W, 481.65 feet;
7) S41°40’00”W, 542.94 feet;
8) S45°06’59”W, 256.14 feet;
9) S51°22’17”W, 327.38 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel the following three (3) courses:

1) N29°23’22”W, 582.50 feet;
2) N48°30’25”W, 595.07 feet;
3) N29°21’54”W, 172.58 feet;

to the Point of Beginning; containing 146.37 acres, more or less.

ACTIVE RIVER BED PARCEL TWO

A tract of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of the bed of the Yellowstone River more particularly described as follows:

Beginning at a Point on the low water line of the left bank of the Yellowstone River, from which the quarter (1/4) corner for Sections 19 and 20 of said Township and Range bears North 49.49 feet; thence along the following seventeen (17) left bank meanders of said low water line;

1) N52°27’04”E, 282.39 feet;
2) N63°55’22”E, 1137.60 feet;
3) N56°25’16”E, 377.00 feet;
4) N51°22’17”E, 478.80 feet;
5) N45°06’59”E, 256.14 feet;
6) N41°40’00”E, 542.94 feet;
7) N33°48’23”E, 481.65 feet;
8) N27°26’47”E, 349.55 feet;
9) N28°59’23”E, 985.10 feet;
10) N53°40’44”W, 194.70 feet;
11) N28°16’54”E, 275.13 feet;
12) N41°04’44”E, 373.08 feet;
13) N43°53’39”E, 787.30 feet;
14) N39°54’08”E, 662.30 feet;
15) N34°11’44”E, 439.03 feet;
16) N45°30’50”E, 452.09 feet;
17) N58°58’31”E, 246.84 feet;

thence departing said left bank meanders of the low water line South, 1103.44 feet to the low water line of the right bank of the Yellowstone River; thence along the following twenty-one (21) right bank meanders of said low water line;

1) S68°08’47”W, 341.59 feet;
2) S81°50’03”W, 171.55 feet;
3) S51°51’53”W, 614.13 feet;
4) S44°03’28”W, 284.62 feet;
5) S31°09’35”W, 510.07 feet;
6) S20°33’39”W, 522.91 feet;
7) S35°13’51”W, 552.31 feet;
8) S28°31’47”W, 1184.43 feet;
9) S34°59’17”W, 1091.34 feet;
10) S35°05’18”W, 211.84 feet;
11) S45°00’49”W, 613.15 feet;
12) S55°35’30”W, 288.48 feet;
13) S49°33’29”W, 252.97 feet;
14) N04°45’59”E, 132.21 feet;
15) N51°53’19”E, 467.36 feet;
16) N39°36’24”E, 268.40 feet;
17) N58°36’48”W, 174.55 feet;
18) S67°50’11”W, 277.72 feet;
19) S58°16’50”W, 1043.14 feet;
20) S52°25’16”W, 541.16 feet;
21) S26°03’24”W, 156.80 feet;

thence departing said right bank meanders of said low water line; North, 631.36 feet; to the Point of Beginning; containing 87.58 acres, more or less.

ISLAND PARCEL THREE

A tract of land situate in Section 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being an island in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the Witness Corner Monument for the quarter (1/4) corner common to Sections 19 and 20 of said Township and Range, bears S88°29’50”W, 2025.87; thence along said last active line of a channel of the Yellowstone River the following five (5) courses:

1) S22°20’32”W, 122.96 feet;
2) S32°57’01”W, 305.02 feet;
3) S65°50’40”W, 151.07 feet;
4) S80°47’59”W, 111.78 feet;
5) N38°47’07”W, 208.08 feet;

to the low water line of the right bank of the Yellowstone River; thence along the meanders of said low water line the following three (3) courses:

1) N55°35’30”E, 288.48 feet;
2) N45°00’49”E, 613.15 feet;
3) N35°05’18”E, 107.10 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel S19°41’33”W, 421.59 feet to the Point of Beginning; containing 4.12 acres, more or less.

ISLAND PARCEL FOUR

A parcel of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of islands in the bed of the Yellowstone River and accretions thereto; and being more particularly described as follows:

Beginning at a Point on the medial line of a channel of the Yellowstone River from which the corner common to Sections 20, 21, 28 and 29 of the said Township and Range, bears N89°14’56”E, 3976.41 feet; thence S89°14’56”W, 1273.43 feet; thence North, 2086.51 feet to the low water line of the right bank of the Yellowstone River; thence along the following eight (8) meanders of said low water line of the right bank of the Yellowstone River;

1) N26°03’24”E, 156.80 feet;
2) N 52°25’16”E, 541.16 feet;
3) N 58°16’50”E, 1043.14 feet;
4) N 67°50’11”E, 277.72 feet;
5) S58°36’48”E, 174.55 feet;
6) S39°36’24”W, 268.40 feet;
7) S51°53’19”W, 467.36 feet;
8) S04°45’59”W, 132.21 feet;

to said medial line of a channel of the Yellowstone River, the following five (5) courses;

1) S11°16’49”W, 224.56 feet;
2) S01°26’50”E, 432.95 feet;
3) S07°59’57”E, 982.29 feet;
4) S01°58’27”W, 527.65 feet;
5) S09°26’15”W, 327.34 feet;

to the Point of Beginning; containing 79.90 acres, more or less.

As documented in:
Certificate of Survey Number 27-953 recorded and filed March 2, 2015 as document #588676, MISC File, Envelope # 759A, Pages: 1; State Of Montana, Richland County; and

Surveyors Affidavit of Correction recorded and filed June 26, 2015, as document #590121, MISC File, Pages: 1; State of Montana, Richland County

WHEREAS, the Department claims that the above-described lands belong to the State of Montana as islands emerging from between the low-water marks of the Yellowstone River, a navigable waterway, after statehood, and the active bed of the Yellowstone River;

WHEREAS, the Department, and BNSF Railway Company have both determined that it is in the best interests of all parties to resolve the above-captioned action and settle the above-described issues without further actions, or declaratory rulings;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Department and BNSF Railway Company agree as follows:

1. The purpose of this Settlement Agreement and Release is to resolve title questions to the disputed property only between the subscribing parties within Sections 17 and 20, Township 22 North, Range 59 East, P.M.M., in Richland County,

Montana. The intent being to recognize certain lands within Section 17, Township 22 North, Range 59 East, P.M.M., in Richland County, Montana as belonging to BNSF Railway Company, and to recognize island lands arising vertically from between the low-water marks of the Yellowstone River as belonging to the State of Montana, in trust for Montana's common public schools, and the active bed of the Yellowstone River in trust for the general public.

2. The parties recognize that this Settlement Agreement and Release will not result in a full adjudication of title. Instead, this Settlement Agreement and Release is operative only as between the subscribing parties. Nonetheless, the subscribing parties agree to take steps, or reasonably cooperate with the other party, so that both parties may enjoy the full benefits accruing to them under this Settlement Agreement and Release.

3. The parties shall bear their own costs and attorney's fees in the resolution of this dispute and the dismissal of the above-captioned cause of action;

4. The State of Montana and BNSF Railway Company, hereby accept the survey attached as Exhibit "A" to the Counter-claim and third-party Complaint filed in the above-captioned matter by the State of Montana, as the basis for any boundary between each other's real property. The parties hereby disclaim any interest in and to the other's real property, as further evidenced by the State's disclaimer of interest and BNSF Railway Company's disclaimer of interest, copies of which are enclosed herein as Exhibits "B" and "C", respectively.

5. The terms and conditions of this Settlement Agreement do not constitute an admission of liability by the Department, the State of Montana or BNSF Railway

Company, and shall not be used by any of the above-described parties in any future claim against any party, their officers, agents, employees, representatives, or owners.

6. The State of Montana, the Department, and BNSF Railway Company hereby release, acquit, and forever discharge each of the subscribing parties to this Settlement Agreement, as well as their officers, agents, employees, representatives, and owners finally and completely, from any and all actions, causes of actions and claims arising out of or in any way related to the above-captioned litigation, or the execution of this Settlement Agreement.

7. This Settlement Agreement and Release constitutes the entire agreement between the State of Montana, the Department, and BNSF Railway Company, and its provisions are contractual in nature and not merely recitals.

8. The validity, construction, interpretation, and administration of this agreement shall be governed by the substantive laws of the State of Montana.

9. This agreement shall not be modified or amended except by an instrument in writing signed by the State of Montana and BNSF Railway Company.

10. The Department and BNSF Railway Company individually warrant that their signatory executing this Settlement Agreement and Release has all necessary power to execute and deliver such a document; and that this Settlement Agreement and Release constitutes a valid, binding agreement, enforceable in accordance with its terms.

BNSF RAILWAY COMPANY

DATED:_____ By:_____
Its_____

STATE OF _____)
: ss.
County of _____)

This instrument was acknowledged before me on the ____ Day of _____, 2016 by _____ as _____ of BNSF Railway on behalf of whom instrument was executed.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the day and year first above written.

_____
Printed or typed name:
Notary Public for the State of _____
(SEAL) Residing at _____
My commission expires: _____

DATED:_____

THE STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, AND THE STATE BOARD OF LAND COMMISSIONERS

BY:_____
Dennison A. Butler
Special Assistant Attorney General
Montana DNRC

STATE OF MONTANA)
: ss.
County of _____)

On the _____ day of _____ 2016, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Dennison A. Butler, known to me to be a Special Assistant Attorney General representing the State of Montana, Department of Natural Resources and Conservation and State Board of Land Commissioners in the above entitled action who executed the within instrument and acknowledged to me that he executed the same on behalf of the State of Montana and the Montana Department of Natural Resources and Conservation and the State Board of Land Commissioners.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the day and year first above written.

_____
Printed or typed name:
Notary Public for the State of Montana
(SEAL) Residing at _____, Montana
My commission expires: _____

Exhibit 2

Dennison A. Butler
Special Assistant Attorney General
Montana Department of Natural
Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601
(406) 444-3776
dennisonbutler@mt.gov

MONTANA SEVENTH JUDICIAL DISTRICT COURT, RICHLAND COUNTY

REVOCABLE LIVING TRUST OF HENRY STIP and BEVERLY A. STIP, HENRY STIP and BEVERLY A. STIP, TRUSTEES, SANDRA J. STIP, CONNIE R. CORBETT, PATRICK L. CORBETT, ROSANNA L. WESTFALL, WILLIAM R. WESTFALL, NANCY A. CRIGHTON, DAVID L. CRIGHTON and HAROLD HAFFNER, Plaintiffs, vs. STATE OF MONTANA, MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, XTO ENERGY INC., ROY M. DEGN, SHIRLEY M. DEGN, JANET K. TYLER, MARY JANE KELLY, TERESA I. KELLY KAPPEL, SUE ANN PARKS, HARLEY B. JOHNSON, MARVIN D. JOHNSON, LAWRENCE L. JOHNSON, PATRICK KELLY and ALL UNKNOWN PERSONS CLAIMING ANY RIGHT, TITLE, ESTATE, OR INTEREST, Defendants.	**Cause No. DV-2011-110** **DISCLAIMER OF INTEREST BY BNSF RAILWAY COMPANY**
STATE OF MONTANA, BOARD OF LAND COMMISSIONERS, and MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION,	

Counter-claimants and)
Third-party Plaintiffs,)
)
vs.)
)
BNSF RAILWAY COMPANY;)
BLACKHAWK RESOURCES, LLC; BREHM)
INVESTMENT GROUP; BURLINGTON)
NORTHERN SANTA FE RAILROAD;)
GREEN GABLE, INC.; HAROLD G.)
HAFFNER, as TRUSTEE OF THE HAROLD G)
HAFFNER REVOCABLE LIVING TRUST;)
HEADINGTON OIL, LP; ROBERT KOCH)
and VIRGINIA C . KOCH, as TRUSTEES OF)
ROBERT AND VIRGINIA C. KOCH TRUST;)
WILMER A. LORENZ and DARLENE R.)
LORENZ, as TRUSTEES OF THE WILMER)
A. LORENZ AND DARLENE R. LORENZ)
REVOCABLE TRUST; WILMER A.)
LORENZ and DARLENE R. LORENZ,)
a/k/a DARLENE M. LORENZ, as TRUSTEES)
OF THE DARLENE R. LORENZ)
REVOCABLE TRUST DATED JUNE 29,)
2004; M LAZY HEART RANCH;)
NEWFIELD EXPLORATION COMPANY;)
NEWFIELD PRODUCTION COMPANY;)
NEWFIELD RMI, LLC; OASIS)
PETROLEUM NORTH AMERICA, LLC;)
PAR INVESTMENTS, LLP; HENRY)
STIP and BEVERLY A. STIP, individually)
and as TRUSTEES OF THE STRIP TRUST)
DATED APRIL 12, 1996; STIP CREDIT)
SHELTER TRUST; XTO ENERGY, INC.;)
CASEY JOE ALBERT; KRISTINA MARIE)
ALBERT n/k/a KRISTINE HIGBEE; ESTHER)
ALLEN; PEGGY J. ALLEN; CONNIE M.)
BECKER; JUDY BETHEL; RONALD H.)
BLODGETT; ROGER D. BLODGETT; BETTY)
ANN CAYKO; LYNN CLOUTIER; PAT)
CORBETT; CONNIE CORBETT; NANCY A.)
CRIGHTON; DAVID LEE CRIGHTON;)
ARNE M. DEGN; ROY M. DEGN; SHIRLEY)
DEGN; NANCY DENOWH; J. MICHAEL)
GLEASON; KAREN G. GRAGERT; ALBERT H.)
GROSKINSKY; ANNE GROSKINSKY;)
WILLIAM G.GROSKINSKY; HAROLD G.)

HAFFNER; ALVINA M. HELZER; SCOTT W.)
HELZER; WILBUR HELZER; ANNA HIBNER;)
PATRICIA HONODEL a/k/a PATRICIA)
HONADEL; DALE IVERSEN; DEAN MARLOW)
IVERSEN; JACK IVERSEN, a/k/a JOHN R.)
IVERSEN; LEROY A. IVERSEN; LOUISE M.)
IVERSEN; MARK W. IVERSEN; RUTH)
IVERSON a/k/a RUTH IVERSEN; STEVEN)
IVERSEN;HARLEY B. JOHNSON; KNEIL)
WADE JOHNSON; LAWRENCE L. JOHNSON;)
MARVIN D. JOHNSON; TERESA KELLY)
KAPPEL; MARY JANE KELLY; PATRICK)
KELLY; SHELDON J. KELLY; DEBRA)
D. LINDNER a/k/a DEBRA D. LINDER; DENNIS)
W. MARKER;JULIA E. MARKER; LARRY V.)
MARKER; BECKY MEITZEL, a/k/a BECKY)
MEITZEL-SKOGAS; BRYAN MEITZEL;)
ROBERTA MEITZEL; MARIAN R. MILLER;)
GERALD J. NAVRATIL; MARYELLEN)
NAVRATIL; ELAINE R. NELSON;)
SUE ANN PARKS; JACQUELINE K.)
REISENER; DONALD D.SCHEETZ;)
KENNETH L. SCHEETZ; CHARLES)
SCHILLING; IONA SCHILLING; EILLEEN)
SCHILLING; SANDRA J. STIP; ALLEN TOFTE,)
a/k/a ALAN TOFTE; WANDA TOFTE;)
CASEY TOFTE; DEANN TOFTE n/k/a DEANN)
CATES; JANET K. TYLER; AND ALL OTHER)
PERSONS, UNKNOWN, CLAIMING OR)
WHO MIGHT CLAIM ANY RIGHT, TITLE,)
ESTATE, OR INTEREST IN OR LIEN)
OR ENCUMBRANCE UPON THE)
REAL PROPERTY DESCRIBED IN THE)
COMPLAINT ADVERSE TO PLAINTIFF'S)
OWNERSHIP OR ANY CLOUD UPON)
PLAINTIFF'S TITLE, WHETHER THE CLAIM)
OR POSSIBLE CLAIM IS PRESENT OR)
CONTINGENT,)
)
Counter-defendants and)
Third-party Defendants.)
_____)

The undersigned hereby disclaims any interest in and to the following described lands which are the subject of the above-captioned quiet title action:

ISLAND PARCEL ONE

A tract of land situate in Sections 17 and 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being islands in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the corner common to Sections 17, 18, 19 and 20 bears N52°08’21”W, 1086.03 feet; thence along said last active line of a channel of the Yellowstone River the following six (6) courses:

1) N00°46’45”E, 628.64 feet;
2) N01°14’25”W, 1155.10 feet;
3) N06°14’38”E, 279.13 feet;
4) N17°48’24”E, 176.75 feet;
5) N36°47’07”E, 418.51 feet;
6) N60°56’58”E, 250.44 feet;

thence along the medial line of said channel the following seven (7) courses:

1) N82°56’04”E, 301.01 feet;
2) S84°08’34”E, 319.31 feet;
3) S71°56’27”E, 59.65 feet;
4) S35°59’17”E, 274.55 feet;
5) S49°14’43”E, 371.16 feet;
6) S56°20’57”E, 226.83 feet;
7) S62°27’40”E, 363.56 feet;

thence along said last active line of a channel of the Yellowstone River S70°18’54”E, 440.51 feet to the low water line of the left bank of the Yellowstone River; thence along the following nine (9) meanders of said low water line:

1) S41°04’44”W, 128.76 feet;
2) S28°16’54”W, 275.13 feet;
3) S53°40’44”E, 194.70 feet;
4) S28°59’23”W, 985.10 feet;
5) S27°26’47”W, 349.55 feet;
6) S33°48’23”W, 481.65 feet;
7) S41°40’00”W, 542.94 feet;
8) S45°06’59”W, 256.14 feet;

9) S51°22’17”W, 327.38 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel the following three (3) courses:

1) N29°23’22”W, 582.50 feet;
2) N48°30’25”W, 595.07 feet;
3) N29°21’54”W, 172.58 feet;

to the Point of Beginning; containing 146.37 acres, more or less.

ACTIVE RIVER BED PARCEL TWO

A tract of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of the bed of the Yellowstone River more particularly described as follows:

Beginning at a Point on the low water line of the left bank of the Yellowstone River, from which the quarter (1/4) corner for Sections 19 and 20 of said Township and Range bears North 49.49 feet; thence along the following seventeen (17) left bank meanders of said low water line;

1) N52°27’04”E, 282.39 feet;
2) N63°55’22”E, 1137.60 feet;
3) N56°25’16”E, 377.00 feet;
4) N51°22’17”E, 478.80 feet;
5) N45°06’59”E, 256.14 feet;
6) N41°40’00”E, 542.94 feet;
7) N33°48’23”E, 481.65 feet;
8) N27°26’47”E, 349.55 feet;
9) N28°59’23”E, 985.10 feet;
10) N53°40’44”W, 194.70 feet;
11) N28°16’54”E, 275.13 feet;
12) N41°04’44”E, 373.08 feet;
13) N43°53’39”E, 787.30 feet;
14) N39°54’08”E, 662.30 feet;
15) N34°11’44”E, 439.03 feet;
16) N45°30’50”E, 452.09 feet;
17) N58°58’31”E, 246.84 feet;

thence departing said left bank meanders of the low water line South, 1103.44 feet to the low water line of the right bank of the Yellowstone River; thence along the following twenty-one (21) right bank meanders of said low water line;

1) S68°08’47”W, 341.59 feet;
2) S81°50’03”W, 171.55 feet;
3) S51°51’53”W, 614.13 feet;
4) S44°03’28”W, 284.62 feet;
5) S31°09’35”W, 510.07 feet;
6) S20°33’39”W, 522.91 feet;
7) S35°13’51”W, 552.31 feet;
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12) S55°35’30”W, 288.48 feet;
13) S49°33’29”W, 252.97 feet;
14) N04°45’59”E, 132.21 feet;
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16) N39°36’24”E, 268.40 feet;
17) N58°36’48”W, 174.55 feet;
18) S67°50’11”W, 277.72 feet;
19) S58°16’50”W, 1043.14 feet;

9) S34°59’17”W, 1091.34 feet;
10) S35°05’18”W, 211.84 feet;
11) S45°00’49”W, 613.15 feet;
20) S52°25’16”W, 541.16 feet;
21) S26°03’24”W, 156.80 feet;

thence departing said right bank meanders of said low water line; North, 631.36 feet; to the Point of Beginning; containing 87.58 acres, more or less.

ISLAND PARCEL THREE

A tract of land situate in Section 20, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being an island in the bed of the Yellowstone River and accretions thereto; being more particularly described as follows:

Beginning at a Point on the last active line of a channel of the Yellowstone River from which the Witness Corner Monument for the quarter (1/4) corner common to Sections 19 and 20 of said Township and Range, bears S88°29’50”W, 2025.87; thence along said last active line of a channel of the Yellowstone River the following five (5) courses:

1) S22°20’32”W, 122.96 feet;
2) S32°57’01”W, 305.02 feet;
3) S65°50’40”W, 151.07 feet;
4) S80°47’59”W, 111.78 feet;
5) N38°47’07”W, 208.08 feet;

to the low water line of the right bank of the Yellowstone River; thence along the meanders of said low water line the following three (3) courses:

1) N55°35’30”E, 288.48 feet;
2) N45°00’49”E, 613.15 feet;
3) N35°05’18”E, 107.10 feet;

to said last active line of a channel of the Yellowstone River; thence along said last active line of a channel S19°41’33”W, 421.59 feet to the Point of Beginning; containing 4.12 acres, more or less.

ISLAND PARCEL FOUR

A parcel of land situate in, Township 22 North, Range 59 East of the Principal Meridian Montana; Richland County, State of Montana; being a portion of islands in the bed of the Yellowstone River and accretions thereto; and being more particularly described as follows:

Beginning at a Point on the medial line of a channel of the Yellowstone River from which the corner common to Sections 20, 21, 28 and 29 of the said Township and Range, bears

N89°14’56”E, 3976.41 feet; thence S89°14’56”W, 1273.43 feet; thence North, 2086.51 feet to the low water line of the right bank of the Yellowstone River; thence along the following eight (8) meanders of said low water line of the right bank of the Yellowstone River;

1) N26°03’24”E, 156.80 feet;
2) N 52°25’16”E, 541.16 feet;
3) N 58°16’50”E, 1043.14 feet;
4) N 67°50’11”E, 277.72 feet;
5) S58°36’48”E, 174.55 feet;
6) S39°36’24”W, 268.40 feet;
7) S51°53’19”W, 467.36 feet;
8) S04°45’59”W, 132.21 feet;

to said medial line of a channel of the Yellowstone River, the following five (5) courses;

1) S11°16’49”W, 224.56 feet;
2) S01°26’50”E, 432.95 feet;
3) S07°59’57”E, 982.29 feet;
4) S01°58’27”W, 527.65 feet;
5) S09°26’15”W, 327.34 feet;

to the Point of Beginning; containing 79.90 acres, more or less.

As documented in:
Certificate of Survey Number 27-953 recorded and filed March 2, 2015 as document #588676, MISC File, Envelope # 759A, Pages: 1; State Of Montana, Richland County; and

Surveyors Affidavit of Correction recorded and filed June 26, 2015, as document #590121, MISC File, Pages: 1; State of Montana, Richland County

BNSF RAILWAY COMPANY

DATED:_____ By:_____

STATE OF MONTANA)
: ss.
County of _____)

This instrument was acknowledged before me on the ____ Day of _____, 2015 by _____ as _____ of BNSF Railway on behalf of whom instrument was executed.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the day and year first above written.

	_____
	Printed or typed name:
	Notary Public for the State of Montana
(SEAL)	Residing at _____, Montana
	My commission expires: _____

Exhibit 3

After Recording Return to:

Monte Mason
Minerals Management Bureau Chief
Department of Natural Resources and Conservation
P.O. Box 201601
Helena, MT 59620-1601

DISCLAIMER OF INTEREST FROM THE STATE OF MONTANA

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

1) that warranty deed from B. F. Peer to the Missouri River Railway Company, dated July 31, 1909, and recorded as Document 9145, in Book A-15, Page 356, in records of the Dawson County Clerk and Recorder's Office on August 16, 1909 at 9:00 A.M., to wit:

> A strip one hundred (100) feet in width, being fifty (50) feet on each side of the center line of the main track of the Missouri River Railway as the same is located, surveyed and is to be constructed through and upon the following described premises: The east half of the Northwest quarter (E½ of NW¼) of section seventeen (17) township twenty-two (22) north range fifty-nine (59) east: also two additional strips of land in said east half of northwest quarter (E½ of NW¼) one of said strips being two hundred (200) feet wide adjoining the westerly side of the strip first above described, the other strip being one hundred (100) feet wide and adjoining the easterly side of the strip first above described; both of said strips lying between the north line of said section seventeen (17) and a line drawn at right angles through said center line at a point distant one thousand five hundred twelve and three tenths (1512.3) feet southerly from the north line of said section measured along said center line,
>
> the premises hereby conveyed containing fourteen and seventy-one one-hundredths (14.71) acres, more or less.

2) that warranty deed from Mariette Bragdon and Charles E. Bragdon to the Missouri River Railway Company dated December 10, 1909, and recorded as Document No.

11222 in Book A-16, Page 230, in records of the Dawson County Clerk and Recorder's Office on February 5, 1910 at 9:00 A.M., to wit:

> All that portion of the south west quarter of the northwest quarter (SW¼ of NW¼) and of the northwest quarter of the southwest quarter (N ¼ of SW¼) of section seventeen (17) township twenty-two (22) north range fifty-nine (59) east lying northwestwardly of the present right of the way of the Missouri River Railway Company, and southeastwardly of a line drawn parallel with and distant four hundred (400) feet, northwestwardly from, measured at right angles to the center line of the main track of said Railway Company as the same, is now located, staked out and to be constructed across said section seventeen (17) and lying between the west line of said section and a line intersecting said center line of main track at right angles at a point therein distant one thousand six hundred (1600) feet northeastwardly from the west line of said section measured along said center line;
>
> the premises hereby conveyed containing ten (10.00) acres more or less.

3) that quitclaim deed from Mariette Bragdon and Charles E. Bragdon to the Missouri River Railway Company dated July 31, 1909, and recorded as Document No. 10334 in Book A-16, Page 51, in records of the Dawson County Clerk and Recorder's Office on December 6, 1909 at 9:00 A.M., to wit:

> A strip one hundred (100) feet in width, being fifty (50) feet on each side of the center line of the main track of the Missouri River Railway as the same is located, surveyed and is to be constructed through and upon the following premises. The Southwest quarter of the Northwest quarter (SW¼ of NW¼) and the northwest quarter of the southwest quarter (NW¼ of SW¼) of section seventeen (17) township twenty-two (22) north, range fifty-nine (59) east; also two addition strips of land each fifty (50) feet wide lying on each side of and adjoining the strip above described, and lying between the west line of section seventeen (17) aforesaid and a line drawn at right angles through said center line at a point five hundred and seventy-six (576) feet northeasterly from the west line of said section seventeen (17) measured along said center line,
>
> the strip of land hereby quitclaimed containing five and sixty-five-one-hundredths (5.65) acres, more or less.

IN TESTIMONY WHEREOF the State of Montana has caused these presents to be executed by the Governor and to be attested by the Secretary of State and countersigned by the Director of the Montana Department of Natural Resources and Conservation, and the Great Seal of the State

and the Seal of the State Board of Land Commissioners to be hereunto affixed this _____ day of _____, 2016.

(GREAT SEAL OF
THE STATE OF MONTANA)

_____
STEVE BULLOCK
Governor of the State of Montana

ATTEST:

_____
LINDA McCULLOCH
Secretary of State

Countersigned by:

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

(GREAT SEAL OF
THE STATE BOARD
OF LAND COMMISSIONERS)

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

Filed for record this _____day of _____, 2016 at _____o'clock ___M., recorded in Book _____of deeds on Pages _____of the records of Richland County Clerk and Recorder.

Clerk & Recorder

By: _____,
Deputy

616-8

EASEMENTS

Land Board Agenda Item
June 20, 2016

616-8 Easements

Location: Chouteau, Fergus, Judith Basin, Lake, Liberty, Mineral, Prairie, Ravalli, Richland, Rosebud, Sanders

Trust Benefits: Common Schools, Montana Tech, Public Buildings, Public Land, Eastern College - MSU/Western Montana - UM

Trust Revenue: Common Schools= $147,853
Montana Tech=$2139
Public Buildings= $1110
Public Land=$1629
State Normal School=$910

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Gary & Marie Whalen	New Private Access Road	Permanent	1-2
Hill County Electric Co-op. Inc.	Historic Electric Utility	Permanent	3-7
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Northwestern Energy	Historic Electric Utility	Permanent	13-23
Fergus Electric Cooperative, Inc.	New Electric Utility	Permanent	24-25
Northwestern Energy	Historic Electric Utility	Permanent	26-28
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Gary & Marie Whalen 93 Peterson Creek Lane Bigfork MT 59911
Application No.:	17122
R/W Purpose:	a private access road for the purpose of access to one single family residence and associated outbuildings, including buried utilities
Lessee Agreement:	ok
Acreage:	3.56
Compensation:	$27,221.00
Legal Description:	30-foot strip through Government Lot 4, Sec. 30, Twp. 23N, Rge. 17W; 30-foot strip through SE4SE4, Sec. 25 & E2E2, Sec. 36, 10-foot strip through SE4NE4, NE4SE4, Sec. 36, Twp. 23N, Rge. 18W, Lake County
Trust Beneficiary:	Common Schools

Item Summary

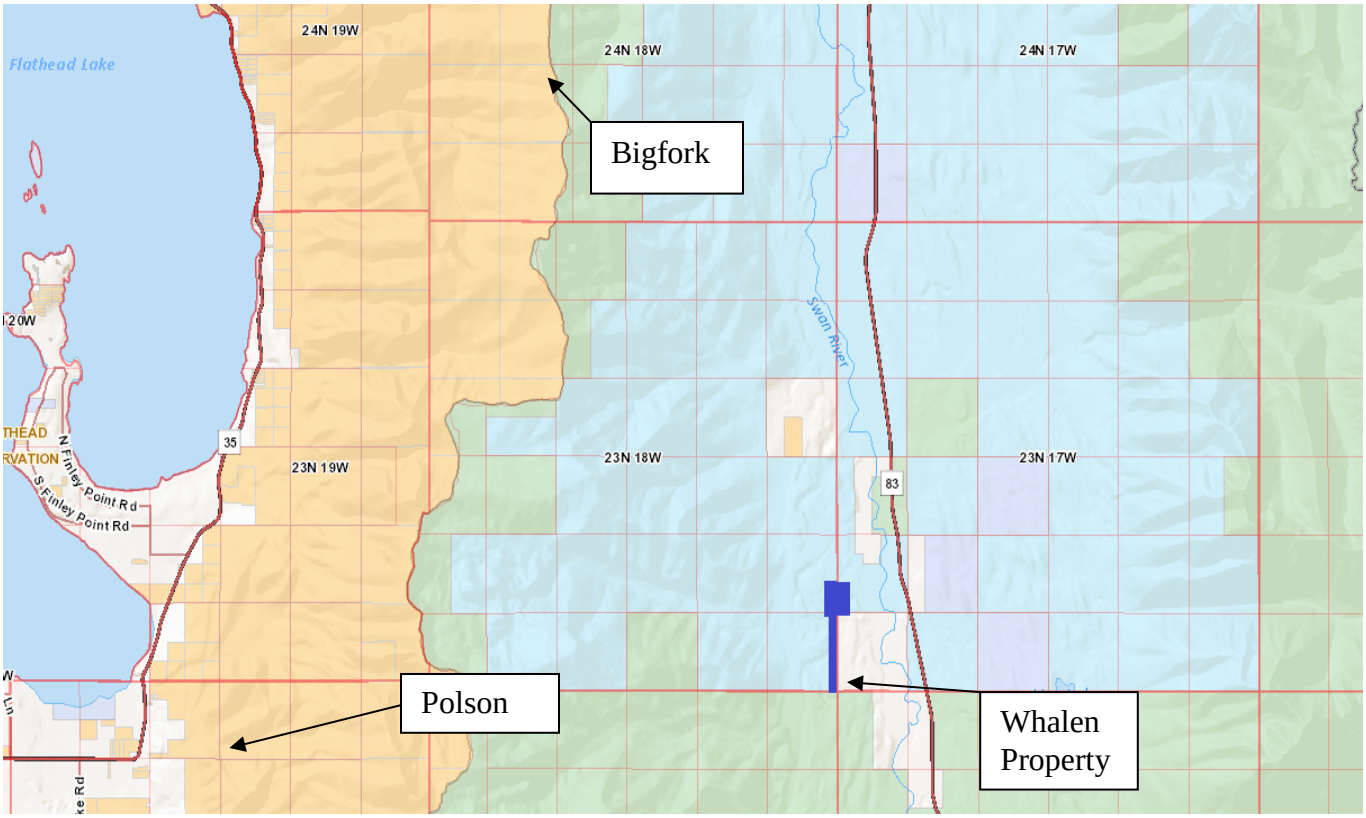
Gary & Marie Whalen have made application for an easement to use an existing segment of road and construct approximately 1,100 feet of new road to their private lands. The request includes a short segment for a 10-foot wide utility corridor. The proposed road easement request is for a 30-foot wide road corridor and will encumber approximately 3.56 acres. The private property to be accessed is described as SWSW4 of Section 31, Township 23N, Range 17W.

DNRC Recommendation

The director recommends approval of this private road easement.

Rights of Way Applications

June 20, 2016



Application # 17122 – Gary & Marie Whalen

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hill County Electric Co-op, Inc. PO Box 1140 Havre MT 59501
Application No.:	17132
R/W Purpose:	a 7.2kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.6
Compensation:	$420.00
Legal Description:	10-foot strip through Government Lot 4, SW4NW4, Sec. 1, Twp. 34N, Rge. 7E, Liberty County
Trust Beneficiary:	Common Schools

Item Summary

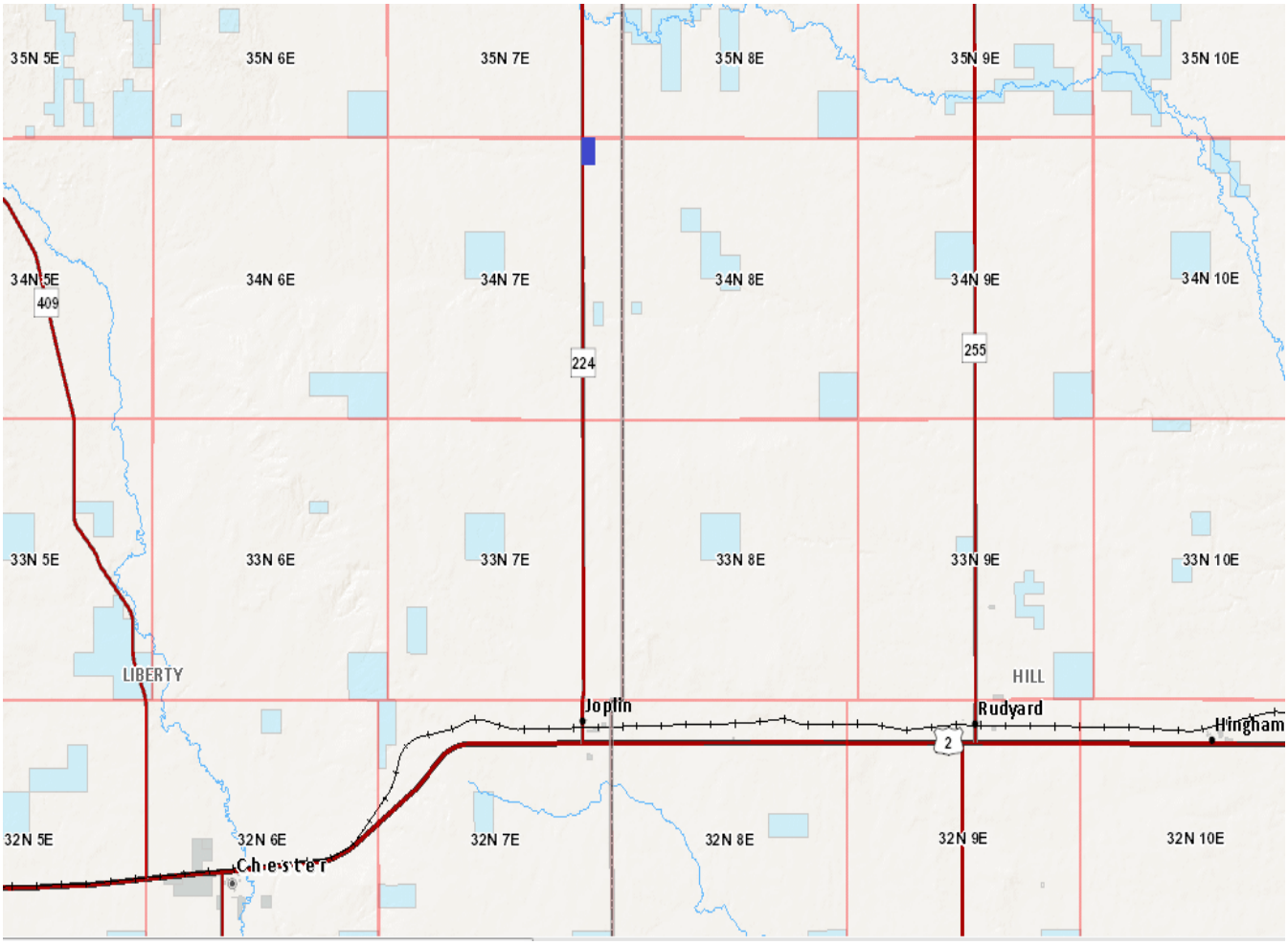
Hill County Electric Co-op, Inc. has made application for multiple overhead electric distribution lines that were constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA Hill County Electric is requesting recognition of these overhead electric distribution lines as historic rights of ways.

DNRC Recommendation

The director recommends approval of this historic right of way for Hill County Electric Co-op, Inc.

Rights of Way Applications

June 20, 2016



Application # 17132
Hill County Electric Coop. Inc.

4

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hill County Electric Co-op, Inc. PO Box 1140 Havre MT 59501
Application No.:	17133
R/W Purpose:	a 7.2kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.6
Compensation:	$165.00
Legal Description:	10-foot strip through Government Lots 3 & 4, Sec. 18, Twp. 29N, Rge. 5E, Liberty County
Trust Beneficiary:	Common Schools

Item Summary
See page 3

DNRC Recommendation
See page 3

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hill County Electric Co-op. Inc. PO Box 1140 Havre MT 59501
Application No.:	17134
R/W Purpose:	a 7.2kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.3
Compensation:	$100.00
Legal Description:	10-foot strip through SW4SW4, Sec. 32, Twp. 28N, Rge. 6E, Liberty County
Trust Beneficiary:	Common Schools

Item Summary
See page 3

DNRC Recommendation
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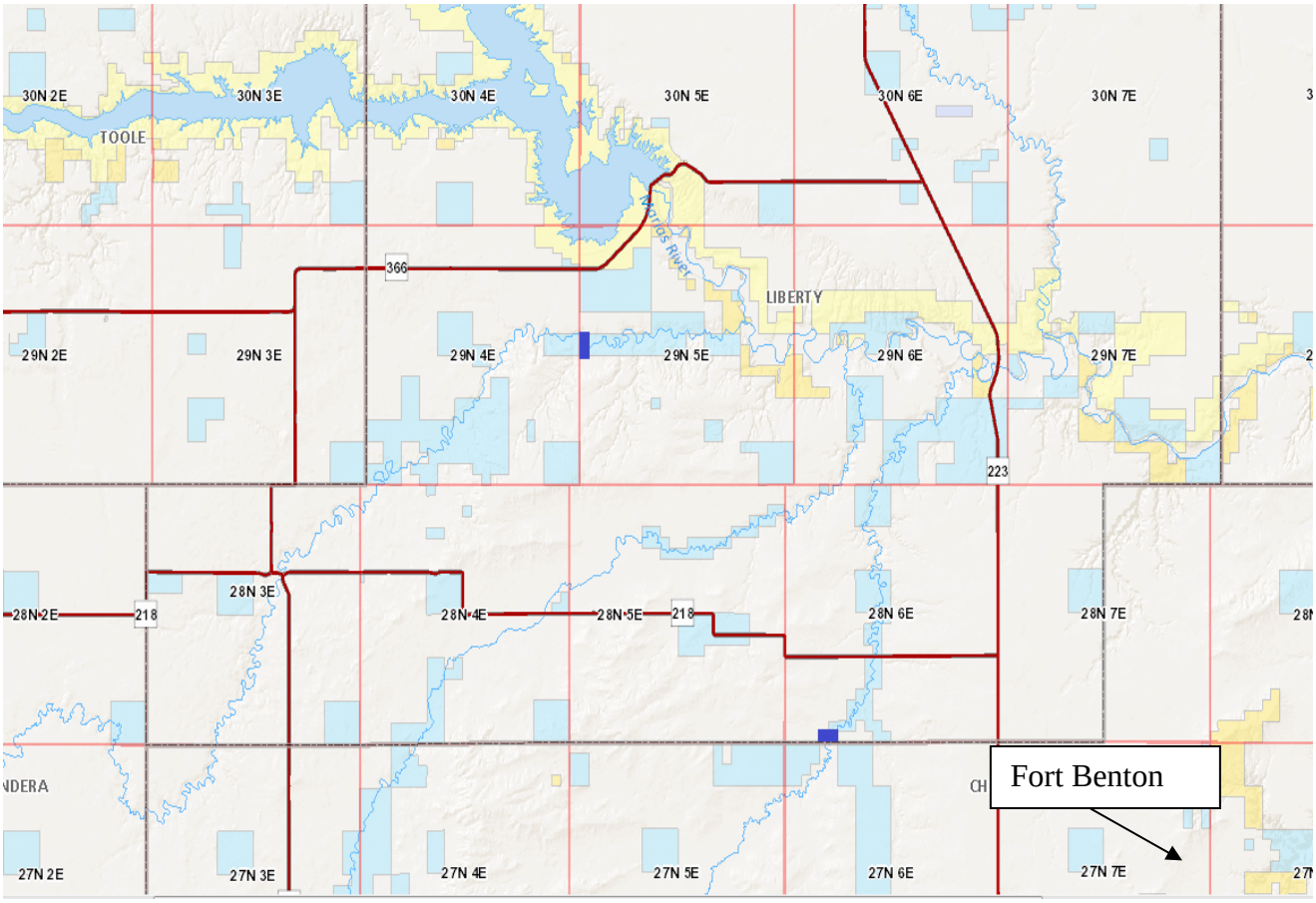
Rights of Way Applications

June 20, 2016



Application #'s 17133 & 17134
Hill County Electric Coop. Inc.

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17273
R/W Purpose:	a 4” buried natural gas pipeline
Lessee Agreement:	needed
Acreage:	1.4
Compensation:	$14,787.00
Legal Description:	20-foot strip through N2NW4, NW4NE4, Sec. 16, Twp. 23N, Rge. 54E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

Hiland Partners Holdings, LLC has made application for multiple 4”, 6” & 8” natural gas pipelines. The pipelines were previously authorized and installed under Land Use Licenses issued in 2005, 2006 & 2007. These applications are to convert the Licenses to 30-year term easements. Hiland Partners Holdings, LLC has agreed to compensation in the amount of $80/rod which is consistent with other installations in the area.

DNRC Recommendation

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

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17274
R/W Purpose:	a 4” buried natural gas pipeline
Lessee Agreement:	needed
Acreage:	0.24
Compensation:	$2505.00
Legal Description:	20-foot strip through SE4SE4, Sec. 16, Twp. 25N, Rge. 55E, Richland County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17276
R/W Purpose:	a 4” buried crude oil pipeline
Lessee Agreement:	needed
Acreage:	0.06
Compensation:	$590.00
Legal Description:	20-foot strip through NE4NE4, Sec. 19, Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

Hiland Partners Holdings, LLC has made application for multiple 4” crude oil pipelines. The pipelines were previously authorized and installed under Land Use Licenses issued in 2005, 2006, 2007 & 2010. These applications are to convert the Licenses to 30-year term easements. Hiland Partners Holdings, LLC has agreed to compensation in the amount of $80/rod which is consistent with other installations in the area.

DNRC Recommendation

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

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17277
R/W Purpose:	a 6” buried natural gas pipeline
Lessee Agreement:	needed
Acreage:	2.45
Compensation:	$25,914.00
Legal Description:	20-foot strip through W2W2, Sec. 36, Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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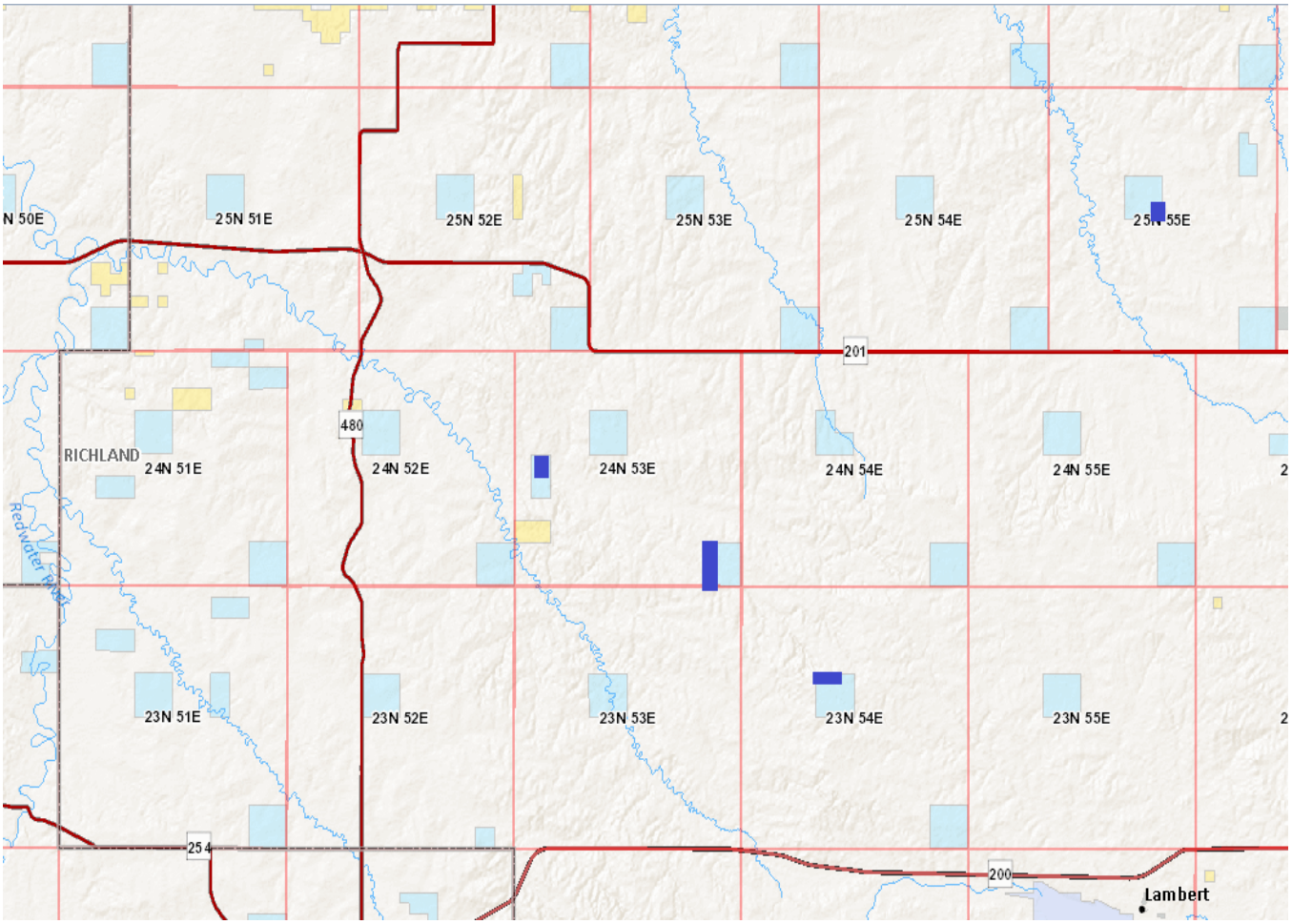
Rights of Way Applications

June 20, 2016



Application #'s 17273, 17274,17276, 17277
Hiland Partners Holdings LLC

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17280
R/W Purpose:	a 7.2kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.34
Compensation:	$510.00
Legal Description:	30-foot strip through NW4NW4, Sec. 15, Twp. 19N, Rge. 30W, Mineral County
Trust Beneficiary:	Public Buildings

Item Summary

Northwestern Energy has made application for multiple overhead electric distribution and transmission lines that were constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA Northwestern Energy is requesting recognition of these overhead electric distribution and transmission lines as historic rights of ways.

DNRC Recommendation

The director recommends approval of this historic right of way for Northwestern Energy.

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17281
R/W Purpose:	a 7.2kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	1.19
Compensation:	$1785.00
Legal Description:	30-foot strip through E2NE4, SE4SW4, Sec. 16, Twp. 19N, Rge. 30W, Mineral County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17282
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.04
Compensation:	$100.00
Legal Description:	10-foot strip through SE4SW4, SW4SE4, Sec. 27, Twp. 20N, Rge. 26W, Sanders County
Trust Beneficiary:	Public Land

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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17283
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.21
Compensation:	$100.00
Legal Description:	10-foot strip through NE4NW4, Sec. 34, Twp. 20N, Rge. 26W, Sanders County
Trust Beneficiary:	Public Lands

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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17284
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.13
Compensation:	$163.00
Legal Description:	10-foot strip through N2SE4, Sec. 8, Twp. 20N, Rge. 26W, Sanders County
Trust Beneficiary:	Public Lands

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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17285
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.08
Compensation:	$100.00
Legal Description:	10-foot strip through SE4NW4, SW4NE4, Sec. 2, Twp. 20N, Rge. 27W, Sanders County
Trust Beneficiary:	Public Lands

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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17286
R/W Purpose:	a 7.2 kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	0.6
Compensation:	$600.00
Legal Description:	30-foot strip through SE4SW4, Sec. 23, Twp. 21N, Rge. 26W, Sanders County
Trust Beneficiary:	Public Buildings

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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17287
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.17
Compensation:	$100.00
Legal Description:	10-foot strip through S2SE4, Sec. 30, Twp. 21N, Rge. 27W, Sanders County
Trust Beneficiary:	Public Lands

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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17288
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.17
Compensation:	$213.00
Legal Description:	10-foot strip through SE4SE4, Sec. 33, Twp. 21N, Rge. 27W, Sanders County
Trust Beneficiary:	Public Lands

Item Summary
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17289
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.2
Compensation:	$200.00
Legal Description:	10-foot strip through SE4SE4, Sec. 23 & NE4NE4, Sec. 26, Twp. 21N, Rge. 28W, Sanders County
Trust Beneficiary:	Public Lands

Item Summary
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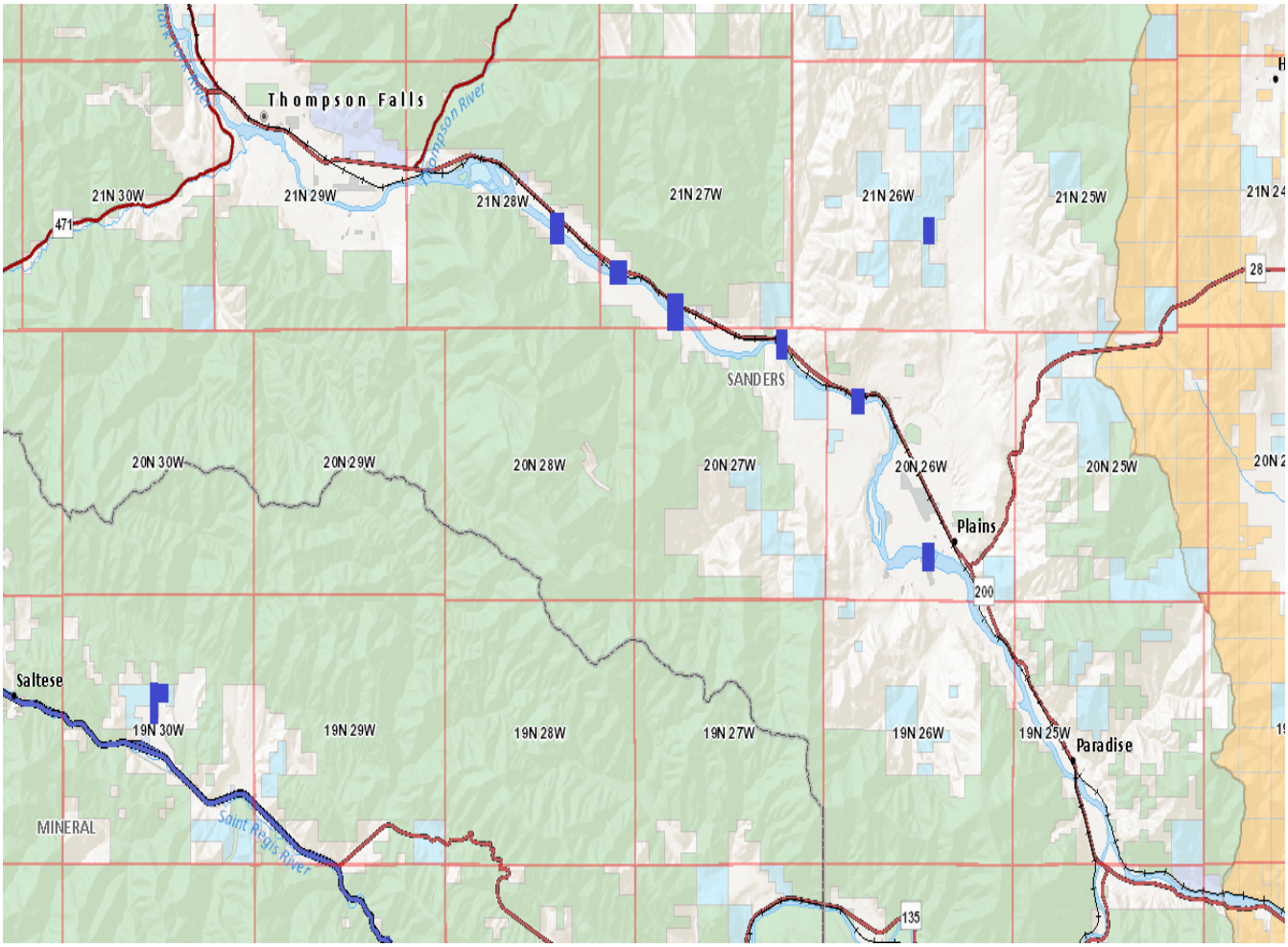
Rights of Way Applications

June 20, 2016



Application #'s 17280-17289
Northwestern Energy

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Fergus Electric Cooperative, Inc. 84423 US Hwy 87 Lewistown MT 59457
Application No.:	17290
R/W Purpose:	a 12.47kV overhead electric distribution line
Lessee Agreement:	ok
Acreage:	0.59
Compensation:	$264.00
Legal Description:	20-foot strip through Government Lot 6, Sec. 6, Twp. 17N, Rge. 22E, Fergus County
Trust Beneficiary:	Common Schools

Item Summary

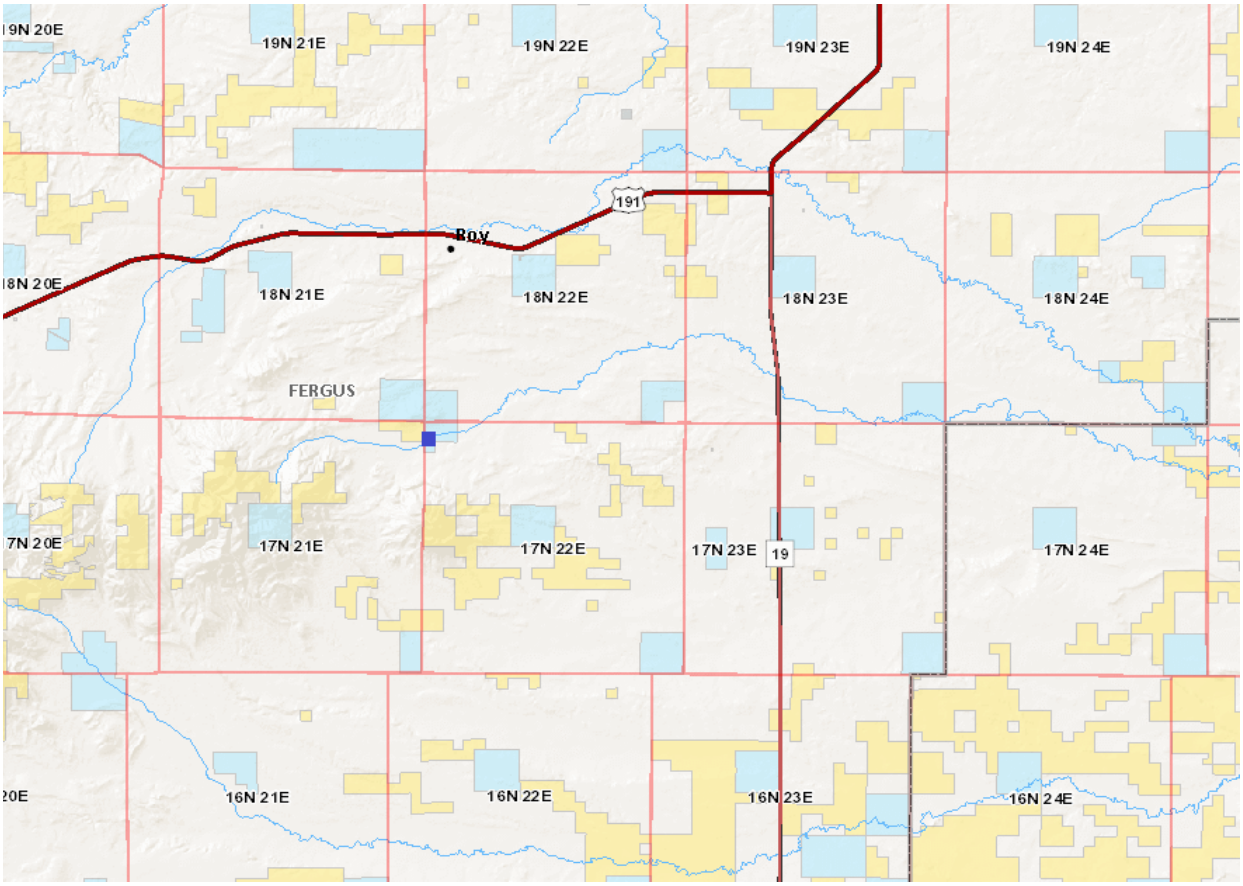
Fergus Electric Cooperative, Inc. has made application for the installation of a new overhead distribution line to replace an existing, aging overhead line. By replacing the existing distribution line and moving the new line closer to the road, FEC will be able to provide better service to the residents in the area by eliminating the chance of loss of power to consumers. The proposed route will provide accessibility for construction and maintenance. The overhead distribution line will be single-pole construction and will be 4 new poles. The proposed route is within sage grouse general habitat area. Pursuant to *Sage Grouse Executive Order No. 12-2015*, special stipulations will be placed in the easement document to address mitigation measures, such as restrictions related to construction time periods. This project, identified as Project No. 1455232767136, has been approved by the Montana Sage Grouse Habitat Conservation Program.

DNRC Recommendation

The director recommends approval of this overhead 12.47kV distribution line.

Rights of Way Applications

June 20, 2016



Application # 17290- Fergus Electric

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17291
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.10
Compensation:	$100.00
Legal Description:	10-foot strip through SW4NW4, Sec. 30, Twp. 18N, Rge. 27W, Mineral County
Trust Beneficiary:	Public Land

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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17296
R/W Purpose:	a 100kV overhead electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	1.22
Compensation:	$610.00
Legal Description:	40-foot strip through SW4SW4, Sec. 33, Twp. 16N, Rge. 25W, Mineral County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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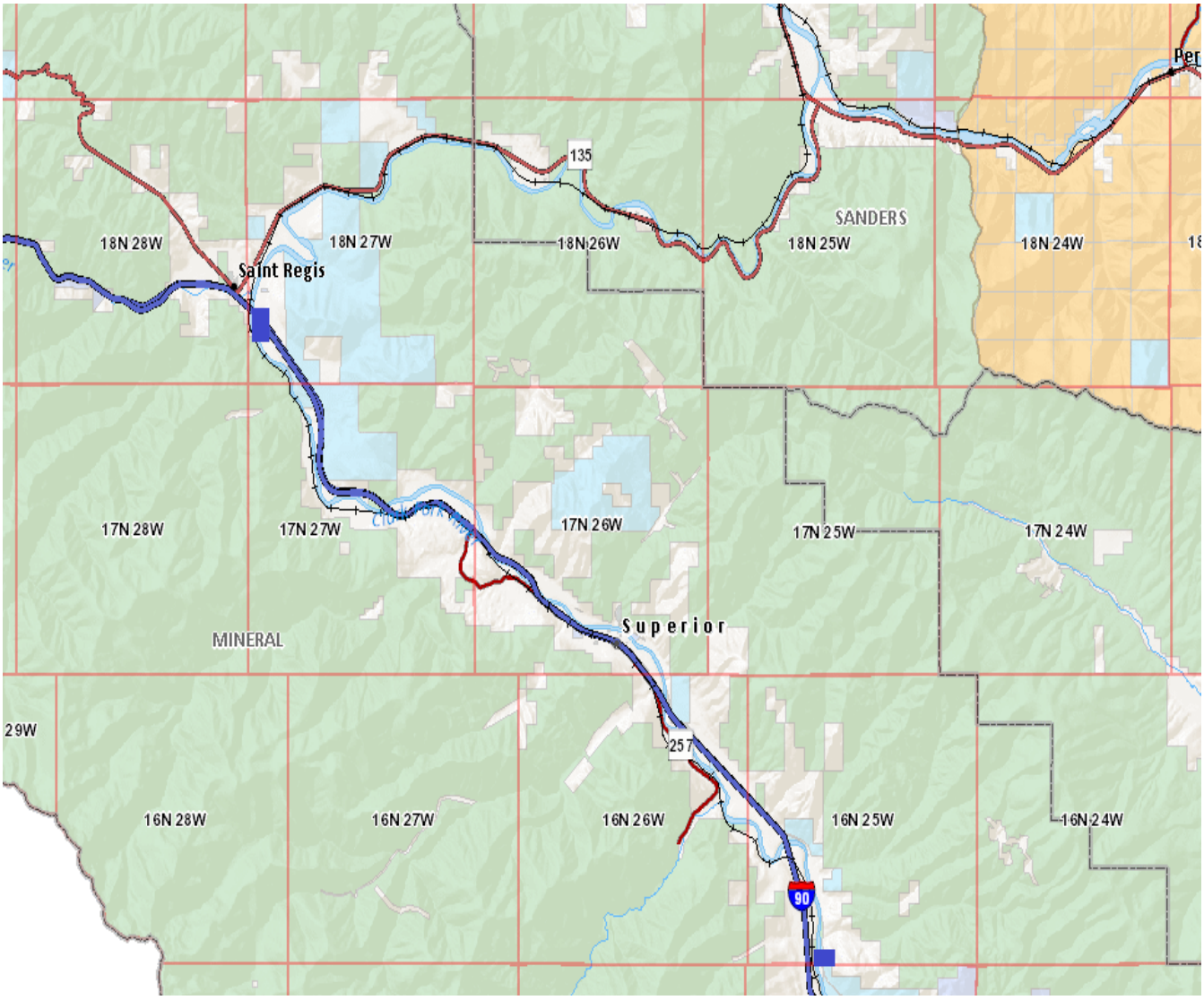
Rights of Way Applications

June 20, 2016



Application #'s 17291 & 17296
Northwestern Energy

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17301
R/W Purpose:	a 4” buried crude oil pipeline
Lessee Agreement:	needed
Acreage:	0.26
Compensation:	$2712.00
Legal Description:	20-foot strip through NW4NW4, NE4NE4, Sec. 16, Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17303
R/W Purpose:	a 4” buried natural gas pipeline
Lessee Agreement:	needed
Acreage:	0.45
Compensation:	$4728.00
Legal Description:	20-foot strip through NE4NW4, SE4SW4, SE4SE4, Sec. 16, Twp. 24N, Rge. 54E, Richland County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
See page 8

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Partners Holdings, LLC 1001 Louisiana Street Houston TX 77002
Application No.:	17304
R/W Purpose:	a 8” buried natural gas pipeline
Lessee Agreement:	needed
Acreage:	0.14
Compensation:	$968.00
Legal Description:	30-foot strip through NW4NW4, Sec. 16, Twp. 24N,Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary
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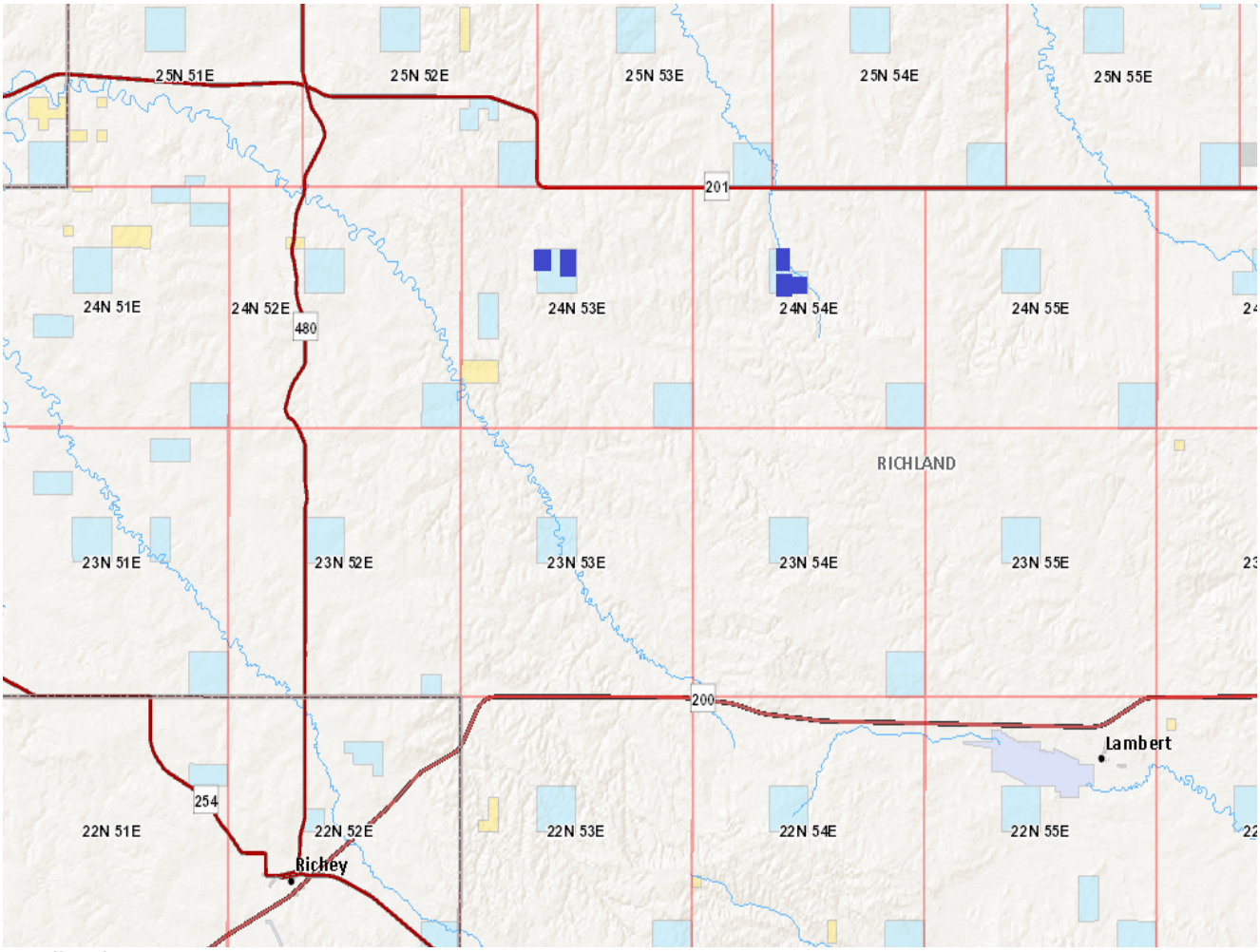
Rights of Way Applications

June 20, 2016



Application #'s 17301, 17303, 17304
Hiland Partners Holdings LLC

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Geraldine I, LLC c/o Renee Coppock/Crowley Fleck PLLP 490 N. 31st ST., Ste. 500, TW11 Bldg. Billings MT 59103
Application No.:	17311
R/W Purpose:	a private access road for the purpose of access to one single family residence and associated outbuildings and to conduct normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	2.07
Compensation:	$1096.00
Legal Description:	15-foot strip through E2E2, Sec. 1, Twp. 21N, Rge. 10E, Chouteau County
Trust Beneficiary:	Common Schools

Item Summary

Geraldine I, LLC has made application for the use of an existing road for the purpose of access to one single family residence and associated outbuildings and to conduct normal farming and ranching operations on their private lands. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The private property to be accessed is described as:

- Twp. 22N, Rge. 11E, Sec. 32: SW4, S2NW4
- Twp. 22N, Rge. 11E, Sec. 30: Portion of N2SE4, SW4, S2NW4, S2SE4
- Twp. 22N, Rge. 11E, Sec. 31: N2NE4

DNRC Recommendation

The director recommends approval of this historic private access road application.

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Geraldine I, LLC c/o Renee Coppock/Crowley Fleck PLLP 490 N. 31st ST., Ste. 500, TW11 Bldg. Billings MT 59103
Application No.:	17312
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	1.42
Compensation:	$1349.00
Legal Description:	15-foot strip through E2E2, Sec. 36, Twp. 22N, Rge. 10E, Chouteau County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
See page 33

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Geraldine I, LLC c/o Renee Coppock/Crowley Fleck PLLP 490 N. 31st ST., Ste. 500, TW11 Bldg. Billings MT 59103
Application No.:	17313
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	1.03
Compensation:	$979.00
Legal Description:	15-foot strip through NW4NW4, Sec. 31, Twp. 22N, Rge. 11E, Chouteau County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Geraldine I, LLC c/o Renee Coppock/Crowley Fleck PLLP 490 N. 31st ST., Ste. 500, TW11 Bldg. Billings MT 59103
Application No.:	17314
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	0.52
Compensation:	$494.00
Legal Description:	15-foot strip through SE4SE4, Sec. 31, Twp. 22N, Rge. 11E, Chouteau County
Trust Beneficiary:	Common Schools

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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Geraldine I, LLC c/o Renee Coppock/Crowley Fleck PLLP 490 N. 31st ST., Ste. 500, TW11 Bldg. Billings MT 59103
Application No.:	17315
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	2.07
Compensation:	$1967.00
Legal Description:	15-foot strip through N2N2, SW4NW4, Sec. 6, Twp. 21N, Rge. 11E, Chouteau County
Trust Beneficiary:	Common Schools

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DNRC Recommendation
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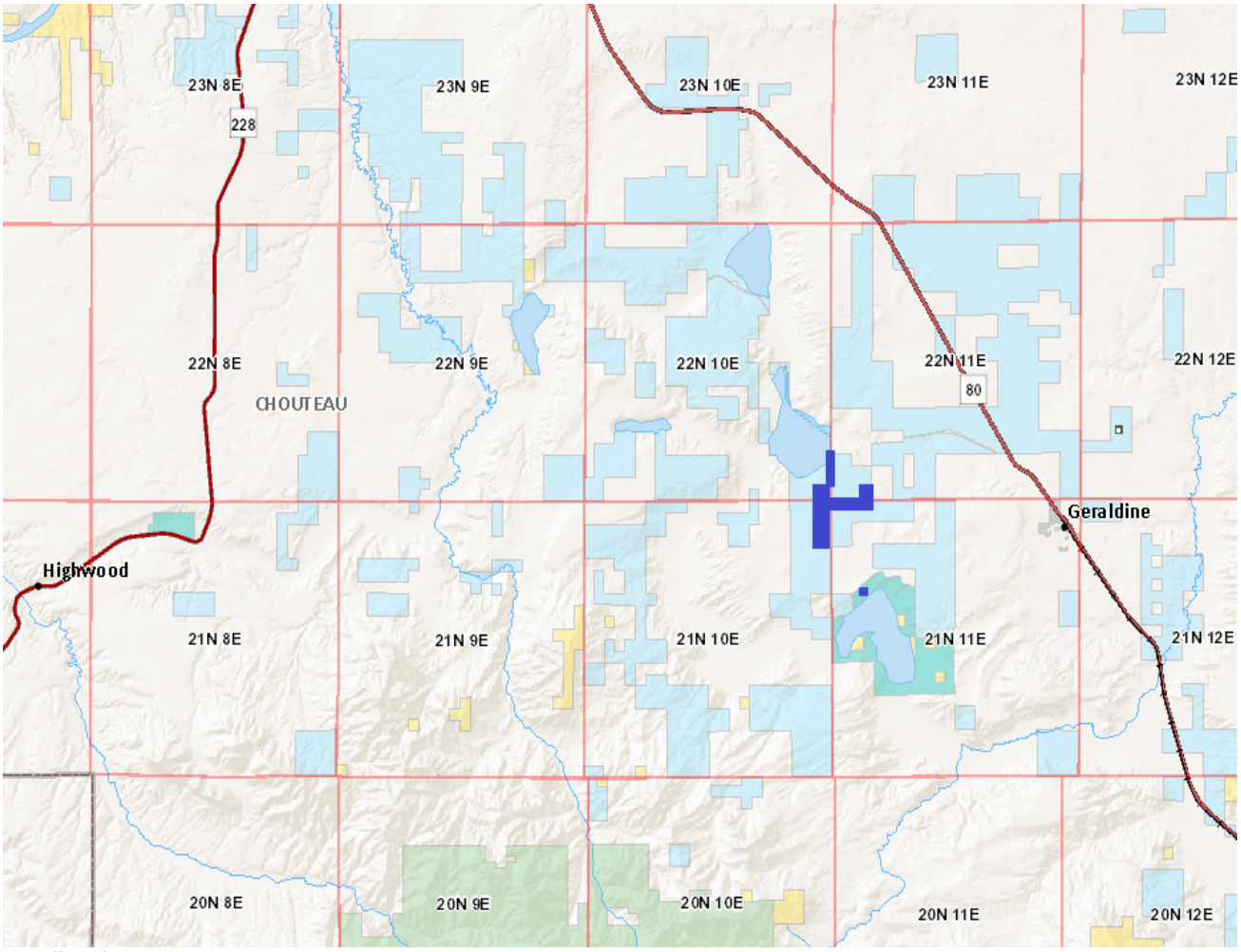
Rights of Way Applications

June 20, 2016



Application #'s 17311 – 17315
Geraldine I, LLC

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Rosebud County PO Box 1123 Forsyth MT 59327
Application No.:	17341
R/W Purpose:	a public county road known as Little Porcupine Creek Road
Lessee Agreement:	N/A (Historic)
Acreage:	15.4
Compensation:	$4620.00
Legal Description:	60-foot strip through SE4NE4, NE4SE4, S2SE4, Sec. 36, Twp. 8N, Rge. 40E; 30-foot strip through W2NE4 & 60-foot strip through SE4NW4, W2SW4, Sec. 36, Twp. 9N, Rge. 40E; 30-foot strip through W2W2, Sec. 36, Twp. 10N, Rge. 40E, Rosebud County
Trust Beneficiary:	Common Schools

Item Summary

Rosebud 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 Rosebud County.

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Rosebud County PO Box 1123 Forsyth MT 59327
Application No.:	17342
R/W Purpose:	a public county road known as Big Porcupine Creek Road
Lessee Agreement:	N/A (Historic)
Acreage:	28.8
Compensation:	$8640.00
Legal Description:	60-foot strip through E2E2, Sec. 36, Twp. 8N, Rge. 38E; 30-foot strip through SE4NE4, NE4SE4, Sec. 36, Twp. 9N, Rge. 37E; 60-foot strip through N2NW4, W2NE4, N2SE4, Sec. 16, 30-foot strip through N2NW4 & 60-foot strip through W2NE4, S2NE4, Sec.36, Twp. 10N, Rge. 36E, Rosebud County
Trust Beneficiary:	Common Schools

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DNRC Recommendation
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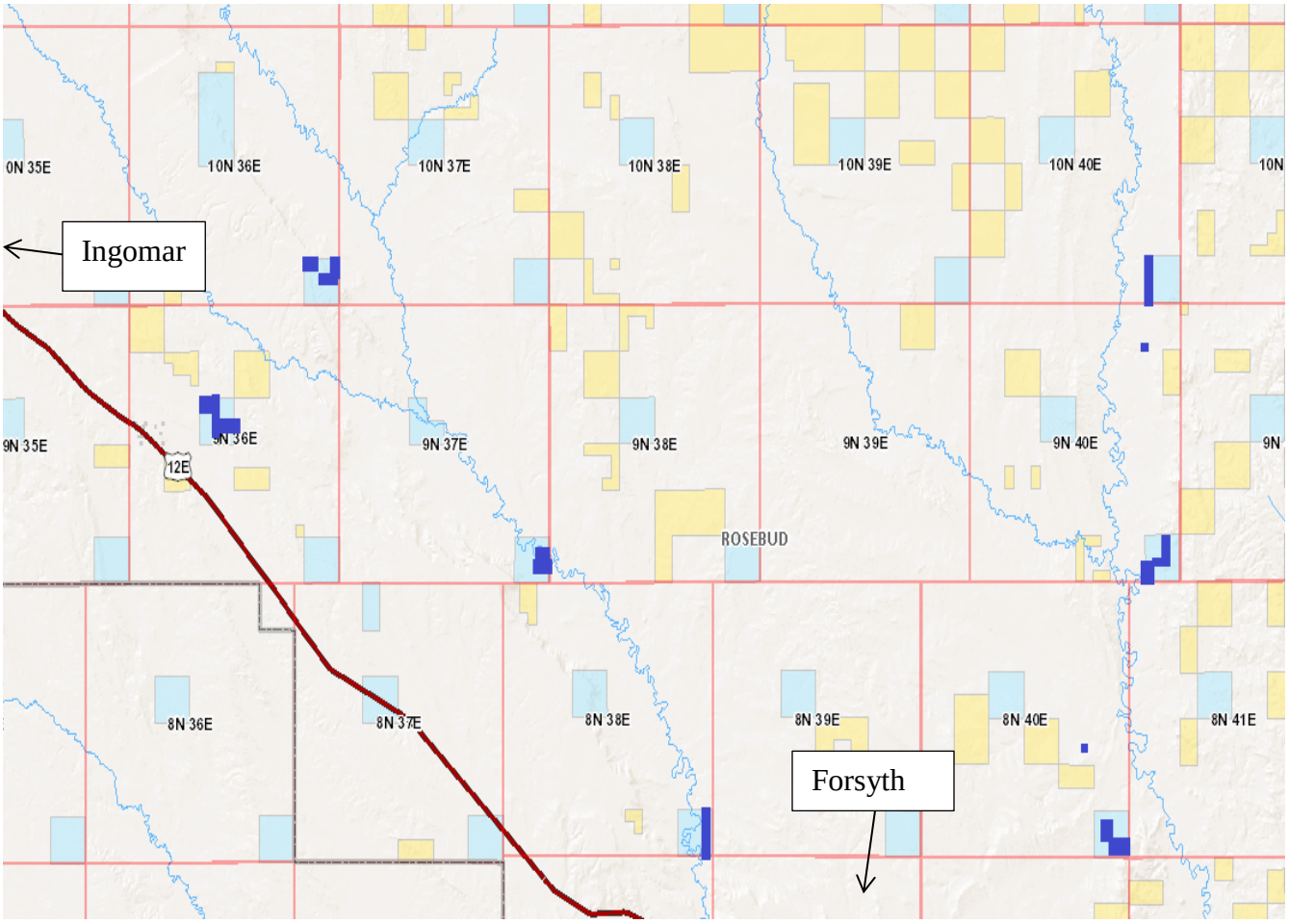
Rights of Way Applications

June 20, 2016



Application #'s 17341 & 17342
Rosebud County

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Bitterroot Irrigation District 1182 Lazy J Lane Corvallis MT 59828
Application No.:	17369
R/W Purpose:	a 66" steel siphon irrigation pipeline and bridge across the Bitterroot River
Lessee Agreement:	N/A (Navigable River)
Acreage:	0.17
Compensation:	$553.00
Legal Description:	30-foot strip through NE4NE4, Sec. 22 & NW4NW4, Sec. 23, Twp. 4N, Rge. 21W, Ravalli County
Trust Beneficiary:	Public Land

Item Summary

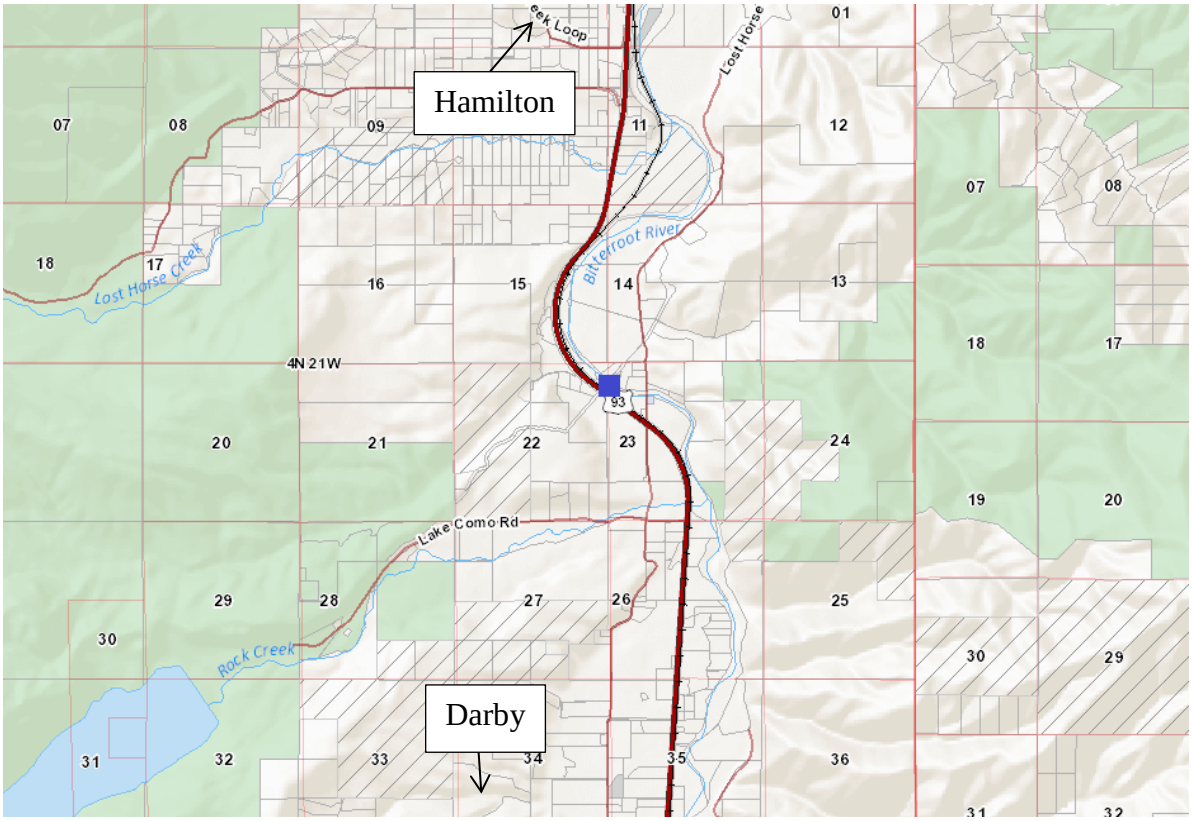
Bitterroot Irrigation District has made application to replace an elevated siphon pipeline crossing the Bitterroot River. This project will replace approximately 900 feet of aging irrigation pipeline that is currently supported by a recycled railroad steel truss bridge that has been in place since 1909. Multiple failures of the siphon system have occurred and it is deemed to be beyond its serviceable life. The proposal is to replace the existing siphon with a new 66" steel pipe with internal and external coating as well as replacement of the bridge structure with a steel pony truss bridge supported by three concrete piers with pile foundations that would reduce the potential for debris jams, associated channel scour and sedimentation. The existing piers, pylons and debris will be removed from the channel to eliminate the existing safety hazard to recreationists. The siphon supplies water to approximately 1,400 households with a need to irrigate over 16,000 acres.

DNRC Recommendation

The director recommends approval of this siphon pipeline and supporting bridge structure for Bitterroot Irrigation District.

Rights of Way Applications

June 20, 2016



Application # 17369 – Bitterroot Irrigation District

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 426 Stanford MT 59479
Application No.:	17370
R/W Purpose:	a public county road known as Merino Road
Lessee Agreement:	N/A (Historic)
Acreage:	50.87
Compensation:	$24, 396.00
Legal Description:	30-foot strip through W2NW4, SW4SE4, Sec. 2, E2NE4, NE4SE4, Sec. 3, 60-foot strip through NW4NE4, Sec. 11, Twp. 16N, Rge. 11E; 30-foot strip through S2SW4, Sec. 9, S2S2, Sec. 10, S2S2, Sec. 11, S2SW4, SE4SE4, Sec. 12, N2NW4, Sec. 13, N2N2, Sec. 14, N2N2, Sec. 15, N2NE4, Sec. 16, Twp. 17N, Rge. 10E; SE4SW4, Sec. 7, W2W2, Sec. 17, N2NW4, SE4SE4, Sec. 18, E2NE4, Sec. 19, W2W2, S2SW4, Sec. 20, N2NW4, NW4NE4, Sec. 29 & 60-foot strip through SW4NE4, W2SE4, Sec. 34, Twp. 17N, Rge. 11E, Judith Basin County
Trust Beneficiary:	Common Schools & Montana Tech

Item Summary

Judith Basin 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 Judith Basin County.

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 427 Forsyth MT 59327
Application No.:	17371
R/W Purpose:	a public county road known as Badger Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.21
Compensation:	$1445.00
Legal Description:	30-foot strip through SE4SE4, Sec. 12, Twp. 17N, Rge. 10E; SW4NW4, NW4SW4, Sec. 7, Twp. 17N, Rge. 11E, Judith Basin County
Trust Beneficiary:	Common Schools & Montana Tech

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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 427 Stanford MT 59479
Application No.:	17372
R/W Purpose:	a public county road known as N. Dipping Vat Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	$1638.00
Legal Description:	30-foot strip through W2NW4, Sec. 14 & E2NE4, Sec. 15, Twp. 17N, Rge. 10E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 427 Stanford MT 59479
Application No.:	17373
R/W Purpose:	a public county road known as Merino Bench Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.63
Compensation:	$1634.00
Legal Description:	30-foot strip through W2NW4, NW4SW4 & 60-foot strip through NW4NW4, Sec. 8, Twp. 17N, Rge. 11E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 427 Stanford MT 59479
Application No.:	17374
R/W Purpose:	a public county road known as Big Sky Road
Lessee Agreement:	N/A (Historic)
Acreage:	5.46
Compensation:	$3959.00
Legal Description:	30-foot strip through E2SE4, Sec. 11; NW4NW4, NW4NE4, W2SW4, Sec. 12, Twp. 17N, Rge. 10E, Judith Basin County
Trust Beneficiary:	Common Schools & Eastern College - MSU/Western Montana - UM

Item Summary
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DNRC Recommendation
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Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Judith Basin County PO Box 427 Stanford MT 59479
Application No.:	17375
R/W Purpose:	a public county road known as Lone Tree Road
Lessee Agreement:	N/A (Historic)
Acreage:	26.55
Compensation:	$15,118.00
Legal Description:	60-foot strip through NE4SW4, S2SW4, Sec. 4; NE4NE4, SW4NE4, E2SW4, NW4SE4, Sec. 8; N2NW4, SW4NW4, NW4SW4, Sec. 17; E2SE4, Sec. 18; SE4NW4, N2NE4, SW4NE4, Sec. 19, Twp. 16N, Rge. 10E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary
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DNRC Recommendation
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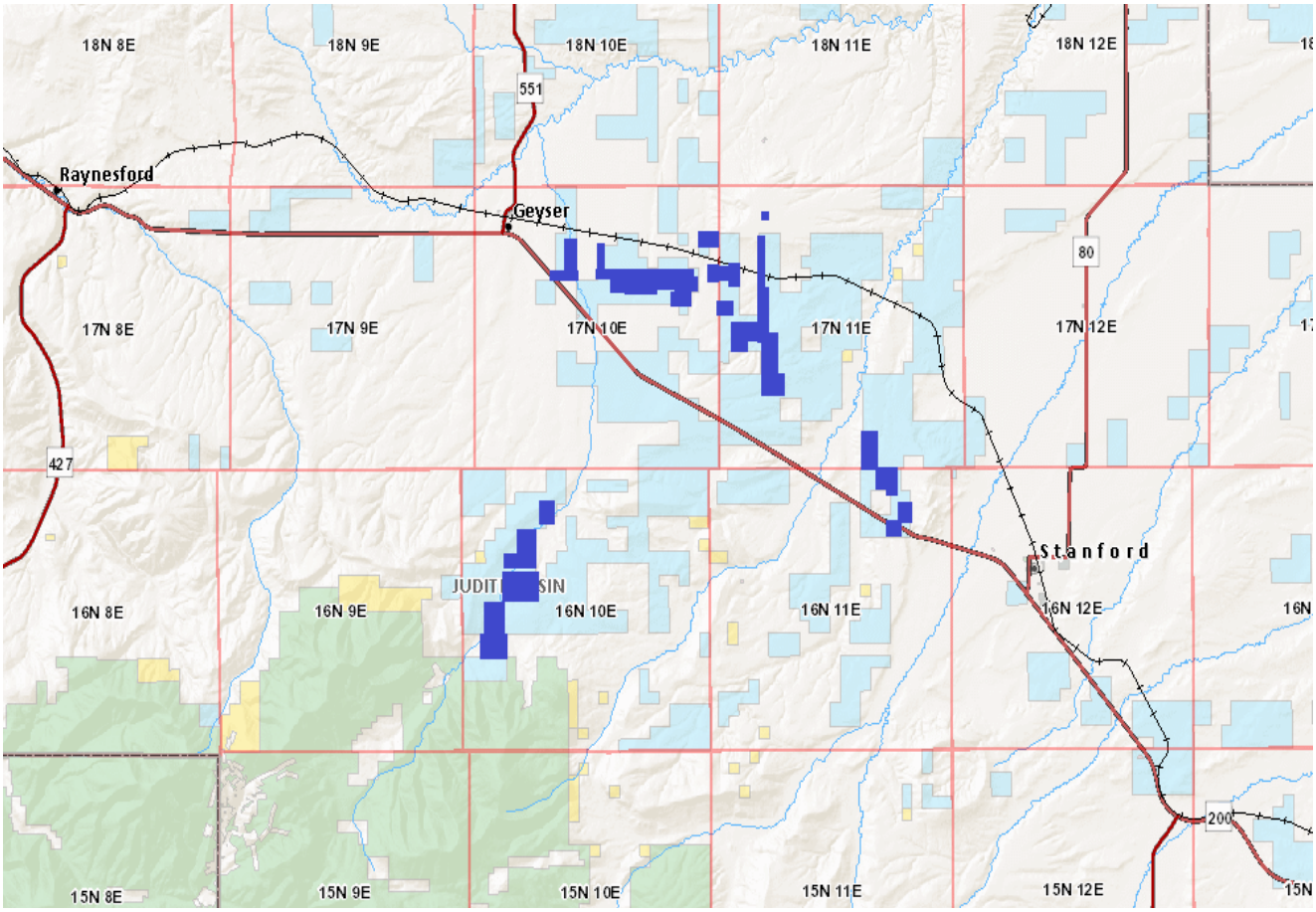
Rights of Way Applications

June 20, 2016



Application #'s 17370-17375
Judith Basin County

Rights of Way Applications

June 20, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County PO Box 125 Terry MT 59349
Application No.:	15006A
R/W Purpose:	a public county road known as Scenic View Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.75
Compensation:	$798.00
Legal Description:	60-foot strip through S2SW4, Sec. 36, Twp. 13N, Rge. 50E, Prairie County
Trust Beneficiary:	Common Schools

Item Summary

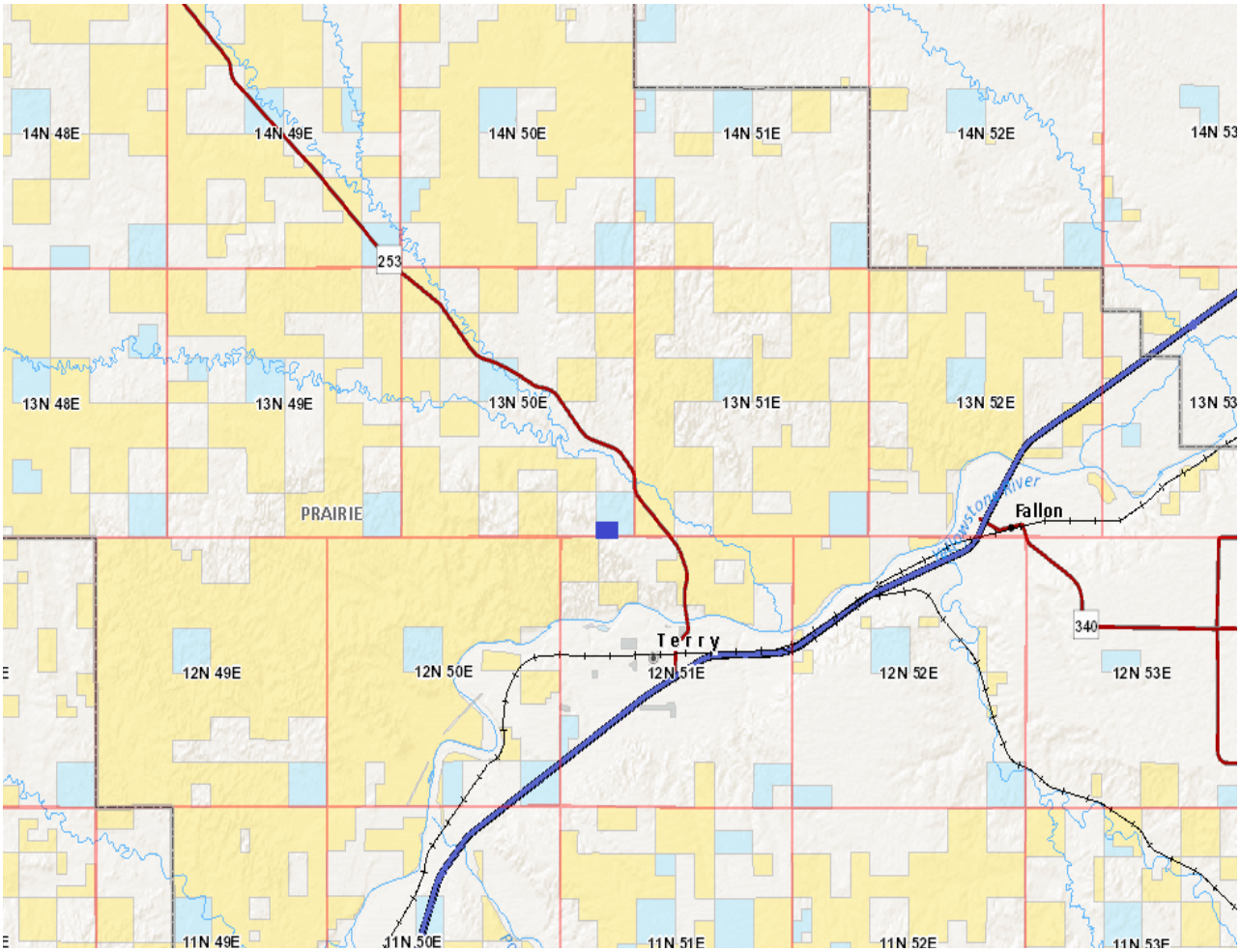
Judith Basin County has made application to amend an existing historic county road easement granted in 2010. The County had applied for only a 30-foot easement at that time and now wishes to have the historic road recognized as a 60-foot easement corridor. The County will make payment for the additional 30-foot of easement that is now requested.

DNRC Recommendation

The director recommends approval of this amendment of the existing historic right of way for Judith Basin County.

Rights of Way Applications

June 20, 2016



Application # 15506A
Prairie County