

**AGENDA**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
Tuesday, February 21, 2012, at 9:00 a.m.  
State Capitol  
Helena, MT

**ACTION ITEMS**

- 212-1     **DLI: REDUCTION OF MINIMUM BID AMOUNT FOR SALE OF LOT AND BUILDING – HAMILTON, MT**  
Benefits: NA (non-trust land under Department of Labor and Industry administration)  
Location: Ravalli County  
**APPROVED 5-0**
- 212-2     **TIMBER SALES:**  
**A. IRON SCHOOLHOUSE**  
Benefits: Common Schools, Montana Tech  
Location: Lincoln County  
**APPROVED 5-0**  
**B. SCHOOLHOUSE (CONTRACT HARVEST)**  
Benefits: Montana Tech  
Location: Lincoln County  
**APPROVED 5-0**  
**C. SELOW 2**  
Benefits: Common Schools  
Location: Sanders County  
**APPROVED 5-0**
- 212-3     **DESIGNATING AUDIO MINUTES AS THE OFFICIAL LAND BOARD RECORD**  
Benefits: NA  
Location: NA  
**APPROVED 5-0**
- 212-4     **EASEMENTS**  
Benefits: Capitol Buildings, Common Schools, Pine Hills School, and State Normal School  
Location: Dawson, Glacier, Lewis and Clark, McCone, Mineral, Missoula, Park, and Toole Counties  
**APPROVED 5-0**

**PUBLIC COMMENT**



**MINUTES**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
**Tuesday, January 17, 2012, at 9:00 a.m.**  
**State Capitol**  
**Helena, MT**

**PRESENT:** *Governor Brian Schweitzer, Attorney General Steve Bullock, Commissioner of Securities and Insurance Monica Lindeen, Secretary of State Linda McCulloch, Superintendent of Public Instruction Denise Juneau*

**Ms. McCulloch moved for approval of the minutes from the December 19, 2011, meeting of the Board of Land Commissioners. Seconded by Mr. Bullock. Carried unanimously.**

**BUSINESS DISCUSSED**

**112-1      HIGHWAY 93 CORRIDOR TIMBER SALE**

Mary Sexton, DNRC Director, stated the timber sale is located 18 miles northwest of Whitefish within the wildland-urban interface (WUI) along Highway 93. It is 182-acre fuel reduction project (1.3 MMBF). There has been extensive public involvement.

**Motion made by Ms. Lindeen to approve the timber sale. Seconded by Mr. Bullock. Motion carried unanimously.**

**112-2      PRELIMINARY APPROVAL FOR LAND BANKING PARCELS**

Ms. Sexton stated that over one-third of the land in Daniels County is state trust land. DNRC has done extensive review and worked with lessees, land owners, and citizens in the area. This will be the first round of preliminary approval for land banking in Daniels County. At present DNRC staff in Glasgow has been working on getting 7288 acres nominated for land banking. That is actually only three percent of the DNRC holdings in Daniels County. The tracts are almost all lessee nominated; however, there are three vacant DNRC-nominated parcels. These parcels are mostly split use between agriculture and grazing with 4400 grazing acres and 2800 acres of agriculture land. Two housing sites are also included in this transaction.

**Motion made by Ms. Juneau for preliminary approval. Seconded by Ms. McCulloch.**

Mr. Bullock asked how the state acquired one-third of Daniels County.

Ms. Sexton said that in portions of western Montana were already national and state forests upon statehood, so the trust was unable to be granted certain sections 16 and 36. Some of those other sections in Daniels County were parcels that had not been claimed by anyone. Also, the Fort Peck Tribe was already in existence at the time of statehood, so those sections 16 and 36 were under tribal ownership. In addition to the blocks in Daniels County, there is an isolated block of land consisting of 30,000 acres in Valley County.

Mr. Bullock asked what are the next steps in the process are.

Ms. Sexton said DNRC is continuing to go through and analyze the other state-owned parcels in Daniels County. DNRC will continue to work with lessees and will bring another few batches of parcels for preliminary approval over the next year.

Mr. Bullock asked if the state is going to reserve subsurface rights.

Ms. Sexton said yes, the state will reserve subsurface ownership. Some of these parcels do have access, but with the number of roads in Daniels County access tends to be along the section line. DNRC will be getting blocked up access, much like the Tongue River Ranch in Custer County, which is 17,000 acres of blocked up land that gets a good return on investment (ROI), provides good access, and is much easier to manage (see [February 20, 2007, Land Board minutes](#)).

DNRC has not struggled with access in Daniels County, but there are so many lessees that overseeing, managing, and getting a good ROI while making sure that all the production statistics are accurate is difficult. There are better opportunities for the state elsewhere. The county will get some taxes on this property with it going to private ownership. Right now, Daniels County does not get much of anything from the state in the sense of taxes.

Mr. Bullock said he has consistently been concerned with selling off parcels that have public access; but, when you look at Daniels County there is such a high percentage of trust land. Also the county has the need to get some tax revenues.

Ms. Sexton said the high percentage of trust land really is an anomaly.

Governor Schweitzer said if you look at the rest of the counties in the state, the percentages of state land per county are somewhere between five and eight percent. In terms equalization, it probably would make great deal of sense for the state to decrease its ownership in Daniels County and increase ownership in other counties. It is very difficult to manage the Daniels county parcels for the best ROI since they are not blocked up. In recent years the state looked for opportunities to block state land for: better ROI; better opportunities for hunting, camping and fishing; and to allow county governments to have a fair disposition of those resources. Daniels County is shorted funds that they might otherwise have as property taxes.

This first proposed land banking sale is only 7000 acres. In order to get to equalization, the state will have to look at selling between 30,000 and 80,000 acres. This is a great time to sell farmland since farmland in eastern and northeastern Montana has doubled in value in the last ten years. It gives the state an opportunity to sell high and buy in some other pockets across Montana. Governor Schweitzer noted that this does not necessarily mean the Land Board will sell in eastern Montana and buy in western Montana. It does mean that it will sell in Daniels County and buy in Valley, Richland, Hill and Fergus counties. The state will get an asset that is worth more for the future of Montana.

**Motion for preliminary approval for the sale of land banking parcels in Daniels County carried unanimously.**

112-3

**FINAL APPROVAL FOR SALE OF LAND BANKING PARCELS:**  
**A. DAWSON COUNTY**

Ms. Sexton stated the parcel in Dawson County is located five miles southeast of Glendive and consists of one full section of land. The minimum bid was \$150 per acre and it was sold at public auction on December 14, 2011, for a total of \$96,000.

**Motion made by Ms. Lindeen for final approval of the parcels in Dawson County. Seconded by Ms. McCulloch. Motion carried unanimously.**

**B. ROSEBUD COUNTY**

Ms. Sexton said there are two parcels in Rosebud County 25 miles north of Hysham. They were below average productivity and inaccessible. The minimum bid for these was \$150 per acre and they were sold December 13, 2011, for \$143,000.

**Motion made by Ms. McCulloch final approval of the parcels in Rosebud County. Seconded by Ms. Juneau. Motion carried unanimously.**

112-4

**EASEMENTS:**

**A. RIGHTS-OF-WAY**

Ms. Sexton stated in addition to the regular easement applications, there is the Britz amended easement from Whitefish. It is a private-access road easement that was previously granted, although the road was very poor access. The Britz's wanted improved access that actually increased acreage. DNRC gave them credit for their for the acreage that was purchased under the old access because of the safety factor, and they will be compensating the state for their home in Whitefish.

**Motion made by Ms. Lindeen to approve the easement applications. Seconded by Ms. McCulloch. Motion carried unanimously.**

**B. BLM RECIPROCAL ACCESS AGREEMENT – NO NAME CREEK**

Ms. Sexton stated this is part of the reciprocal access between DNRC and the Bureau of Land Management (BLM). This is an existing road that will be in consort with the Habitat Conservation Plan (HCP) requirements. After this exchange the state will owe BLM \$9700 on the balance sheet.

**Motion made by Ms. McCulloch to approve the reciprocal access agreement. Seconded by Ms. Juneau. Motion carried unanimously.**

**INFORMATION ITEM**

112-5 **FISCAL YEAR 2011 HIGHLIGHTS**

Shawn Thomas, Trust Land Division Administrator, gave a presentation of the fiscal year 2011 highlights (see Related Materials, Attachment 1).

Minerals Management Bureau

Total revenue was over \$40 million for the Minerals Management Bureau. Discounting the increase from Otter Creek bonus bid (see [March 18, 2010, Land Board minutes](#)), that is still a 28% increase from 2010 revenue. Auctions alone in 2011 brought in almost \$14 million which is a 74% increase from 2010 and a 9% increase for 2009. Over \$11.5 million in oil and gas leasing has already been generated from the Bakken formation, and eastern and west-central Montana. Coal royalties were over \$8.5 million which was a 70% increase over FY 2010.

There is also a pending district court decision regarding the challenge of the issuance of the Otter Creek leases. Arch Coal continues to gather information and put together their work that they need to do for the MEPA analysis for the mining proposal, they are also engaged with the Northern Cheyenne Tribe in discussing the operating plan that is required for the terms of the settlement between the board and the Northern Cheyenne Tribe.

### Agriculture and Grazing Bureau

The Agriculture and Grazing Bureau brought its total revenues of \$14 million, with grazing alone bringing in \$6.5 million. The AUM rate for 2011 was \$6.23; minimum rates are calculated every year using a multiplier against the Montana beef cattle prices. Due to an amendment to the multiplier approved by the Land Board in November 2011 (effective December 9, 2011), a new rental rate will be phased-in beginning in 2012.

Ms. Sexton said that generally speaking, DNRC has not received much feedback or comment now that the increase has actually gone into effect.

Mr. Thomas noted that the commodities market for wheat and barley increased from 2008 to 2009, dropped off some in 2010, and have been recovering between 2011 and 2012. Beef cattle prices show a similar scenario, flat to slightly increasing between 2007 and 2008, down a little in 9 and recovering in 2010 and a pretty robust recovery in 2011.

### Forest Management Bureau

The Forest Management Bureau sold 63.7 MMBF, which included 26 timber sales and 40 additional timber permits. About \$8.6 million in revenue was generated, which was up slightly from 2009/2010. 2009 (\$7.6 million) was the worst year the bureau had seen in a long time. DNRC collected an additional \$1.9 million in forest improvement fees which goes into acquiring legal access, planting, thinning, and other activities that go back into the land. The Land Board approved the record of decision for the HCP with the U.S. Fish and Wildlife Service (USFWS) in December, so DNRC is busy working on implementation and tracking of data related to the HCP going forward.

Ms. Sexton said DNRC will be working with its stakeholders in both the industry and in the conservation groups as to monitoring each year, and collectively every five years. The HCP is going to be something that the USFWS, the stakeholders, and DNRC are going to be working on for many years into the future.

Mr. Thomas stated the standard general overall for the lumber market shows that in 2005, the lumber market was not doing well, sliding off more in 2008 and 2009. Presently prices are holding steady despite the fact that the overall market is still slowing.

In FY 2011 DNRC also issued a land use license to salvage the submerged logs in Flathead Lake at Sommers Bay, which is a unique project. This project is ongoing and is largely dependent on the recovery of the high end housing markets to see how viable it actually is. Production is very slow, and therefore the company needs a good niche market to justify the expenditures to recover this material.

### Real Estate Management Bureau

The Real Estate Management Bureau shows that revenues are up 4% from 2010 to a little over \$11 million. Most of the categories were consistent with past years but where we did see an increase was in residential leases because of the implementation of the of the May 2010 amended administrative rules ("Alternative 3B").

DNRC did begin to see an increase in revenue of about 7% in 2011. Navigable River siting funds were up 6% as well.

Land banking sales were substantial with an average ROI of 0.5%. There were several major land banking purchases in 2010:

- Chamberlain Creek which is almost 15,000 acres in the Blackfoot (former Plum Creek Land) good timber lands with a lot of secondary growth and a lot of future potential for good timber management;

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- Phase 1 of the North Swan Purchase which was a little less than 2,000 acres; and
- the Potomac Purchase, which was a major accomplishment of 32,000 acres in the Potomac Valley.

Several major land exchanges also took place in FY 2011.

- DNRC Southwestern Land Office completed several major U.S. Forest Service exchanges in the Lolo area they had been working on for the last ten years.
- There were also two exchanges with the Confederated Salish and Kootenai Tribes (CSKT) out of the Northwestern Land Office exchanging over 4000 acres of land. It was a great deal for both the state and the CSKT.
- There was also a small land exchange with the Prairie Elk Colony.

Ms. Sexton said CSKT seems to be very interested in future land exchanges and DNRC is looking at opportunities as part of the Reserved Water Right Compact settlement. There could be land exchanges involved in that in a three-way exchange with the federal government. The tribe was very happy with this exchange, which is why they would like to continue with more.

Mr. Thomas said that both fiscal year and calendar year 2011 proved to be a busy years for the cabinsite lease program, starting with the Alternative 3B rules in 2010. The 2011 Legislature passed SB409, which caused DNRC to begin rulemaking again. The potential for vacancy was a much discussed point in this whole scenario. As it turns out, vacancy rates are pretty much what DNRC thought they would be today. DNRC will be accepting bid applications to go down that road, pending any legal action in the near future.

Ms. Sexton said with the new amended administrative rules (effective January 13, 2012) were based off SB409, which has been challenged by Montanans for the Responsible Use of School Trust Land on Friday (*MonTrust v. State of Montana, ex rel. State Legislature, Board of Land Commissioners, and Department of Natural Resources and Conservation*, BDV-12-39). Following the previous rules under Alternative 3B, the trust would earn approximately \$3 this year, most of which goes to Montana Tech (one-third goes to Common Schools, and Montana State University). With the lease bid method under the SB409 rules, DNRC is expecting that most bids will be in the 2% range and DNRC will earn only a little more than half of the \$3 million projected under Alternative 3B. This cabinsite program is unlike the other programs in that the revenue is decreasing.

Mr. Thomas gave the Land Board his sincere thanks for all their support and encouragement throughout 2011. There were a lot of controversial and difficult things brought before the board, and DNRC appreciates the thoughtfulness and the decisions made.

Ms. Sexton also thanked the board. Oil and gas has brought a lot of interest, and as far as trust lands, it has been a significant revenue increase. There continues to be questions as to where is all this going. There have been a lot of leases along the Rocky Mountain Front, which has been sort of a "mini-Bakken" type of opportunity. The real story is in the eastern part of the state: 45,000 wells drilled with 4400 wells that are producing for oil wells and gas wells are somewhat declining and that has to do with coal bed methane (CBM) production.

When it comes to producing areas and exploration activities, everyone should pay attention to the "wading pool" which is Montana and the giant "Olympic sized swimming pool" which is North Dakota. Near the state line, there is the Bakken pool, the middle

Bakken, and the Three Forks Pay Variation of the Bakken. DNRC has been developing a lot of areas such as Richland County and the vicinity, but the projected outlook really is in North Dakota instead of Montana.

Governor Schweitzer stated that the Three Forks (which is under the lower Bakken) may even be the larger producer than the Bakken. He said that people drill for oil in places where there is oil, which is why they are drilling much more in North Dakota. Once they hit oil, they will continue drilling in concentric rings around the initial zone.

DNRC is increasing the number of acres leased in Montana at one of the fastest rates in history, and at the highest lease rates. Some geologists believe there may be other shales beside the Bakken across the Rocky Mountain Front in Montana—only time will tell. The secret is out that Montana is the "wading pool" and North Dakota is the "deep end" of the pool. Hopefully with new explorations, some wildcat wells, hydraulic fracturing, and some additional shales across east and central Montana, Montana may discover another Bakken or Three Forks. In the meantime, the action will be in North Dakota.

Governor Schweitzer said that former Governor Ed Schafer of North Dakota is proposing to lower the oil and gas taxes in North Dakota. Mr. Schafer describes North Dakota as having the highest oil and gas taxes of all the lower 48 states. Only Alaska has a higher tax rate than North Dakota. Governor Schweitzer said that people say that if Montana lowers oil and gas taxes, then there will be more oil production. However, North Dakota has increased their production at the fast rate in the country (they just exceeded 500 million barrels) and they are the hottest place in the United States to drill. Montana, according to the former Governor of North Dakota, has a tax rate that is 20% lower than North Dakota. Montana has a pretty good tax system overall according to the tax foundation. Montana has the sixth best overall taxes for business. North Dakota is not far behind at twentieth. Governor Schweitzer stated that to increase oil and gas production in the state Montana probably does not need to lower our taxes—it needs more oil and gas. North Dakota takes approximately 400 days to process a permit where Montana takes less than 100 days for permitting an oil and gas well. By statute Montana has a period of time that is a quarter as long as North Dakota. Governor Schweitzer reiterated that what Montana needs to do is find more oil.

Governor Schweitzer asked if the current revenues for trust land are greater than other times in history.

Mr. Thomas said he is not exactly sure what has gone on in many years past or other points of history. The comparison to the last eight to ten years is very impressive in terms of the revenue that has been generated. Surely in terms of the most recent period of times is vastly better in many categories than historical revenues.

Ms. Sexton added that recently there have been some unusual circumstances, in the last four years such as the Otter Creek leases, increases in oil and gas leasing, wind energy leases, hydroelectric leases, right-of-way packages, and land exchanges. Some of the value from these actions are immediate to the trust, while others are more long term. The generation of revenue from Land Board action from 2009 to 2011 is almost \$300 million which is really quite phenomenal. A lot of that is due to oil and gas, but there also increases in grazing, right-of-way packages, and state land acquisitions. The actions of the last four years are going to lead to long term revenue increases, better stewardship, more access. The contributions to the trust have been very significant.

Governor Schweitzer said he was recently contacted by a journalist from Kansas. The Kansas Legislature is contemplating creating a rainy day fund. Many states asking how

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Montana has a \$400 million surplus a time when most states and the federal government seem to be broke. Montana also has approximately \$800 million in the coal trust, which is the equivalent to a rainy day fund in the sense that a majority of the Legislature can vote to tap those funds. Of course, Montana has only every had to tap that fund once, for a very brief time.

Montana also has assets the entire world would like to have in their portfolio: 5 million plus acres of timber land, grazing land, agricultural land, coal, and oil and gas, and hard rock minerals. So Montana has a \$1.7 billion annual budget, but \$400 million surplus, \$800 million in our "savings account", and about \$3 billion of land assets. Some would say that all western states have land that was granted at statehood. That is true, but many of those states sold their land. Montana has never sold its land. Montana continues to maintain the land that was given to it at statehood. Montana has not dumped its assets, but has grown them. Land boards throughout the state's history have managed to hold onto the lands. Even in tough times they did not start selling off pieces. Governor Schweitzer said Montana is in better shape than any other state in America, and that that Montana should be proud.

**Motion to adjourn made by Governor Schweitzer. Seconded by Ms. McCulloch.  
Motion carried unanimously.**

# Trust Lands

# FY 2011 Highlights



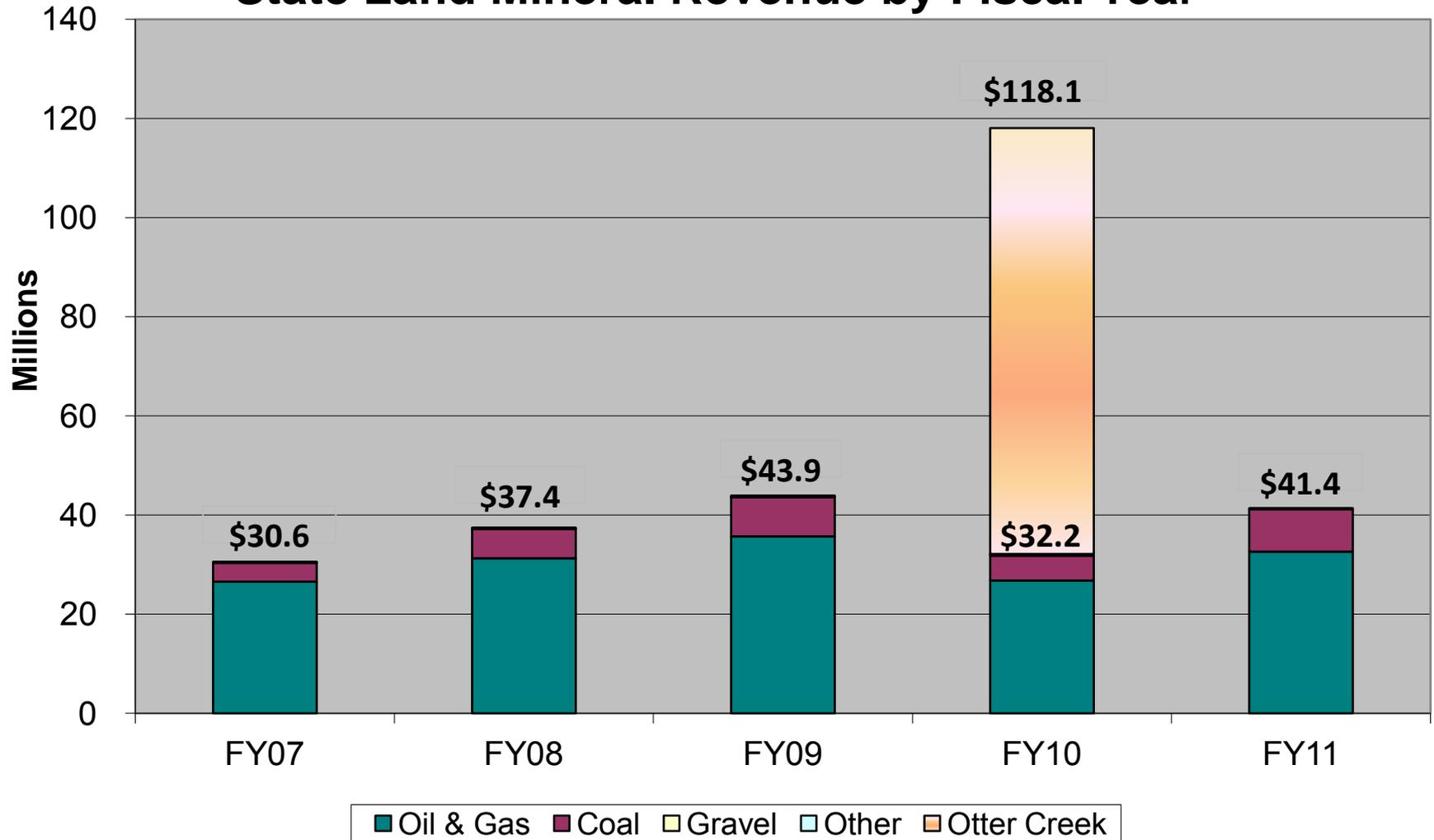
# **Trust Land Mission**

*Manage the State of Montana's trust land resources to produce revenues for the trust beneficiaries, while considering environmental factors and protecting future income-generating capacity of the land.*

# Minerals Management Bureau

- Total revenue from mineral activities in FY2011 generated \$41.4 million, a 28% increase over FY2010 (net of Otter Creek bonus revenue).
- Oil & Gas lease auctions in FY2011 brought in \$13.8 million, a 74% increase over FY2010, and 9% over FY2009. Strong interest continues, with \$11.5 million already generated in the first half of FY2012. Interest ranges from traditional Bakken formation exploration and development in eastern Montana to speculative areas in central and west-central Montana.
- Coal royalty revenue in FY2011 totaled \$8.5 million, a 70% increase over FY2010. (It should be noted that coal royalties do fluctuate from year to year as coal operations move onto and off of state tracts.)
- A district court decision is pending regarding the challenge to the issuance of the Otter Creek leases. Arch Coal continues gathering baseline data and preparing information that will be needed to initiate a MEPA analysis of a mining proposal. Arch Coal and the NCT are also engaged in discussions to draft the operating plans required per the terms of the settlement agreement between the Board and NCT.

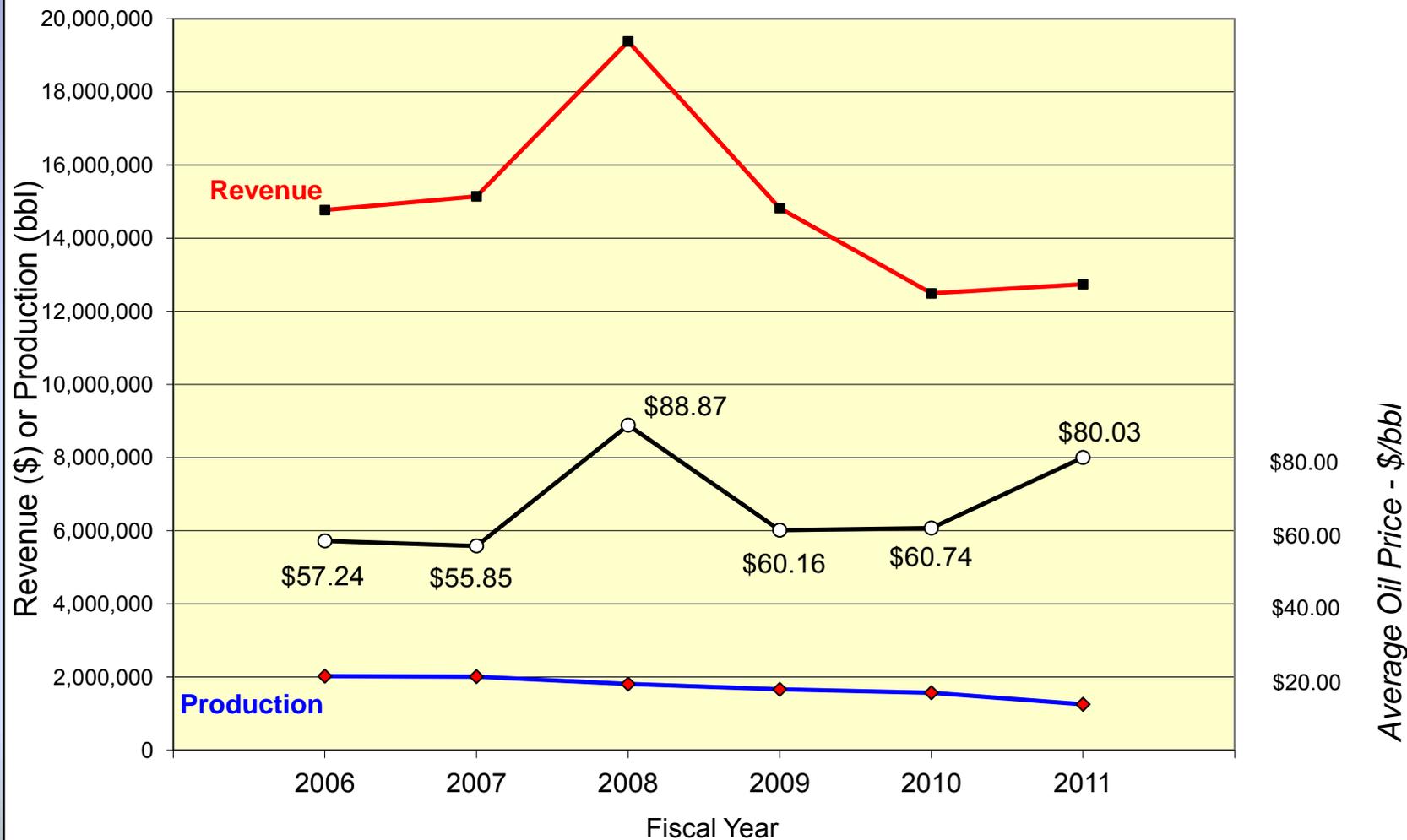
## State Land Mineral Revenue by Fiscal Year



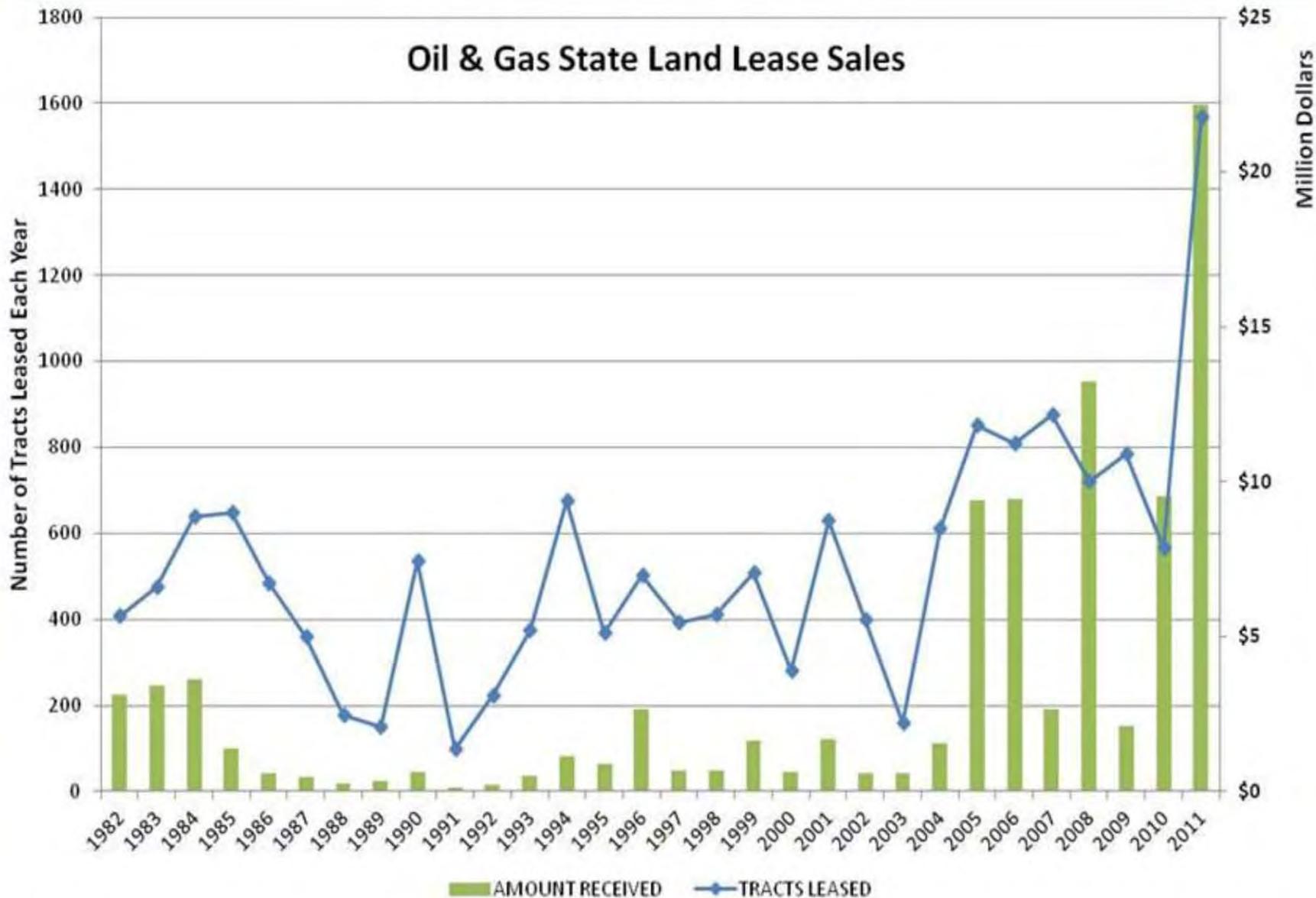
# Minerals Management Bureau

RELATED MATERIALS  
ATTACHMENT 1

## Oil Production, Revenue and Average Price



### Oil & Gas State Land Lease Sales

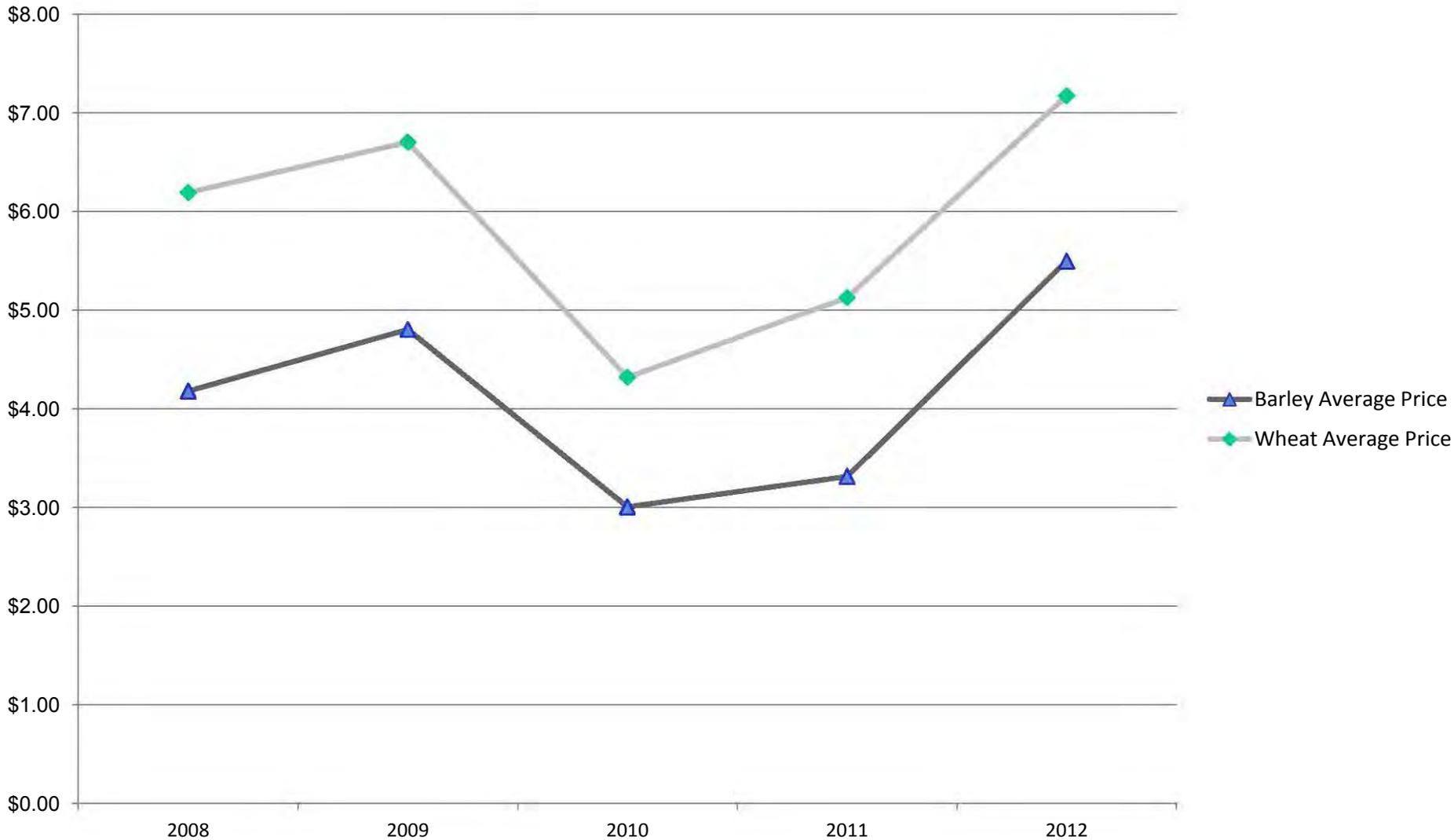


# Agriculture & Grazing Management

- Agriculture Revenues \$14.1 million  
(\$2.8 million - Farm Program Payments)
- Grazing Revenues \$6.5 million  
(975,000 AUMS)
- AUM rate for 2011 - \$6.23/AUM. Minimum grazing rates are calculated annually using Montana beef cattle prices.
- Beginning in 2012, the multiplier used to calculate the grazing rental was increased to 10.48, phased-in over a 5-year period. The 2012 rate is \$7.90 per AUM.

# Agriculture & Grazing Management

## Wheat & Barley Prices FY 2008 – FY 2012

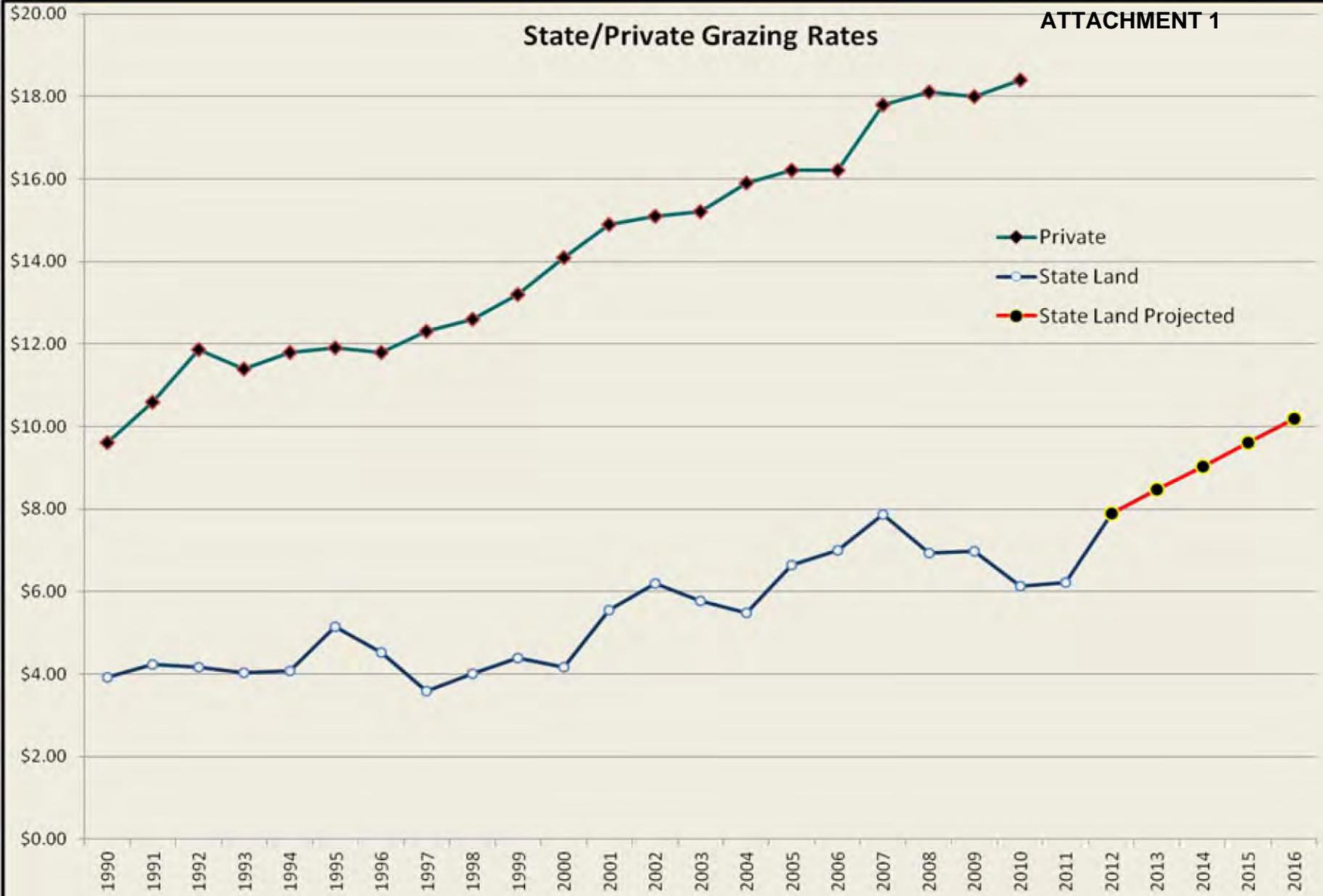


# Agriculture & Grazing Management

## Montana Beef Cattle Prices CY 2007 – CY 2011



### State/Private Grazing Rates

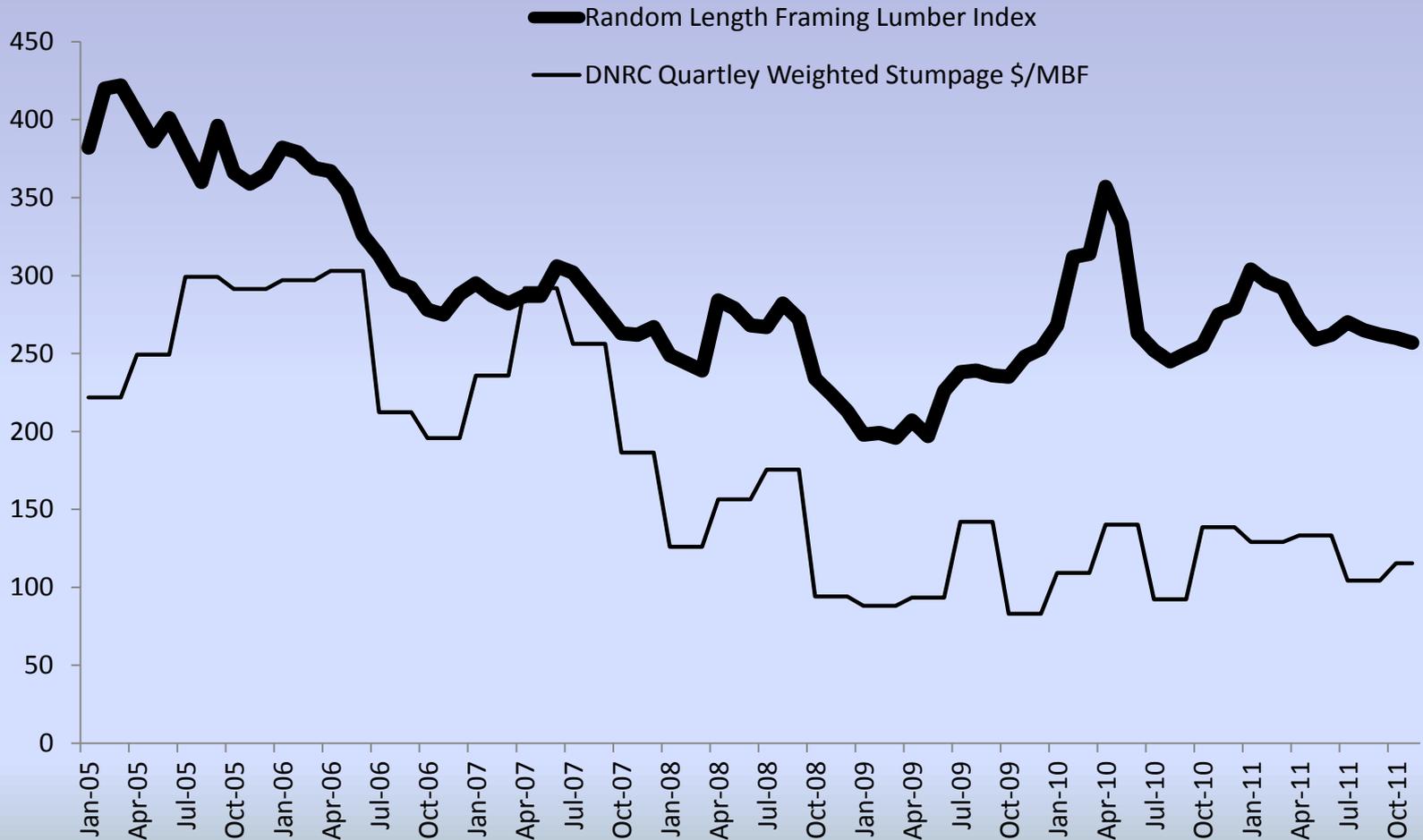


# Forest Management Bureau

*- Sustainable Forests Supporting Public Education -*

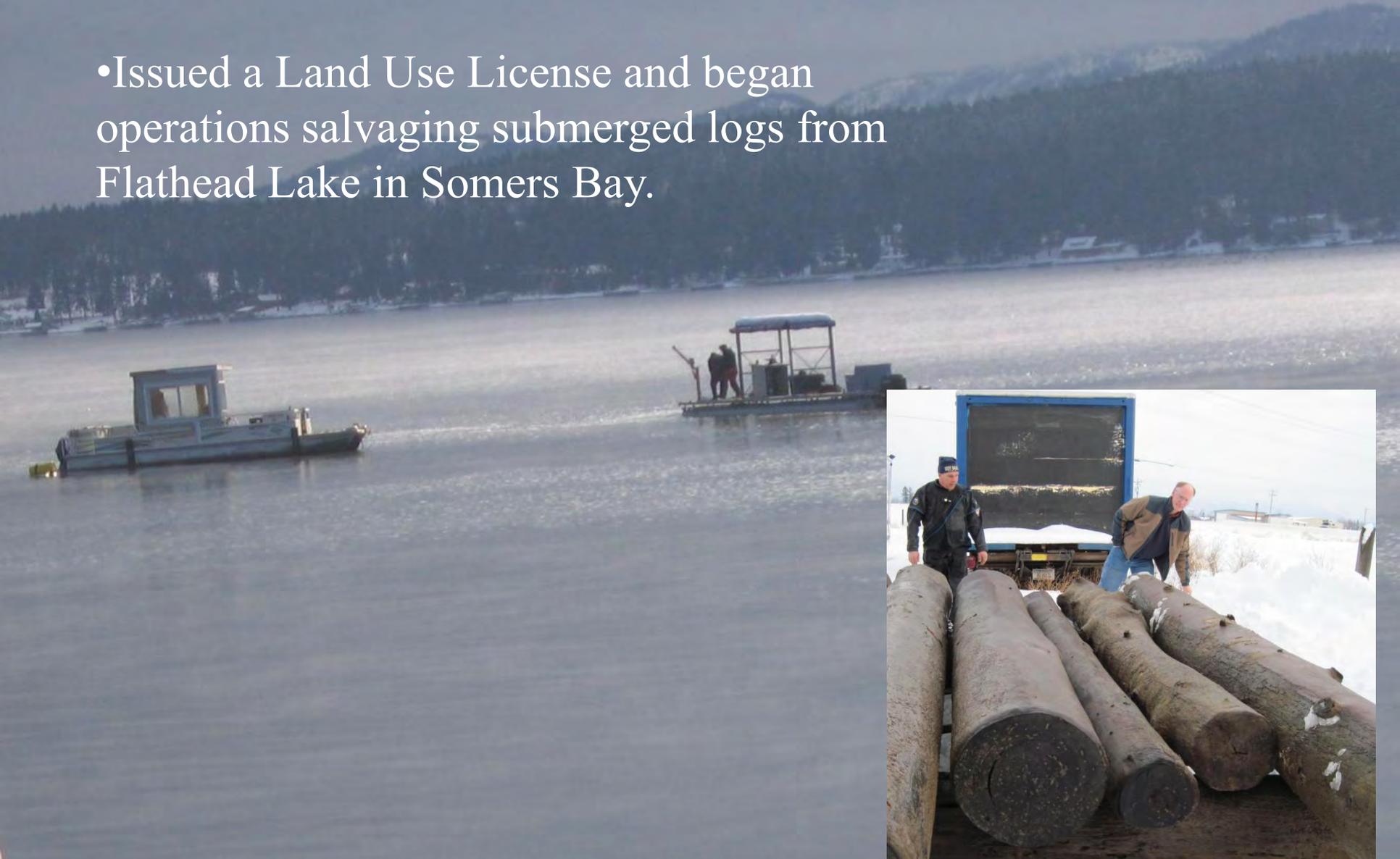
- **Timber volume sold:** 63.7 million board feet – includes 26 timber sales (58.2 MMBF) approved by the Land Board and 40 timber permits (5.5 MMBF).
- **Stumpage Revenue** generated: \$8,615,896
- **Forest Improvement Fees** collected: \$1,880,335
- **Habitat Conservation Plan (HCP):** Record of Decision signed by Director in December 2011.

# DNRC Stumpage Prices vs. Random Length Composite Indices



# Flathead Lake Logging

- Issued a Land Use License and began operations salvaging submerged logs from Flathead Lake in Somers Bay.



# Real Estate Management Bureau

**FY 2011 Trust Revenues \$11,355,791**

|                                    |                         |
|------------------------------------|-------------------------|
| <b>Easements</b>                   | <b>\$ 566,817</b>       |
| <b>Residential Leases/Licenses</b> | <b>1,816,222</b>        |
| <b>Land Sales</b>                  | <b>3,111,920</b>        |
| <b>Other Leases/Licenses</b>       |                         |
| <b>Commercial</b>                  | <b>1,253,421</b>        |
| <b>Conservation</b>                | <b>93,684</b>           |
| <b>Other</b>                       | <b>81,712</b>           |
| <b>Hydro/Navigable River</b>       | <b><u>4,432,014</u></b> |
| <b>Totals</b>                      | <b>\$11,355,790</b>     |

## Land Banking Sales

| <u>Trusts</u>    | <u># of Acres</u> | <u>Sales Price</u> | <u>Annual Income</u> | <u>Return</u> |
|------------------|-------------------|--------------------|----------------------|---------------|
| MSU-Morrill      | 40                | \$14,000           | \$51                 | 0.36%         |
| Common Schools   | 5,779             | \$2,753,120        | \$12,758             | 0.46%         |
| Public Buildings | 440               | \$111,400          | \$845                | 0.76%         |
| Univ. of Montana | 488               | \$233,000          | \$2,293              | 0.98%         |
| Total            | 6,747             | \$3,111,920        | \$15,947             | Average 0.51% |

## Land Banking Purchases

| <u>Acquisition Name</u> | <u>Trusts</u>  | <u># of Acres</u> | <u>Purchase Price</u> | <u>Closing Date</u> |
|-------------------------|----------------|-------------------|-----------------------|---------------------|
| Chamberlain Creek       | Common Schools | 14,581            | \$5,936,150           | 7/27/2010           |
| North Swan Phase I      | Common Schools | 1,914             | \$1,435,830           | 12/22/2010          |

## (HB 674) Potomac Purchase

| <u># of Acres</u> | <u>Purchase Price</u> | <u>Closing Date</u> |
|-------------------|-----------------------|---------------------|
| 32,210            | \$20,915,000          | 11/17/2010          |

# Land Exchanges

| <u>Exchange Name</u>   | <u>Acres Exchanged</u> | <u>Acres Received</u> | <u>Value of Land Exchanged</u> | <u>Value of Land Received</u> | <u>Closing Date</u> |
|--|------------------------|-----------------------|--------------------------------|-------------------------------|---------------------|
| Lolo FS  | 12,137.7               | 10,530.4              | \$18,190,000                   | \$18,190,000                  | 12/22/2010          |
| Trusts Involved: MSU 2 <sup>nd</sup> , Common Schools, Public Buildings, Eastern/Western |                        |                       |                                |                               |                     |
| CS&KT PHS I  | 2412                   | 3,171                 | \$2,451,400                    | \$2,460,899                   | 6/16/2010           |
| Trusts Involved: Common Schools  |                        |                       |                                |                               |                     |
| CS&KT PHS II   | 2,103.8                | 2,900.2               | \$1,721,100                    | \$1,740,200                   | 12/30/2011          |
| Trusts Involved: Common Schools, Public Buildings  |                        |                       |                                |                               |                     |
| Prairie Elk Colony   | 90                     | 135                   | \$32,400                       | \$48,600                      | 11/2/2011           |
| Trusts Involved: Common Schools  |                        |                       |                                |                               |                     |

# Cabin Sites

## 3B Rules

Alternative 3B rules were approved by the Land Board in May 2010. A little more than 57% of lessees are now paying a 3B rent. In January 2013 the “E” leases will have completed their 2003 phase-in; at that point roughly 62% of leases will be paying a 3B rent. Then all residential leases will be paying a rent based on either 5% of the 2009 appraised value, or based on Alt. 3B. This assumes no leases are on the SB409 Bidding Method.

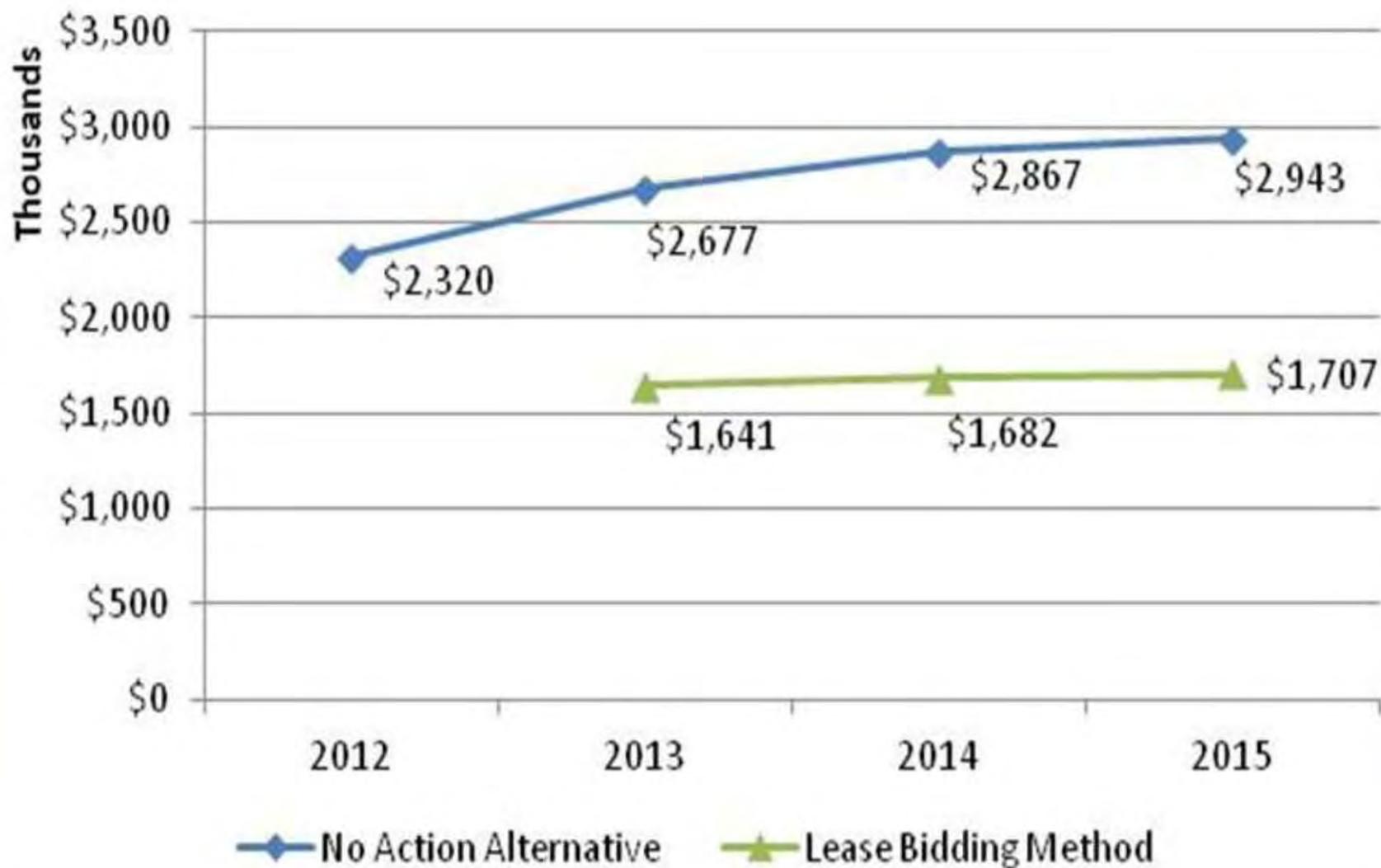
## SB409 Rules

The Land Board approved rules for the Senate Bill 409 “Bidding Method” Dec. 19, 2011. Rules will be effective Jan. 13, 2012. Applications for the Bidding Method will first be accepted after Jan. 17, 2012 until Feb 29, 2012.

## Vacancy

In fall 2009 DNRC estimated a possible slight increase in lease vacancies with Alt. 3B, but a bigger increase if no changes were made to lease fee calculations. Two years later the overall vacancy rate is within those predictions.

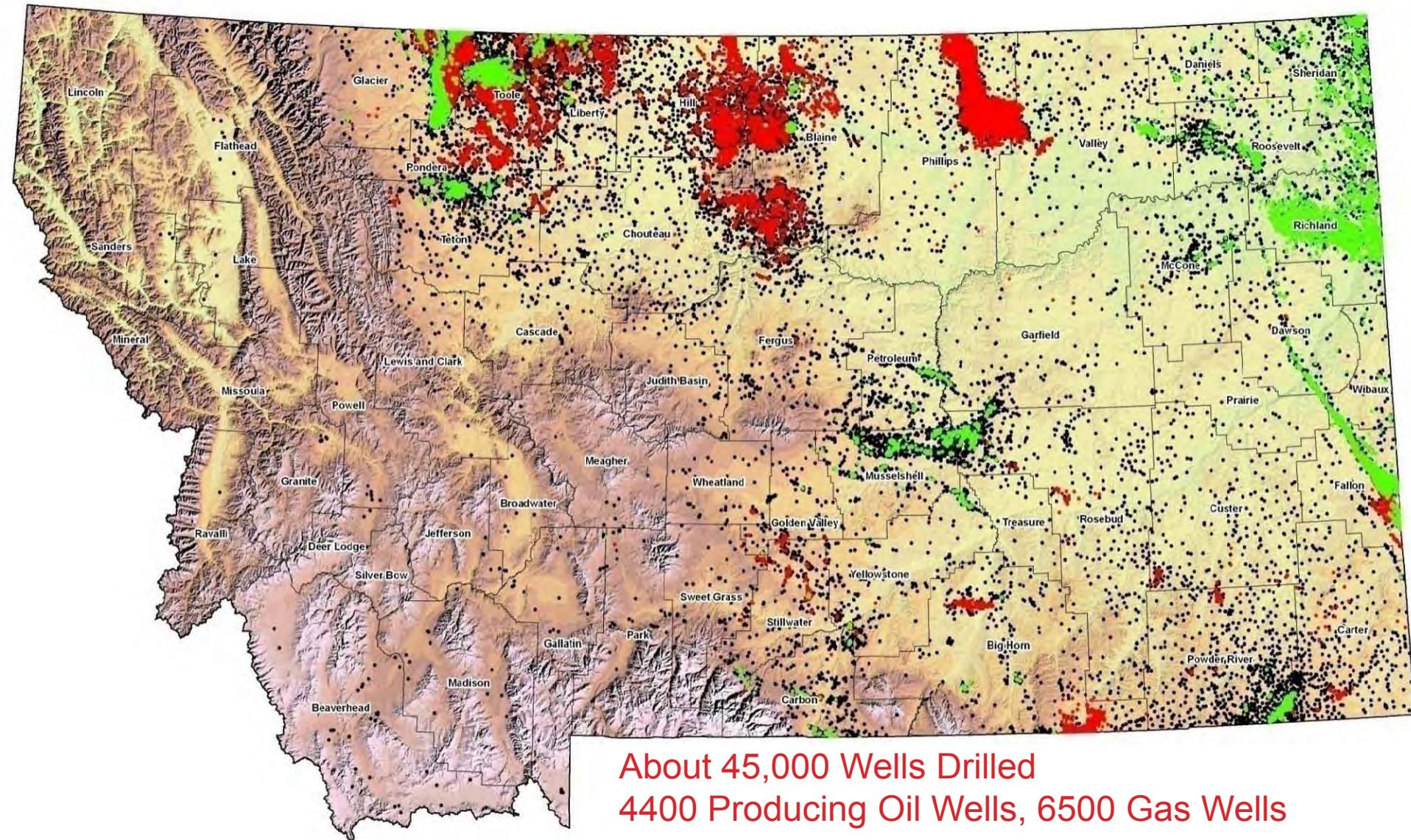
## Cabinsites Revenue Projection



# Questions?

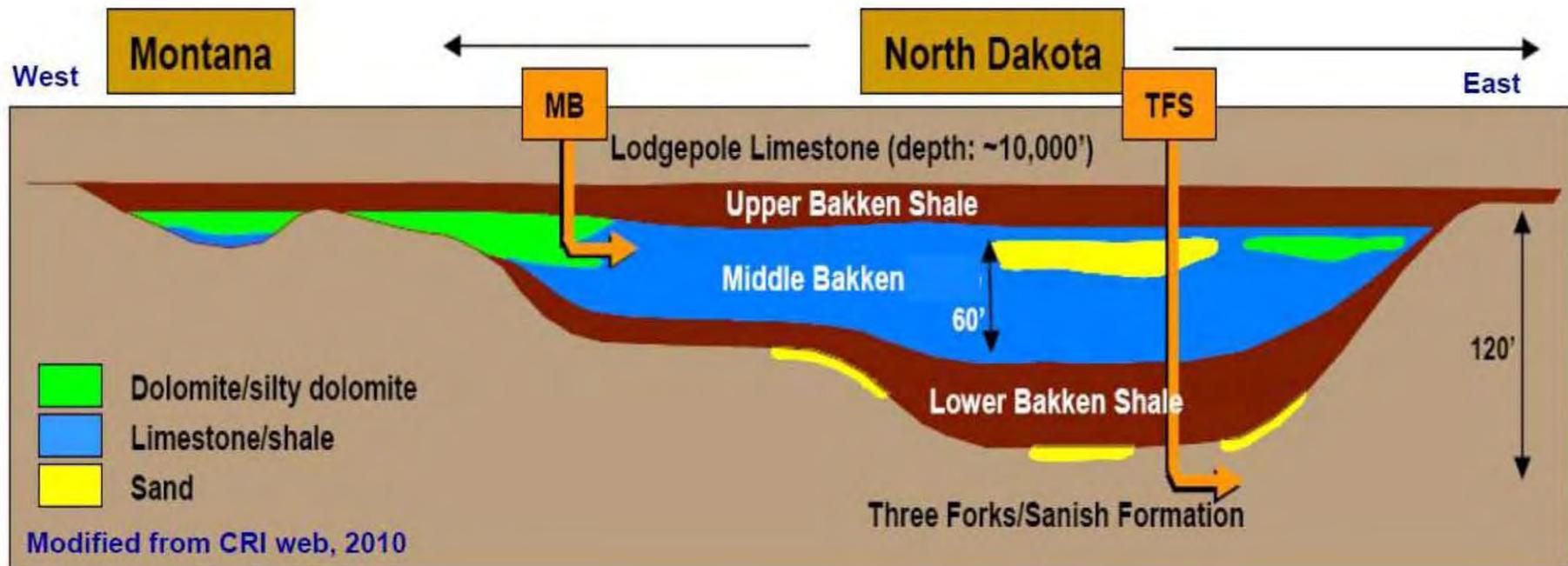


# Montana Producing Areas and Exploration Activities



About 45,000 Wells Drilled  
4400 Producing Oil Wells, 6500 Gas Wells

# Middle Bakken / Three Forks Pay Variation



- **Middle Bakken pay not a shale lithology**  
Complex, laterally varying lithology & play types  
Stratigraphic / diagenetic trap drivers
- **Underlying Three Forks 'non-shale' play potential established 2008**  
Also sourced by Bakken shale  
Dual zone development underway

from ConocoPhillips

**20% lower tax rate in MT on Oil**

**2010 value of MT oil production~ \$1.8 billion**

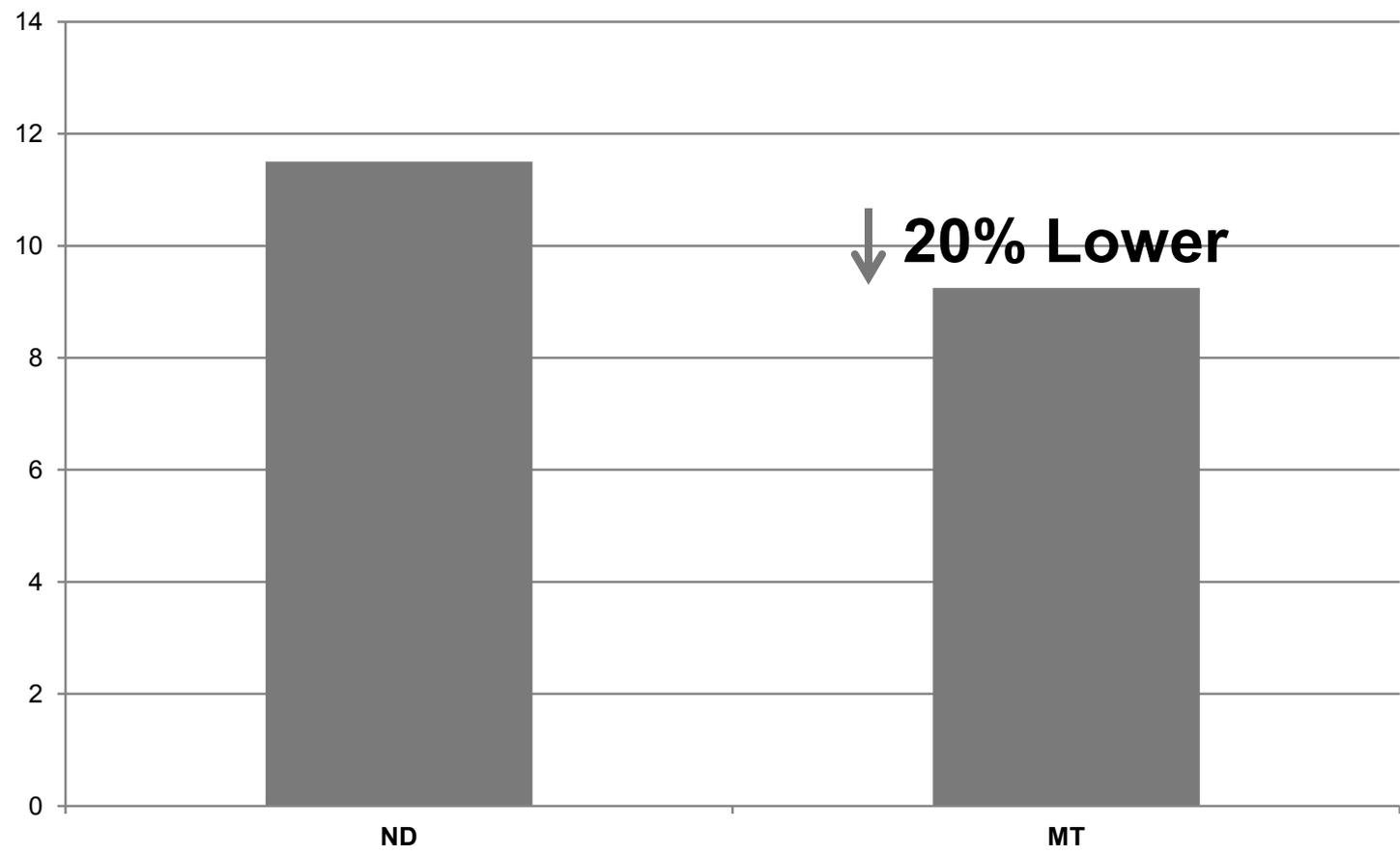
- 9 active drilling rigs, more on the way

**Industry agrees MT's business climate and tax structure not detrimental to increased drilling:**

- Brigham Energy: "They (Montana) have a good operating environment." (Billings Gazette May, 2011)

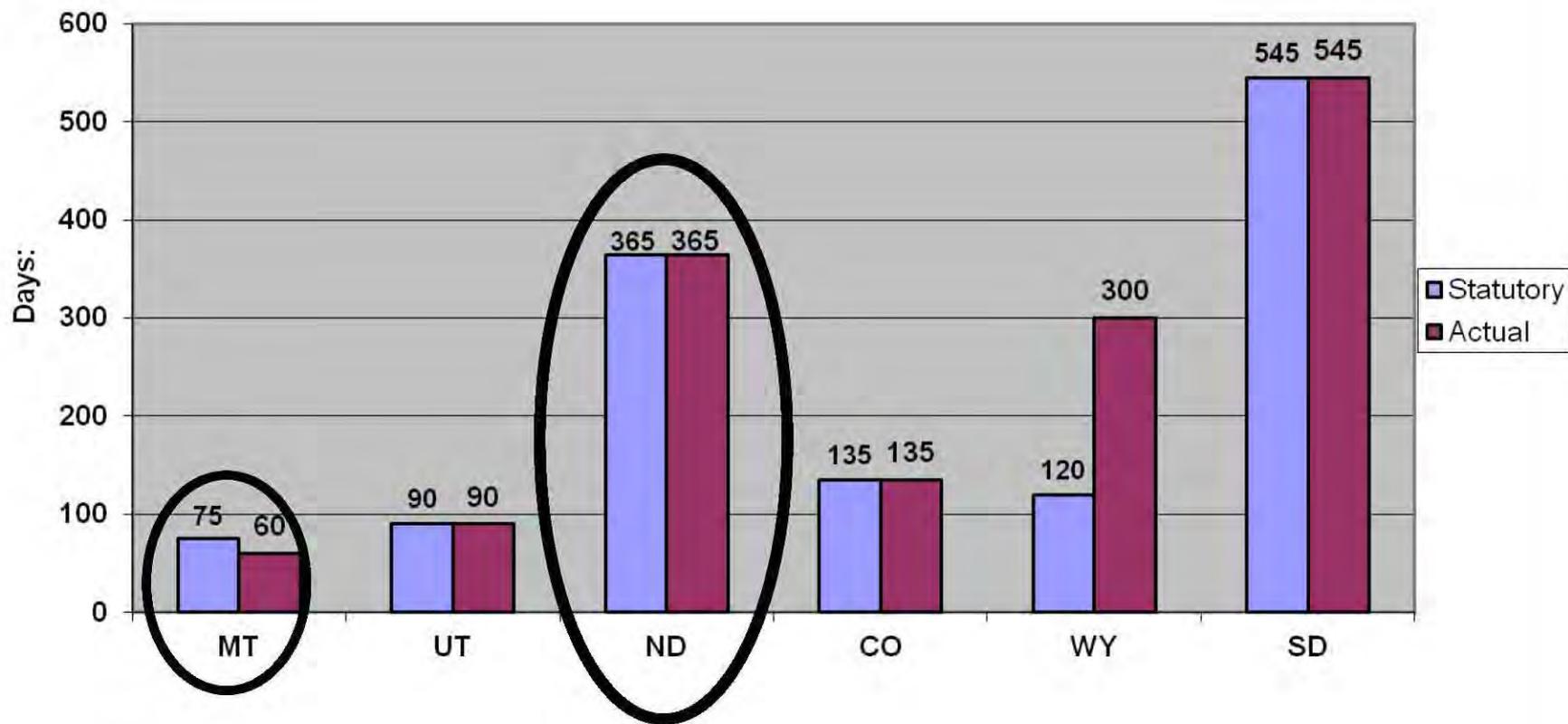
**MT = 6<sup>th</sup> best overall tax climate for business  
(Tax Foundation 2011) ND = 20<sup>th</sup>**

# OIL TAX RATE: MT V. ND



# PERMITTING COMPARISON

Final Decision Time frames (Statutory and Actual) for Air Quality Permits:



# 212-1

DLI: REDUCTION OF MINIMUM BID AMOUNT  
FOR SALE OF LOT AND BUILDING-  
HAMILTON, MT

**DEPARTMENT OF LABOR AND INDUSTRY: REDUCTION OF MINIMUM BID AMOUNT  
OLD HAMILTON JOB SERVICE CENTER BUILDING  
Sale of Non-Trust State Land**

**February 21, 2012  
Land Board**

**Proposal:** *The Land Board previously approved the sale of this property December 21, 2009.*

An updated appraisal has determined the value of the property to be \$218,000. The Department of Labor and Industry (DLI) requests Land Board approval to reduce the minimum bid amount from \$280,000 to \$218,000.

**Property Description:** 333 West Main Street, Hamilton. Legally described as Lot 5, Block 31, Original Townsite of Hamilton, less East 3'1" of North 28' of Lot 5. The lot is approximately 3,166 square feet in size; improved with a single one-story commercial building that is 2,300 sq ft with no basement.

**Background:** This is the former location of the Bitterroot Job Service office. The office relocated to another location and the Department no longer needs this property. An EA checklist has been completed with a finding of no significant impact by categorical exclusion. A 15 day comment period resulted in no comments from the public.

**Process:** Upon approval by the Board, DLI will publish a public notice with details of the sale and auction process. Sale will occur at public auction under authority of Sections 77-2-301, 302 & 321.

**Beneficiary:** This is non-trust land owned by DLI.

**Recommendation:** DLI requests approval to sell the subject property at public auction with a recommended minimum bid of \$218,000. If the property sells for at least the minimum bid, DLI requests approval to proceed with consummating the sale within 60 days from the date of the auction.

### Location Map of Subject Property



Photographs of Subject Property



Front View



Rear View



Interior View

# 212-2

## TIMBER SALES

- A. Iron Schoolhouse
- B. Schoolhouse (Contract Harvest)
- C. Selow 2

# IRON SCHOOLHOUSE TIMBER SALE

February 21<sup>st</sup>, 2012  
Land Board

## Location of Sale:

- Libby Unit (NWLO) – Approximately 13 air miles West of Libby, Montana.
- Lincoln County – Section 20, T31N-33W, Section 32, T31N-33W, Section 36, T31N-34W
- 87% CS, 13% SM

## Sale Volume & Estimated Value:

- The estimated volume is 26,784 tons (4,355 MBF) with a conversion factor of 6.15 tons/MBF.

| Minimum Bid Rate (per ton) | Forest Improvement Fee (per ton) | Total Minimum Value (per ton) | Estimated Volume (tons) | Total Minimum Sale Value |
|----------------------------|----------------------------------|-------------------------------|-------------------------|--------------------------|
| \$17.15                    | \$4.09                           | \$21.24                       | 26,784                  | \$568,892.16             |

## Sale & Harvest Treatments:

- The sale consists of five harvest units totaling 301 acres.
- The silvicultural prescriptions proposed are seed tree and shelter wood harvest cut. The proposed harvest treatments will be used to capture the value of the mortality and overall declining health of the treatment area and to advance the treatment area towards the desired future condition (dominance of seral species, ponderosa pine, western larch and western white pine).

## Harvest Systems:

- 80% tractor, 9% skyline, 11% ground lead cable.

## Road Construction:

- Approximately 2.2 miles of new road construction and re-construction of approximately 0.4 miles is required to access harvest units. Maintenance on 3 miles of existing roads is required. Best Management Practices (BMP) will be employed to reduce road impacts.
- Current road restrictions will remain in place to maintain wildlife security, reduce the spread of noxious weeds, and minimize future maintenance costs.

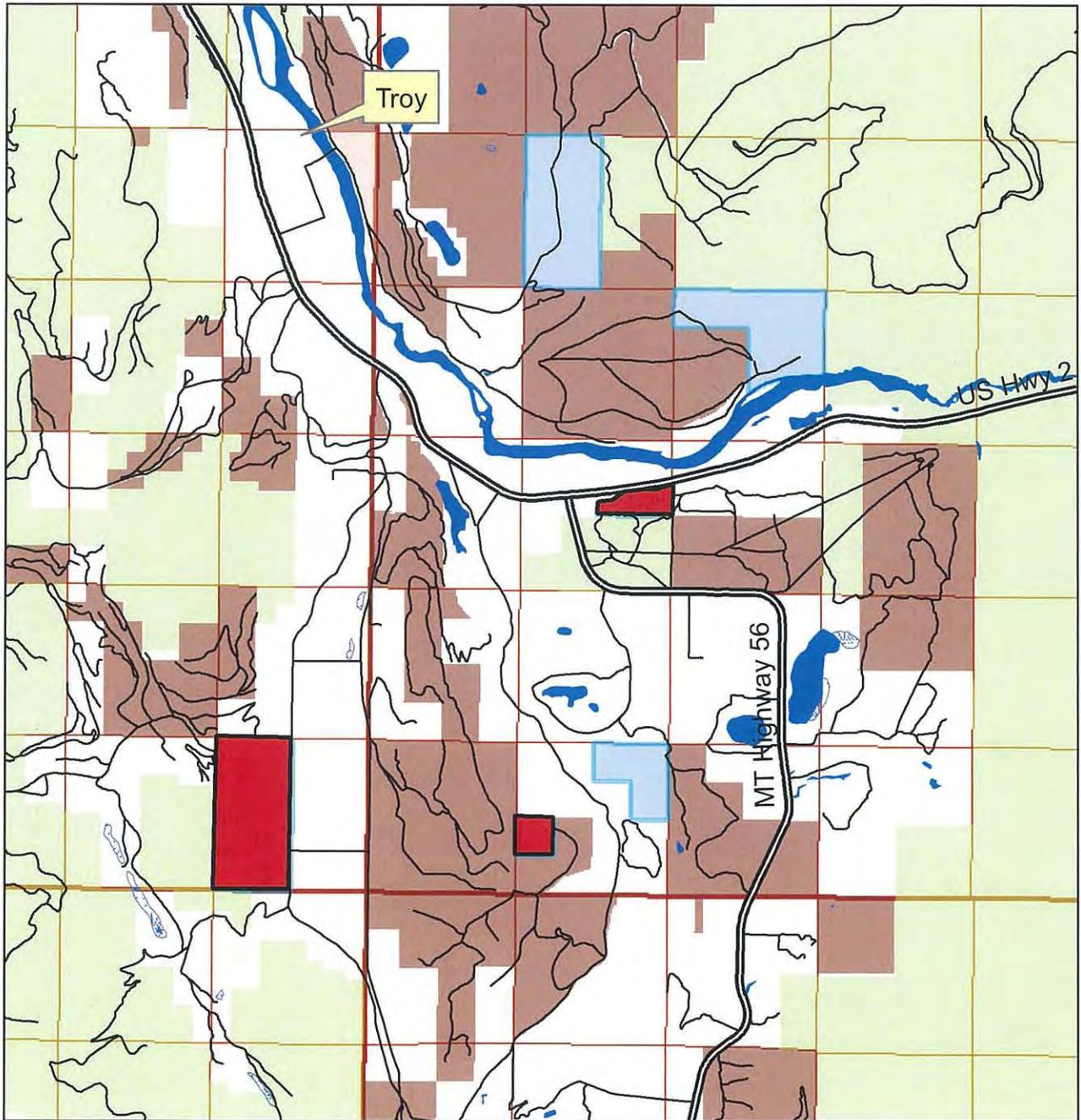
## Public Involvement & Issues:

- Public involvement was solicited through a legal notice in the *Western News*. Letters were sent to adjacent landowners and special interest groups. The DNRC specialists and specialists from other agencies helped identify the issues that were analyzed and mitigations have been incorporated into the sale design and contract.

**The Director recommends the Land Board direct the Department to sell the Iron Schoolhouse Timber Sale.**

# Iron Schoolhouse TS

## Vicinity Map



### Ownership

-  MT DNRC
-  Stimson Lumber Co
-  USFS
-  Project Area (MT DNRC)



1 inch equals 1.06 miles

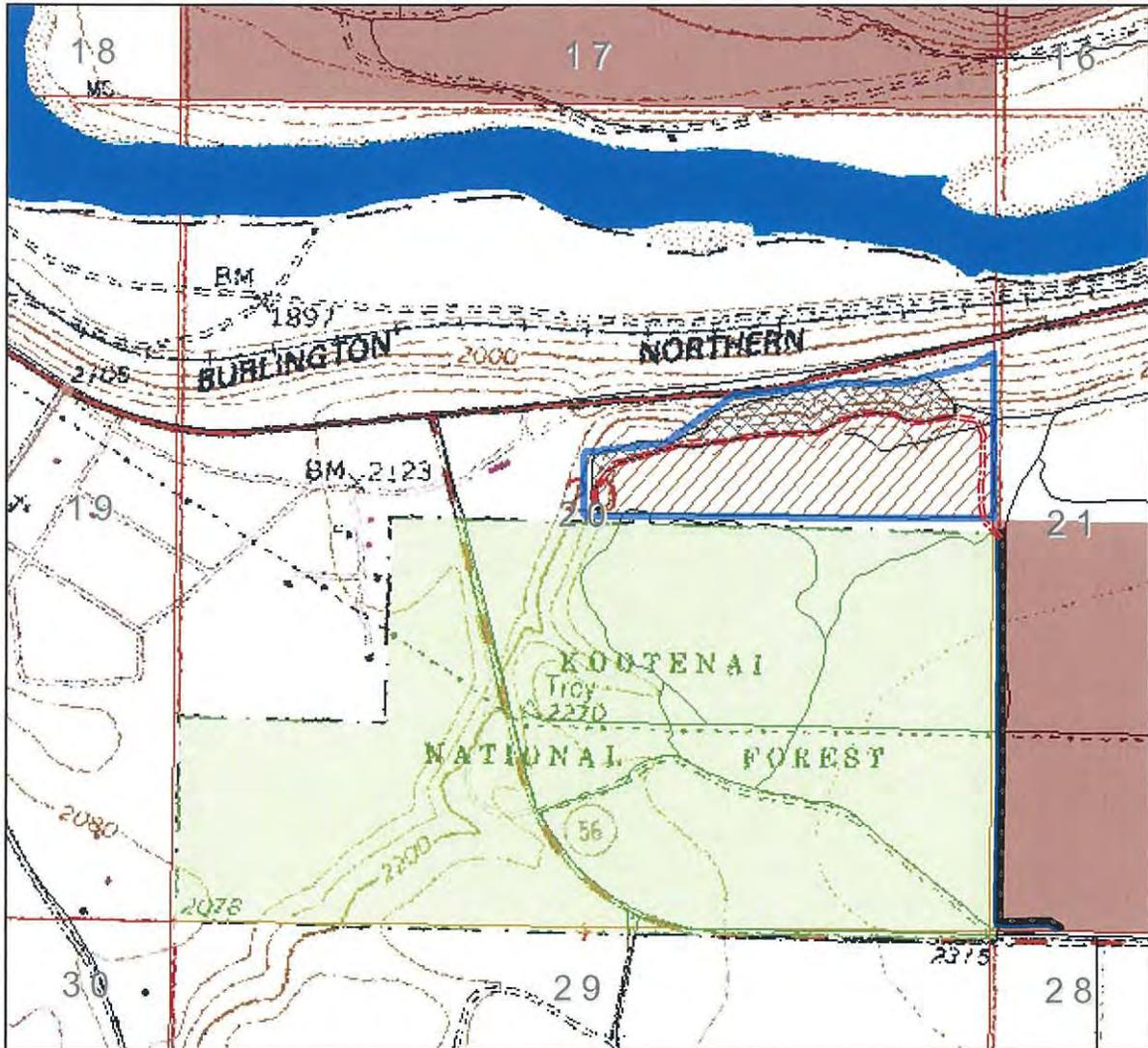


# Iron Schoolhouse Timber Sale Harvest Map

Par. 1 of COS 3069 in the S 1/2 NE 1/4 Sec. 20, T31N, R33W

Center of Parcel Location:

115° 50' 34.2588" W, 48° 26' 12.6377" N



## Legend

-  Unit 20-1 (30.9 Ac.)
-  Unit 20-2 (10 Ac.)

## Ownership

-  MT DNRC
-  Stimson Lumber Co
-  USFS



1 inch equals 0.22 miles

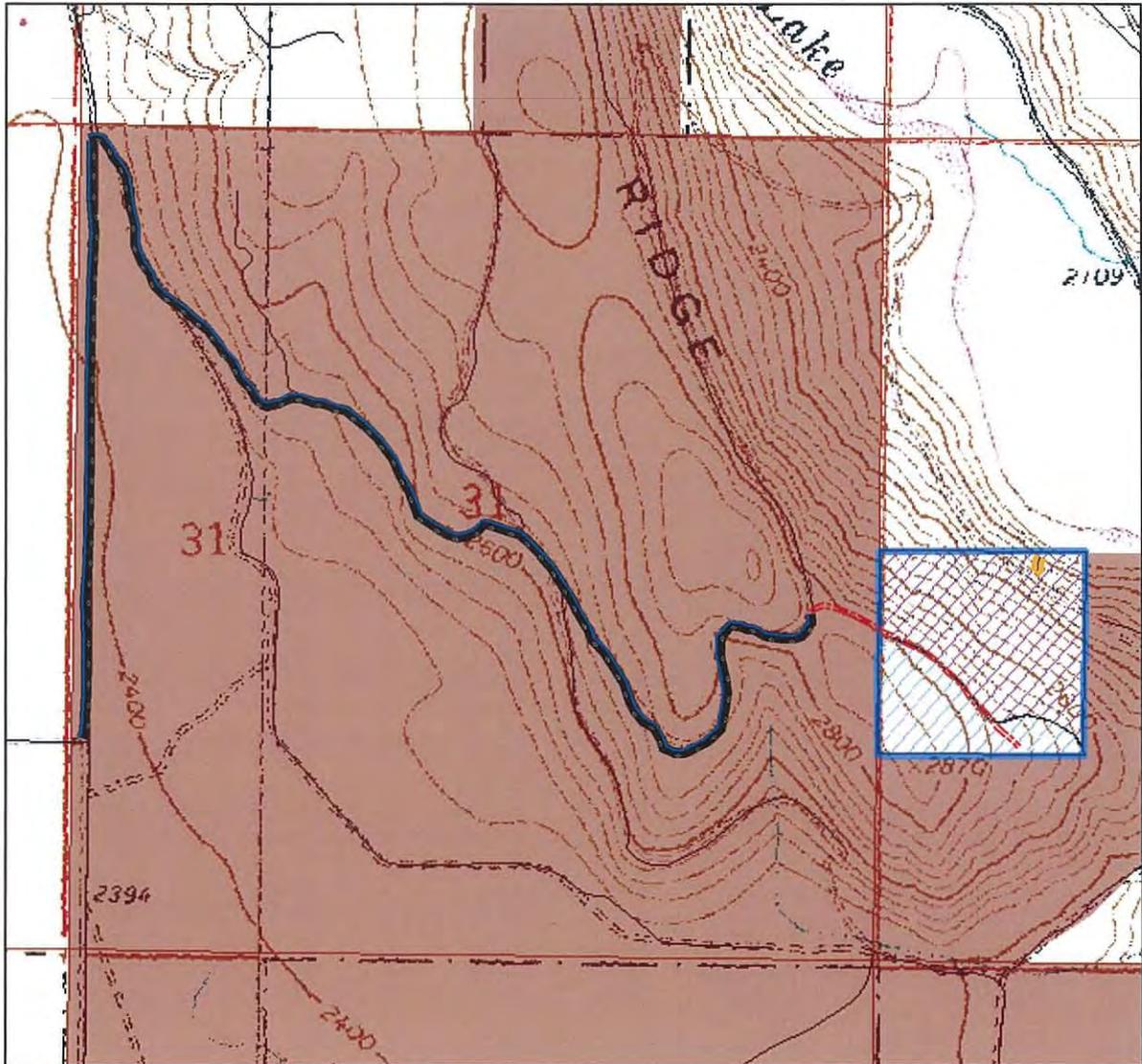
# Iron Schoolhouse Timber Sale

## Harvest Map

NW1/4, SW1/4, Sec. 32, T31N, R33W

Center of Parcel Location:

115° 51' 24.9005" W, 48° 24' 18.1579" N



### Legend

 Unit 32-1(11.9 Ac.)

 Unit 32-2 (27.1 Ac.)

 SMZ

### Ownership

 MT DNRC

 Stimson Lumber Co

 USFS



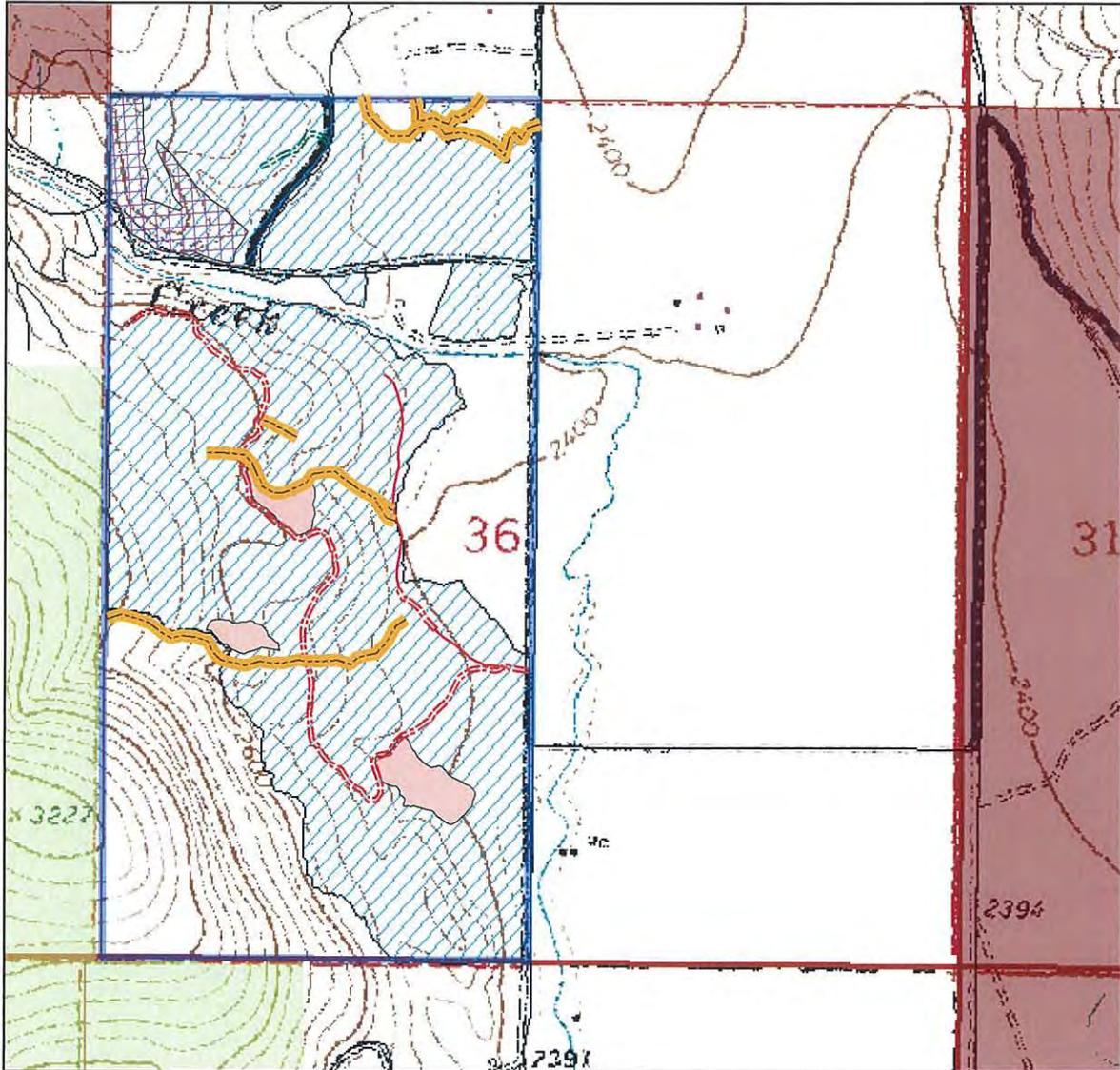
1 inch equals 0.22 miles

# Iron Schoolhouse Timber Sale Harvest Map

W 1/2 Section 36, T31N, R34W

Center of Parcel Location:

115° 53' 48.5562" W, 48° 24' 24.2812" N



## Legend

 Unit 36-1(221.2 Ac.)

 Excaline Unit

 Wildlife Cover

 SMZ

## Ownership

 MT DNRC

 Stimson Lumber Co

 USFS

1 inch equals 0.21 miles

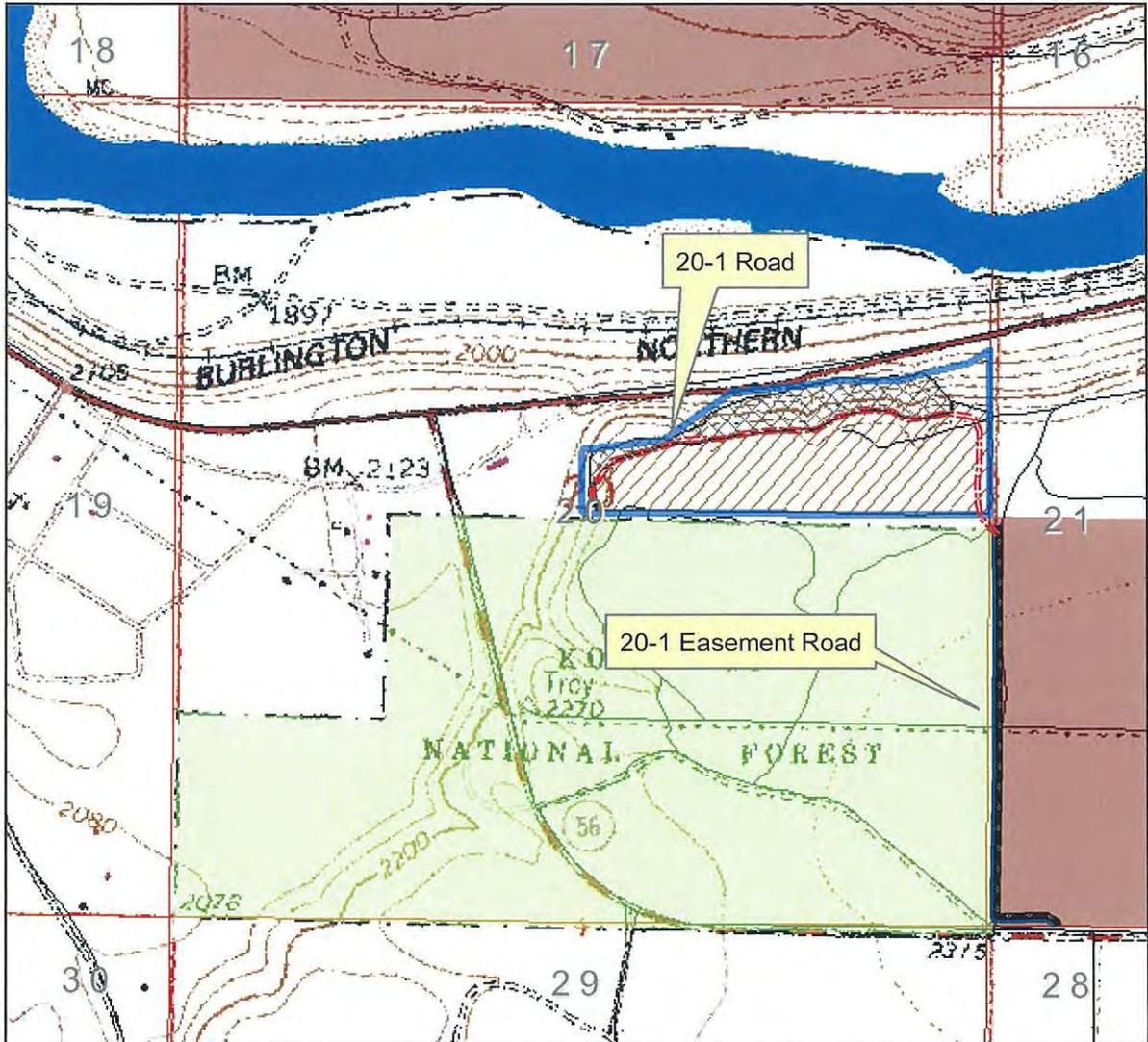


# Iron Schoolhouse Timber Sale Roads Map

Par. 1 of COS 3069 in the S 1/2 NE 1/4 Sec. 20, T31N, R33W

Center of Parcel Location:

115° 50' 34.2588" W, 48° 26' 12.6377" N



## Legend

 Unit 20-1 (30.9 Ac.)

 Unit 20-2 (10 Ac.)

 New Construction

 Re-construction

 Maintenance

## Ownership

 MT DNRC

 Stimson Lumber Co

 USFS



1 inch equals 0.22 miles

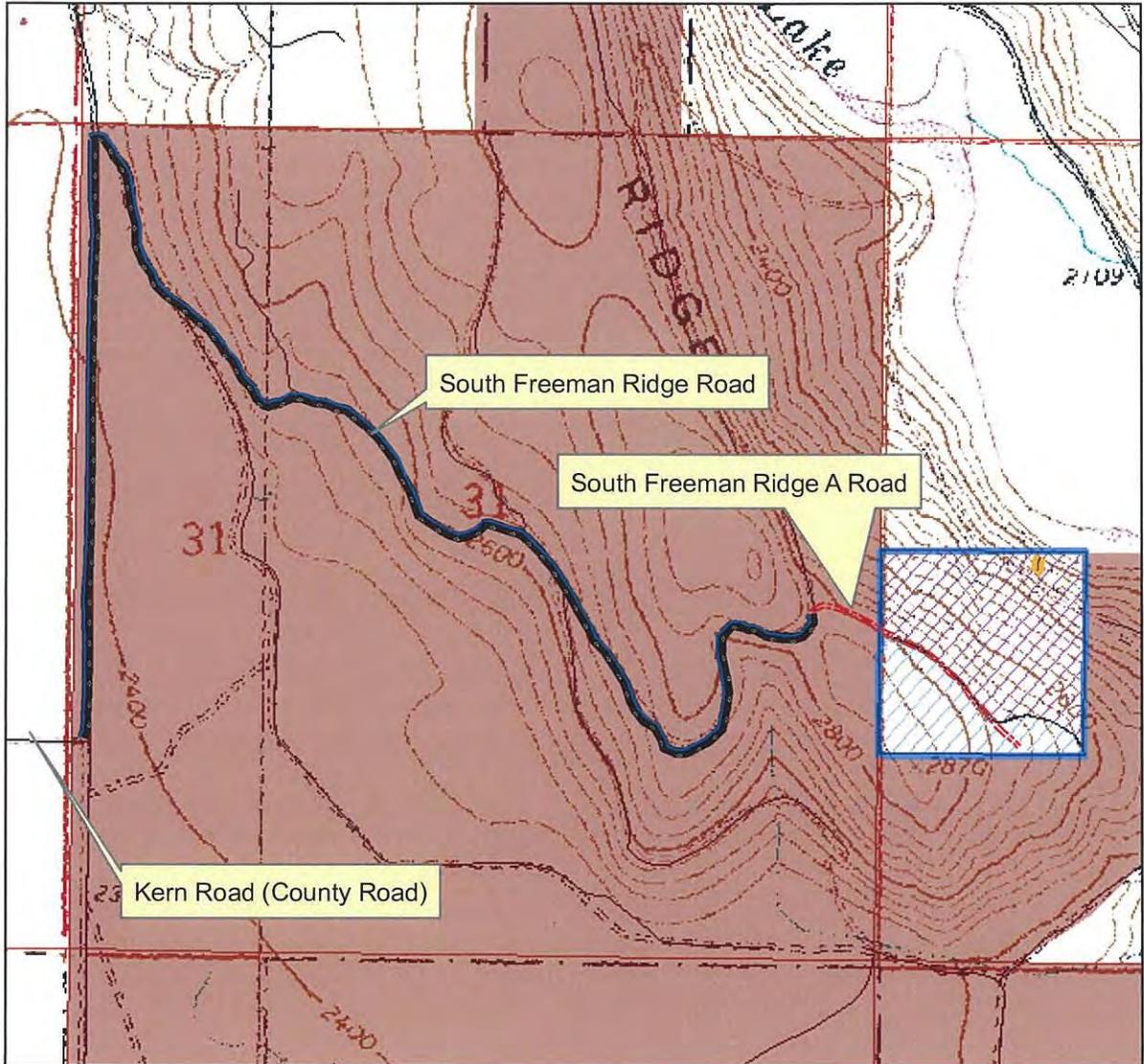
# Iron Schoolhouse Timber Sale

## Roads Map

NW1/4, SW1/4, Sec. 32, T31N, R33W

Center of Parcel Location:

115° 51' 24.9005" W, 48° 24' 18.1579" N



### Legend

 Unit 32-1(11.9 Ac.)

 Unit 32-2 (27.1 Ac.)

 New Construction

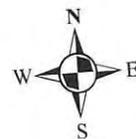
 Maintenance

### Ownership

 MT DNRC

 Stimson Lumber Co

 USFS



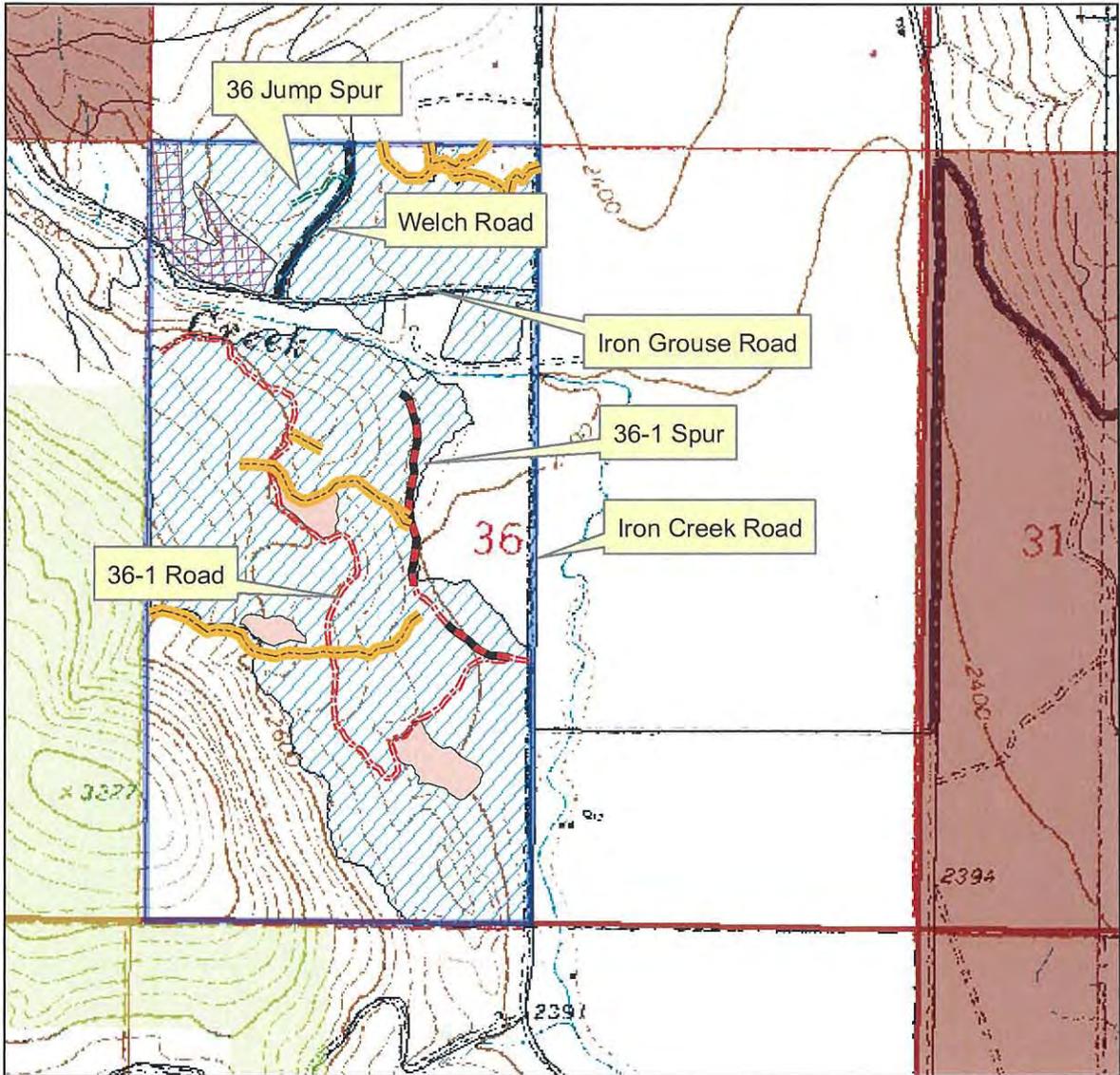
1 inch equals 0.22 miles

# Iron Schoolhouse Timber Sale Roads Map

W 1/2 Section 36, T31N, R34W

Center of Parcel Location:

115° 53' 48.5562" W, 48° 24' 24.2812" N



## Legend

-  Unit 36-1(221.2 Ac.)
-  Re-construction
-  New Construction (Temporary)
-  New Construction
-  Maintenance
-  SMZ

## Ownership

-  MT DNRC
-  Stimson Lumber Co
-  USFS



1 inch equals 0.23 miles

# SCHOOLHOUSE CONTRACT HARVEST

## TIMBER SALE

February 21st, 2012  
Land Board

### Location of Sale:

- Libby Unit (NWLO) – Approximately 13 air miles west of Libby, Montana.
- Lincoln County – Section 32, T31N-R33W
- 100% School of Mines

### General Information:

- This sale will be offered under DNRC's contract harvesting authority
- DRNC will offer delivered forest products through the competitive bidding process.
- DNRC will contract with firms for the removal and delivery of products.

### Sale Volume & Estimated Value:

- The estimated volume is 8,191 tons (1,376 MBF) of sawlogs with a conversion factor of 5.95 tons/MBF.

| Estimated Volume (tons) | Estimated Bid Rate (per ton) | Total Log Value | Total Contracting Cost | Estimated Net Sale Value |
|-------------------------|------------------------------|-----------------|------------------------|--------------------------|
| 8,191                   | \$45                         | \$368,595       | \$256,706              | \$111,889.00             |

### Sale & Harvest Treatments:

- The sale consists of 1 harvest unit that totals 87 acres.
- Approximately 87 acres are to be regenerated, through seed tree treatments. Adjacent Streamside Management Zones, the stand will receive an individual tree selection removal to promote an uneven-aged, old growth maintenance treatment, and healthy riparian zone.
- Approximately 26 acres of the identified 36 acre old growth stand would remain in an old growth condition following an old growth maintenance treatment however, the conversion of 10 acres of old growth to the 0-39 year age class would bring the total Libby Unit old growth percentage to approximately 8.5% overall.

### Harvest Systems:

- 70% Tractor, 30% Excaline

### Road Construction & Maintenance:

- Approximately 0.3 miles of new road construction is required to access harvest units.
- Approximately 0.7 miles of existing road will be re-constructed and 2.3 miles of existing road will be maintained to meet or exceed BMP requirements.
- Current road restrictions for the public will remain in place to maintain wildlife security, reduce the spread of noxious weeds, and minimize future maintenance costs.

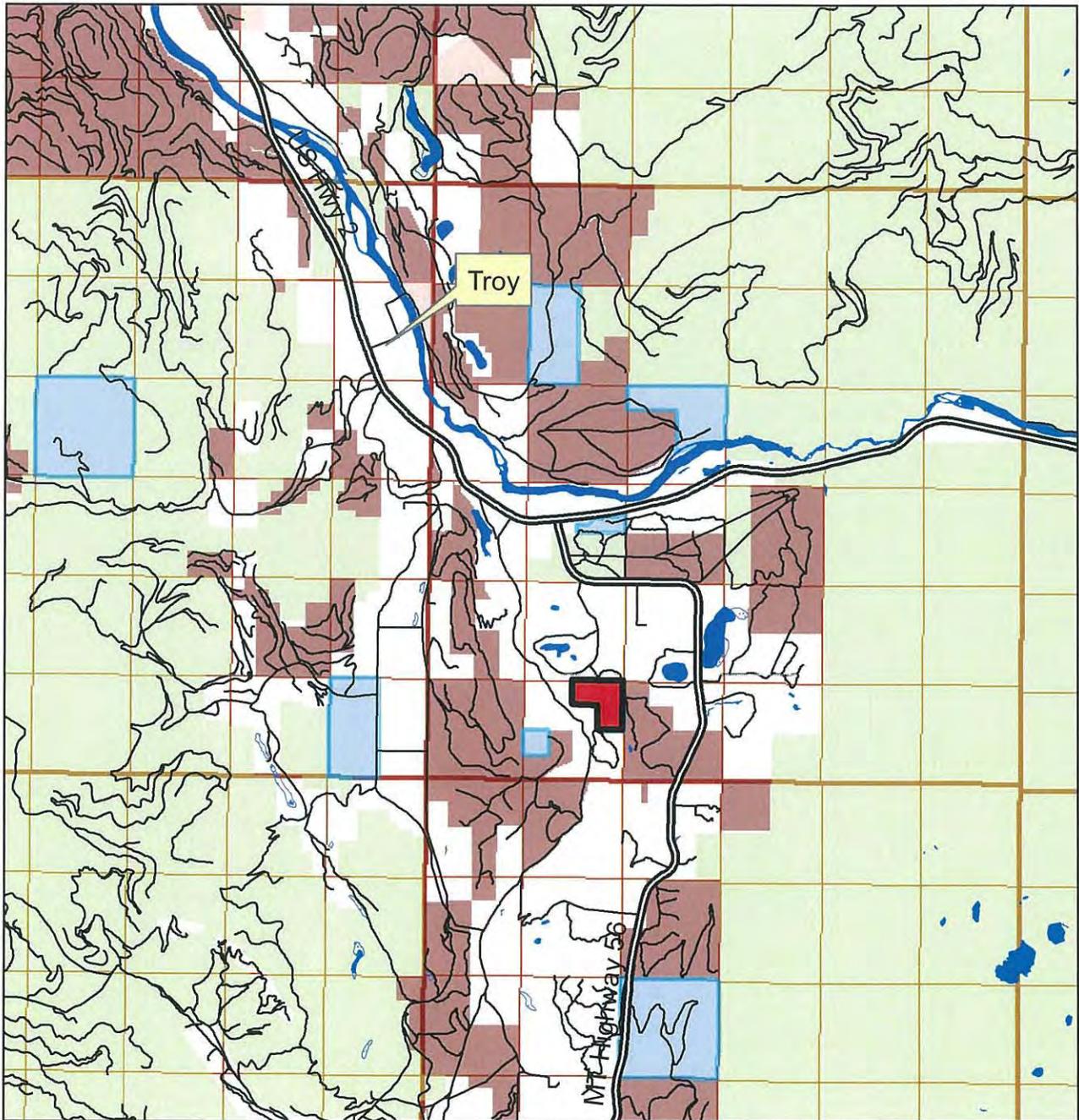
### Public Involvement:

- A public notice was published in the Western News on February 12<sup>th</sup>, 19<sup>th</sup>, and 26<sup>th</sup>, as well as March 5<sup>th</sup>, 12<sup>th</sup>, and 19<sup>th</sup>, 2010. Scoping letters were sent to adjacent land owners and other interested parties on the Libby Unit mailing list for scoping notices. Comments and concerns were addressed and incorporated in to the final Environmental Assessment in January, 2012.

**The Director recommends the Land Board direct the Department to sell the Schoolhouse Contract Harvest Timber Sale.**

# Schoolhouse Timber Sale

Vicinity Map



## Legend

 Project Area (MT DNRC)



## Ownership

 MT DNRC

 Stimson Lumber Co

 USFS



1 inch equals 1.64 miles

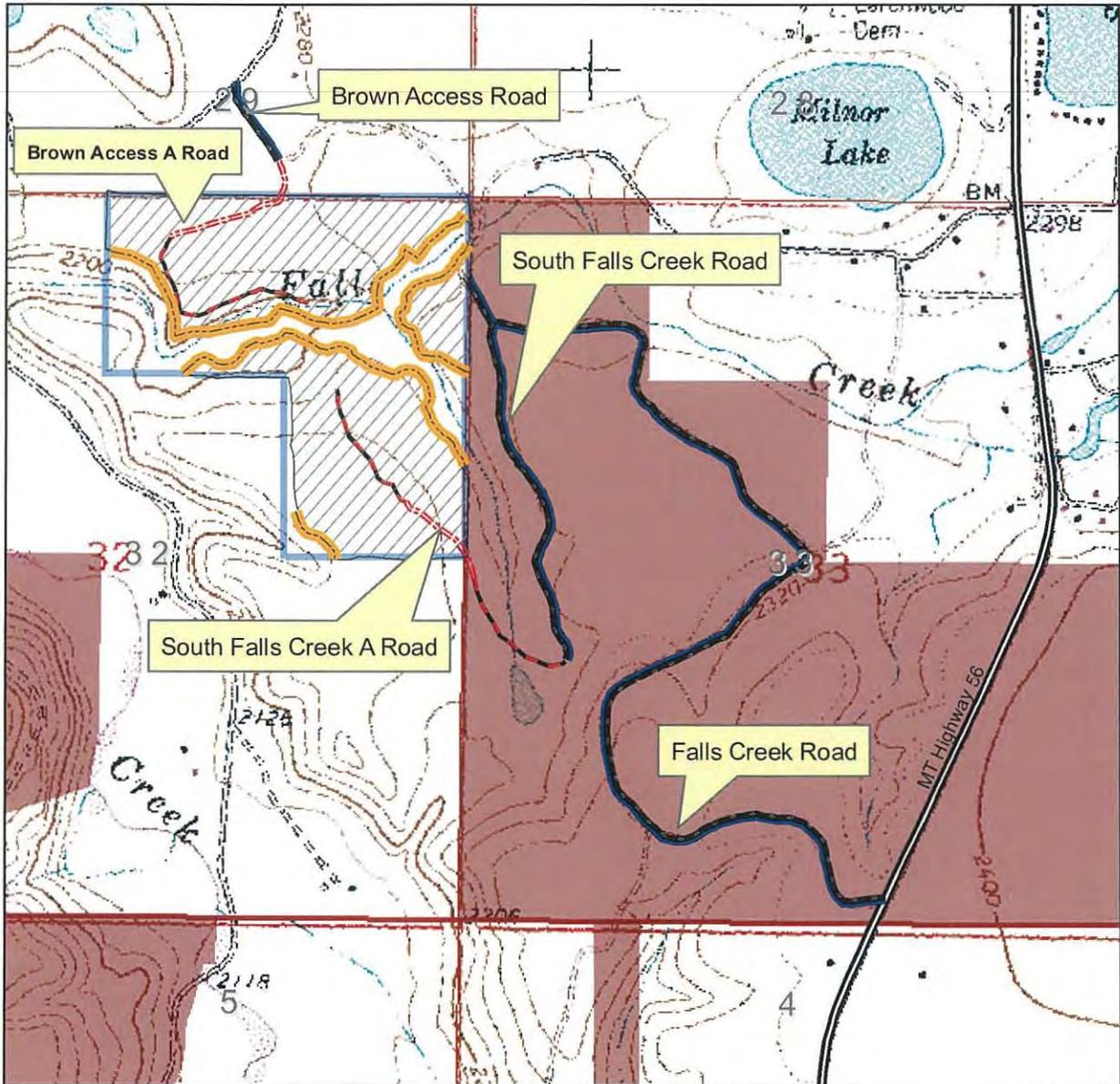
# Schoolhouse Timber Sale

## Road Map

N ½ NE ¼, SE ¼ NE ¼, Sec. 32, T31N, R33W

Center of Parcel :

115°50'27.1089"W, 48°24'43.4173"N



### Legend

-  Unit 32-3 (87.3 Ac.)
-  New Construction
-  Re-construction
-  Maintenance
-  SMZ

### Ownership - General

-  MT DNRC
-  Stimson Lumber Co
-  USFS



1 inch equals 0.24 miles

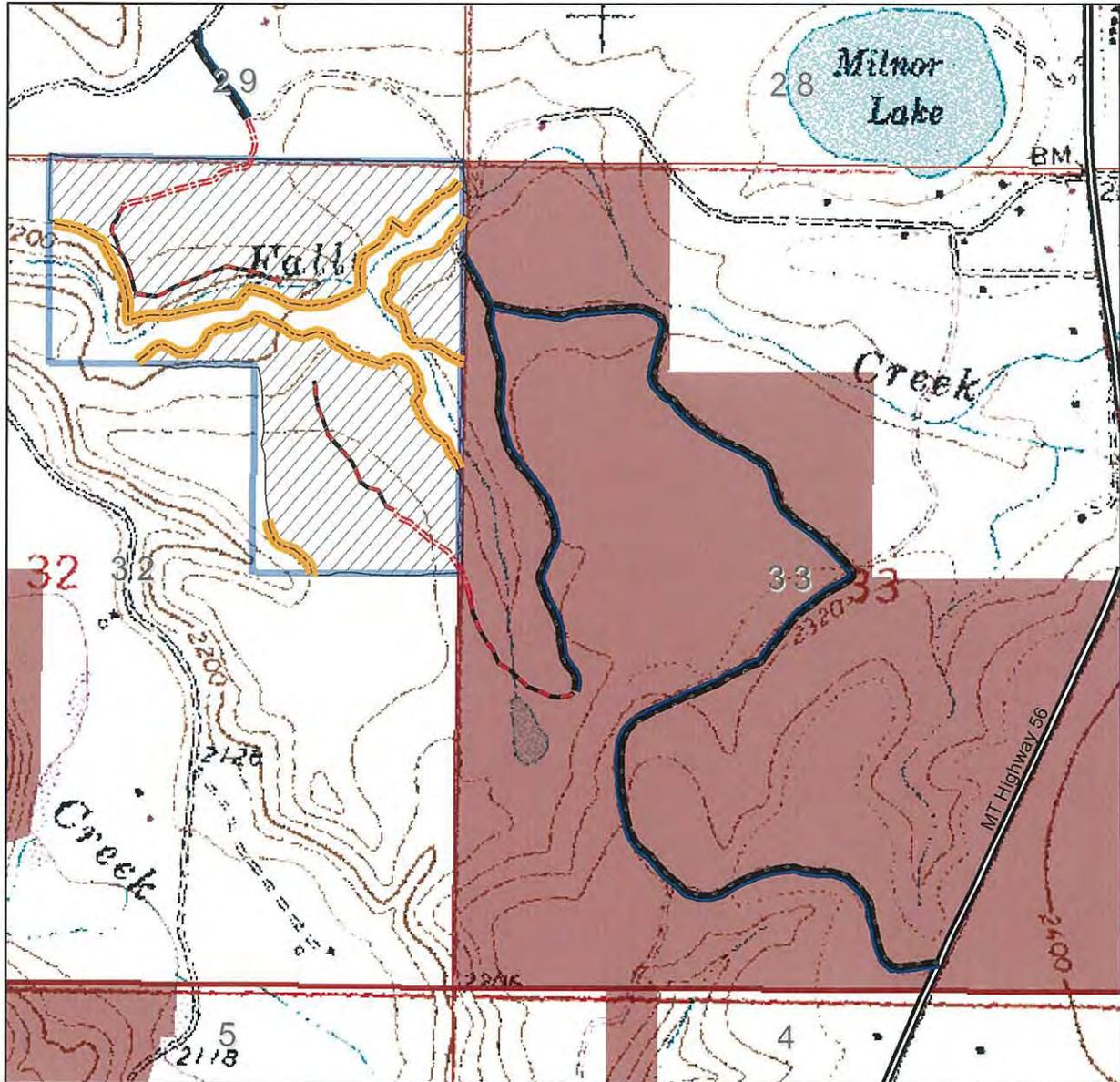
# Schoolhouse Timber Sale

Harvest Map

N 1/2 NE 1/4, SE 1/4 NE 1/4, Sec. 32, T31N, R33W

Center of Parcel :

115°50'27.1089"W, 48°24'43.4173"N



### Legend

-  Unit 32-3 (87.3 Ac.)
-  SMZ

### Ownership - General

-  MT DNRC
-  Stimson Lumber Co
-  USFS



1 inch equals 0.21 miles

# SELOW 2 TIMBER SALE

February 21<sup>ST</sup>, 2012  
Land Board

## Location of Sale:

- Plains Unit (NWLO) – Approximately 4 air miles south of Dixon, Montana.
- Sanders County – Section 36, T18N-R22W.
- 100% CS

## Sale Volume & Estimated Value:

- The estimated volume is 15,385 tons (2,256 MBF) with a conversion factor of 6.82 tons/MBF.

| Minimum Bid Rate (per ton) | Forest Improvement Fee (per ton) | Total Minimum Value (per ton) | Estimated Volume (tons) | Total Minimum Sale Value |
|----------------------------|----------------------------------|-------------------------------|-------------------------|--------------------------|
| \$14.27                    | \$3.68                           | \$17.95                       | 15,385                  | \$276,160.75             |

## Sale & Harvest Treatments:

- The sale consists of 3 harvest units totaling 436 acres.
- Silvicultural prescriptions will remove unhealthy trees as well as those with poor vigor from the overstory to promote long term forest health.
- The prescribed treatment will retain healthy, dominant and co-dominant trees in the overstory, favoring ponderosa pine, western larch and Douglas-fir for seed trees (leave trees) to promote natural regeneration of these species.
- The proposed treatments are: modified seed tree harvesting on 436 acres. Natural regeneration in the project area will be assessed and planted as needed.
- No old growth would be harvested.

## Harvest Systems:

- 100% Ground based (tractor).

## Road Construction:

- Approximately 0.5 miles of new road construction, 0.3 miles of reconstruction, 4.25 of road maintenance are required to access the harvest units and upgrade existing roads to meet current Best Management Practices (BMP). 0.5 miles of road would be reclaimed.
- All currently closed roads and all new roads would be closed to promote wildlife security and reduce the spread of noxious weeds.

## Public Involvement:

- 4/5/2010: Scoping letters were sent to adjacent landowners and interested parties.
- 10/4/2010: Newspaper advertisements ran in the Sanders County Ledger, the Clark Fork Valley Press, and the Missoulian.
- 10/21/2010: The DNRC and CSKT met at the project site to discuss the project and potential concerns.

**Public Issues and Mitigations:****Wildlife**

- A DNRC biologist will be consulted if a threatened or endangered species is encountered to determine if additional mitigations that are consistent with the administrative rules for managing threatened and endangered species (ARM 36.11.428 through 36.11.435) are needed.
- Public access would be restricted at all times on restricted roads that are opened for harvesting activities; signs will be used during active periods and a physical closure (gate, barriers, equipment, etc.) will be used during inactive periods (nights, weekends, etc.).
- Roads and skid trails that are opened with the proposed activities will be reclosed to reduce the potential for unauthorized motor vehicle use.
- Use a combination of topography, group retention, and roadside vegetation to reduce sight distances within harvest units where feasible.
- Manage for snags, snag recruits, and coarse woody debris, particularly favoring ponderosa pine, western larch and Douglas-fir (ARM 36.11.439(1) (b)). Clumps of existing snags could be maintained where they exist to offset areas without sufficient snags.
- Prohibit contractors and purchasers conducting contract operations from carrying firearms while operating on restricted roads (ARM 36.11.432(1)(m)).

**Noxious Weeds:**

- Newly constructed roads and skid trail approaches would be seeded and fertilized following construction and project completion.
- Prior to entering the site, off-road logging equipment would be cleaned and inspected through the timber sale contract to avoid seed migration.
- Restricted entry roads would be closed following the sale to avoid migration of weed seed into the area.
- Post-harvest, the area would be included in the Plains Unit's integrated weed management program.

**Aesthetics:**

- The project was designed to emulate natural disturbance regimes and nearby management activities.
- Topographic and vegetative barriers were incorporated into project design where available.

**Streamside Management Zones (SMZs):**

- 100 foot no harvest SMZ buffers have been implemented into the project design.
- No harvesting would occur in Streamside Management Zones.
- All rules and regulations pertaining to the Streamside Management Zone (SMZ) Law would be followed.

**The Director recommends the Land Board direct the Department to sell the Selow 2 Timber Sale.**

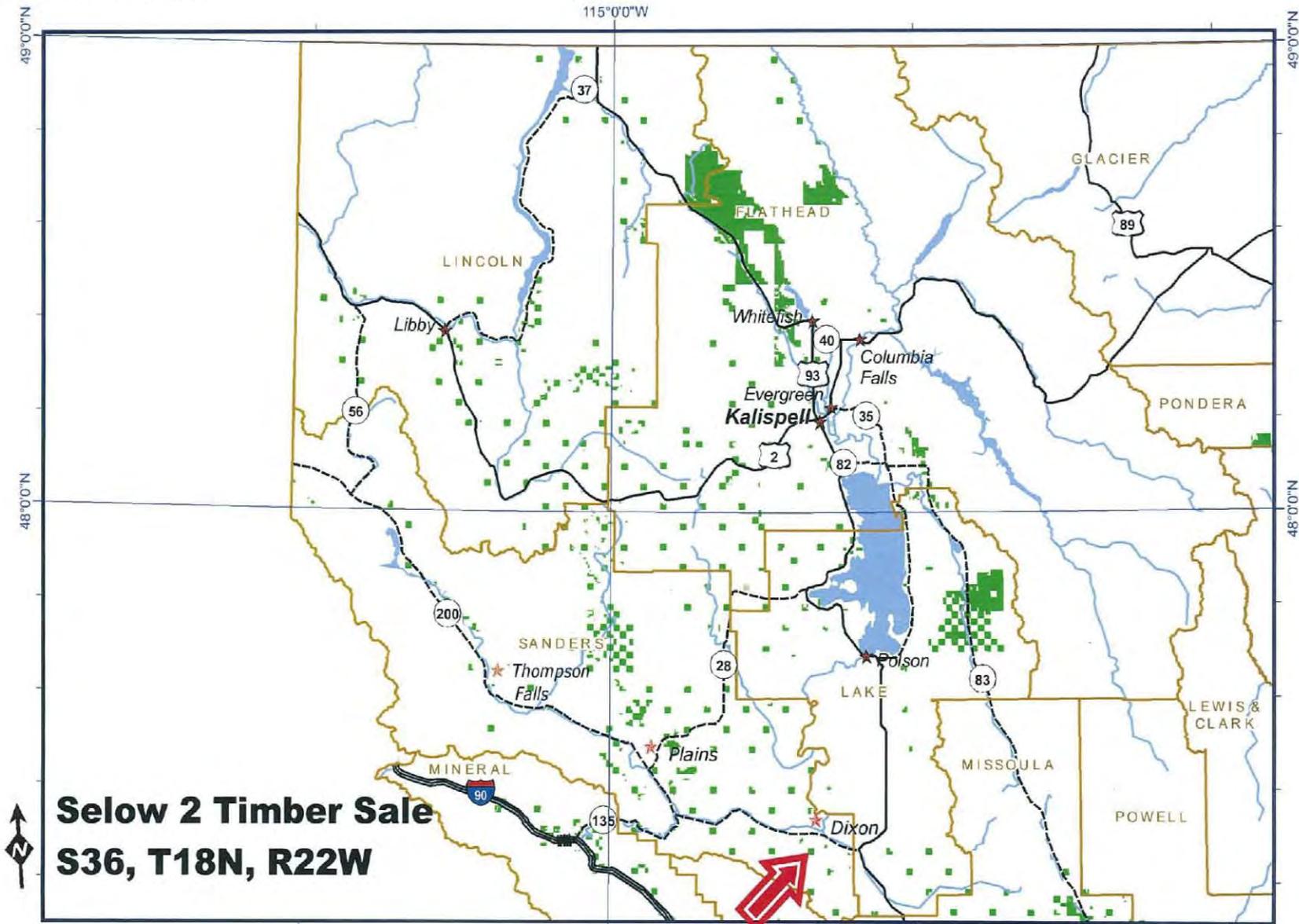
Selow 2 Timber Sale  
Section 36, T18N, R22W

Attachment A

212-2C

Created 2/7/12

-3-



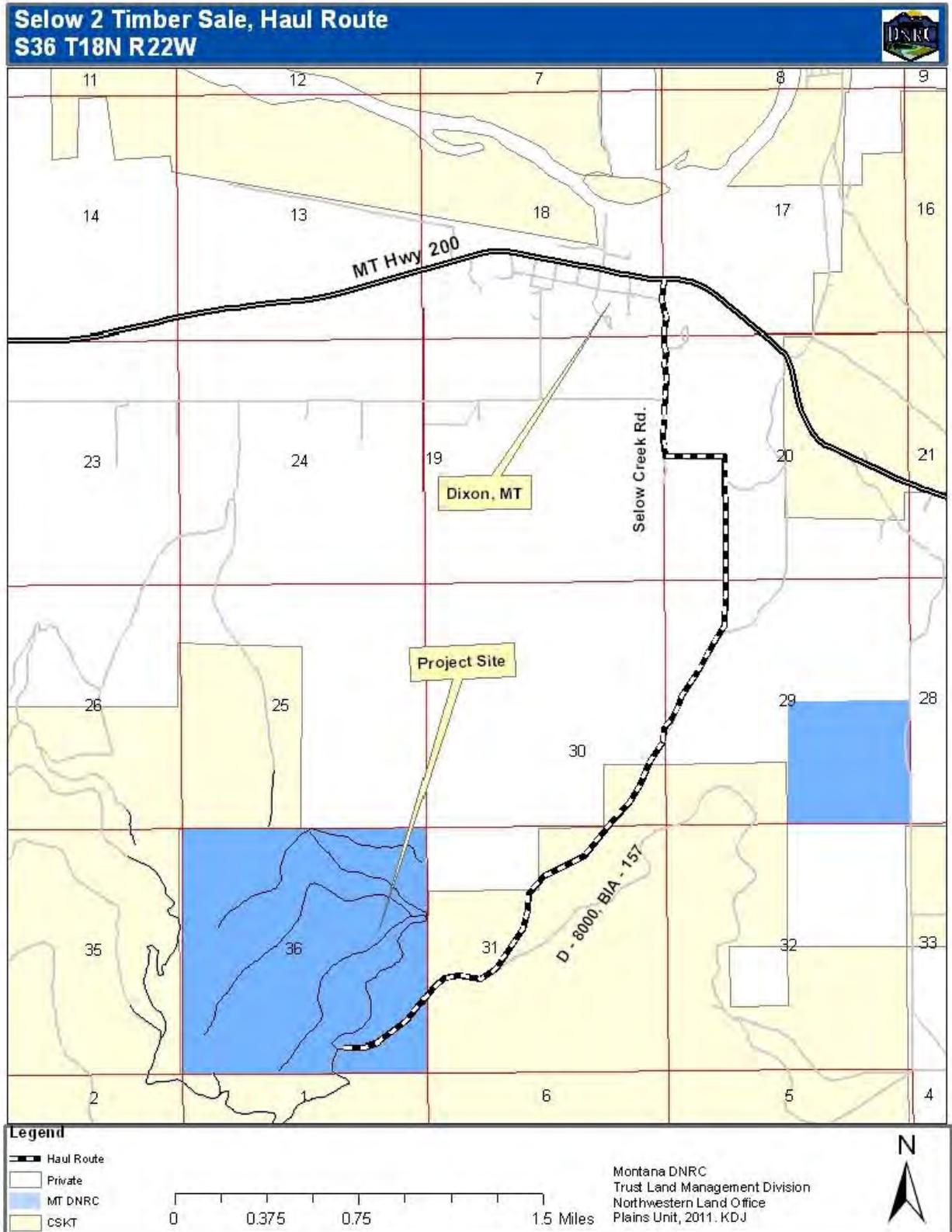
**Selow 2 Timber Sale**  
**S36, T18N, R22W**

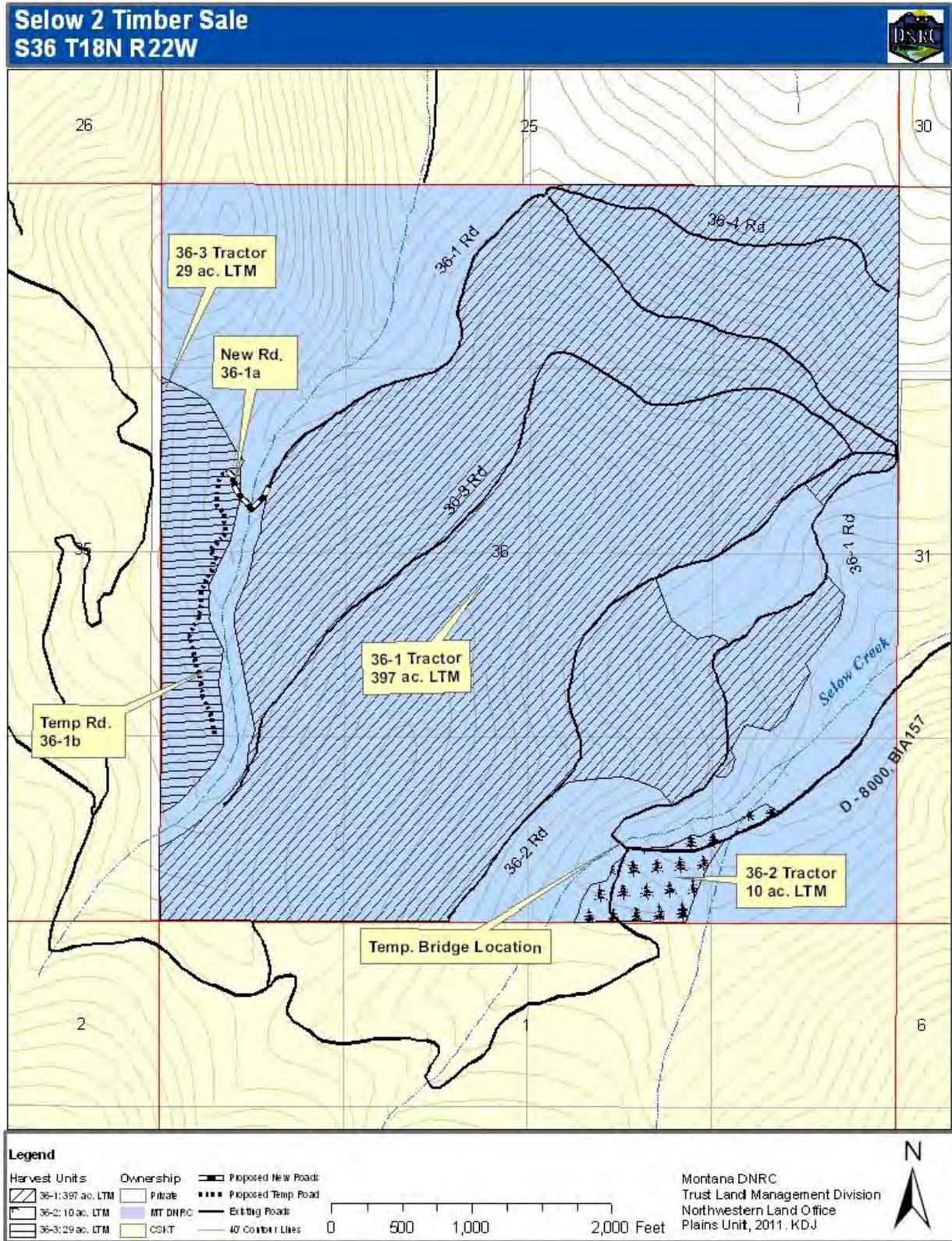


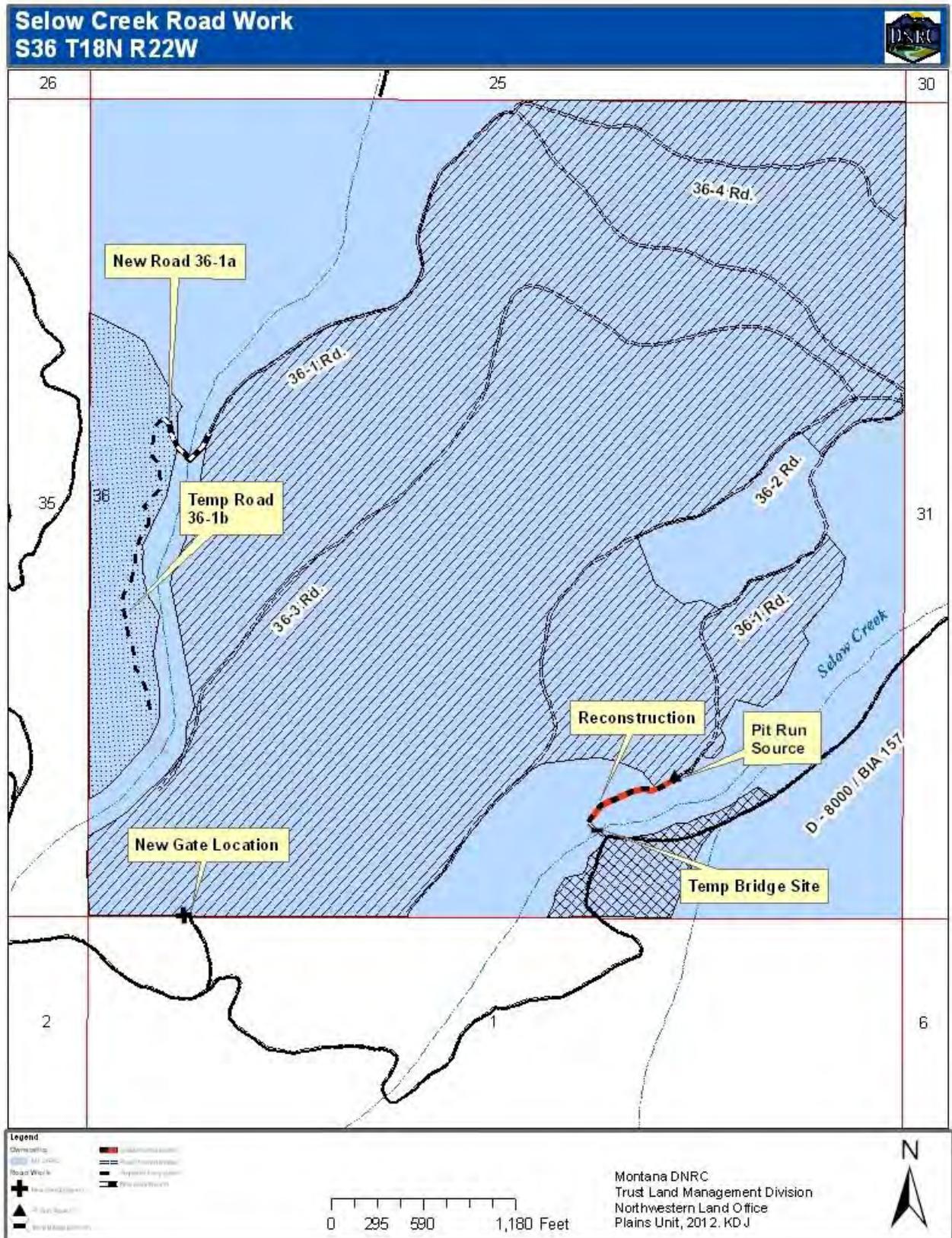
|  |                    |  |        |  |                         |
|--|--------------------|--|--------|--|-------------------------|
|  | Interstate Highway |  | Rivers |  | Lakes                   |
|  | U.S. Route         |  | City   |  | DNRC managed for timber |
|  | State Highway      |  | County |  | DNRC other              |

21 February 2007  
Montana DNRC  
Technical Services Section/dr









# 212-3

DESIGNATING AUDIO MINUTES AS THE  
OFFICIAL LAND BOARD RECORD

**DESIGNATING AUDIO MINUTES AS THE OFFICIAL LAND BOARD RECORD**  
**February 21, 2012**  
**Land Board**

**Background:** The Land Board has recorded and maintained all of its meetings in a digital audio format since January 2008. It has also utilized live meeting streaming (audio and video since September 2009). The 2011 Legislature passed House Bill 120 which became 2-3-212, MCA. The statute allows state agencies to designate audio minutes as the official record of the meeting:

- 2-3-212. Minutes of meetings -- public inspection.** (1) *Appropriate minutes of all meetings required by [2-3-203](#) to be open must be kept and must be available for inspection by the public. If an audio recording of a meeting is made and designated as official, the recording constitutes the official record of the meeting. If an official recording is made, a written record of the meeting must also be made and must include the information specified in subsection (2).*
- (2) *Minutes must include without limitation:*
- (a) *the date, time, and place of the meeting;*
  - (b) *a list of the individual members of the public body, agency, or organization who were in attendance;*
  - (c) *the substance of all matters proposed, discussed, or decided; and*
  - (d) *at the request of any member, a record of votes by individual members for any votes taken.*
- (3) *If the minutes are recorded and designated as the official record, a log or time stamp for each main agenda item is required for the purpose of providing assistance to the public in accessing that portion of the meeting.*

**Reasoning:** In order to provide a more accurate public record, increase staff efficiency, and allow public access that better fits the modern information age, the department is requesting that the Land Board adopt audio minutes as their official meeting record in conjunction with the written summary required by statute [2-3-212](#)(2) and (3). Adopting audio minutes will assist the operations of the board and improve public access to its records.

- ***Written summary minutes are subjective, while audio provides the complete detail of what was actually stated at a meeting.***  
 Summary minutes are not always accurate as they rely on staffs' decisions as to what should and should not be included as a part of the official record.
- ***Department staff resources can be better allocated to serve the needs of the board and the public.***  
 Over 30 hours of staff time are currently spent to produce the monthly minutes summary. The audio minutes method would take only one to three hours of staff time to complete.
- ***Results of the board meeting will be available and posted on the Land Board webpage for both staff and the public in a more timely manner.***  
 Due to the amount of time it takes staff to summarize the current form of the minutes, the minutes are not actually completed until the next month's meeting. The new methodology would allow the actual audio and meeting results to be posted to the department website within zero to two days of the meeting.

Designated official audio minutes are already being used by the Legislature. The department will continue to work with the Legislative Services Division, the Historical Society, and the State Records Management Committee to ensure that it has appropriate methodology in place to make available and maintain the audio records as per state records management laws.

**Recommendation:** The director recommends that the board adopt audio minutes with an electronically signed abbreviated summary as their official meeting record ([2-3-212](#), MCA).

**[THIS DOCUMENT IS AN EXAMPLE FOR FORMATTING PURPOSES ONLY AND DOES NOT REFLECT AN ACTUAL MEETING OF THE LAND BOARD]**

**MINUTES  
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS  
Tuesday, January 17, 1812, at 9:00 a.m.  
State Capitol  
Helena, MT**

**Please note:** *The Land Board has adopted the audio recording of its meetings as the official record, as allowed by [2-3-212, MCA](#). These minutes provide an abbreviated summary of the Land Board discussion, public testimony, action taken, and other activities. The time designations listed are approximate and may be used to locate the referenced discussion on the audio recording of this meeting. Access to an electronic copy of these minutes and the audio recording is provided from the Land Board webpage at <http://dnrc.mt.gov/LandBoard>. The written minutes summary, along with the audio recordings, are listed by meeting date on the Land Board Archive webpage.*

**Members Present**

Governor Brian Schweitzer  
Attorney General Steve Bullock  
Commissioner of Securities and Insurance Monica Lindeen  
Secretary of State Linda McCulloch  
Superintendent of Public Instruction Denise Juneau

**Members Absent**

None

**Testifying Staff**

DNRC Director Mary Sexton  
DNRC Trust Land Division Administrator Shawn Thomas

**Attachments**

Related Materials, Attachment 1 – Sign-in Sheet  
Related Materials, Attachment 2 – Mountain County Commissioner letter commenting on item 112-3.

**Call to Order**

00:00:05 Governor Brian Schweitzer called the meeting to order.  
00:00:10 Ms. McCulloch moved to approve the December 19, 2011, minutes. The motion was seconded by Mr. Bullock and carried unanimously.

**Business Considered**

**112-1 Timber Sale X**

00:00:47 Ms. Sexton gave an overview of the item.  
00:01:59 Ms. Lindeen moved to approved the timber sale. The motion was seconded by Mr. Bullock and carried unanimously.

**112-2 Final Approval for Sale of Land Banking Parcels**

00:06:30 Ms. Sexton gave an overview of the item.  
00:07:09 Ms. Lindeen moved for final approval of the land banking parcels. Motion seconded by Ms. Juneau.

Public Comment

- 00:07:52 Bob Smith
- 00:15:02 Jane Doe, Mountain County Commissioner (also, see Related Materials, Attachment 2)
- 00:21:45 John Jones
- 00:25:13 Tom Black
- 00:31:37 Maria White

Discussion and Questions

- 00:32:00 Ms. Lindeen
- 00:32:27 Ms. Sexton
- 00:33:23 Governor Schweitzer
- 00:35:17 Mr. Thomas
- 00:35:48 Governor Schweitzer
- 00:36:01 Mr. Thomas
- 00:36:19 Mr. Bullock
- 00:40:15 Mr. Thomas
- 00:41:55 Ms. Sexton
- 00:43:59 Ms. McCulloch
- 00:46:33 Ms. Doe
- 00:48:30 Ms. McCulloch

00:49:21 The motion for final approval of the land banking parcels was carried unanimously.

General Public Comment

None

Adjournment

00:49:33 Adjournment

PRESIDENT

ATTEST

/s/ Brian Schweitzer  
Brian Schweitzer, Governor

/s/ Mary Sexton  
Mary Sexton, DNRC Director

Formatting Example Does not reflect minutes of an actual Land Board meeting



January 17, 2012

Board of Land Commissioners  
State Capitol  
Helena, MT 59601

Board of Land Commissioners:

We, the commissioners of Mountain County fully support this land sale. Thank you for investing in the future of the school children of our county.

Sincerely,

Mountain County Commissioners

Formatting Example: Does not reflect minutes of an actual Land Board meeting

# 212-4

## EASEMENTS

**SUMMARY SHEET – RIGHTS OF WAY APPLICATIONS**

**ENCROACHMENT EASEMENT** – *Heather Almquist* (Page 1)

**HISTORIC PRIVATE ACCESS** – *Marias River Land & Livestock* (Page 2)  
 - *Clay Massar & 6N, Inc.* (Page 3)  
 - *Gerald Coplien* (Page 4)

**HISTORIC TELECOMM. UTILITY** - *Northern Telephone Coop.* (Pages 5-6)  
 - *Blackfoot Telecommunications* (Pages 14-23)

**NEW TELECOMM. UTILITY** – *Qwest Corp.* (Page 7)  
 - *Bresnan Communications* (Pages 8-13)

**AFFECTED GRANTS AND PROPOSED INCOME:**

|                     |           |
|---------------------|-----------|
| Common Schools      | \$ 16,979 |
| Capitol Buildings   | \$ 2,674  |
| Pine Hills School   | \$ 510    |
| State Normal School | \$ 4,639  |

**AFFECTED COUNTIES:** Dawson, Glacier, Lewis & Clark, McCone, Mineral, Missoula, Park, Toole

# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

---

Applicant: Heather Almquist  
 %Kevin Jones  
 Christian, Samson & Jones PLLC  
 310 West Spruce  
 Missoula MT 59802

Application No.: 15900  
 R/W Purpose: an encroachment easement for residential purposes, including  
 garage and associated appurtenances

Lessee Agreement: ok  
 Acreage: 1.0  
 Compensation: \$5,750.00  
 Legal Description: tract of land in SE4SE4, Sec. 26, Twp. 12N, Rge. 16W,  
 Missoula County  
 Trust Beneficiary: Common Schools  
 Classification: III



Applicant relied on erroneous information regarding property boundaries when constructing a new garage. A routine field inspection by DNRC Missoula Unit Office discovered the encroachment and discussed the situation with the applicant. Applicant immediately hired a surveyor to determine the extent of the encroachment. The survey revealed that in addition to the garage and driveway, a small portion of the home was also encroaching on the State land. Applicant purchased the property in 2004 and subsequently built the garage relying on information supplied by the seller. Pursuant to §77-1-125, MCA the result of placing a structure on state trust land without authorization is liable for a civil penalty determined by the Board. Such penalty may be \$500 or three times the value of the easement. Such penalty is in addition to the base value of the easement. Consistent with similar circumstances for other encroachment easements, the Department recommends a penalty of 1.5 times the easement value plus the base value for the approval of this encroachment easement request. The compensation shown above reflects this recommendation.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Marias River Land & Livestock<br>1137 Adel Road<br>Cascade MT 59421                        |
| Application No.:   | 15901  |
| R/W Purpose:       | a private access road for the purpose of conducting normal farming and ranching operations |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 1.87   |
| Compensation:      | \$421.00   |
| Legal Description: | 24-foot strip through SW4NE4, W2SE4, Sec. 31, Twp. 32N, Rge. 4W, Toole County              |
| Trust Beneficiary: | Capitol Buildings  |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Clay Massar and 6M, Inc.<br>P O Box 121<br>Rudyard MT 59540  |
| Application No.:   | 15902  |
| R/W Purpose:       | a private access road for the purpose of conducting normal farming and ranching operations             |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 4.9  |
| Compensation:      | \$980.00   |
| Legal Description: | 30-foot strip through SE4SE4, N2SE4, SW4NE4, SE4NW4, N2NW4, Sec. 16, Twp. 17N, Rge. 49E, McCone County |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Gerald A. Coplien<br>911 8th Street<br>Monroe WI 53566                                     |
| Application No.:   | 15903  |
| R/W Purpose:       | a private access road for the purpose of conducting normal farming and ranching operations |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 2.49   |
| Compensation:      | \$747.00   |
| Legal Description: | 30-foot strip through S2NE4, Gov. Lots 2 & 3, Sec. 36, Twp, 16N, Rge. 56E, Dawson County   |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Northern Telephone Cooperative, Inc.<br>P O Box 190<br>Sunburst MT 59482 |
| Application No.:   | 15904  |
| R/W Purpose:       | a buried telecommunications distribution line                            |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 1.19   |
| Compensation:      | \$476.00   |
| Legal Description: | 20-foot strip through E2NE4, Sec. 29, Twp. 31N, Rge. 2E,<br>Toole County |
| Trust Beneficiary: | Common School  |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |   |
|--------------------|---|
| Applicant:         | Northern Telephone Cooperative, Inc.<br>P O Box 190<br>Sunburst MT 59482            |
| Application No.:   | 15905   |
| R/W Purpose:       | a buried telecommunications distribution line                                       |
| Lessee Agreement:  | N/A (Historic)  |
| Acreage:           | 0.95  |
| Compensation:      | \$285.00  |
| Legal Description: | 20-foot strip through SE4NE4, NE4SE4, Sec. 26, Twp. 35N,<br>Rge. 6W, Glacier County |
| Trust Beneficiary: | Common School   |
| Classification:    | III   |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |   |
|--------------------|---|
| Applicant:         | Qwest Corporation<br>904 N Columbus St.<br>Spokane WA 99202                                     |
| Application No.:   | 15906   |
| R/W Purpose:       | a buried fiber optic telecommunications distribution line                                       |
| Lessee Agreement:  | ok  |
| Acreage:           | 1.26  |
| Compensation:      | \$2,520.00  |
| Legal Description: | 10-foot strip through Gov. Lots 3 & 4, E2NW4, NW4NE4,<br>Sec. 16, Twp. 4S, Rge. 9E, Park County |
| Trust Beneficiary: | Common School   |
| Classification:    | III   |



Applicant is upgrading fiber optic cables from Livingston to Pray to enhance telecommunications in that area. The proposed cable will be placed adjacent to abandoned railroad right of way the entire route. Minimal disturbance will occur and impacts will be minor. The Department recommends approval of this application.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Bresnan Communications LLC<br>1111 Steward Avenue<br>Bethpage NY 11714-3581                |
| Application No.:   | 15907  |
| R/W Purpose:       | an overhead fiber optic communications line  |
| Lessee Agreement:  | ok   |
| Acreage:           | 0.76   |
| Compensation:      | \$380.00   |
| Legal Description: | 6-foot strip through Gov. Lot 1, E2W2, Sec. 30, Twp. 12N,<br>Rge. 3W, Lewis & Clark County |
| Trust Beneficiary: | Pine Hills School  |
| Classification:    | III  |



Applicant is upgrading the communications system in the rural areas north of Helena. The proposed route is adjacent to existing roads and other utility infrastructure for the most part. Minimal disturbance will occur and impacts are minor. The Department recommends approval of this request.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant: Bresnan Communications LLC  
 1111 Steward Avenue  
 Bethpage NY 11714-3581

Application No.: 15908  
 R/W Purpose: an overhead fiber optic communications line  
 Lessee Agreement: ok  
 Acreage: 0.26  
 Compensation: \$130.00  
 Legal Description: 6-foot strip through SW4SE4, Sec. 18, Twp. 12N, Rge. 3W,  
 Lewis & Clark County  
 Trust Beneficiary: Pine Hills School  
 Classification: III



See explanation on page 8.

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## Rights of Way Applications

**February 21, 2012**

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Bresnan Communications LLC<br>1111 Steward Avenue<br>Bethpage NY 11714-3581  |
| Application No.:   | 15909  |
| R/W Purpose:       | a buried fiber optic communications line   |
| Lessee Agreement:  | ok   |
| Acreage:           | 0.89   |
| Compensation:      | \$445.00   |
| Legal Description: | 6-foot strip through E2SE4, NW4SE4, SW4NE4, E2NW4,<br>Gov. Lot 1, Sec. 30, Twp. 13N, Rge. 3W, Lewis & Clark County |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



See explanation on page 8.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant: Bresnan Communications LLC  
1111 Steward Avenue  
Bethpage NY 11714-3581

Application No.: 15910  
R/W Purpose: a buried fiber optic communications line  
Lessee Agreement: ok  
Acreage: 0.55  
Compensation: \$275.00  
Legal Description: 6-foot strip through NE4, Sec. 16, Twp. 13N, Rge. 4W,  
Lewis & Clark County  
Trust Beneficiary: Common Schools  
Classification: III



See explanation on page 8.

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## Rights of Way Applications

February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Bresnan Communications LLC<br>1111 Steward Avenue<br>Bethpage NY 11714-3581            |
| Application No.:   | 15911  |
| R/W Purpose:       | a buried fiber optic communications line   |
| Lessee Agreement:  | ok   |
| Acreage:           | 0.35   |
| Compensation:      | \$175.00   |
| Legal Description: | 6-foot strip through E2NW4, NW4NW4, Sec. 8, Twp. 13N,<br>Rge. 4W, Lewis & Clark County |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



See explanation on page 8.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant: Bresnan Communications LLC  
 1111 Steward Avenue  
 Bethpage NY 11714-3581

Application No.: 15912  
 R/W Purpose: a buried fiber optic communications line  
 Lessee Agreement: ok  
 Acreage: 0.38  
 Compensation: \$190.00  
 Legal Description: 6-foot strip through S2SE4, Sec. 16, Twp. 14N, Rge. 4W,  
 Lewis & Clark County  
 Trust Beneficiary: Common Schools  
 Classification: III



See explanation on page 8.

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant: Blackfoot Telecommunications Group  
 1221 N Russell St  
 Missoula MT 59808

Application No.: 15913  
 R/W Purpose: a buried copper telecommunications distribution line  
 Lessee Agreement: N/A (Historic)  
 Acreage: 0.37  
 Compensation: \$785.00  
 Legal Description: 10-foot strip through SE4NE4, Sec. 19, Twp. 19N, Rge. 29W,  
 Mineral County  
 Trust Beneficiary: Capitol Buildings  
 Classification: III



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808                       |
| Application No.:   | 15914  |
| R/W Purpose:       | a buried copper telecommunications distribution line and a buried fiber optic communications cable |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.32   |
| Compensation:      | \$960.00   |
| Legal Description: | 10-foot strip through SE4SW4, Sec. 16, Twp. 19N, Rge. 30W, Mineral County                          |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

---

Applicant: Blackfoot Telecommunications Group  
 1221 N Russell St  
 Missoula MT 59808

Application No.: 15915  
 R/W Purpose: a buried copper telecommunications distribution line and a buried  
 fiber optic communications cable

Lessee Agreement: N/A (Historic)  
 Acreage: 0.38  
 Compensation: \$1,125.00  
 Legal Description: 10-foot strip through NE4NE4, Sec. 17, Twp. 19N, Rge. 30W,  
 Mineral County

Trust Beneficiary: Common Schools  
 Classification: III



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808                       |
| Application No.:   | 15916  |
| R/W Purpose:       | a buried copper telecommunications distribution line and a buried fiber optic communications cable |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.08   |
| Compensation:      | \$157.00   |
| Legal Description: | 10-foot strip through SW4SW4, Sec. 9, Twp. 17N, Rge. 27W,<br>Mineral County                        |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808                       |
| Application No.:   | 15917  |
| R/W Purpose:       | a buried copper telecommunications distribution line and a buried fiber optic communications cable |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.84   |
| Compensation:      | \$2,894.00   |
| Legal Description: | 10-foot strip through E2NW4, SW4NE4, Sec. 5, Twp. 17N, Rge. 27W, Mineral County                    |
| Trust Beneficiary: | Common Schools   |
| Classification:    | III  |



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

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## Rights of Way Applications

February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant: Blackfoot Telecommunications Group  
1221 N Russell St  
Missoula MT 59808

Application No.: 15918  
R/W Purpose: a buried copper telecommunications distribution line and a buried fiber optic communications cable

Lessee Agreement: N/A (Historic)  
Acreage: 0.55  
Compensation: \$1,903.00  
Legal Description: 10-foot strip through W2SW4, Sec. 32, Twp. 18N, Rge. 27W, Mineral County

Trust Beneficiary: State Normal School  
Classification: III



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808 |
| Application No.:   | 15919  |
| R/W Purpose:       | a buried copper telecommunications distribution line                         |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.29   |
| Compensation:      | \$422.00   |
| Legal Description: | 10-foot strip through SW4SE4, Sec. 14, Twp. 17N, Rge. 26W,<br>Mineral County |
| Trust Beneficiary: | Capitol Buildings  |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808       |
| Application No.:   | 15920  |
| R/W Purpose:       | a buried copper telecommunications distribution line                               |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.62   |
| Compensation:      | \$901.00   |
| Legal Description: | 10-foot strip through S2SW4, NW4SE4, Sec. 9, Twp. 17N,<br>Rge. 26W, Mineral County |
| Trust Beneficiary: | Capitol Buildings  |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |  |
|--------------------|--|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808 |
| Application No.:   | 15921  |
| R/W Purpose:       | a buried copper telecommunications distribution line                         |
| Lessee Agreement:  | N/A (Historic)   |
| Acreage:           | 0.10   |
| Compensation:      | \$145.00   |
| Legal Description: | 10-foot strip through NE4NW4, Sec. 10, Twp. 17N, Rge. 26W,<br>Mineral County |
| Trust Beneficiary: | Capitol Buildings  |
| Classification:    | III  |



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

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# Rights of Way Applications

## February 21, 2012

### APPLICANTS AND RIGHTS OF WAY INFORMATION

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|                    |   |
|--------------------|---|
| Applicant:         | Blackfoot Telecommunications Group<br>1221 N Russell St<br>Missoula MT 59808        |
| Application No.:   | 15922   |
| R/W Purpose:       | a buried copper telecommunications distribution line                                |
| Lessee Agreement:  | N/A (Historic)  |
| Acreage:           | 0.79  |
| Compensation:      | \$2,736.00  |
| Legal Description: | 10-foot strip through N2NW4, SE4NW4, Sec. 32, Twp. 18N,<br>Rge. 27W, Mineral County |
| Trust Beneficiary: | State Normal School   |
| Classification:    | III   |



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

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