AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Tuesday, June 17, 2013, at 9:00 a.m.
State Capitol
Helena, MT

ACTION ITEMS

~~**613-1 DPHHS: Final Approval of Sale – Warm Springs Store**~~
POSTPONED
~~*Benefits: NA (non-Trust Land)*~~
~~*Location: Deer Lodge County*~~

613-2 Timber Sales

A. Nemo
Benefits: Common Schools, Public Buildings
Location: Missoula County
APPROVED 4-0 (Ms. Lindeen absent)

B. Promised Toomey (Salvage)
Benefits: Common Schools
Location: Beaverhead County
APPROVED 4-0 (Ms. Lindeen absent)

C. West Fork Timber Creek
Benefits: Common Schools, Public Buildings
Location: Mineral County
APPROVED 4-0 (Ms. Lindeen absent)

613-3 Oil and Gas Lease Sale (June 4, 2013)
Benefits: Common Schools, MSU Morrill, Public Buildings, School for the Deaf and Blind
Location: Big Horn, Cascade, Dawson, Fergus, Gallatin, Glacier, Hill, Lewis and Clark, McCone, Meagher, Musselshell, Park, Richland, Toole, and Wibaux Counties
APPROVED 4-0 (Ms. Lindeen absent)

613-4 Land Banking Parcels: Preliminary Approval for Sale

A. Pondera County
Benefits: Common Schools
Location: Pondera County
APPROVED 4-0 (Ms. Lindeen absent)

B. Toole County
Benefits: Common Schools
Location: Toole County
APPROVED 4-0 (Ms. Lindeen absent)

613-5 Land Banking Parcels: Final Approval for Sale
Benefits: Common Schools
Location: Jefferson County
APPROVED 4-0 (Ms. Lindeen absent)

613-6 Land Exchange: Final Approval – Nistler
Benefits: Common Schools
Location: Wibaux County
APPROVED 4-0 (Ms. Lindeen absent)

613-7 Easements

A. Rights-of-Way
Benefits: Common Schools
Location: Carter, Garfield, Granite, Judith Basin, Musselshell, Phillips, Powell, Prairie, Silver Bow, Toole, and Valley Counties
APPROVED 4-0 (Ms. Lindeen absent)

B. Reciprocal Access: East Ashby

Benefits: Acquired Lands – Public Schools, Common Schools
Location: Missoula County
APPROVED 4-0 (Ms. Lindeen absent)

C. Cost Share: Clay Banks

Benefits: Common Schools, Public Buildings
Location: Lincoln
APPROVED 4-0 (Ms. Lindeen absent)

PUBLIC COMMENT

LAND BOARD MEETING SIGN-IN SHEET
June 17 2013

NAME	AFFILIATION	E-MAIL	*Check to be added to the interested parties list.*
Mitch and Jennifer Rosen			
Tom Turley			
Marine Turley			
Brian Turley			

Contact Lucy Richards at lrichards@mt.gov or indicate on this sign-in sheet if you would like to be placed on the monthly agenda distribution list.

613-1

DPHHS: FINAL APPROVAL OF SALE – WARM SPRINGS STORE

Postponed
(item withdrawn from 6/17/13 agenda)

LAND BOARD AGENDA ITEM

June 17, 2013

FINAL APPROVAL for
Sale of Land and Water Line Easement at Warm Springs, MT

(item withdrawn from 6/17/13 agenda)
POSTPONED

The Lessee of the Warm Springs Store (adjacent to the Montana State Hospital in Warm Springs, MT) has requested the opportunity to purchase the 5.046 +/- acre lease area from the state. The Lessee proposes to construct a 10-20 unit motel if able to purchase the property.

REQUEST: Final Land Board Approval of Sale of:

1. **5.046 +/- acre parcel of land, and**
2. **Water line easement serving the Warm Springs Store.**

SELLER: Department of Health and Human Services, Montana State Hospital (MSH)

BENEFICIARY: This is non-trust land. Proceeds will benefit MSH.

BACKGROUND: The parcel is in the SW¼SW¼ of Section 18, Township 5 North, Range 9 West, Deer Lodge County, Montana. The proposed sale area is west of the Interstate 90 frontage road, east of the railroad right-of-way, and north of the entrance road to MSH (see Map 1)

The Department of Health and Human Services has leased the parcel to the Warm Springs Store since the early 1990's. DNRC manages the lease on behalf of MSH.

The property is not needed for the current and future operation of the MSH. Sale of the property would promote additional commercial development at Warm Springs, which provide for additional services in Warm Springs for the benefit of MSH, staff, clients and their families.

MSH operates a sewer treatment system and lagoons on the east side of Interstate 90. The store receives sewer services from MSH. The sewer main from MSH to the lagoons crosses the potential sale area. MSH will reserve an easement across the parcel to provide access and maintenance of the MSH sewer main.

The City of Anaconda owns the water line and provides potable water service to MSH and the store. Water from Anaconda enters the MSH water system and from there a service line extends east to the store, where it terminates. The store currently receives water directly from the MSH, at no charge, as provided in the store's commercial lease.
The buyer will purchase an easement and the existing water line serving the store All responsibility for the water line will be the purchaser's.

In April 2010, the Land Board granted Preliminary Approval to sell this property.

In March 2013, the Land Board set the minimum bid amount at the appraised values below:

# of Acres	Appraised Value of Land	Appraised Value of Water Line	Recommended Minimum Bid for both Land and Water Line	Trust
5.046 ±	$71,000	$11,000	$82,000	Non-Trust

The parcel was sold at public auction on May 17, 2013. The parcel had only one bidder, and was sold for the minimum bid amount listed above.

Deed restrictions will include the following terms:

- MSH will continue to provide sewer service to the store for a fee to be based upon the buyer's proportional share of use.

- The buyer will be responsible for a proportional share of sewer system maintenance, repair, upgrades, fees and operating costs.

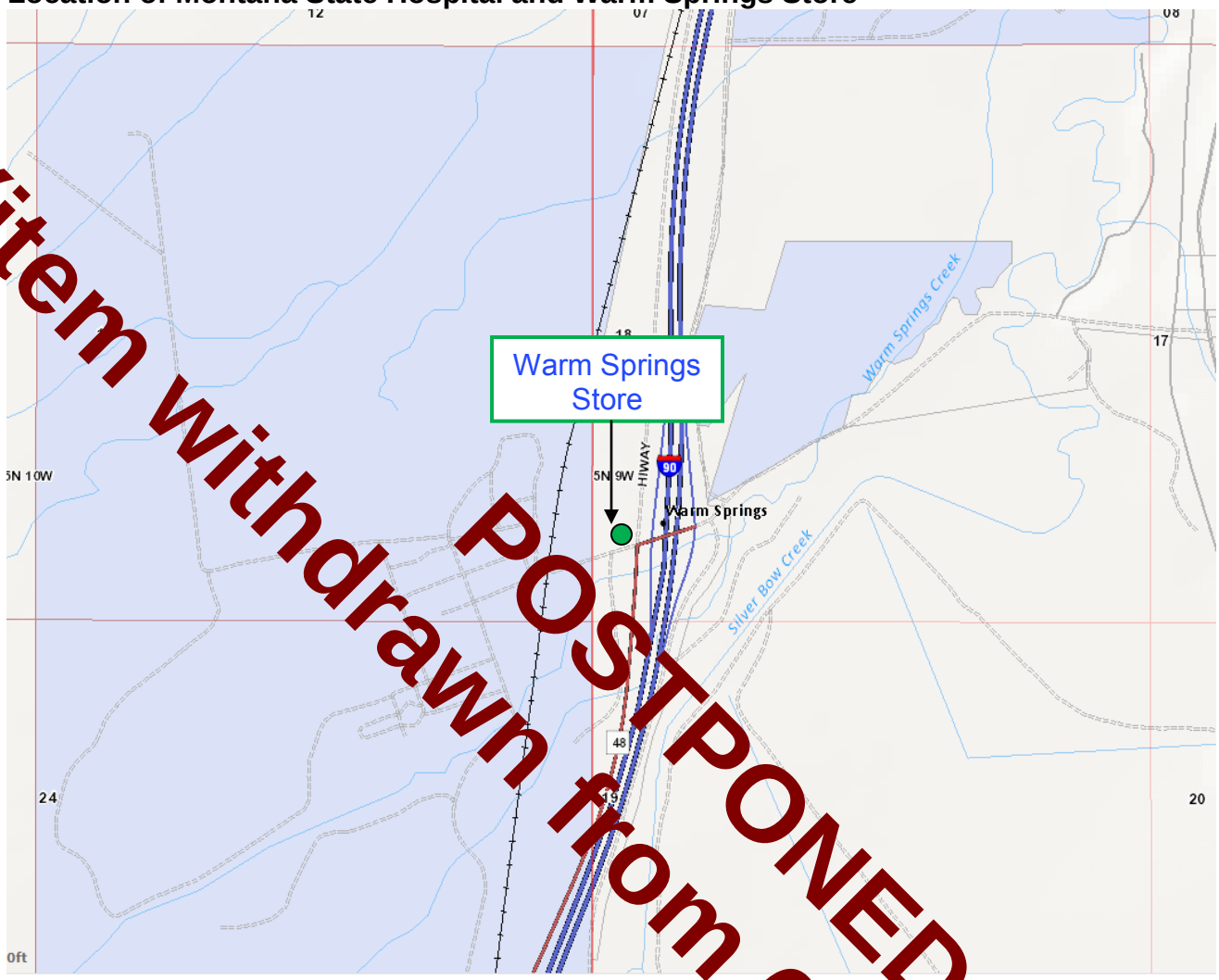
- Anaconda is unable to meter and bill the store for its water use separately from the MSH. The buyer will install a water meter will be billed by MSH for water used at the same rate that Anaconda assesses the MSH.

- The buyer will install and maintain fencing and other screening to visually separate the store from the MSH. The buyer will also agree to certain restrictions on signage and references to the MSH and its clients in advertising and promotional materials.

AGENCY RECOMMENDATION: DPHHS Director believes this proposed land sale would benefit the MSH, clients and their families. The Director recommends final approval of the sale of this property.

POSTPONED
(item withdrawn from 6/17/13 agenda)

Location of Montana State Hospital and Warm Springs Store



POSTPONED
(item withdrawn from 6/17/13 agenda)

Location of Proposed Sale Area and Sewer and Water Line Easements

(item withdrawn from 6/17/13 agenda)

POSTPONED

613-2

TIMBER SALES

A. Nemo

B. Promised Toomey (Salvage)

C. West Fork Timber Creek

NEMO TIMBER SALE

June 17, 2013
Land Board

Location of Sale:

- Clearwater Unit (SWLO) – Approximately 4 air miles east of Greenough, Montana.
- Missoula County – Section 34, T14N-R14W, Sections 2, 3, and 4, T13N-R14W
- 99% Common Schools, 1% Public Buildings
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated sale volume is 14,211 tons (1,913 MBF) of sawlogs with a conversion factor of 7.43 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume *(tons)	Total Minimum Sale Value
$9.85	$3.06	$12.91	14,211	$183,464.01

*The estimated volume is equivalent to approximately 13,073 cubic meters.

Sale & Harvest Treatments:

- The sale includes 4 harvest units totaling 497 acres.
- Silvicultural prescriptions include commercial thinning to reduce stocking and improve stand vigor; and shelterwood harvests to promote regeneration of ponderosa pine and western larch. Salvage treatments would occur in areas where ponderosa pine is affected by the mountain pine beetle and Douglas-fir is infested with spruce budworm.
- The harvest would emulate natural disturbances such as a mixed intensity fire, salvage dead and dying trees, reduce the likelihood of short term losses, and would improve timber stand health and vigor.
- This sale contains no old growth.

Harvest Systems:

- 100% Tractor

Road Construction:

- In conjunction with the timber sale, DNRC would maintain 11.8 miles of road (2 miles on adjacent properties and 9.8 miles on State trust land). DNRC has a permanent easement for the use of roads across these adjacent properties.
- Approximately 1.3 miles of new road would be built. Post-harvest, approximately 1.8 miles of road on State trust land would be abandoned, including the removal of four culverts and improvement of fish passage along Little Fish Creek.

Public Involvement and Assessment of Potential Impacts:

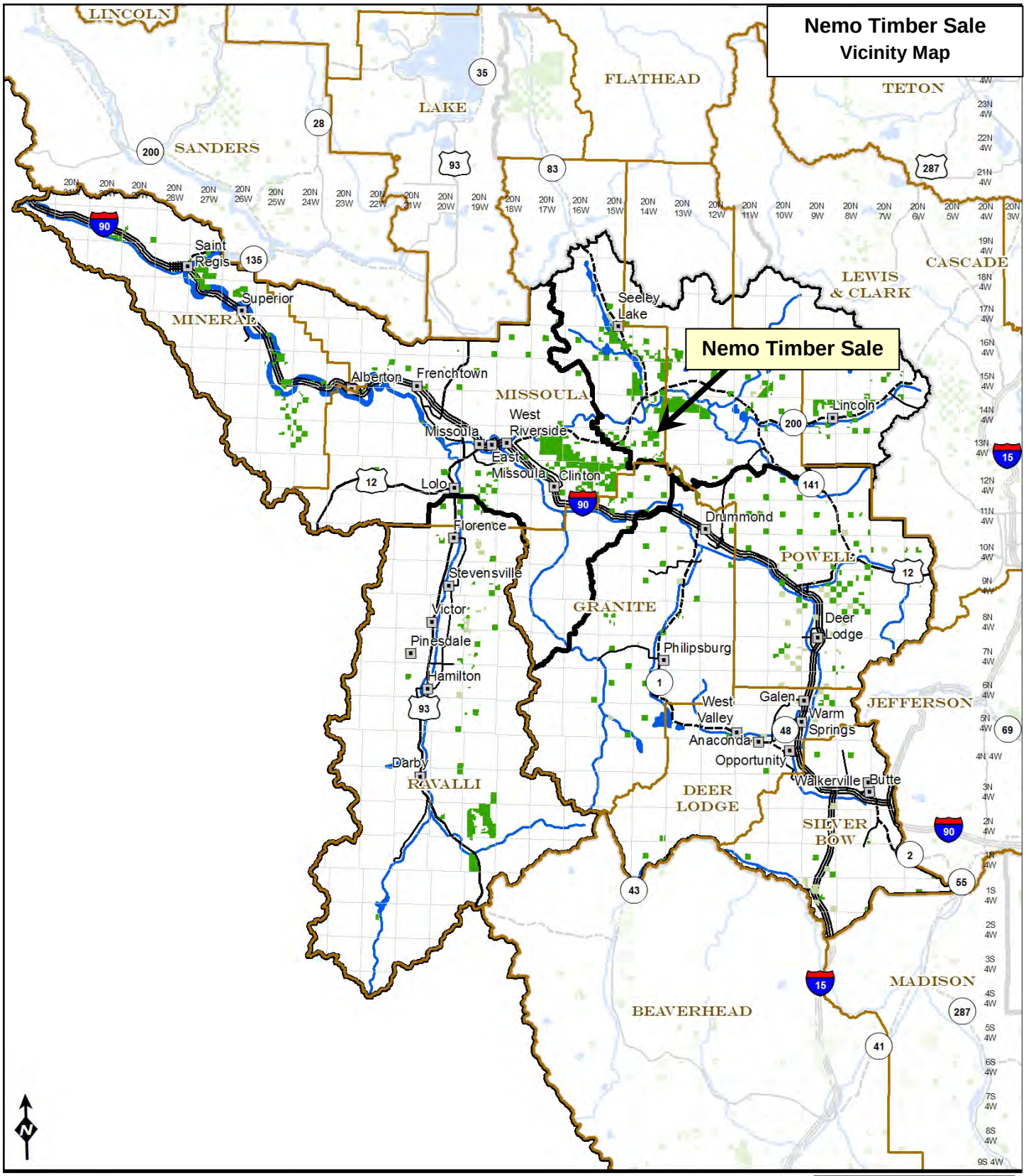
- Scoping letters were mailed to interested parties in March of 2012. A public notice was published in the *Missoulian* and *Seeley Swan Pathfinder* newspapers; notices were also posted at the Stoney's Gas Station in Clearwater and Cully's in Potomac. Two written comment letters were received, from Montana FWP and the Confederated Salish and Kootenai Tribes (CSKT). An additional road segment and some changes to a potential harvest unit caused the DNRC to re-scope for these changes in January 2013.
- CSKT Tribal Historic Preservation Officers (THPO) responded to public scoping with a letter to the project forester expressing interest in being contacted should any cultural resources be found within the project area. The DNRC Archaeologist conducted a review of the project area through the inspection of maps, databases (including the State Historic Preservation Office database),

and land use records. Results of this review did not indicate the presence of any cultural resources.

- If previously unknown cultural materials are identified at any time during project related activities, DNRC will contact CSKT THPO and require that all work cease until a professional assessment of such resources could be made.
- DNRC specialists (forestry, wildlife, fisheries, soils, hydrology and MEPA) have reviewed the proposal and comments, analyzed conditions, and recommended harvest mitigation measures to reduce the potential for impacts.
- **Red-tailed hawk-** During field reconnaissance, a red-tailed hawk was discovered within a proposed unit. This was addressed in the EA and a timing restriction was added to the contract, allowing harvest only between August 1 and February 28.
- **Fish passage-** Three culverts are proposed to be removed to improve fish passage within Little Fish Creek. Another culvert will be removed within the same area but is unlikely to cause any increase in usability. DNRC coordinated with FWP on these culvert replacements and removal.

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

Nemo Timber Sale
Vicinity Map



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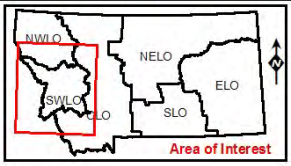
Interstate Highway
U.S. Route
State Highway
Secondary Roads
County
DNRC other
DNRC managed for timber production
City
Township/Range
Management Unit

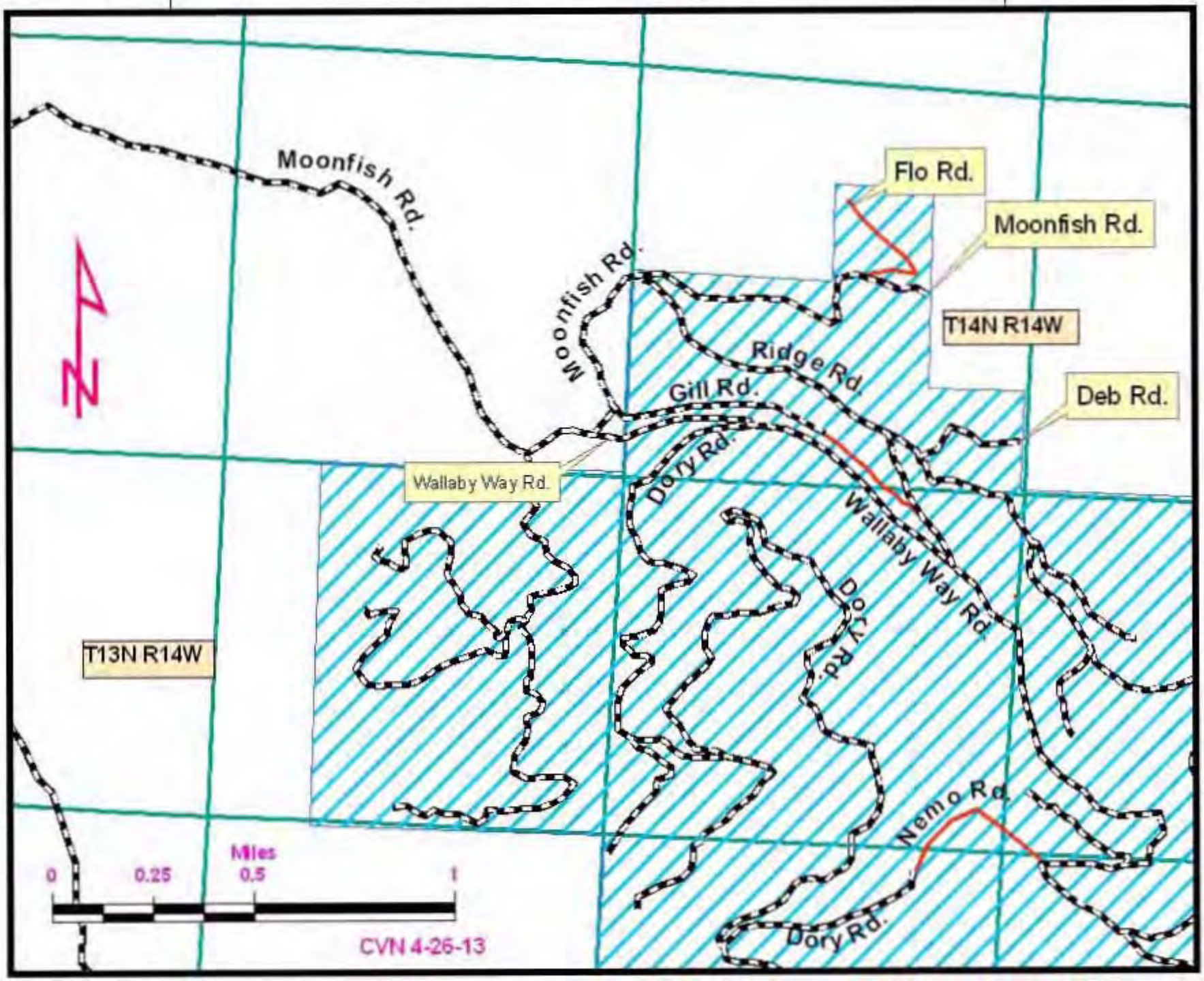
0 5 10 20 30 40 50 Miles



ATTACHMENT A-2

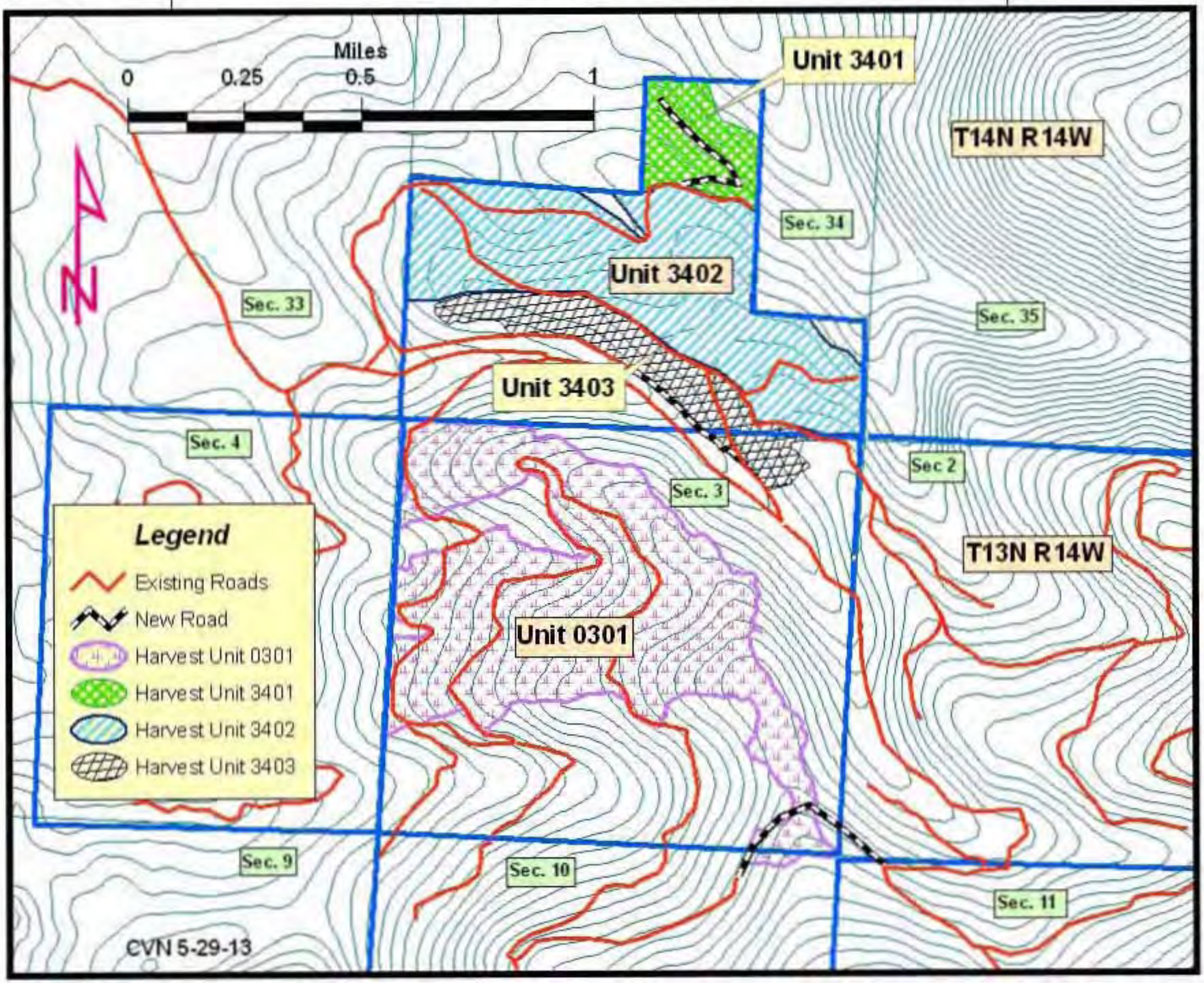
Nemo T.S. - Haul Route Map

613-2A



Created 6/5/13

Nemo T.S. - Sale Map



PROMISED TOOMEY TIMBER SALE (SALVAGE)

June 17, 2013
Land Board

Location of Sale:

- Dillon Unit (CLO) – Approximately 15 air miles north of Wisdom, Montana.
- Beaverhead County– Sections 24,25,26, & 36 T1N-R14W
- 100% Common Schools
- Three of the parcels included in this sale are within the Habitat Conservation Plan (HCP) project area; this sale complies with the HCP.

Sale Volume & Estimated Value:

- The estimated sale volume is 9,776 tons (1,504 MBF) of mixed conifer sawlogs with a conversion factor of 6.5 tons/MBF, and 1,800 tons (225 MBF) of small lodgepole pine with a conversion factor of 8.0 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume *(tons)	Total Minimum Sale Value
$6.97 (mixed conifer) $4.52 (small lodgepole)	$1.26	$8.23 $5.78	9,776 1,800	$90,860.48

*The estimated volume is equivalent to approximately 10,811 cubic meters.

Sale & Harvest Treatments:

- The sale contains 11 harvest units totaling 169 acres.
- The site currently has suppressed growth due to overstocking, high infestations of dwarf mistletoe and mountain pine beetle in the lodgepole pine stands, and spruce budworm infestations in the Douglas-fir stands.
- This is a salvage harvest designed to capture timber value while the trees are still merchantable. This project will reduce forest fuels and improve forest health.
- Prescribed treatments include a regeneration harvest for the lodgepole pine, and group selection/individual tree selection harvest for the Douglas-fir. Decadent and mature aspen stands present within the harvest areas will benefit from a reduction of conifer encroachment. Ground disturbance facilitated through the harvest will encourage rhizome suckering and natural regeneration of aspen colonies.
- This sale treats approximately 10 acres of old growth. These 10 acres will be maintained as old growth through the retention of large old trees.

Harvest System:

- 100% Tractor

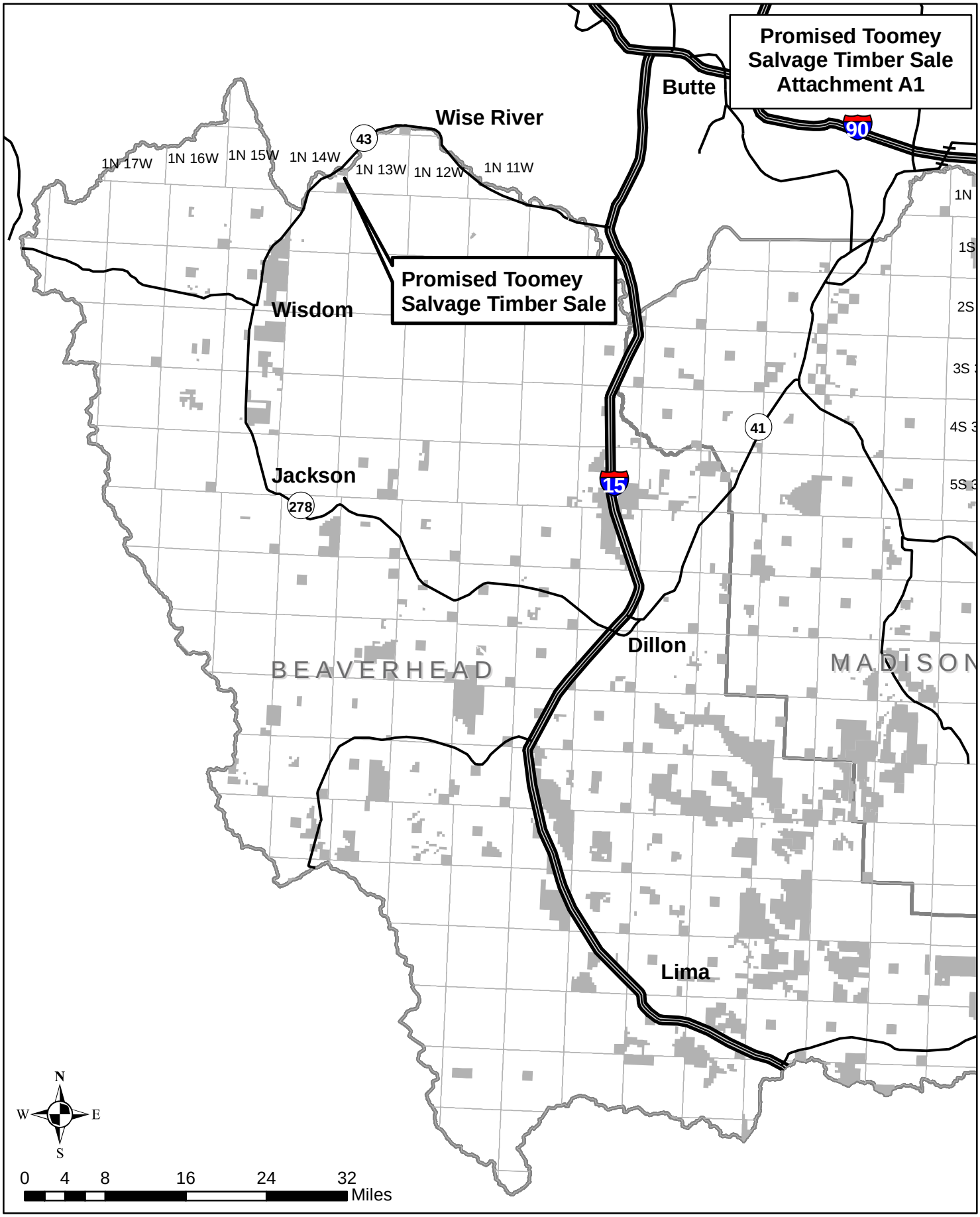
Road Construction/Reconstruction:

- Primary access to the sale is across approximately three miles of existing roads. Temporary rights- of-way have been secured through the cooperation of the adjacent landowners and BLM.
- Approximately 0.8 miles of temporary, minimum standard road would be constructed on State trust land. Montana Fish Wildlife and Parks has issued a 124 permit and the MT Department of Environmental Quality has issued a 318 permit for the installation of a temporary culvert and temporary road crossing Toomey Creek. Upon completion of the sale, all new road construction on State trust lands would be reclaimed and physically closed and seeded.

Public Involvement and Assessment of Potential impacts:

- Public scoping for this project was solicited through legal publications in the Dillon Tribune and the Montana Standard and letters (with maps) to 41 groups, individuals and government agencies. No written comments were received from the public scoping. DNRC specialists (forestry, wildlife, fisheries, soils, hydrology and MEPA) have reviewed the proposal, analyzed conditions, and recommended harvest mitigation measures to reduce the potential for impacts.
- FWP expressed concerns about elk vulnerability and hunter opportunity in this area. To minimize disturbance to wintering elk, timber harvest activities in Sections 24, 25, and 26 are only allowed from October 1 through December 1. To minimize impact on hunters, harvesting must be completed in the northern portion of the sale prior to moving into the southern portion. This will ensure that at least half of the sale area is inactive and available for hunting at any given time.

The Director recommends the Land Board direct the Department to sell the Promised Toomey Salvage Timber Sale.



secondary
Interstate
State Highway
U.S.
DNRC Trust Lands
County

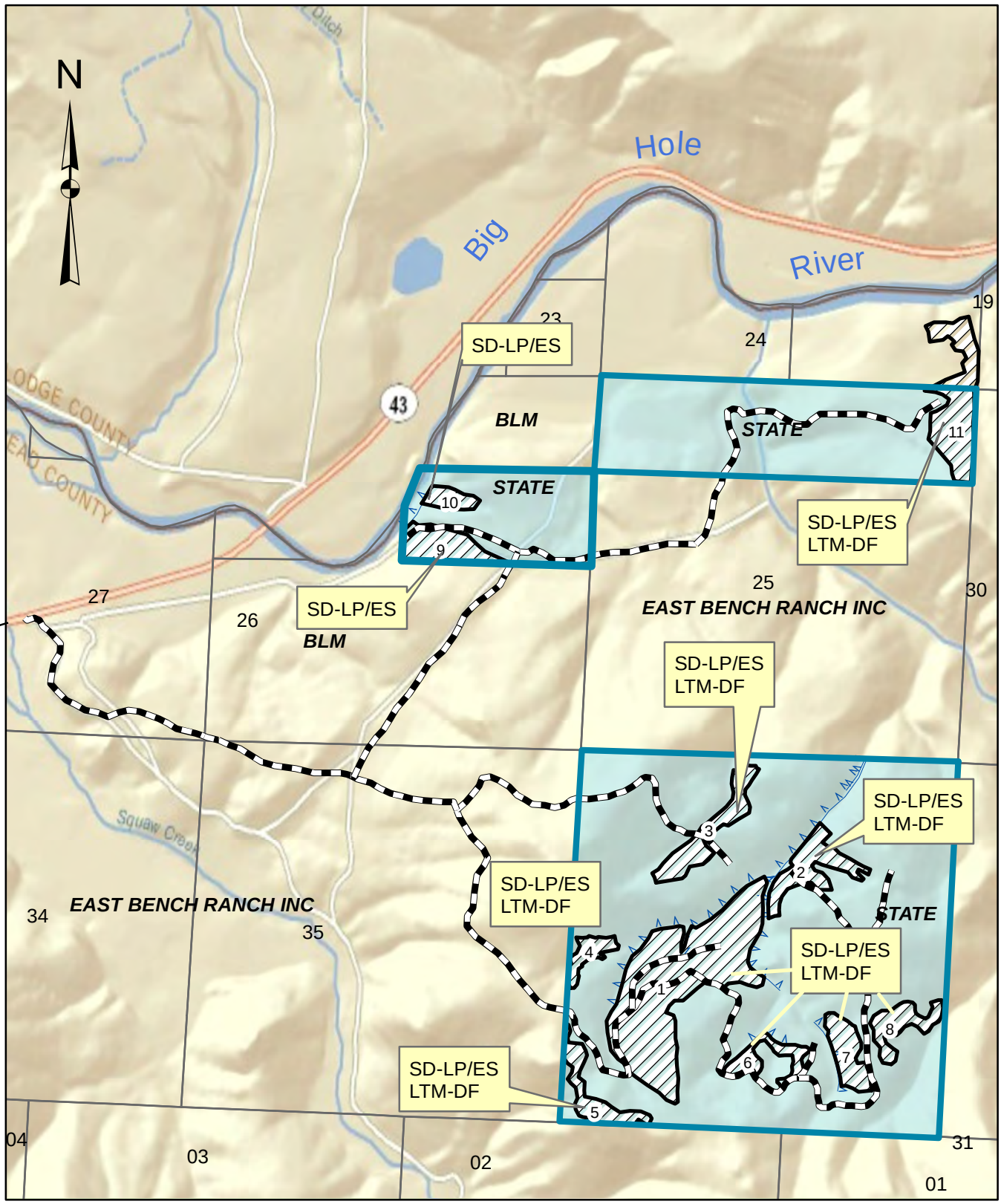
Created 6/5/13
Area of Interest

D Copple
DNRC Dillon
5/10/13

Promised Toomey Salvage Timber Sale

Portions of Sections 24,25, 26 & 36 (all), T1N, R14W Beaverhead County

SALE MAP



Toomey Roads | Harvest Units

1:24,000

0 0.125 0.25 0.5 0.75 1 Miles

Labels designate harvest type:
SD-LP/ES = Species Designation Lodgepole/Englemann Spruce
LTM DF = Douglas-fir marked to leave

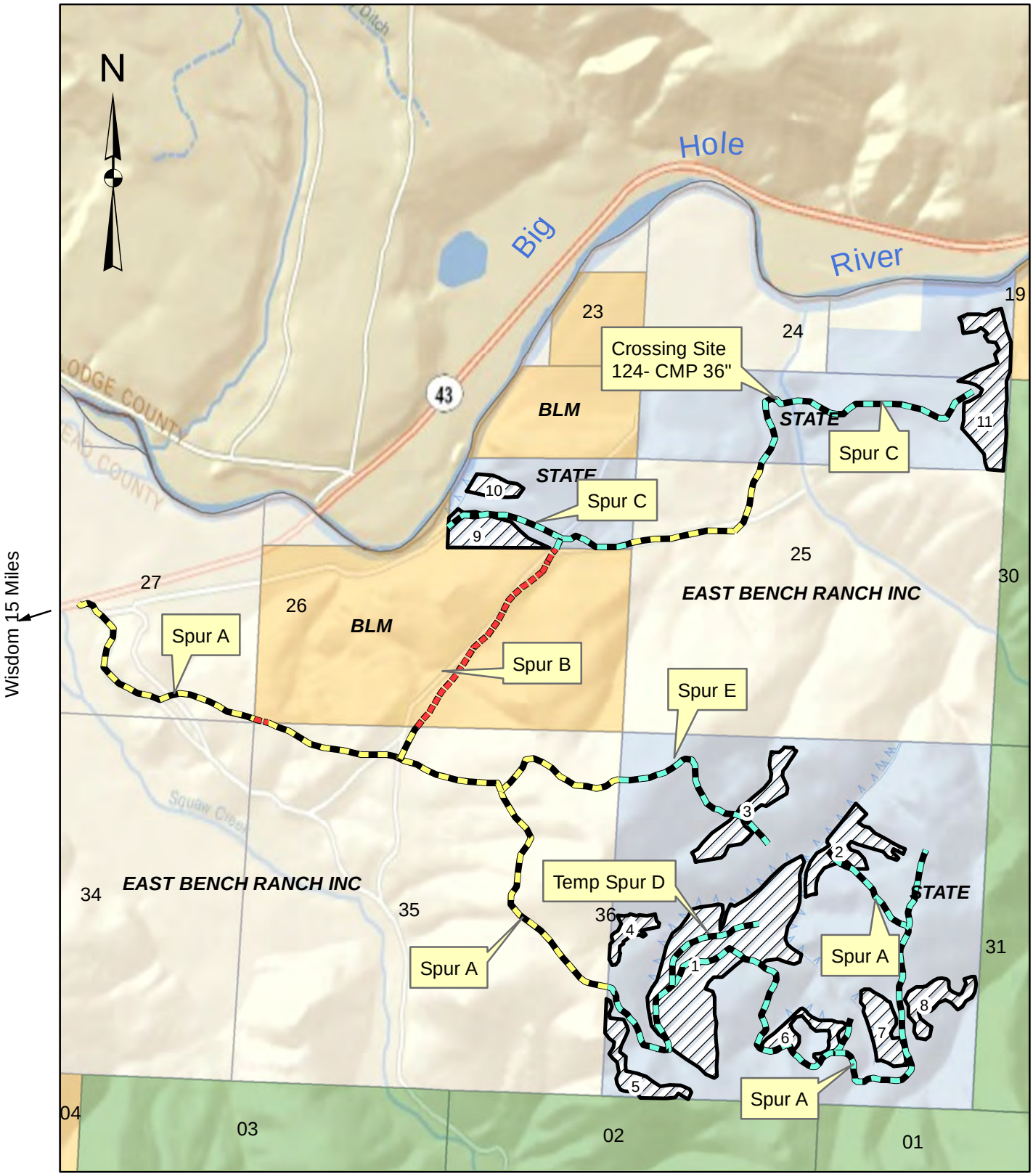
DCopple
Date: 5/16/2013

Created 6/5/13

Promised Toomey Salvage Timber Sale

Portions of Sections 24,25, 26 & 36 (all), T1N, R14W Beaverhead County

Road Map



1:24,000

0 0.125 0.25 0.5 0.75 1 Miles

BLM Christiansen State

DCopple
Date: 5/16/2013

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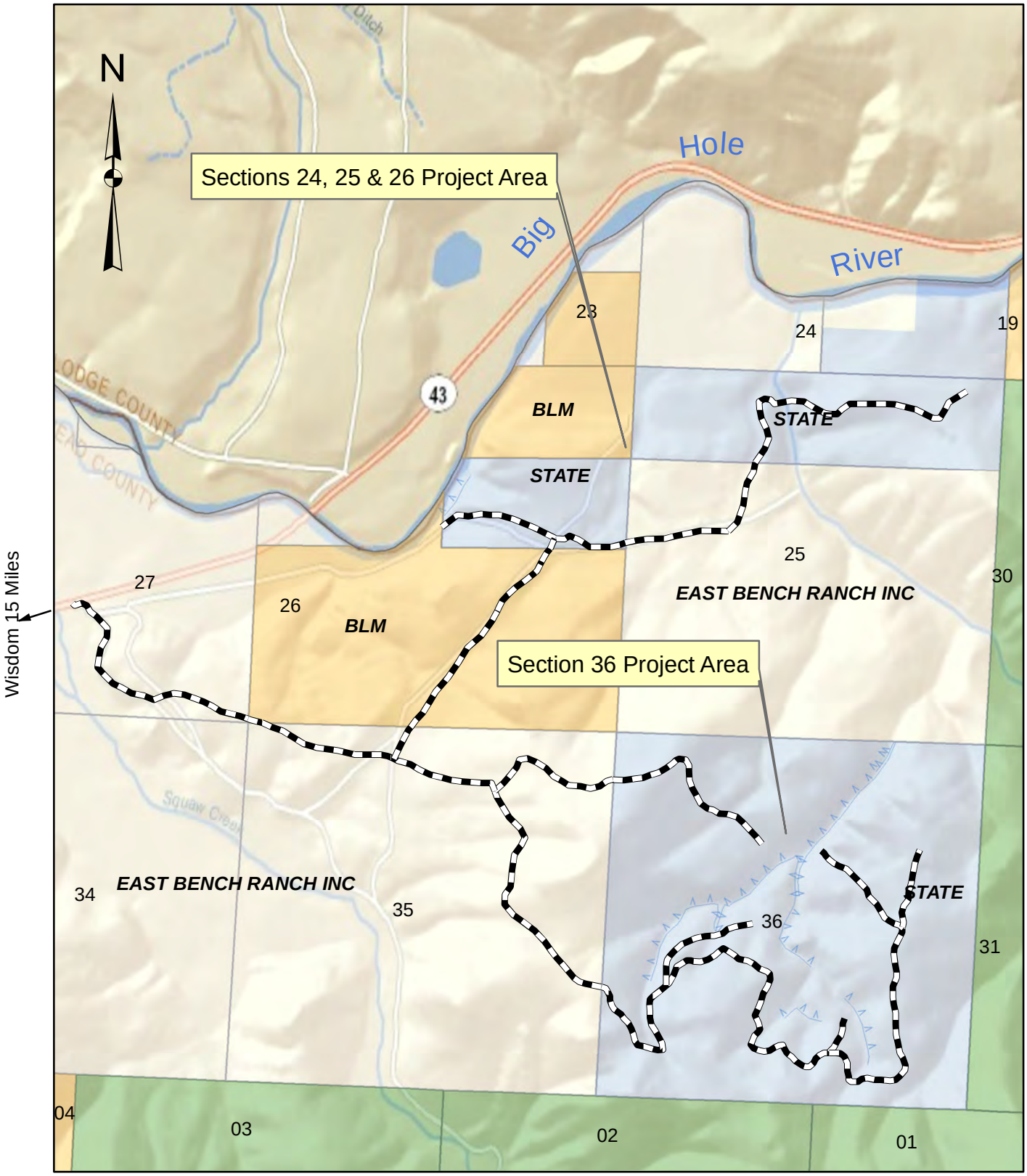
Promised Toomey Salvage Timber Sale

Portions of Sections 24,25, 26 & 36 (all), T1N, R14W Beaverhead County



1:24,000

0 0.125 0.25 0.5 0.75 1 Miles

Haul Routes

Private

MT DNRC

USFS

BLM

DCopple
Date: 5/16/2013

Created 6/5/13

WEST FORK TIMBER CREEK TIMBER SALE

June 17, 2013
Land Board

Location of Sale:

- Missoula Unit (SWLO) – Approximately 2 air miles northwest of Haugan, Montana
- Mineral County – Sections 15 and 16, T19N–R30W
- 52% Common Schools and 48% Public Buildings
- This sale is within the Habitat Conservation Plan (HCP) project area and complies with the HCP.

Sale Volume & Estimated Value:

- The estimated volume is 8,893 tons (1,443 MBF) of sawlogs with a conversion factor of 6.16 tons/MBF.

Minimum Bid Rate (per ton)	Forest Improvement Fee (per ton)	Total Minimum Value (per ton)	Estimated Volume (tons)*	Total Minimum Sale Value
$23.29	$3.69	$26.98	8,893	$239,933.14

*The estimated volume is equivalent to approximately 8,791 cubic meters.

Sale & Harvest Treatments:

- This sale contains 3 harvest units totaling 125 acres.
- Silvicultural prescriptions are uniform throughout the sale area. The prescription calls for commercial thinning of overstocked trees and salvage treatments for dying and merchantable dead trees. The residual stands will be composed of healthy western larch, ponderosa pine and Douglas-fir. A minor component of submerchantable western white pine will be encouraged by protecting the areas where it is present.
- The largest trees, both live and dead will be retained for wildlife and seed source values.
- No old growth stands are present or would be harvested in the project area.

Harvest System:

- 100% Tractor

Road Construction:

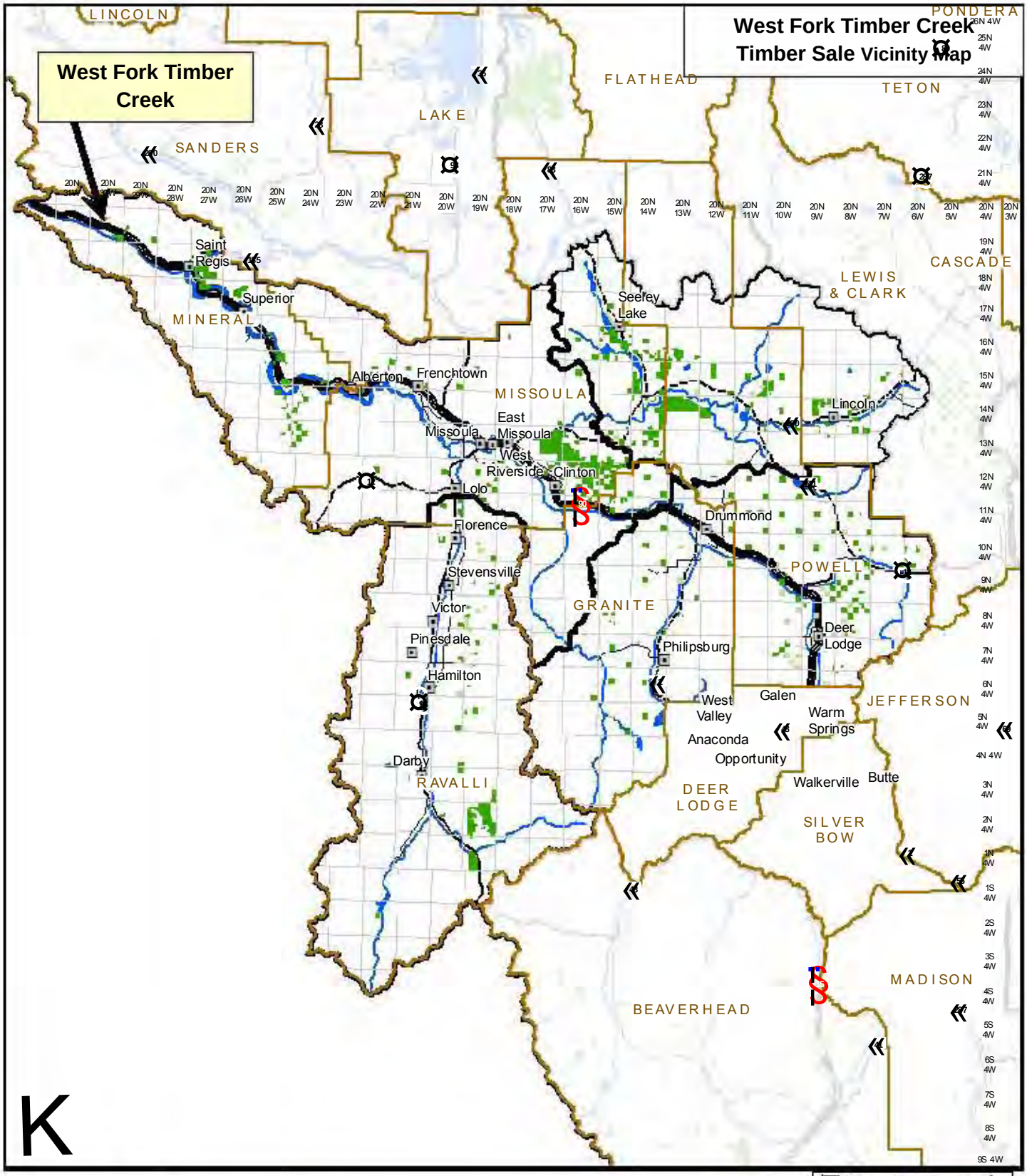
- Approximately 1.5 miles of new temporary roads will be constructed. These roads will be ripped and slashed at the end of timber harvest to restrict vehicle access. The main haul roads include approximately 2 miles of high standard gravel roads and are county maintained. There is one Forest Service and one private road which will also be used and maintained.

Public Involvement and Assessment of Potential Impacts:

- Comments from the general public, groups, and agency specialists were solicited in 2011. Scoping notices were sent to 49 agencies and individuals. Newspaper legal notices were published in the Mineral County Independent and the Missoulian in July, 2011. Written and/or verbal comments were received from the following individuals and organizations: Rex Lincoln, Jeffery Lawrence, Mitch Belzac, the Mineral County Commissioners, Gordon Johnson and Scott Kuehn of Tricon Timber LLC and Montana Fish of Wildlife and Parks (FWP). Most comments were in support of timber harvest.
- One concern was raised by FWP, specifically that timber harvest would conflict with snowmobile use by the public. This concern was resolved because the haul route does not occur on the same roads that are used by snowmobiles in the area.
- DNRC specialists (forestry, wildlife, fisheries, soils, hydrology and MEPA) have reviewed the proposal, analyzed conditions, and recommended harvest mitigation measures to reduce the potential for impacts.

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

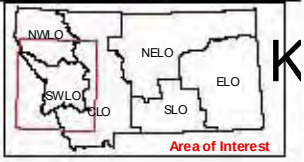
West Fork Timber Creek Timber Sale Vicinity Map

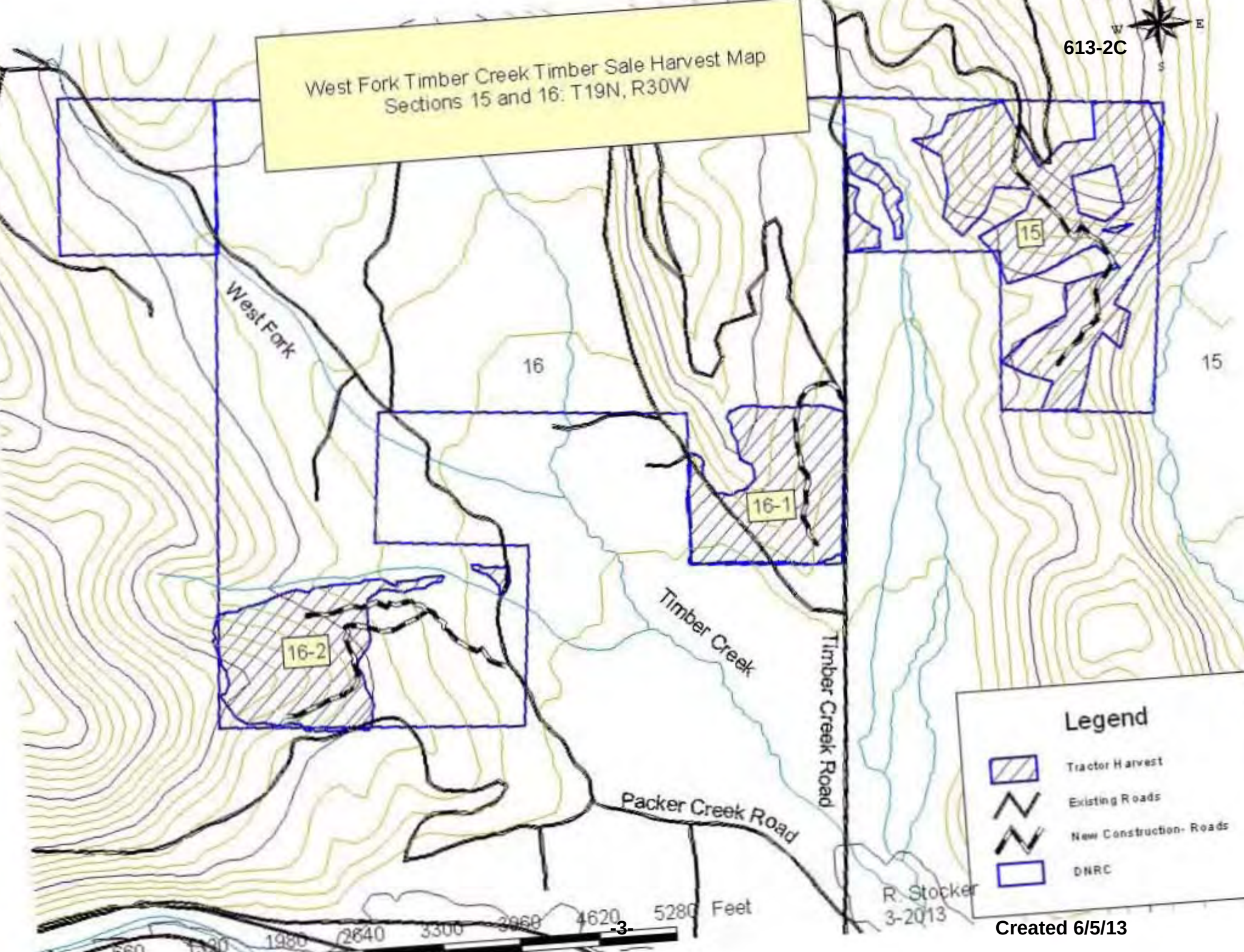


4 June 2012
Montana DNRC
OIT/GIS dr

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

0 5 10 20 30 40 50 Miles





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613-3

OIL AND GAS LEASE SALE (JUNE 4, 2013)

OIL AND GAS LEASE SALE (JUNE 4, 2013)
JUNE 17, 2013
Land Board

The Department of Natural Resources and Conservation held an oil and gas lease sale on June 4, 2013, in the Auditorium at the Department of Transportation building. A total of 65 tracts were offered for lease. Sixty-five tracts were leased for a total of $531,563.76. The 65 tracts that were sold covered a total of 29,355.00 acres. The average bid per acre was $18.11.

The high competitive bid for the June 4th sale was $270.00 per acre for Tract 12 and the largest total bid was $105,600.00 for Tract 11, both in Dawson County.

The Director requests Land Board approval to issue the leases from the June 4, 2013 sale.

Grants:
Common Schools
MSU Morrill
School for Deaf & Blind
Public Buildings

Counties:
Big Horn
Cascade
Dawson
Fergus
Gallatin
Glacier
Hill
Lewis and Clark
McCone
Meagher
Musselshell
Park
Richland
Toole
Wibaux

State of Montana
Oil & Gas Lease Sale - June 4, 2013
Lease Sale Results

The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, June 4, 2013.

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Big Horn										
1	1, 2, 3, 4, 5, 6	1.N	34.E	36	All		640.00	$1.50	$960.00	BRISCOE PETROLEUM, LLC
Cascade										
2	1, 2, 3, 4, 5, 6, 7, 10	14.N	1.E	2	Lots 1, 2, S2NE4, SE4		318.26	$1.75	$556.96	LONEWOLF ENERGY, INC.
3	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	4	S2		320.00	$1.50	$480.00	BECKMAN BROTHERS PETROLEUM, LLC
4	1, 2, 3, 4, 5, 6, 7, 10	14.N	1.E	10	NW4NE4, S2NE4, S2SE4, E2SW4		280.00	$1.50	$420.00	BECKMAN BROTHERS PETROLEUM, LLC
5	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	12	W2W2, SE4NW4, SW4NE4, NW4SE4		280.00	$1.50	$420.00	BECKMAN BROTHERS PETROLEUM, LLC
6	1, 2, 3, 4, 5, 6, 7	14.N	1.E	14	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
7	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	16	All	*	640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
8	1, 2, 3, 4, 5, 6, 7	14.N	1.E	20	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
9	1, 2, 3, 4, 5, 6, 7, 12	14.N	1.E	36	All		640.00	$1.75	$1,120.00	LONEWOLF ENERGY, INC.
Dawson										
10	1, 2, 3, 4, 5, 6, 11	15.N	53.E	18	E2		320.00	$76.00	$24,320.00	ALAMEDA ENERGY, INC.
11	1, 2, 3, 4, 5, 6	18.N	52.E	36	All		640.00	$165.00	$105,600.00	ALAMEDA ENERGY, INC.
12	1, 2, 3, 4, 5, 6	18.N	53.E	30	Lots 1, 2, 3, 4, E2W2		315.16	$270.00	$85,093.20	HARVEY MINERAL PARTNERS, LP
Fergus										
13	1, 2, 3, 4, 5, 6, 7	17.N	17.E	2	Lot 4	*	40.98	$2.75	$112.70	PETROSHALE ENERGY, LLC
14	1, 2, 3, 4, 5, 6, 7, 12	17.N	17.E	7	NE4NE4	*	40.00	$150.00	$6,000.00	JAMES W. GARDNER
15	1, 2, 3, 4, 5, 6	17.N	18.E	7	E2NE4NE4	*	20.00	$75.00	$1,500.00	PETROSHALE ENERGY, LLC
16	1, 2, 3, 4, 5, 6, 9	22.N	20.E	12	SW4NE4, SW4		200.00	$1.75	$350.00	PETROSHALE ENERGY, LLC
17	1, 2, 3, 4, 5, 6	22.N	20.E	33	NE4NW4, NW4NE4, SE4SE4, N2SW4	*	200.00	$1.75	$350.00	PETROSHALE ENERGY, LLC
Gallatin										
18	1, 2, 3, 4, 5, 6	2.N	7.E	16	SE4	*	160.00	$1.50	$240.00	TRILATERAL ENERGY USA INC.
19	1, 2, 3, 4, 5, 6	3.N	7.E	36	All		640.00	$1.50	$960.00	TRILATERAL ENERGY USA INC.
20	1, 2, 3, 4, 5, 6, 7, 12	5.N	7.E	16	All		640.00	$1.50	$960.00	TRILATERAL ENERGY USA INC.
21	1, 2, 3, 4, 5, 6, 7, 12	5.N	7.E	36	All		640.00	$1.50	$960.00	TRILATERAL ENERGY USA INC.
Glacier										
22	1, 2, 3, 4, 5, 6, 11	36.N	5.W	20	SW4SE4		40.00	$22.00	$880.00	VECTA OIL & GAS, LTD.
23	1, 2, 3, 4, 5, 6, 11	36.N	5.W	27	SW4NW4, NW4SW4, S2SW4		160.00	$21.00	$3,360.00	VECTA OIL & GAS, LTD.
24	1, 2, 3, 4, 5, 6, 11	36.N	5.W	29	NW4NE4, S2N2		200.00	$20.00	$4,000.00	VECTA OIL & GAS, LTD.
25	1, 2, 3, 4, 5, 6	37.N	5.W	15	NW4, NW4NE4, S2NE4, W2SW4, below the base of the Sawtooth formation	*	360.00	$7.00	$2,520.00	VECTA OIL & GAS, LTD.
26	1, 2, 3, 4, 5, 6	37.N	5.W	16	W2NW4, W2NE4, SE4	*	320.00	$15.00	$4,800.00	VECTA OIL & GAS, LTD.
27	1, 2, 3, 4, 5, 6	37.N	5.W	16	SW4, E2NE4, E2NW4, below the base of the Sawtooth formation	*	320.00	$18.00	$5,760.00	VECTA OIL & GAS, LTD.
28	1, 2, 3, 4, 5, 6, 11	37.N	5.W	32	SE4	*	160.00	$21.00	$3,360.00	VECTA OIL & GAS, LTD.

Tract	Stipulations	Twp	Rng	Sec	Description		Acres	Bid/Acre	Total Bid	Lessee
Hill										
29	1, 2, 3, 4, 5, 6, 7	31.N	16.E	16	All		640.00	$1.75	$1,120.00	WILLIS OIL & GAS, INC.
30	1, 2, 3, 4, 5, 6, 7, 13	32.N	16.E	16	N2NW4, E2, NE4SW4, S2SW4	*	520.00	$1.75	$910.00	WILLIS OIL & GAS, INC.
Lewis and Clark										
31	2, 3, 4, 5, 6, 14	20.N	7.W	20	NW4NW4, S2NW4, NE4, S2	*	600.00	$1.50	$900.00	BIG HORN OIL & GAS, INC.
32	2, 3, 4, 5, 6, 15	21.N	8.W	26	E2E2, SW4SE4, SE4SW4		240.00	$1.50	$360.00	BIG HORN OIL & GAS, INC.
33	2, 3, 4, 5, 6, 15	21.N	8.W	35	N2NE4		80.00	$1.50	$120.00	BIG HORN OIL & GAS, INC.
34	2, 3, 4, 5, 6, 15	21.N	8.W	36	Lots 1 thru 7, NW4, W2NE4, NW4SE4, N2SW4		650.62	$1.50	$975.93	BIG HORN OIL & GAS, INC.
McCone										
35	1, 2, 3, 4, 5, 6, 7, 10	25.N	50.E	36	All		640.00	$115.00	$73,600.00	JBLS MONTANA, INC.
Meagher										
36	1, 2, 3, 4, 5, 6, 7	6.N	7.E	36	All		640.00	$1.50	$960.00	TRILATERAL ENERGY USA INC.
37	1, 2, 3, 4, 5, 6, 7	14.N	2.E	2	Lots 3, 4, S2NW4, SW4		325.74	$1.50	$488.61	BECKMAN BROTHERS PETROLEUM, LLC
38	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	4	Lots 1, 2, 3, 4, S2N2, N2S2, S2SE4		567.32	$1.50	$850.98	BECKMAN BROTHERS PETROLEUM, LLC
39	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	8	NW4, NE4NE4, S2NE4, NW4SE4, S2S2		480.00	$1.50	$720.00	BECKMAN BROTHERS PETROLEUM, LLC
40	1, 2, 3, 4, 5, 6, 7	14.N	2.E	10	NW4, W2NE4, N2SE4, NE4SW4, S2SW4		440.00	$1.50	$660.00	BECKMAN BROTHERS PETROLEUM, LLC
41	1, 2, 3, 4, 5, 6, 7, 10	14.N	2.E	12	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
42	1, 2, 3, 4, 5, 6, 7	14.N	2.E	14	W2W2, NE4, E2SE4, NE4SW4		440.00	$1.50	$660.00	BECKMAN BROTHERS PETROLEUM, LLC
43	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	16	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
44	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	20	S2NW4, E2NE4, S2		480.00	$1.50	$720.00	BECKMAN BROTHERS PETROLEUM, LLC
45	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	22	W2, N2NE4, N2SE4		480.00	$1.50	$720.00	BECKMAN BROTHERS PETROLEUM, LLC
46	1, 2, 3, 4, 5, 6, 7, 10	14.N	2.E	24	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
47	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	26	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
48	1, 2, 3, 4, 5, 6, 7	14.N	2.E	28	N2		320.00	$1.50	$480.00	BECKMAN BROTHERS PETROLEUM, LLC
49	1, 2, 3, 4, 5, 6, 7	14.N	2.E	32	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
50	1, 2, 3, 4, 5, 6, 7, 12	14.N	2.E	36	All	*	640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
51	1, 2, 3, 4, 5, 6, 7, 10	14.N	3.E	16	All		640.00	$1.50	$960.00	BECKMAN BROTHERS PETROLEUM, LLC
Musselshell										
52	1, 2, 3, 4, 5, 6, 7	7.N	27.E	16	All		640.00	$1.50	$960.00	ZONE EXPLORATION, INC.
53	1, 2, 3, 4, 5, 6, 7	7.N	27.E	36	Lots 1, 2, 3, 4, N2, N2S2		640.68	$1.50	$961.02	ZONE EXPLORATION, INC.
54	1, 2, 3, 4, 5, 6, 7	7.N	28.E	16	All		640.00	$1.50	$960.00	ZONE EXPLORATION, INC.
55	1, 2, 3, 4, 5, 6, 7	7.N	28.E	36	All		640.00	$1.50	$960.00	ZONE EXPLORATION, INC.
56	1, 2, 3, 4, 5, 6, 7	7.N	29.E	16	All		640.00	$1.50	$960.00	ZONE EXPLORATION, INC.
57	1, 2, 3, 4, 5, 6, 7	7.N	29.E	36	Lots 1, 2, 3, 4, W2, W2E2		636.24	$1.50	$954.36	ZONE EXPLORATION, INC.
58	1, 2, 3, 4, 5, 6	9.N	24.E	34	SE4, excluding the 1st Cat Creek formation		160.00	$160.00	$25,600.00	VECTA OIL & GAS, LTD.
59	1, 2, 3, 4, 5, 6, 7	9.N	28.E	36	All		640.00	$16.00	$10,240.00	VECTA OIL & GAS, LTD.
Park										
60	1, 2, 3, 4, 5, 6, 7	3.N	8.E	16	All	*	640.00	$1.50	$960.00	TRILATERAL ENERGY USA INC.
61	1, 2, 3, 4, 5, 6, 12	3.N	8.E	22	W2NW4, NW4SW4, W3E2NW4, W3NE4SW4		160.00	$1.50	$240.00	TRILATERAL ENERGY USA INC.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Richland									
62	1, 2, 3, 4, 5, 6, 7	24.N	51.E	12	N2	320.00	$52.00	$16,640.00	JBLS MONTANA, INC.
63	1, 2, 3, 4, 5, 6	24.N	51.E	16	All	640.00	$41.00	$26,240.00	JBLS MONTANA, INC.
Toole									
64	1, 2, 3, 4, 5, 6, 7	35.N	3.E	36	All	640.00	$1.50	$960.00	TYLER OIL COMPANY
Wibaux									
65	1, 2, 3, 4, 5, 6, 7, 8	15.N	59.E	36	NE4, S2	480.00	$200.00	$96,000.00	MONTANA OIL PROPERTIES, INC.

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	29,355.00	65

Oil and Gas Lease Sale Summary

Total Tracts	65
Total Acres	29,355.00
Total Bid Revenue	$531,563.76
Average Bid Per Acre	$18.11

State of Montana
Oil & Gas Lease Sale - June 4, 2013
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, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

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

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

4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.

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

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

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

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

9 Active sage grouse lek(s) have been identified on or adjacent to this tract. No activities shall occur on the tract until the proposed action has been approved in writing by the Director of the Department. If surface activity is proposed on the tract, the department will consult with the Director of the Department of Fish, Wildlife and Parks for his or her comments, concerns and recommendations. Additional mitigation measures may be required, including no-surface-occupancy buffers and/or timing restrictions, which may encompass part or all of the tract.

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

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

12 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.

13 Due to existing surface uses and the potential for future surface development, utilization of the surface for mineral exploration and development may be restricted or denied. Review of operating plans for exploration and/or development will include consideration of both existing and potential surface development to minimize conflicts and ensure that both mineral and surface uses are consistent with one another and in the best long-term interest of the school trust.

14 This lease is located near the Rocky Mountain Front and includes areas that are environmentally sensitive. Therefore, except as otherwise provided below, the lessee shall not conduct any surface operations on the lease premises. If the lessee determines that surface operation on the lease premises may be required, the lessee shall submit a proposed Operating Plan or Amendment to an existing Operating Plan to the State Board of Land Commissioners describing in detail the proposed operations. No surface activities shall occur on the lease premises unless and until the Operating Plan or Amendment is approved by the Board. In determining whether to approve the proposed Operating Plan or Amendment, the following provisions shall apply:

1) If the lessee proposes an activity that does not entail any significant surface disturbance, the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA) and an opportunity for public comment on the proposed activity has been provided.

2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance, an environmental impact statement (EIS) shall be completed in accordance with MEPA. The EIS shall analyze the potential impacts of alternative and future potential levels of oil and gas development and extraction on an ecosystem scale as the ecosystem is defined by the "Limits of Acceptable Change - Bob Marshall Wilderness Complex" adopted by the Montana Department of Fish, Wildlife and Parks in December 1991. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans. Public involvement in the environmental review process shall be actively solicited by the preparer of the environmental review document and shall include, at minimum, adequately noticed public meetings in at least three communities including Great Falls and Helena.

3) The proposed surface activity shall adhere to the "Interagency Rocky Mountain Front, Wildlife Monitoring/Evaluation Program, Management Guidelines for Selected Species" adopted by the Montana Department of Fish, Wildlife and Parks in September 1987, or any successor guidelines thereto.

4) The Board may refuse to approve any proposed surface operations if it determines that they do not constitute the best use of trust resources or are not in the best interest of the State of Montana.

15 This lease is located within the Sun River Game Range. Due to federal actions and environmental sensitivity, no surface occupancy shall be allowed on this tract unless otherwise approved in writing by the State Board of Land Commissioners.

613-4

LAND BANKING PARCELS:

PRELIMINARY APPROVAL FOR SALE

A. Pondera County

B. Toole County

LAND BOARD AGENDA ITEM
June 17, 2013

PRELIMINARY APPROVAL FOR SALE OF LAND BANKING PARCELS # 697, 699, 700, 703 & 704 PONDERA COUNTY

Seller:	State of Montana, Department of Natural Resources and Conservation
Nominators:	Parcel 697 – Lessees, Troy & Lou Wanken Parcel 699 – Lessee, Larry Banka Parcel 700 – Lessee, Sunrise Properties Inc. Parcel 703 – DNRC Conrad Unit Parcel 704 – DNRC Conrad Unit
Location:	Parcel 697 – is located 10 miles south of Shelby. Parcel 699 – is located 20 miles southeast of Conrad Parcel 700 – is located 3 miles east of Conrad Parcel 703 – is located 10 miles north of Valier Parcel 704 – is located 10 miles north of Valier
Property Characteristics:	Parcel 697 – This parcel rolling to steep slopes and used primarily for grazing purposes. Parcel 699 – Homesite Parcel 700 – Homesite and gently rolling pasture used primarily for grazing purposes. Parcel 703 – This parcel rolling to steep slopes and used primarily for grazing purposes Parcel 704 – This parcel rolling to steep slopes and used primarily for grazing purposes
Access:	Parcel 697 – Is not legally accessibly by the public, and is surrounded by private land. Parcel 699 – legally accessible by county road Parcel 700 – legally accessible by county road Parcel 703 – legally accessible by stream access only Parcel 704 – legally accessible by stream access only

County	Sale #	# of Acres	Legal	Trust
Pondera	697	241.33	Lots 2 & 3, SE¼NW¼, SW¼NE¼, NW¼SE¼, NE¼SW¼, Section 2, T30N-R3W	Common Schools
Pondera	699	10	SW¼SW¼SW¼NE¼, NE¼NE¼NE¼NE¼SW¼, SE¼SE¼SE¼NW¼, Section 10, T26N-R1E	Common Schools
Pondera	700	20	W½NW¼NW¼, Section 16, T28N-R2W	Common Schools
Pondera	703	27.85	Lots 1-3, Section 10, T31N-R5W	Common Schools
Pondera	704	25.30	Lot 3, Section 15, T31N-R5W	Common Schools

Total Acres **324.48**

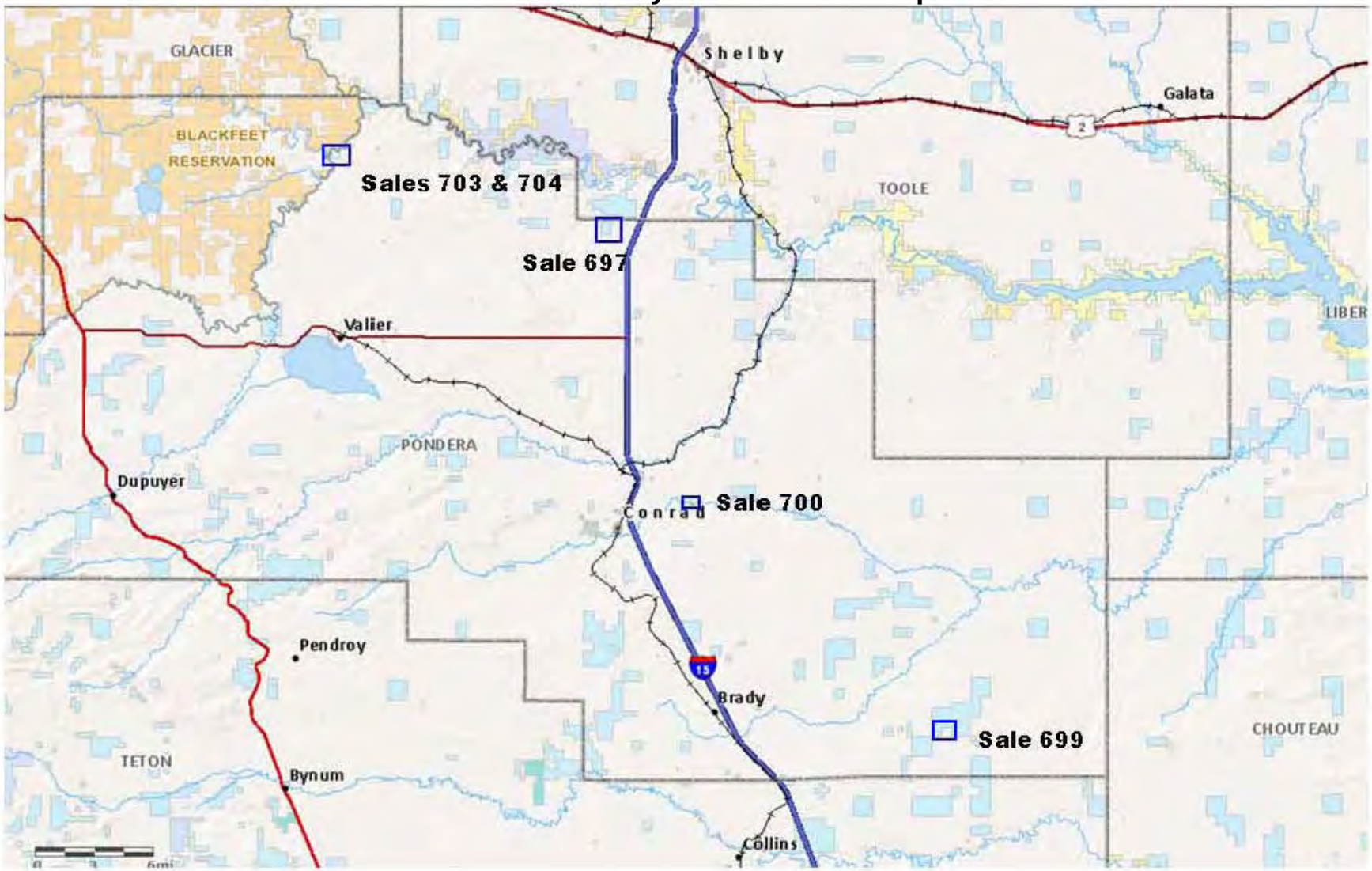
MEPA Issues:

Parcel 697 – None
Parcel 699 – None
Parcel 700 – None
Parcel 703 – None
Parcel 704 – None

Recommendation:

The Director recommends that the Board give preliminary approval to sell Parcels # 697, 699, 700, 703 & 704.

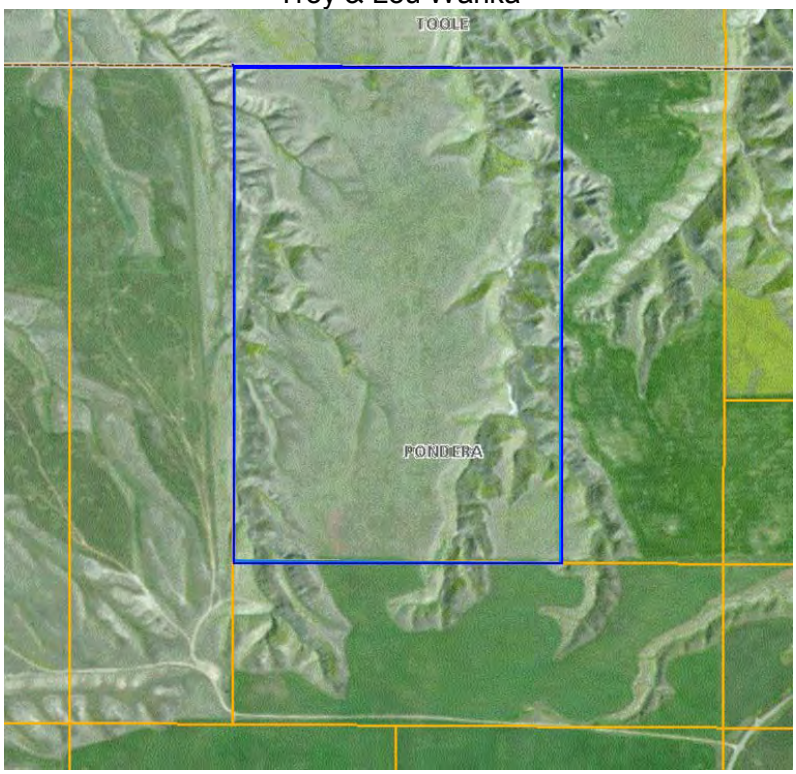
Pondera County Sale Location Map



Sale #697

Lots 2 & 3, SE¼NW¼, SW¼NE¼, NW¼SE¼, NE¼SW¼, Section 16, T2N-R1W

Troy & Lou Wanka



Sale #699

SW¼SW¼SW¼NE¼, NE¼NE¼NE¼NE¼SW¼, SE¼SE¼SE¼NW¼, Section 10, T26N-R1E

Larry Banka

Sale #700

W½NW¼NW¼, Section 16, T28N-R2W

Sunrise Properties Inc.

Sale #703

Lots 1-3, Section 10, T31N-R5W

Sale #704

Lot 3, Section 15, T31N-R5W

LAND BOARD AGENDA ITEM
June 17, 2013

PRELIMINARY APPROVAL FOR SALE OF LAND BANKING PARCEL # 695 TOOLE COUNTY

Seller: State of Montana, Department of Natural Resources and Conservation

Nominators: Parcel 695 – Lessees, Curtis Stene

Location: Parcel 695 – is located four miles west of Kevin.

Property Characteristics: Parcel 695 – This parcel has rolling to steep slopes and used primarily for grazing purposes.

Access: Parcel 695 – Is legally accessibly by a county road.

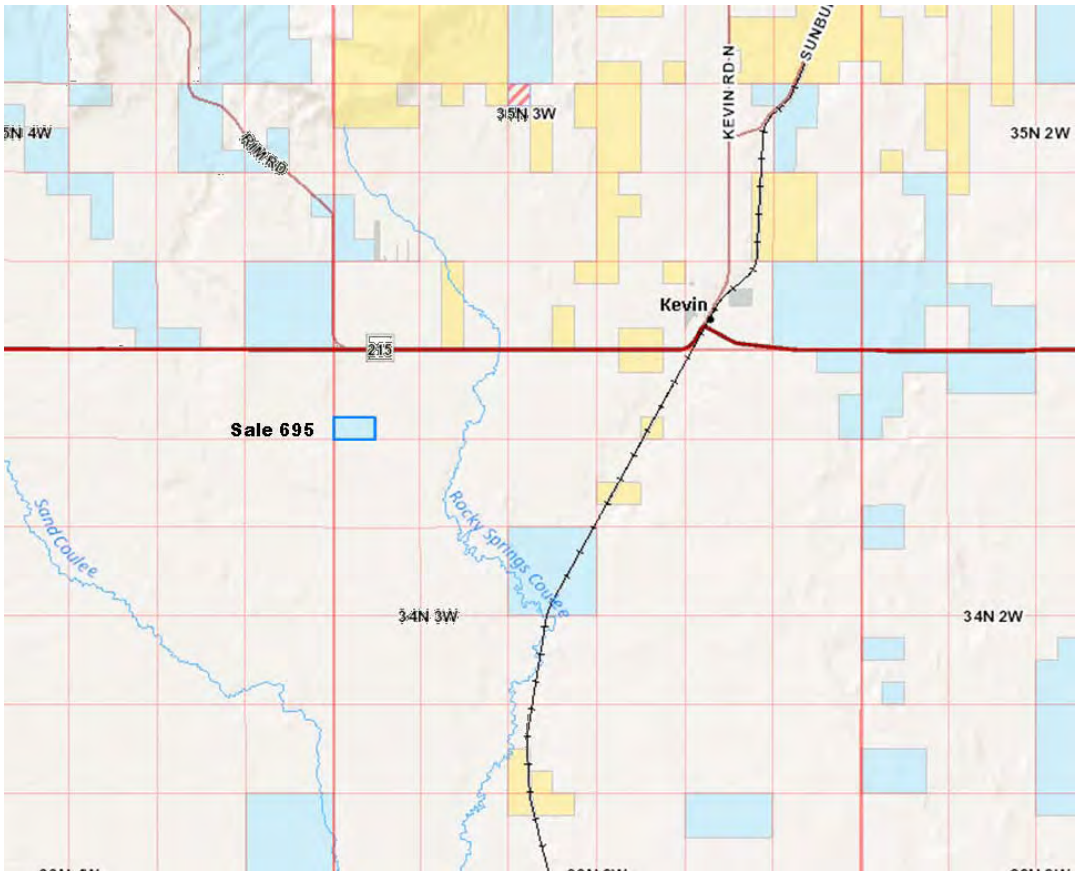
County	Sale #	# of Acres	Legal	Trust
Toole	695	76.29	Lot 7, SE¼SW¼, Section 6, T34N-R3W	Public Buildings

Total Acres **76.29**

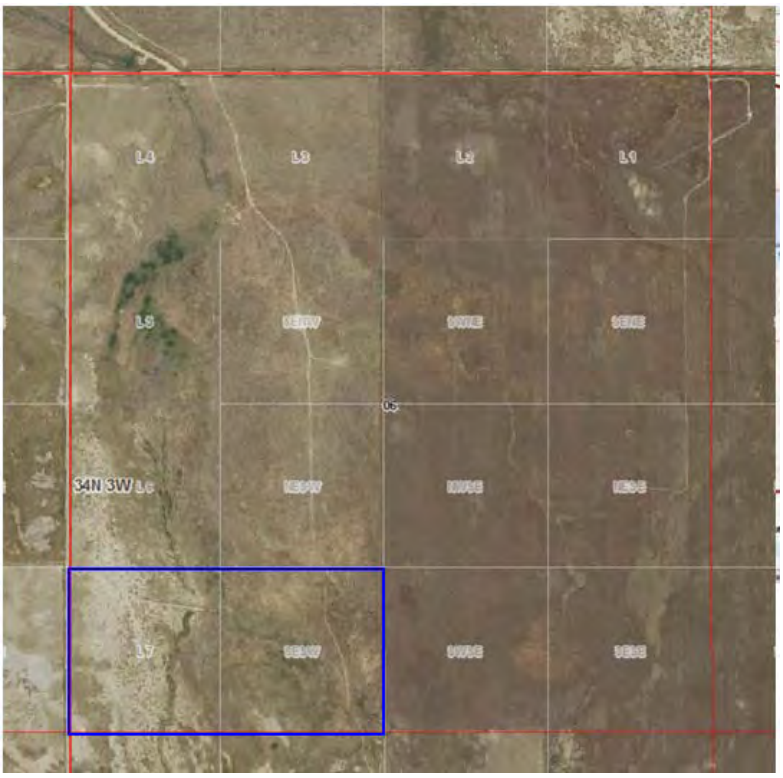
MEPA Issues: Parcel 695 – None

Recommendation: The Director recommends that the Board give preliminary approval to sell Parcel # 695.

Toole County Sale Location Map



Sale #695
Lot 7, SE¼SW¼, Section 6, T34N-R3W
Curtis Stene



613-5

LAND BANKING PARCELS:

FINAL APPROVAL FOR SALE

LAND BOARD AGENDA ITEM
June 17, 2013

FINAL APPROVAL FOR SALE OF LAND BANKING PARCEL # 687 JEFFERSON COUNTY

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

Cultural/Paleontological Resources:

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

Background:

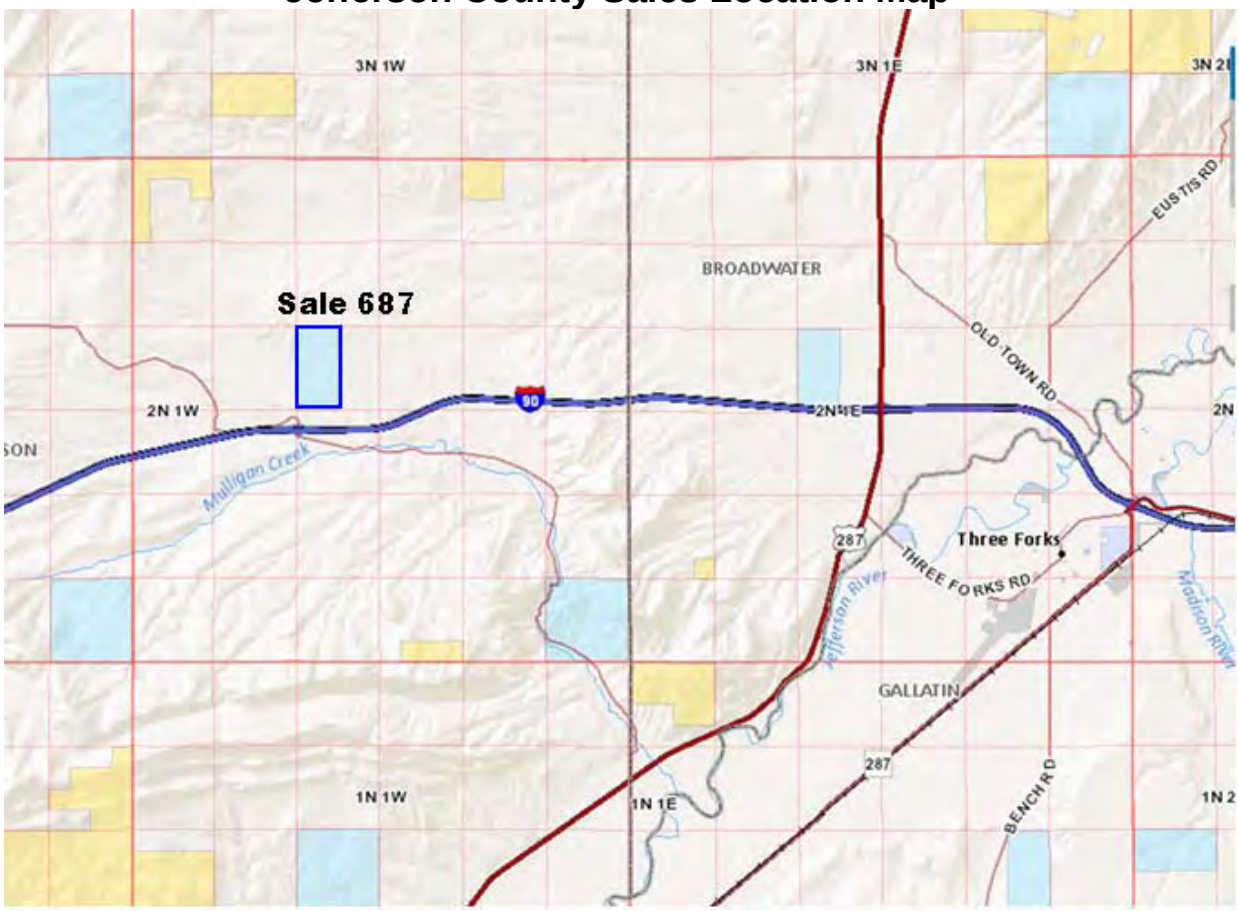
In October 2012, the Board granted preliminary approval for these parcels to continue through the Land Banking sale evaluation process. In April 2013 the Board set the minimum bid at the appraised value with access as follows:

Sale #	# of Acres	Legal	Minimum Bid	Price/Acre	Trust
687	320 ±	W½, Section 16, T2N, R1W	$192,000	$600	Common Schools
		Total Sale Price	**$192,000**		

Sale Price: The parcel was sold at public auction on May 29, 2013. The parcel had only one bidder, and was sold for the minimum bid amount listed above.

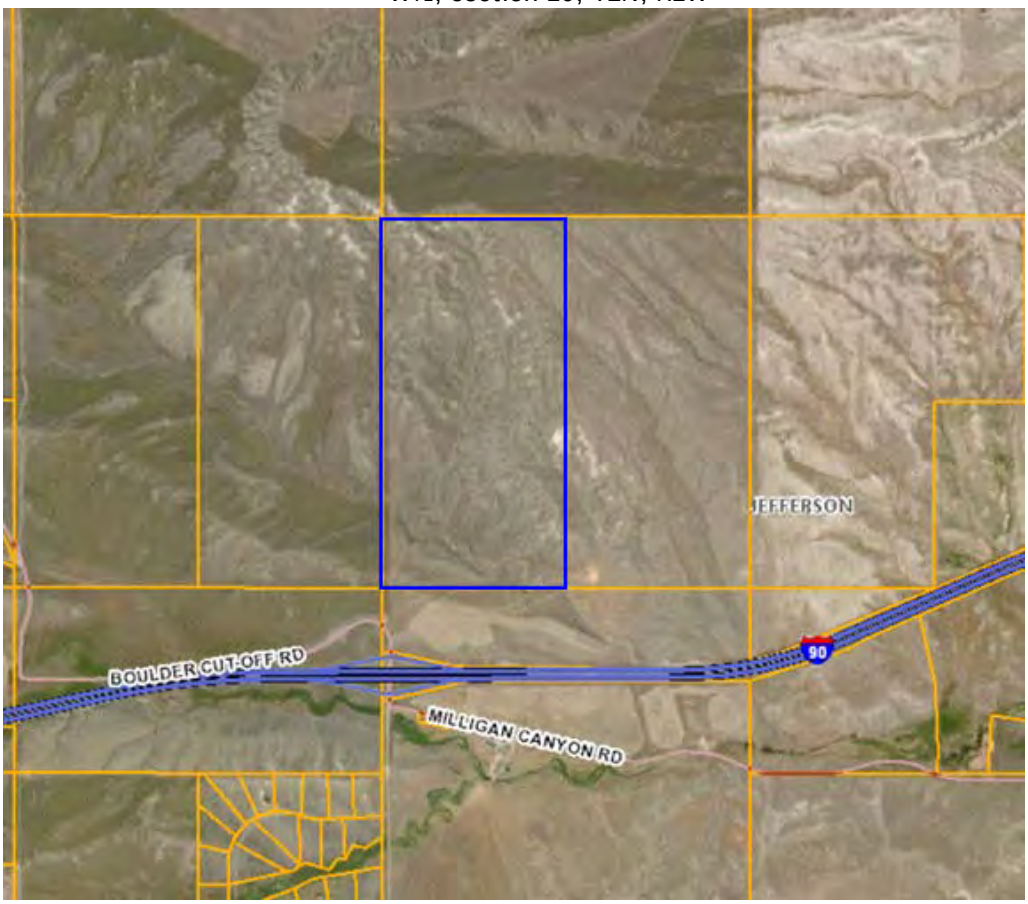
Recommendation: The Director recommends final approval of Land Banking Sale #687 for the purchase price listed above. The sale will be closed within 30 days of approval.

Jefferson County Sales Location Map



Sale #687

W½, Section 16, T2N, R1W



613-6

LAND EXCHANGE: FINAL APPROVAL – NISTLER

LAND BOARD AGENDA ITEM
FINAL APPROVAL
June 17, 2013
DNRC/ Lawrence & Jean Nistler Land Exchange

Proposal: Land Exchange between the Department of Natural Resources and Conservation (DNRC) and Lawrence & Jean Nistler.

Proponent: DNRC and the Nistlers

Location: Wibaux County

Purpose: The exchange is proposed in order to provide greater management flexibility between state and private land. Land management and recreational access would improve as a result of the exchange.

Lands Proposed for Exchange:

Private Land Proposed for Exchange

County	Legal Description	# of Acres
Wibaux	NW4 Section 36 T15N R59E	160
	Total Acres	**160**

State Land Proposed for Exchange

County	Legal Description	# of Acres	Trust
Wibaux	SW4 Section 36 T15N R59E	160	Common Schools
	Total Acres	**160**	

PUBLIC INVOLVEMENT PROCESS AND RESULTS

In August of 2012, the proposed land exchange was scoped by DNRC. Mailings were sent to resource professionals, adjacent land owners, and other interested parties. Public notice was placed in the Wibaux Pioneer-Gazette (County weekly news paper) for two consecutive weeks. DNRC was identified to receive public comment. No comments were received as a result of the initial scoping notices. DNRC held a public hearing to accept comments regarding the final proposed land exchange on May 9, 2013, 1:00 p.m. at the Wibaux County Courthouse. DNRC received no written or verbal opposition to this proposed land exchange.

EXCHANGE CRITERIA ANALYSIS

The following documents how the land exchange meets or exceeds the land exchange criteria and accrues benefits to the Common Schools Trust Beneficiary.

1. <u>EQUAL OR GREATER VALUE</u>

An appraisal was completed for both the private land and state land. The reported current fair market value for the subject properties as of February 14, 2013 is:

DNRC State Property - $200,000, or an average of $1,250 per acre
Nistlers Private Property - $200,000, or an average value of $1,250 per acre

Meets criteria.

2. <u>STATE LAND BORDERING ON NAVIGABLE LAKES AND STREAMS</u>

The private land offered in this exchange contains ½ mile of Beaver Creek, a perennial prairie stream.

The state trust land offered in this exchange also contains ½ mile of Beaver Creek.

Meets criteria.

2. EQUAL OR GREATER INCOME TO THE TRUST

The 127 acres of private hay land, if leased as a cash lease would yield an estimated $15/acre. The 33 acres of grazing land combined with aftermath grazing on hay fields would support 40 AUM's valued at the state minimum rental of $7.90. The hay land is expected to bring $2,100 and the AUM grazing would return $316 for a total projected annual income of $2,416.

The 55 acres of hay on state land with a cash lease of $15/acre returns $825. The 104.37 acres of grazing and hay aftermath supports approximately 36 AUM's. The 36 AUM's at the current grazing rate for this parcel of $7.90 returns $284.40. The home site lease is $250 annually. The total return to the trust is an annual income of $1,359.40.

Meets criteria.

4. EQUAL OR GREATER ACREAGE

The land exchange proposes to exchange 160 acres of private deeded land for 160 acres of state trust land.

Meets criteria.

5. CONSOLIDATION OF STATE LAND

The land exchange would not necessarily consolidate state lands but instead would provide recreational access to more state land as the 160 acres with the home site is categorically closed to hunting in accordance with ARM 36.25.149(1)(c), restricting use of firearms within ¼ mile of an inhabited dwelling.

Meets criteria.

6. POTENTIAL FOR LONG-TERM APPRECIATION

The recreational portion of the private land is expected to appreciate rapidly. Farm and grazing property in the Wibaux area is appreciating in value. The area is generally losing residential population.

Meets criteria.

7. ACCESS

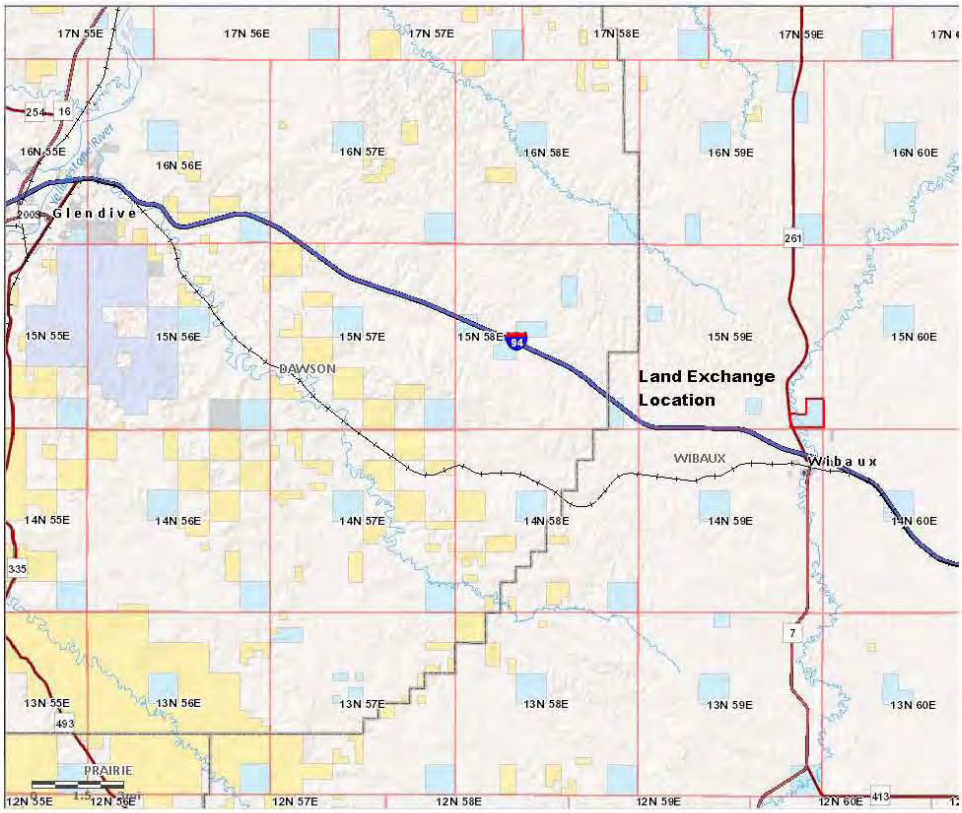
The proposed exchange is accessible by adjacent state land that has a county road on the east section line. Access to a portion of Beaver Creek plus the adjoining alfalfa fields all provide excellent hunting opportunities.

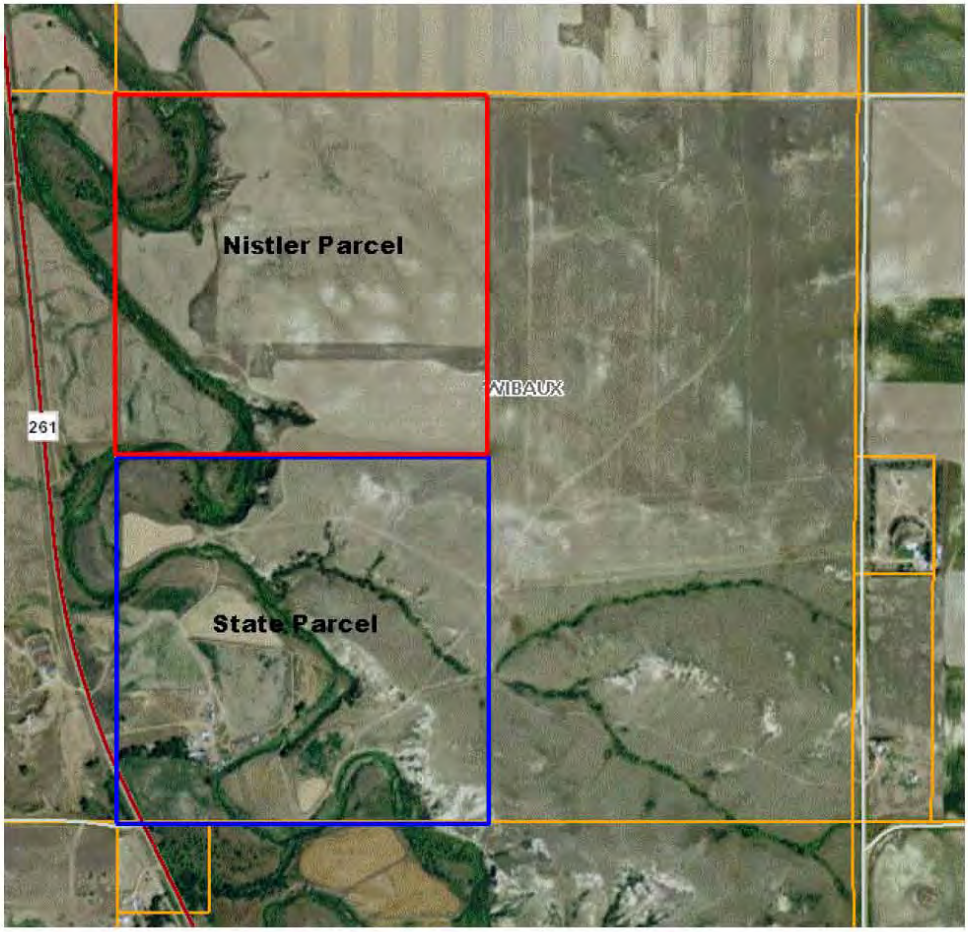
Meets criteria.

AGENCY RECOMMENDATIONS

This land exchange meets and exceeds the land exchange criteria as described above and would be a benefit to the trust beneficiary. The primary reason for the State to enter into this exchange is to consolidate land ownership and provide better access for leasing and recreational use. The Director recommends this exchange receive preliminary approval by the Board.

LOCATION MAP NISTLER LAND EXCHANGE





613-7

EASEMENTS

A. Rights-of-Way

B. Reciprocal Access: East Ashby

C. Cost Share: Clay Banks

SUMMARY SHEET – RIGHTS OF WAY APPLICATIONS

HISTORIC COUNTY ROAD – *Valley County* (Pages 4-5)
- *Prairie County* (Page 7)

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

HISTORIC PRIVATE ACCESS – *Steven & Kendra Cook* (Page 9)
- *Elva Highland* (Page 12)

NEW COUNTY ROAD – *Prairie County* (Page 8)

NEW ELECTRIC UTILITY – *Big Flat Electric Coop.* (Page 2)
- *Southeast Electric Coop.* (Pages 10-11)
- *Missoula Electric Coop.* (Page 13)

NEW TELEPHONE UTILITY – *3 Rivers Telephone Coop.* (Page 14)

NEW WATER PIPELINE FACILITY – *Butte-Silver Bow Public Works* (Page 15)

PRIVATE ACCESS ROAD – *Cross W Livestock, LLC* (Page 1)
- *Harold May and CL Land & Cattle* (Page 3)

AFFECTED GRANTS AND PROPOSED INCOME:

Common Schools	$ 30,137.00

AFFECTED COUNTIES: Carter, Garfield, Granite, Judith Basin, Musselshell, Phillips, Powell, Prairie, Silver Bow, Toole, Valley

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Cross W Livestock, LLC P.O. Box 356 Ekalaka, MT 59324
Application No.:	16248
R/W Purpose:	a private road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Leased by Applicant)
Acreage:	3.80
Compensation:	$664.00
Legal Description:	30-foot strip through E2E2, Sec. 36, Twp. 2N, Rge. 57E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Applicant is proposing to re-route part of an existing road on state and re-construct a road along the entire east section line of a state section he recently was assigned. This proposed road will connect his private land with the state section and connect to county roads on both the north section line as well as the south section line. This will eliminate hauling commodities through the town of Ekalaka to get from one location to another. The proposed location is well suited for a road location and will cause minimal impact to the land. The partial old existing road location will be reseeded back to native grasses. The Department recommends approval of this request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Big Flat Electric Coop., Inc. P.O. Box 229 Malta, MT 59538
Application No.:	16253
R/W Purpose:	a 25kV buried electric distribution line
Lessee Agreement:	ok
Acreage:	2.46
Compensation:	$1,107.00
Legal Description:	20-foot strip through E2E2, Sec. 36, Twp. 24N, Rge. 31E, Phillips County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made for a permanent easement after installation of this facility under an emergency construction license issued November, 2012. Applicant was asked to provide service to the American Prairie Reserve yurt camp in the fall. Because of possible impact to sage grouse, a spring installation was not recommended, thus the construction was allowed to go in under a license with the stipulation that an easement would be applied for within a four-month period. Applicant followed through with the application as required. Impacts from the installation were limited and the area has been reclaimed and reseeded. The Department recommends approval of this permanent easement request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Harold M. May and CL Land & Cattle, LLC P O Box 16 Hall, MT 59837
Application No.:	16258
R/W Purpose:	a private access road to a single-family residence and associated outbuilding and for conducting normal farming and ranching operations
Lessee Agreement:	ok
Acreage:	5.53
Compensation:	$9,607.00
Legal Description:	40-foot strip through W2SE4, SW4NE4, SE4NW4, NW4NE4, NE4NW4, Sec. 16, Twp. 10N, Rge. 14W, Granite County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Applicants were successors in interest to Stimson Lumber Company in an easement for this road across state land issued under a reciprocal access agreement. Stimson did not own all of the adjoining Section 9, thus the reciprocal agreement was issued solely for the purpose of accessing the ownership of Stimson. However, applicants purchased the additional lands in the section from other parties, who did not have an easement across the State. The Department has worked with the applicants to perfect access to all their ownership and, as a result, this application is presented so as to complete full access to all the lands owned by applicants in the section adjoining the state land. The Department recommends approval of this easement request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Valley County 501 Court Square, Box #1 Glasgow, MT 59230
Application No.:	16278
R/W Purpose:	a public county road known as Greenwood Road
Lessee Agreement:	N/A (Historic)
Acreage:	2.50
Compensation:	$875.00
Legal Description:	60-foot strip through S2NW4, SW4NE4, Sec. 29, Twp. 35N, Rge. 42E, Valley County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Valley County 501 Court Square, Box #1 Glasgow, MT 59230
Application No.:	16279
R/W Purpose:	a public county road known as Greenwood Road
Lessee Agreement:	N/A (Historic)
Acreage:	0.70
Compensation:	$158.00
Legal Description:	30-foot strip through NE4SE4, Sec. 30, Twp. 35N, Rge. 42E, Valley County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northern Telephone Coop., Inc P.O. Box 190 Sunburst, MT 59482
Application No.:	16280
R/W Purpose:	a buried fiber optic telecommunication cable
Lessee Agreement:	N/A (Historic)
Acreage:	2.42
Compensation:	$968.00
Legal Description:	20-foot strip through S2S2, Sec. 16, Twp. 33N, Rge. 3E, Toole County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County P.O. Box 125 Terry, MT 59349-0125
Application No.:	16281
R/W Purpose:	a public county road known as Southerland Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	$637.00
Legal Description:	30-foot strip through N2N2, Sec. 36, Twp. 10N, Rge. 51E, Prairie County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County P.O. Box 125 Terry, MT 59349-0125
Application No.:	16282
R/W Purpose:	a public county road known as XIT Road
Lessee Agreement:	ok
Acreage:	8.70
Compensation:	$1,523.00
Legal Description:	60-foot strip through SW4SW4, N2SW4, NW4SE4, S2NE4, NE4NE4, Sec. 36, Twp. 16N, Rge. 48E, Prairie County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Currently the XIT road is located east of state land and is in a boggy area. The road can't be used for all weather travel thus the public has been bypassing this road and driving across an unimproved road on the state section. The county is abandoning the XIT road in its current location and has approached the Department to build-up the existing road on state and re-locate the county road to it. This would legalize the public use of the existing road and allow the county to have an all-weather road for the public. The Department recommends approval of this request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Steven & Kendra Cook 4985 Deen Road Marietta, GA 30066
Application No.:	16283
R/W Purpose:	a private road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	0.04
Compensation:	$100.00
Legal Description:	10-foot strip through SE4SE4, Sec. 36, Twp. 7N, Rge. 28E, Musselshell County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Southeast Electric Coop., Inc. P.O. Box 369 Ekalaka, MT 59324-0369
Application No.:	16306
R/W Purpose:	a 25kV overhead electric distribution line
Lessee Agreement:	ok
Acreage:	0.30
Compensation:	$100.00
Legal Description:	10-foot strip through NE4NE4, Sec. 16, Twp. 2N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Application is made to provide service to rural areas near Ekalaka. The route chosen will be along an existing county road so minimal impacts will occur. The Department recommends approval of this request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Southeast Electric Coop., Inc. P.O. Box 369 Ekalaka, MT 59324-0369
Application No.:	16307
R/W Purpose:	a 25kV overhead electric distribution line
Lessee Agreement:	ok
Acreage:	0.53
Compensation:	$160.00
Legal Description:	10-foot strip through NE4NE4, Sec. 36, Twp. 2N, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools
Classification:	III

☞ See explanation on page 10.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Elva Highland P.O. Box 397 Jordan, MT 59337
Application No.:	16308
R/W Purpose:	a private road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	$730.00
Legal Description:	30-foot strip through NW4NW4, E2NW4, NE4SW4, W2SE4, SE4SE4, Sec. 16, Twp. 14N, Rge. 32E, Garfield County
Trust Beneficiary:	Common Schools
Classification:	III

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

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Missoula Electric Coop., Inc. 1700 W. Broadway St. Missoula, MT 59808
Application No.:	16309
R/W Purpose:	two 7.2kV buried electric distribution lines
Lessee Agreement:	ok
Acreage:	0.53
Compensation:	$3,725.00
Legal Description:	10-foot strip through W2W2 and a 10-foot strip through SW4NW4, Sec. 16, Twp. 15N, Rge. 12W, Powell County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Applicant was given an emergency land use license to install these buried lines as part of a coordination effort with Blackfoot Telephone and to co-locate facilities. Blackfoot Telephone had existing easement for overhead facilities along Monture Road, an unperfected county road, while applicant had overhead facilities in another location without benefit of an easement. In an attempt to reduce impact and improve habitat for the endangered Trumpeter Swan and grizzly bear both entities agreed to replace the overhead lines with buried facilities and lay within the same corridor. So that installation could occur simultaneously, the Department issued applicant a license so that disturbance would be kept to a minimum. The facilities are now buried and reclamation has occurred. The Department recommends approval of this permanent easement request for applicant.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	3-Rivers Telephone Coop., Inc P.O. Box 429 Fairfield, MT 59436-0429
Application No.:	16311
R/W Purpose:	a buried fiber optic telecommunication cable
Lessee Agreement:	ok
Acreage:	0.64
Compensation:	$144.00
Legal Description:	20-foot strip through Gov. Lot 4, Sec. 6, Twp. 16N, Rge. 10E, Judith Basin County
Trust Beneficiary:	Common Schools
Classification:	III

☞ Applicant is requesting an easement for a telecommunications cable to serve two residences in the rural area of Stanford. Applicant attempted to gain an easement from the private landowner adjoining the state but received no response. The new cable will follow an existing county road and cause minimal disturbance. The Department recommends approval of this request.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte – Silver Bow Dept of Public Works 126 W Granite Street Butte MT 59701
Application No.:	16312
R/W Purpose:	a buried 36" water transmission main and associated surface structures
Lessee Agreement:	ok
Acreage:	8.59
Compensation:	$9,639.00
Legal Description:	50-foot strips through SE4SE4, Sec. 23; S2NW4, Sec. 24; and E2W2, SW4SW4, Sec. 35, Twp. 2N, Rge. 9W, Silver Bow County
Trust Beneficiary:	Common Schools
Classification:	II

☞ Applicant has been working towards replacing the Big Hole Water transmission main for the past 5 years. This transmission line is the main water supply for Butte – Silver Bow and is in need of replacement. The project has already consisted of installing new pipeline along the existing alignment near the Big Hole River and is moving north toward Butte. The line crosses Interstate 15 in Sections 23 and 24 where it will be installed by boring. All disturbed lands will be reclaimed and revegetated. The Department recommends approval of this easement request.

EAST ASHBY RECIPROCAL ACCESS AGREEMENT

June 17, 2013

RIGHT OF WAY APPLICATION FILE NO. 16313

I. Applicant:

East Ashby Road Users Association
542 Frontage Rd. W
Drummond MT 59832- 0000

II. Purpose:

State land is intermingled with lands owned or controlled by East Ashby Road Users Association (RUA) members. In order for both parties to gain legal access to their respective properties, they have proposed to exchange easements as part of this Reciprocal Access Agreement. Each party will grant perpetual non-exclusive easements, 60 feet in width, for all lawful purposes including buried utilities. Under this Agreement, the State is also acquiring motorized access rights for the public.

III. Legal Description (R/W): All in Missoula County:

State Land burdened:		Trust
Township 12 North, Range 16 West, P.M.M.		
Section 3:	Lots 10, 11, 13, and 14, NW¼SE¼	Acquired Lands Public Schools (A.L.P.S.)
Section 11:	SE¼SW¼, SW¼SE¼	A.L.P.S.
Section 13:	W½NE¼, NW¼, N½SE¼	A.L.P.S.
Section 14:	N½NE¼	A.L.P.S.

State Land benefited:		
Township 12 North, Range 16 West, P.M.M.		
Section 2:	all or portions of Lots 2, 3, 4, 5, 6, 7, 11, and 12, SW¼, SW¼SE¼	A.L.P.S.
Section 3:	all or portions of Lots 1, 2, 7, 8, 9, 10, 11, 13, and 14, N½SE¼	A.L.P.S.
Section 11:	all or portions of N½, E½SW¼, SE¼	A.L.P.S.
Section 12:	all or portions of SW¼NE¼, S½NW¼, S½	A.L.P.S.
Section 13:	all	A.L.P.S.
Section 14:	all	A.L.P.S.
Section 15:	all or portions of N½, NE¼SW¼, SE¼	A.L.P.S.
Section 16:	all	Common Schools (CS)
Section 22:	all or portions of N½NE¼, SW¼NE¼	A.L.P.S.
Section 23:	all or portions of NE¼, N½NW¼, NE¼SE¼	A.L.P. S.

Total State Land Benefited: 4,000 acres

RUA Land burdened:

Township 12 North, Range 16 West, P.M.M.

Section 3: M.S. 8535

Section 10: M.S. 8534, M.S. 8535, M.S. 8536, M.S. 9825, Lot 2, Lot 4, Lot 5

Section 11: Lot 1, SW¼SW¼

RUA Land benefited:

Township 12 North, Range 15 West, P.M.M.

Section 18: Lots 2, 3, and 4, NW¼NE¼, S½NE¼, SE¼NW¼, E½SW¼, SE¼

Township 12 North, Range 16 West, P.M.M.

Section 3: all or portions of M.S. 8535 and M.S. 8536

Section 10: all or portions of M.S. 8534, M.S. 8535, M.S. 8536, M.S. 9825, M.S. 9826, Lots 1,2,3,4 and 5, SW¼NE¼, W½, NW¼SE¼, S½SE¼

Section 11: all or portions of M.S. 9825, Lot 1, SW¼SW¼

Total RUA Land Benefited: 1,279 acres

Total R/W Acres:

State grant to RUA: 20.44 acres

RUA grant to State: 7.94 acres

Total R/W Miles:

State grant to RUA: 2.81 miles

RUA grant to State: 1.09 miles

IV. General Information:

Land Office: SWLO

Unit Office: Missoula

County: Missoula

Affected Trusts: Common Schools (C.S.), Acquired Lands Public School (A.L.P.S.)

Classification: Forest

V. Costs to be Borne by Each Party:

Excess costs, by land value and road costs, are summarized as follows:

	EXCESS COSTS	
	RUA owes State	State owes RUA
Land Value	$ 3,361	$ 4,648
Road Costs	$ 16,623	$ 6,756
Total Value/Costs	$ 19,984	$ 11,404

NET BALANCE

Land Value		$ 1,287
Road Costs	$ 9,867	
Subtotals	$ 9,867	$ 1,287

TOTAL LAND AND ROAD $ 8,580

* The remaining Net Balance of $8,580 that the RUA owes State will be paid in cash at the time of conveyance.

VI. Results of MEPA Analysis:

No significant impacts are expected and no further analysis required.

VII. Benefits to the State:

1. *Describe the rights regarding which DNRC lands are being accessed.*

   Provides permanent access for all lawful purposes and buried utilities on an existing road system to State Trust Lands as described above.

2. *Describe the public access situation and the effects of this agreement.*

   Under this Agreement, the State is acquiring motorized access rights for the public.

3. *Describe other benefits associated with completing the agreement.*

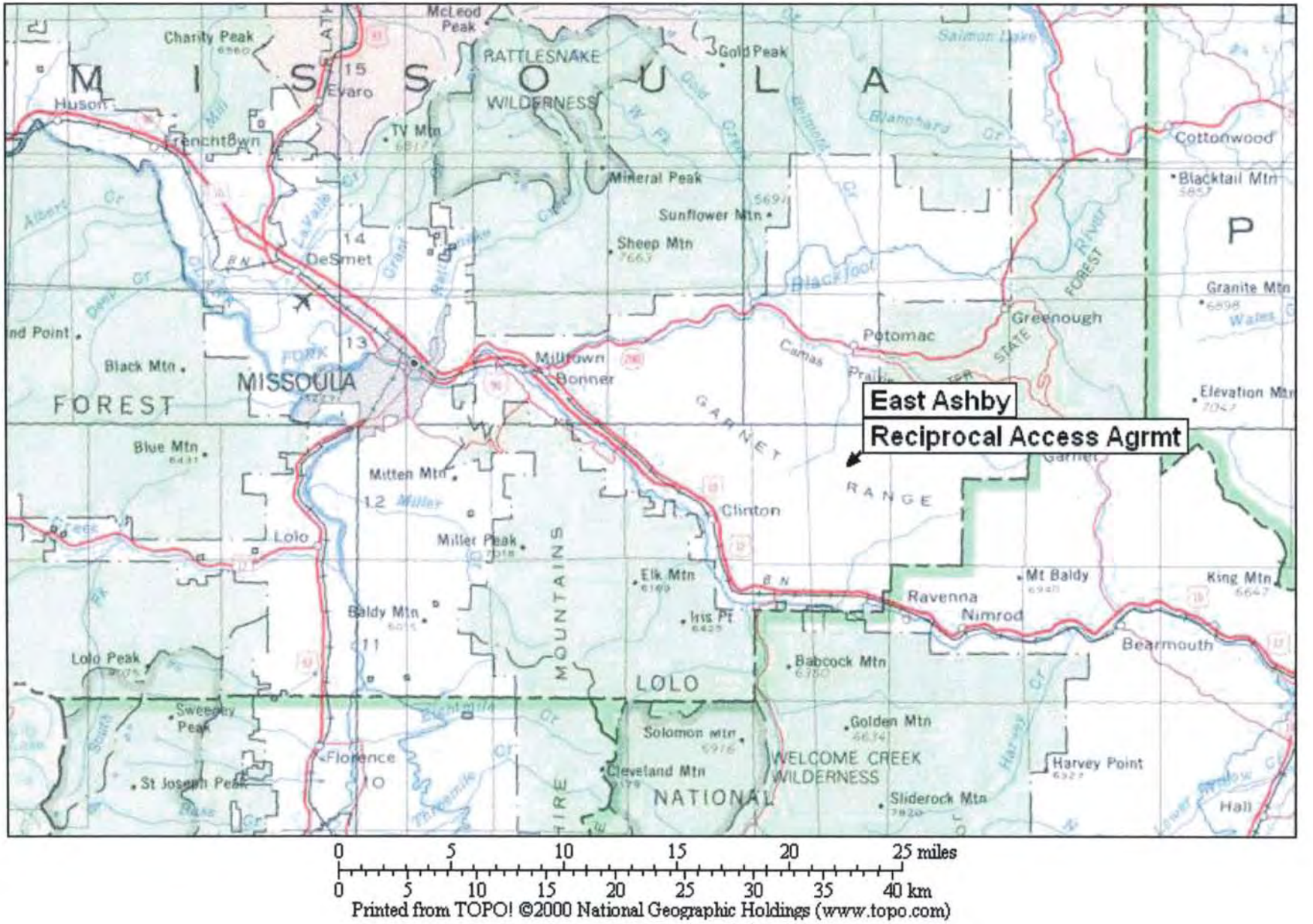
   - Provides for an integrated transportation system which reduces road densities and potential resource impacts to water quality and wildlife habitat.
   - Provides for shared financial obligations for road maintenance, resurfacing, weed management, and road reconstruction, if need be, to current road standards.

VIII. Recommendation/Action:

On behalf of SWLO, the Department recommends the Montana Board of Land Commissioners waving the 1% conveyance fee in consideration of motorized public access.

After review of the documents, exhibits, and benefits to the State, the Director recommends approval of this proposed Reciprocal Access Agreement with the RUA.

EAST ASHBY RECIPROCAL ACCESS AGREEMENT – VICINITY MAP



613-7B

EXHIBIT 1-A

East Ashby

Reciprocal Access Agreement

MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

and

EAST ASHBY ROAD USERS ASSOCIATION

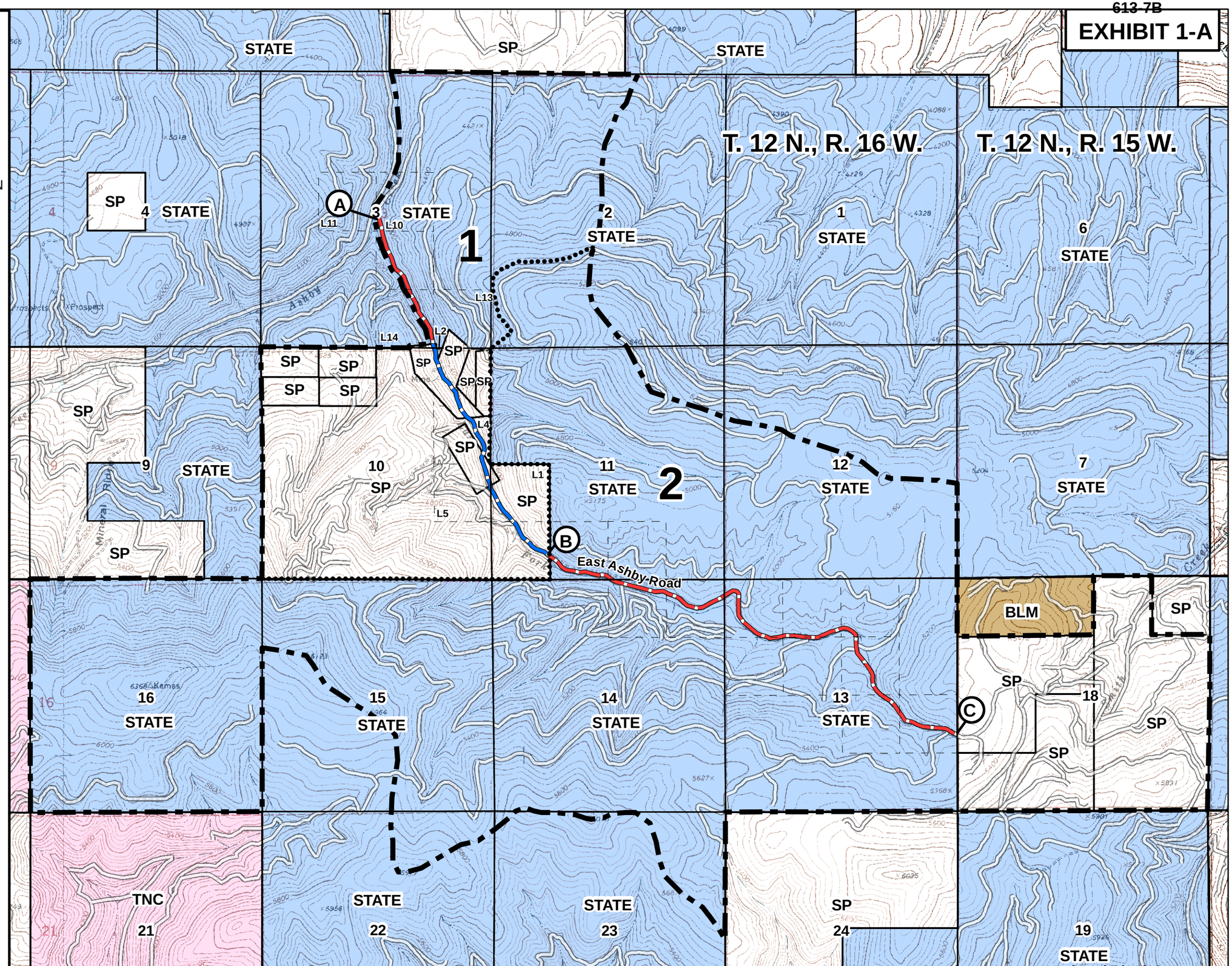
Missoula County, Principal Meridian, Montana

LEGEND

- Tributary Area
- Sub - Tributary Area
- 1 Sub - Tributary Number
- Ⓐ Road Segment Terminus
- Subdivision

STATE	State of Montana
BLM	Bureau of Land Management
SP	Small Private
TNC	The Nature Conservancy

- Easement from STATE to RUA
- Easement from RUA to State



NORTH

0 1,000 2,000 3,000 4,000

Feet

Revised Apr 29, 2013 MAS

Updated 6/11/13

U.S. FOREST SERVICE COST SHARE SUMMARY
Supplement No. 39, Kootenai National Forest

(Clay Banks)
Land Board
June 17, 2013

RIGHT-OF-WAY-APPLICATION FILE NO. _____

I. **Applicant:**

United States of America (USDA-Forest Service)
Region 1
Kootenai National Forest
Libby, MT 59923

II. **Purpose of Cost-Share Agreement:**

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

III. **Legal Description:**

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

State Lands: Section 24, T30N, R31W

NFSL Lands: Section 19, T30N, R30W
Section 13, T30N, R31W
Sections 15 and 22, T31N, R31W

IV. **General Information:**

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

	State	USFS	3rd Party	Total
Tributary Area:	956 acres	9,928 acres	520 acres	11,404 acres
Miles of Road:	0.55 miles	2.64 miles	0 miles	3.19 miles
Right of Way Area:	4.00 acres	19.20 acres	0 acres	23.20 acres

Land Office: NWLO
Unit Office: Libby
Land Classification: Forest
Beneficiary: C.S. – Common Schools, P.B. – Public Buildings
County: Lincoln

V. **Costs to be Borne by Each Party**:

Excess costs, by land value and road costs, were determined by negotiation with the USFS Kootenai National Forest in accordance with the principals found in the Master Cost Share Agreement. It was agreed that under this Supplement the State has a net excess cost of $18,690 (Forest Service owes State), which will be entered on the Master cost share balance sheet.

VI. **Results of MEPA Analysis:**

No significant impacts are expected and no further analysis required.

VII. **Benefits to State:**

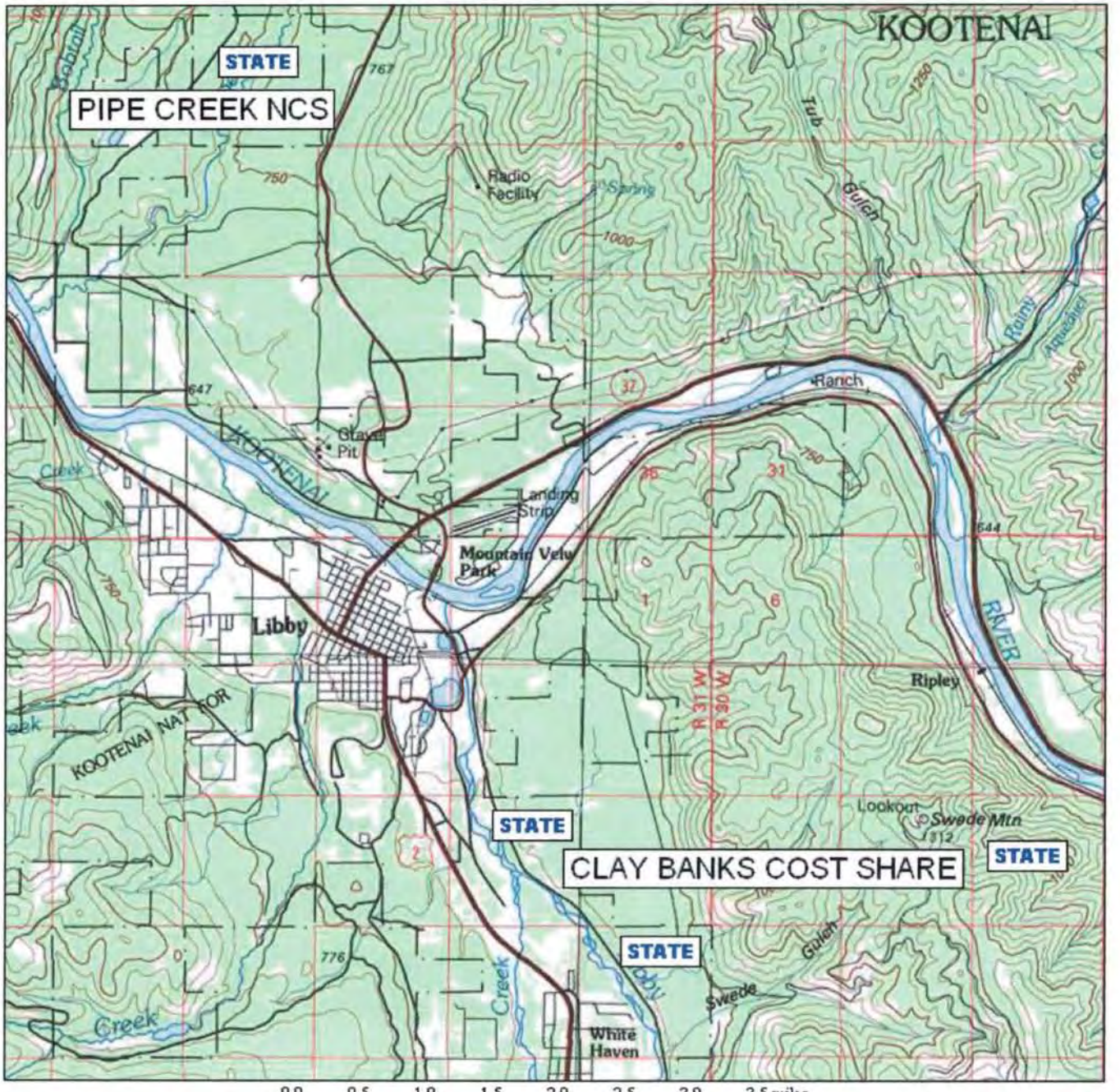
The cost share easements provide for sharing of future maintenance and reconstruction costs.

Integrated transportation planning results in reduced road density by utilizing existing roads.

VIII. **Recommendation/Action:**

After review of the documents, exhibits, and benefits to the State, the Director of the Department of Natural Resources and Conservation recommends approval of the Clay Banks Cost Share Supplement No. 39 with the US Forest Service.

CLAY BANKS COST SHARE – VICINITY MAP



613-7C
EXHIBIT 1

State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 39

CLAY BANKS

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

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Libby Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

- Supplement Boundary
- Tributary Area Boundary
- 1 Tributary Area Number
- Jointly Financed Roads
- 533 Road Number
- (A) Termini of Road Segment

NFSL National Forest System Lands
STATE State of Montana
PCT Plum Creek Timberlands, L.P.
SP Small Private

Based on Geographic Coordinate Data Base and USGS Quads: Swede Mtn, Vermiculite Mtn, Little Hoodoo Mtn, Libby

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

R/W Area: 18.84 acres (NFSL)
4.00 acres (STATE)

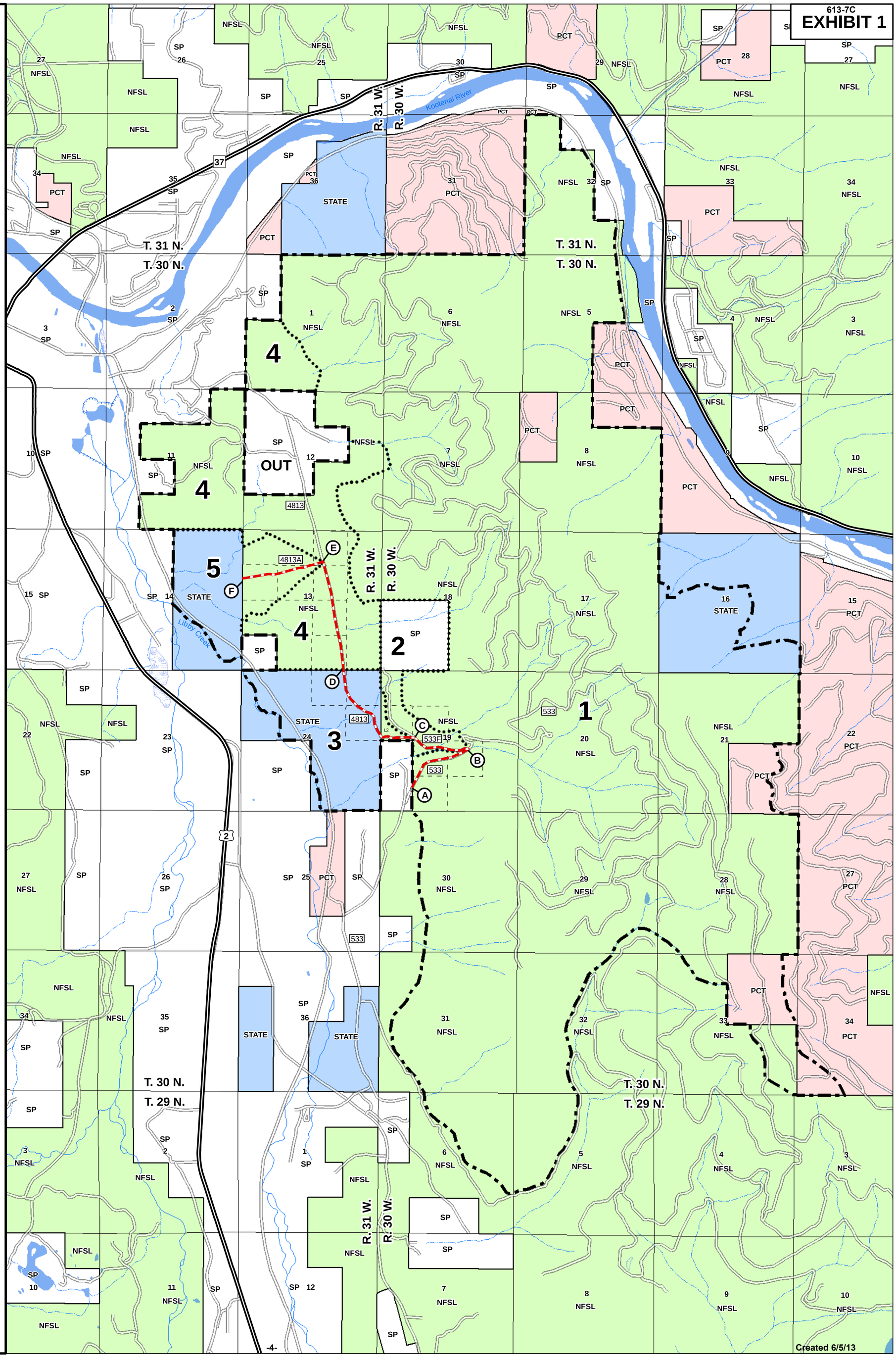
Prepared by _____ Date _____

Checked by_____ Date _____

Checked by_____ Date _____

N

0 1 2 Miles



Created 6/5/13

State of Montana

ROAD RIGHT-OF-WAY CONSTRUCTION AND USE AGREEMENT AREA

SUPPLEMENT NO. 39

CLAY BANKS
(non-cost share)

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

U.S.D.A. - Forest Service - Region One
KOOTENAI NATIONAL FOREST
Libby Ranger District
Lincoln County, Montana
Principal Meridian, Montana

LEGEND

	Non-Cost Share Road
7793	Road Number
G	Termini of Road Segment
NFSL	National Forest System Lands
STATE	State of Montana
SP	Small Private

Based on Geographic Coordinate Data Base and USGS Quads: Libby (1982)

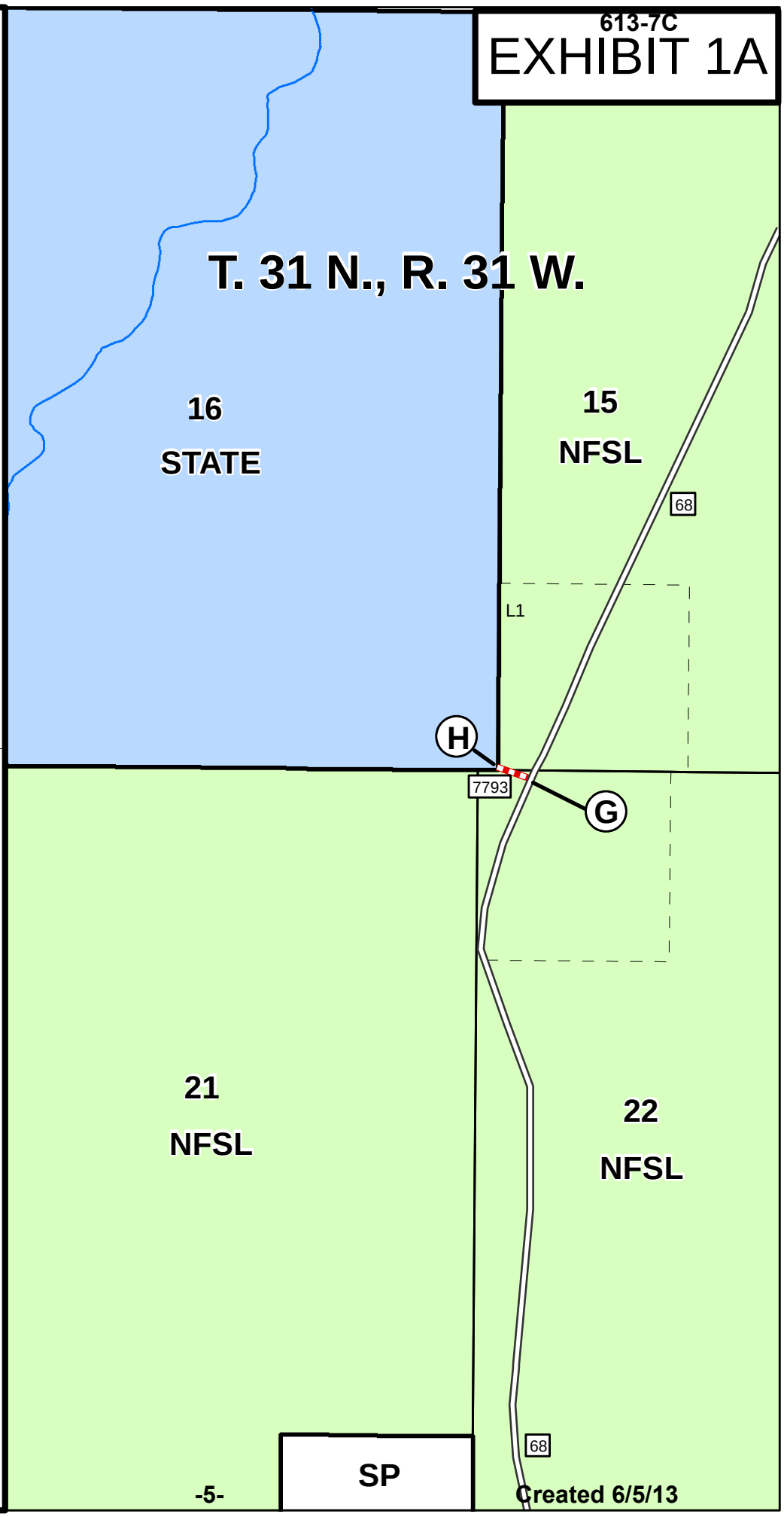
R/W Width: 60 ft (NFSL)

R/W Area: 0.36 acres (NFSL)

Prepared by _____ Date _____

Checked by _____ Date _____

Checked by _____ Date _____



NORTH

0 500 1,000 1,500 2,000 Feet

Created 6/5/13