

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, December 16, 2013, at 9:00 a.m.
State Capitol
Helena, MT

ACTION ITEMS

- 1213-1 FWP: Land Acquisition – Otter Island Fisheries Conservation Area**
Benefits: N/A (non-trust land)
Location: Flathead County
APPROVED 4-0 (Ms. Lindeen absent)
- 1213-2 Oil and Gas Lease Sale (December 3, 2013)**
Benefits: Common Schools, Public Land Trust
Location: Dawson, Garfield, Golden Valley, Hill, Powder River, and Richland Counties
APPROVED 4-0 (Ms. Lindeen absent)
- 1213-3 Communitization Agreement: Denbury Onshore, LLC – NPG NCT 91AH Well**
Benefits: Public Land Trust – Navigable Rivers
Location: Dawson County
APPROVED 4-0 (Ms. Lindeen absent)
- 1213-4 Administrative Rule Adoption – Sale of Cabin and Home Site Leases**
Benefits: Common Schools, Montana State University, Montana Tech, Pine Hills School, Public Buildings, School for Deaf and Blind, University of Montana, Veterans Home, Eastern College – MSU/ Western College – UM
Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Dawson, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis & Clark, Liberty, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder River, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Sweet Grass, Toole, Valley, Wheatland, Wibaux, and Yellowstone Counties
APPROVED 4-0 (Ms. Lindeen absent)
- Withdrawn***
~~**1213-5 Land Banking Parcel: Preliminary Approval for Sale**~~
~~*Benefits: Common Schools*~~
~~*Location: Lake County*~~
- 1213-6 Department of Labor and Industry: Set Minimum Bid for Sale – Bitterroot Job Service**
Benefits: N/A (non-trust land)
Location: Ravalli County
APPROVED 4-0 (Ms. Lindeen absent)
- 1213-7 Land Exchange: Final Approval – DNRC/Montgomery Exchange**
Benefits: MSU Morrill
Location: Flathead County
APPROVED 4-0 (Ms. Lindeen absent)
- 1213-8 Timber Sale: Lower McGinnis**
Benefits: Common Schools
Location: Lincoln County
APPROVED 4-0 (Ms. Lindeen absent)

1213-9 **Easements**

Benefits: Common Schools, Montana Tech

*Location: Big Horn, Blaine, Cascade, Hill, Liberty, McCone, Pondera, Roosevelt, Teton, and
Yellowstone Counties*

APPROVED 4-0 (Ms. Lindeen absent)

PUBLIC COMMENT

1213-1

FWP: LAND ACQUISITION – OTTER ISLAND
FISHERIES CONSERVATION AREA

**Land Board Agenda Item
December 16, 2013**

1213-1 FWP: Land Acquisition – Otter Island Fisheries Conservation Area

Location: Flathead County

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

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

Item Summary

Montana Fish, Wildlife and Parks (FWP) proposes to acquire a 147-acre parcel on the Flathead River two miles east of Kalispell. The property contains riparian and wetland habitats along a mile of the Flathead River. There will be no cost to FWP for the land acquisition. The property was purchased in 2011 by the Confederated Salish and Kootenai Tribes (CSKT) to protect it from threat of development. Funding for that purchase (\$1.6 million) was provided by the Bonneville Power Administration (BPA) as part of the Hungry Horse Dam mitigation program. BPA retains a conservation easement on the property. The property adjoins the FWP 126-acre Old Steel Bridge Fishing Access Site and would be managed by FWP for fish and wildlife habitat, open space, and dispersed public recreation, all as provided for in the BPA conservation easement and the FWP draft management plan.

Acquisition of the property by FWP will enhance management efficiency of the combined 273-acre Otter Island - Old Steel Bridge area, and contribute to conserving a high-quality public recreation site just outside the Kalispell urban boundary. The ownership transfer from CSKT to FWP complements a related transaction, through which FWP assisted in the allocation of separate BPA funds for the tribes' acquisition of an important Swan Valley conservation property.

On September 13, 2013, FWP released a draft environmental assessment for a 30-day public review. Public comments were largely in support of the project and FWP issued a Decision Notice on November 19, recommending acquisition of the property. The Fish and Wildlife Commission is scheduled to take its final action on the proposal on December 12, 2013.

FWP Recommendation

FWP recommends approval of the land acquisition of the Otter Island Fisheries Conservation Area.

FISH AND WLDLIFE COMMISSION AGENDA ITEM COVER SHEET**Meeting Date:** December 12, 2013**Agenda Item:** Otter Island Fisheries Conservation Area - Land Acquisition**Division:** Fisheries**Action Needed:** Final Approval**Time Needed for this Presentation:** 10 minutes**Background**

On June 14, 2012, the commission endorsed FWP evaluating four parcels along the upper Flathead River for acquisition, including a proposed Conrad Drive Fisheries Conservation Area (FCA). FWP now proposes to acquire this 147-acre parcel, renamed the Otter Island FCA and located 1.5 miles east of Kalispell. The property adjoins FWP's 126-acre Old Steel Bridge Fishing Access Site, and includes important riparian and wetland habitats along a mile of the Flathead River, nearly one mile of active side channel, and a small spring creek. There will be no cost to FWP for the land acquisition. The property was purchased in 2011 by the Confederated Salish and Kootenai Tribes to protect it from threat of development. Funding for that purchase (\$1.6 million) was provided by the Bonneville Power Administration, as part of the Hungry Horse Dam mitigation program. BPA retains a perpetual conservation easement to ensure protection of the site's fish and wildlife habitat and other ecosystem functions. The property would be managed by FWP for fish and wildlife habitat, open space, and dispersed public recreation, all as provided for in BPA's conservation easement and FWP's draft Management Plan. The ownership transfer will enhance management efficiency of the combined 273-acre Otter Island - Old Steel Bridge area. The ownership transfer complements a related transaction, through which FWP assisted in the allocation of separate BPA funds to CSKT for the Tribes' acquisition of a Swan Valley conservation property.

Public Involvement Process & Results

FWP issued its draft environmental assessment for a 30-day public review Sept. 13, 2013. Public notice was accomplished via legal ads, press releases, and emails/letters to all adjoining landowners and other interested parties. An article about the project appeared in the local newspaper. FWP received eight comments supporting the proposed project and two opposed. One citizen opposed the project because of confusion over the details of the proposed transfer by the CSKT. CSKT addressed this concern in a letter to FWP. Another citizen had management concerns and was opposed unless these concerns were addressed by FWP. FWP also received suggestions about proposed management from a strong supporter. FWP responded to all the concerns and comments in the decision notice through minor modifications to the management plan.

Alternatives and Analysis

The EA considered the no-action alternative, under which CSKT would continue to own and manage this property. However, the EA analysis identified certain management benefits along this section of the Flathead River that would be achieved through FWP ownership, and did not find any significant negative impacts associated with proceeding with the proposed action.

Agency Recommendation & Rationale

FWP appreciates CSKT's willingness to transfer property ownership, and recommends that the commission approve the project as proposed in the Final EA and Decision Notice. This project maintains the direct benefits of securing and protecting fish and wildlife habitat along the Flathead River, consolidates FWP ownership in the Otter Island - Old Steel Bridge area, improves management and enforcement efficiencies, and maintains public access to additional land along the Flathead River.

Proposed Motion

I move that the commission approve FWP's fee acquisition of the 147-acre Otter Island Fisheries Conservation Area, as described in the Nov. 19, 2013 Decision Notice.

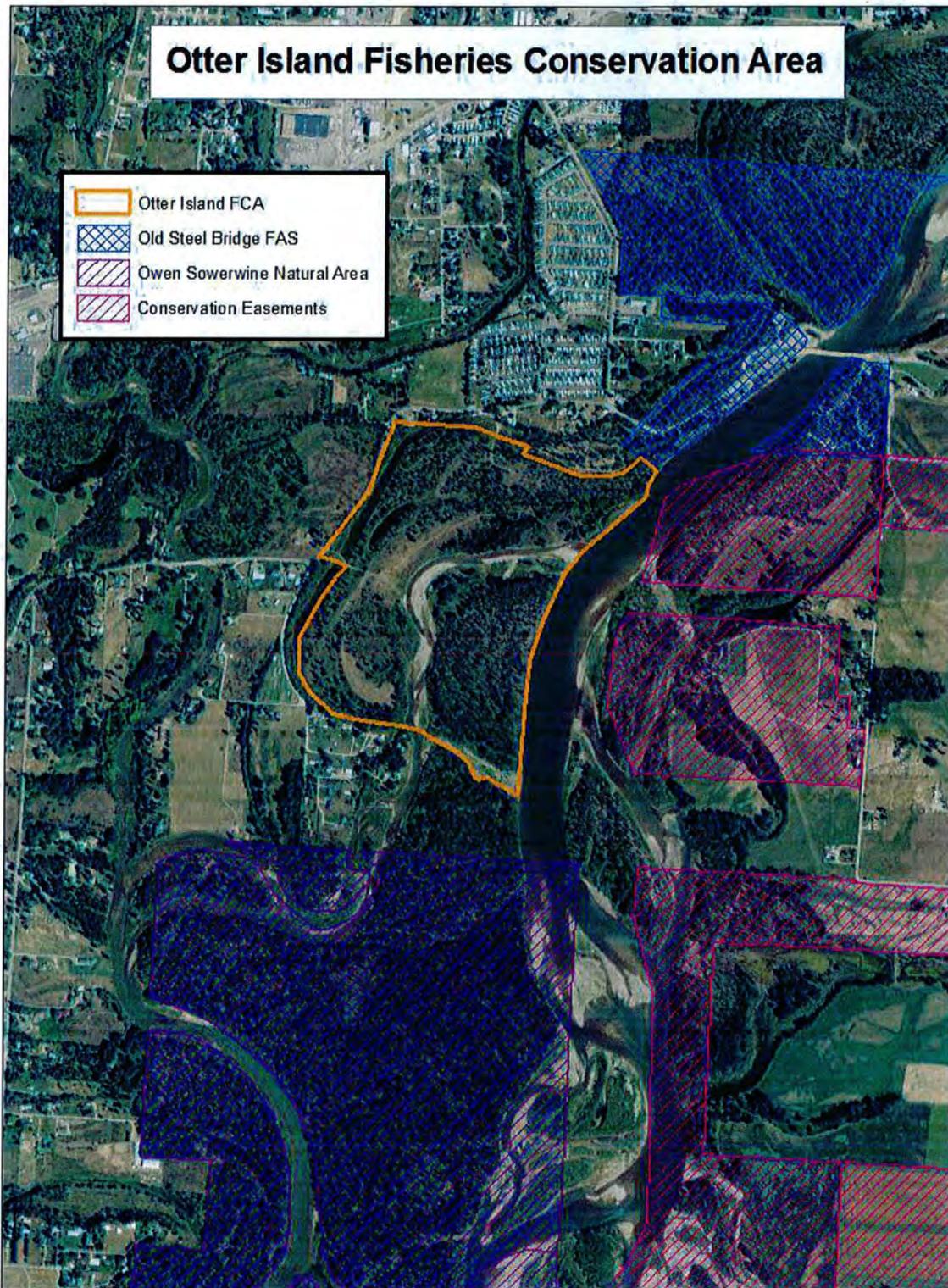
Otter Island Fisheries Conservation Area



Location Map



Project Area and Adjoining Conservation Lands



Air Photo of Proposed 147-acre Otter Island Fisheries Conservation Area





Region 1
490 N. Meridian Road
Kalispell, MT 59901

DECISION NOTICE
and
Finding of No Significant Impact
for the
PROPOSED OTTER ISLAND FISHERIES CONSERVATION AREA
LAND ACQUISITION

November 19, 2013

Description of the Proposed Action

Montana Fish, Wildlife & Parks (MFWP) proposes to acquire 147 acres along the Flathead River, 1.5 miles east of downtown Kalispell. Property ownership would be transferred to MFWP by the Confederated Salish and Kootenai Tribes (CSKT). The property, currently referred to as the Lincoln property, in reference to a former owner, would be named the Otter Island Fisheries Conservation Area (FCA) and managed by MFWP for open space habitat and dispersed public recreation.

This transfer of ownership is a result of negotiations that occurred on a previous land transaction involving CSKT and Bonneville Power Administration (BPA). In January 2011, CSKT Fisheries Program used BPA funding to acquire the 147-acre property along the Flathead River mainstem as partial mitigation for fisheries habitat lost due to the construction of Hungry Horse Dam. BPA retained a conservation easement on the property to ensure the permanent protection of the site's fish and wildlife habitat and other ecosystem components and functions.

The purpose of the proposed acquisition is to secure and continue the protection of riparian and wetlands along 1.04 miles of the Flathead River mainstem, 0.98 miles of active side channel, and part of a historical river channel that is now a small spring creek for the benefit of fisheries and wildlife species.

Montana Environmental Policy Act (MEPA) Process and Public Involvement

On September 13, 2013, MFWP released a draft EA for the Otter Island Fisheries Conservation Area Land Acquisition. FWP notified the public about the land acquisition through legal ads, press releases, and emails/letters to all adjoining landowners and other interested publics. The EA evaluated the potential impacts of the following alternatives:

Alternative A: Proposed Action - Accept the Acquisition of the Otter Island Property
MFWP would acquire the Otter Island FCA property and manage the property for the protection of its riparian and wetland areas for the benefit of associated fish and wildlife species.

Alternative B: No Action - the Property Would Remain Under CSKT Ownership
Under the No Action Alternative, MFWP would not acquire the 147-acre Otter Island FCA. The terms of the previously described BPA Conservation Easement would remain in effect to ensure

the protection of the property's fish and wildlife habitat values. CSKT would continue to be responsible for the management and oversight of the property.

Summary of Public Comment

MFWP received a total of 10 emails or letters during the 30-day public comment period. Eight were in favor of the acquisition and two were opposed. Comments in opposition and MFWP's responses are addressed below. One person in favor of the acquisition had several comments regarding management of the property, and those comments are also addressed below.

1. Acquisition Comment:

I think this should be opposed by tribal members because:

There is no public notice responsibility to give tribal members an opportunity to comment. The only requirement is to advertise in Kalispell-area newspapers.

There is no compensation to be provided to the Tribes for donating this property that is worth in excess of \$100,000. The tribal membership should not agree to this exchange without properly being compensated.

Once again, the tribal membership is not being informed of actions being taken on their behalf by the tribal government.

I'm not even sure if this exchange is legal, although I am aware that similar transactions take place all the time.

MFWP Response: The EA states that the property would be donated to MFWP by CSKT, wording which we appreciate could be misleading unless read in context of the entire document. In retrospect we realize a better term might have been used to characterize the transaction. A more accurate wording of the exchange is provided in the second paragraph of the EA, where it states that "[t]his transfer of ownership is a result of negotiations that occurred on a previous land transaction involving CSKT and Bonneville Power Administration (BPA)."

We can now also offer further clarification from the perspective of the Tribal Council. A letter MFWP received on October 8, 2013, from Joe Durglo, Confederated Salish and Kootenai Tribes Council Chairman, states that "[t]he Tribes would like to clarify the context of our conveyance of the *Otter Island Fisheries Conservation Area* to Montana Fish, Wildlife and Parks (MFWP). This parcel is being conveyed in exchange for MFWP's assistance with the Tribes' 2012 acquisition of a parcel in the Swan River drainage. MFWP graciously assisted the Tribes in acquiring the parcel in the Swan through the use of Bonneville Power Administration (BPA) funds that MFWP had available at the time. MFWP's BPA funds were partnered with the Tribes' BPA funds to acquire the Swan parcel. At the time, the Tribes agreed to transfer this Otter Island property to MFWP in exchange once the State had completed its due diligence and any necessary environmental analysis. Both properties have BPA conservation easements on them which require both agencies to manage them for fish and wildlife benefits."

2. Acquisition Comment:

Water rights *Downstream are 6 properties, on what the plan terms Spring Creek, between the north culvert on Anderson Lane and the Flathead River. The last time I spoke with a DNRC rep this was an unnamed stream. Five of these properties and a commercial CSA facility actively use this stream. The stream passes under what the plan terms the maintenance road,*

*spreads out, then coalesces at the north culvert on Anderson Lane. Until midsummer the stretch from the Flathead to the south culvert on Anderson Lane is easily navigable. We have year round flow which at times becomes blocked by debris accumulation at the maintenance road. **We have always had a verbal agreement with Lincoln and then with the tribe to clear debris anytime needed. I don't see anything in this plan that acknowledges downstream water users, provides routine clearing of debris or allows us to keep the water flowing***

Parking – Old Steel Bridge *There is already not enough parking at Old Steel Bridge. On weekends throughout the summer both lots are full and cars are parked in the grass and around the sides of the parking lot.*

Access/Parking – Conrad Drive *The proposal is to eliminate instead of improve access on Conrad Drive. Currently there is unofficial parking for 2 cars along with a pedestrian access. Car(s) are parked at this point constantly. **There is a serious need for additional parking at this location.***

Transients *There are frequently transients on this property. The SE corner of Otter Island is problematic. I don't see anything in the plan that even acknowledges this as being a chronic situation, in fact, the plan affords transients more privacy. The first week in October there was a multi tent/lean to camp complete with very loud and drunk men. Your plan says nothing about how you intend on routinely policing this area.*

Lack of Equine access *Horses are currently allowed. Tax dollars should provide more access not more restriction.*

*I think the MFWP has forgotten what the P stands for. This is an easy FCA land grab. MFWP is then shirking out of any monetary commitment by blocking access, deferring maintenance, restricting activity and piggybacking on existing parking. This is a wrongheaded approach. Fix the Conrad access, create parking, provide bike racks if you want foot traffic only, encourage multi use and riparian respect. **I am against the transfer of this property until the above issues are addressed. If you want more FCA then give something in return. The current plan restricts taxpayer use to able bodied hikers or fishermen. Everything does not have to be pristine, restoring and protecting habitat and general public use can be accomplished simultaneously. Fish don't pay taxes – people pay taxes.***

MFWP Response: This property was purchased with funds from Bonneville Power Administration (BPA) for the protection of fisheries and fish habitat. BPA retains a conservation easement on this property that severely restricts activities that can occur on the property. Public use is allowed only in a manner that is consistent with protecting the property primarily for fish and wildlife benefits. Management of this property therefore differs from other types of FWP acquisitions: it is not a state park nor is it a fishing access site. It is a unique administrative property type known as an FCA.

Water Rights: MFWP acknowledges and respects all legal water rights and will do nothing to interfere with appropriate execution of those rights by any property owner. MFWP was unaware of the issue with debris in the side channel of the Otter Island acquisition that may occasionally block flow to downstream water users. Now having received notice, MFWP is not opposed to occasional removal of debris after high water events if it is preventing water from flowing down

the side channel/spring creek area. The culvert under the causeway across the slough is currently failing. The causeway and the failing culvert contribute to debris buildup and flow blockage. MFWP mentions in the Management Plan that one option may be to remove this causeway and associated culverts completely. This option would eliminate any issues for downstream water users, and debris removal would most likely no longer be necessary.

Parking and Improved Public Access from Conrad Drive: Parking can be an issue at Old Steel Bridge Fishing Access Site, especially during the busy summer river recreation months. Unfortunately at this time, there is no other parking available for access to this property. The access off of Conrad Drive is unsafe due to the closeness of the corner to the south of the access road and limited visibility when entering Conrad Drive from the established access. Other options for parking to access this site will be explored in the future, but for now the only option is parking at the established sites on Old Steel Bridge FAS.

Transients: MFWP is aware of the transient use on this property. Our Management Plan prohibits overnight camping on the property, and our wardens will be enforcing this regulation as necessary. Having this property in MFWP ownership will allow for consistent enforcement of the area from Old Steel Bridge south onto Otter Island FCA and should reduce illegal trespass and use.

Horse Use: Acquisition and subsequent management costs are covered by BPA mitigation dollars, not state taxpayer money. With BPA's restrictive easement on the property and because the property is to be managed primarily for fish and wildlife benefits, MFWP and BPA do not believe that equestrian use of the property at this time is consistent with the purposes of the agreement by which this property was purchased initially by CSKT.

3. Management Comments:

For the most part, you have very reasonable rules, but I would caution you to reconsider leaving temporary tree & ground blinds up for 48 hrs. It is not enforceable; it will result in individual hunting "territories"; it conflicts with Owen Sowerwine Natural Area (OSNA) rules (no blinds, stands, structures, tents, etc. can be left overnight) that are ineffect just south of Otter Island; and it is man power intensive to monitor use or remove the tree stands; then, what do you do with the stand, if FWP removes it?

Another issue could be the "hunting of non-game animals such as ground squirrels will be prohibited". Are Eastern Fox Squirrels and Eurasian Collared Doves (both, exotic and introduced species) classified as Nongame or Exotics that can be shot (killed) on sight?? Exotics can be removed any time on OSNA (even dogs & cats!) I'm sure these species (Fox Squirrels/ Collared Doves) are on the Otter Island property...they can be found on OSNA at or near the North section line of sec #16.

MFWP Response: MFPW agrees that allowing hunters to leave temporary tree stands and ground blinds up for 48 hours may cause problems for enforcement and result in blinds remaining on the property indefinitely. The public use rule in the Management Plan that states "[t]emporary tree stands or ground blinds may be placed for up to 48 hours" will be changed to read "hunting blinds must be removed or dismantled daily." Where the Plan states "[n]o screw-in tree steps may be used to access tree stands, only strap-on steps or climbing-stick-type climbing

aids” will be retained, and this sentence will be added at the end of the section: “Hunting blinds may not be constructed by cutting or otherwise damaging woody vegetation on the property.”

Eastern fox squirrels and Eurasian collared doves are classified as exotics and not nongame animals, so removal of these species would not be prohibited under the current regulations.

MFWP Recommended Alternative and Final Decision Recommendation

In reviewing all the public comment and other relevant information, and evaluating the environmental effects, I recommend that MFWP pursue acquiring the Otter Island Fisheries Conservation Area and recommend that the MFWP Commission approve the proposed action. This action will also require the approval of the Montana Land Board.

Through the public review process described above, MFWP found no significant impacts on the human or physical environments associated with this proposal. Therefore, the EA is the appropriate level of analysis, and an environmental impact statement is not required.

Noting and including the responses to public comments, this decision notice together with the draft EA and revised Management Plan will serve as the final documents for this proposal. MFWP believes the completion of this project is in the best interests of protecting water quality and aquatic resources associated with the Flathead Lake and River System; it would provide opportunities to manage and improve habitat for fish and wildlife, and it would provide additional recreational opportunities for the public.

James R. Satterfield, Jr.

James R. Satterfield Jr., Ph.D.
Regional Supervisor

November 19, 2013
Date

1213-2

OIL AND GAS LEASE SALE

(DECEMBER 3, 2013)

**Land Board Agenda Item
December 16, 2013**

1213-2 Oil and Gas Lease Sale (December 3, 2013)

**Location: Dawson, Garfield, Golden Valley, Hill, Powder River, Richland
Counties**

Trust Benefits: Common Schools, Public Land Trust

Trust Revenue: \$295,189.09

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on December 3, 2013, in the auditorium at the Department of Transportation building. A total of ten tracts were offered for lease. Ten tracts were leased for a total of \$295,189.09. The ten tracts that were sold covered a total of 3,333.36 acres. The average bid per acre was \$88.56.

The high competitive bid for the December 3 sale was \$525.00 per acre and the largest total bid was \$168,000.00 for Tract 8 in Richland County.

DNRC Recommendation

The director requests Land Board approval to issue the leases from the December 3, 2013, sale.

State of Montana
Oil & Gas Lease Sale - December 3, 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, December 3, 2013.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Dawson									
1	1, 2, 3, 4, 5, 6, 7, 8	21.N	52.E	36	All	640.00	\$96.00	\$61,440.00	HERCO, LLC
Garfield									
2	1, 2, 3, 4, 5, 6	15.N	30.E	36	NE4NW4, NE4, NE4SE4	240.00	\$1.50	\$360.00	CLINE PRODUCTION COMPANY
Golden Valley									
3	1, 2, 3, 4, 5, 6	8.N	19.E	36	All	640.00	\$1.50	\$960.00	NORTH RANGE RESOURCES, LLC
Hill									
4	1, 2, 3, 4, 5, 6	32.N	14.E	16	SE4	160.00	\$1.50	\$240.00	WESTERN NATURAL GAS CO.
Powder River									
5	1, 2, 3, 4, 5, 6, 9	9.S	45.E	36	Lots 1 thru 16, N2	949.06	\$1.50	\$1,423.59	BRISCOE PETROLEUM, LLC
6	1, 2, 3, 4, 5, 6, 7	9.S	50.E	36	Lot 4, NE4SE4	77.14	\$225.00	\$17,356.50	PACER ENERGY ACQUISITIONS, LLC
Richland									
7	1, 2, 3, 4, 5, 6, 11, 12	21.N	58.E	1	Yellowstone Riverbed and related acreage	117.00	\$41.00	\$4,797.00	WILLIS OIL & GAS, INC.
8	1, 2, 3, 4, 5, 6, 10	26.N	56.E	10	W2	* 320.00	\$525.00	\$168,000.00	HERCO, LLC
9	1, 2, 3, 4, 5, 6	27.N	55.E	31	Lots 1, 2, 3, 4	147.16	\$200.00	\$29,432.00	HERCO, LLC
10	1, 2, 3, 4, 5, 6, 11, 12	27.N	56.E	2	Missouri Riverbed and related acreage	43.00	\$260.00	\$11,180.00	HERCO, LLC

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	3,333.36	10

Oil and Gas Lease Sale Summary

Total Tracts	10
Total Acres	3,333.36
Total Bid Revenue	\$295,189.09
Average Bid Per Acre	\$88.56

State of Montana
Oil & Gas Lease Sale - December 3, 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 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.
- 11 This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
- 12 If the lessee completes a successful oil and/or gas well, and if land title is disputed, the lessee shall fund professional land surveys as needed to determine the location and acreage encompassed by the spacing and/or pooling unit and the state lease acreage within that unit. Surveys shall be conducted by a licensed land surveyor acceptable to the Department, and shall be prepared pursuant to survey requirements provided by the Department.

1213-3

COMMUNITIZATION AGREEMENT:

DENBURY ONSHORE, LLC –

NPG NCT 91AH Well

Land Board Agenda Item
December 16, 2013

1213-3 Communitization Agreement: NPG NCT 9-1AH Well

Location: Dawson County
T14N R55E Section 17: W2NE4, SE4

Trust Benefits: Public Land Trust

Trust Revenue: Unknown

Item Summary

Denbury Onshore, LLC has filed a request with the Department of Natural Resources and Conservation (DNRC) for the approval of a communitization agreement to communitize state-owned acreage in conformity with Montana Board of Oil and Gas Conservation Commission (BOGC) regulations.

A communitization agreement brings together small tracts sufficient for the granting of a well permit under applicable spacing rules. The agreement allows the state to receive its proper share of production from the spacing unit and must be approved by DNRC for state lands.

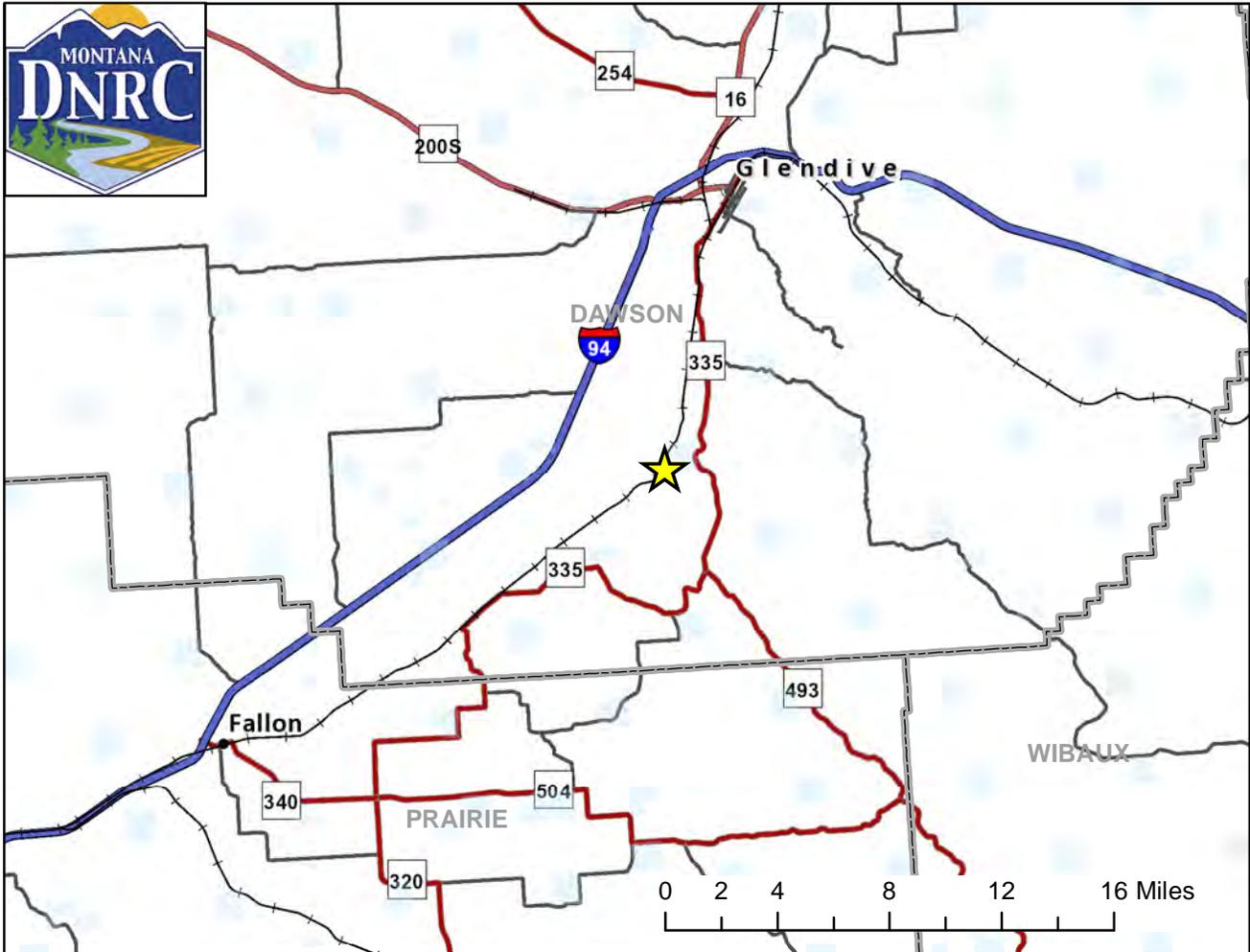
The NPG NCT 9-1AH well is a horizontal Red River formation oil well located approximately ten miles south of Glendive, and was drilled on private land in the SE4SE4 of Section 17. DNRC owns 88 acres of the 240 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Red River Formation in the SE4, W2NE4 of Section 17.

The DNRC tract comprises 36.6667% of the communitized area. DNRC will consequently receive 4.5833% of all oil and gas production (12.5% royalty rate x 36.6667% tract participation).

DNRC Recommendation

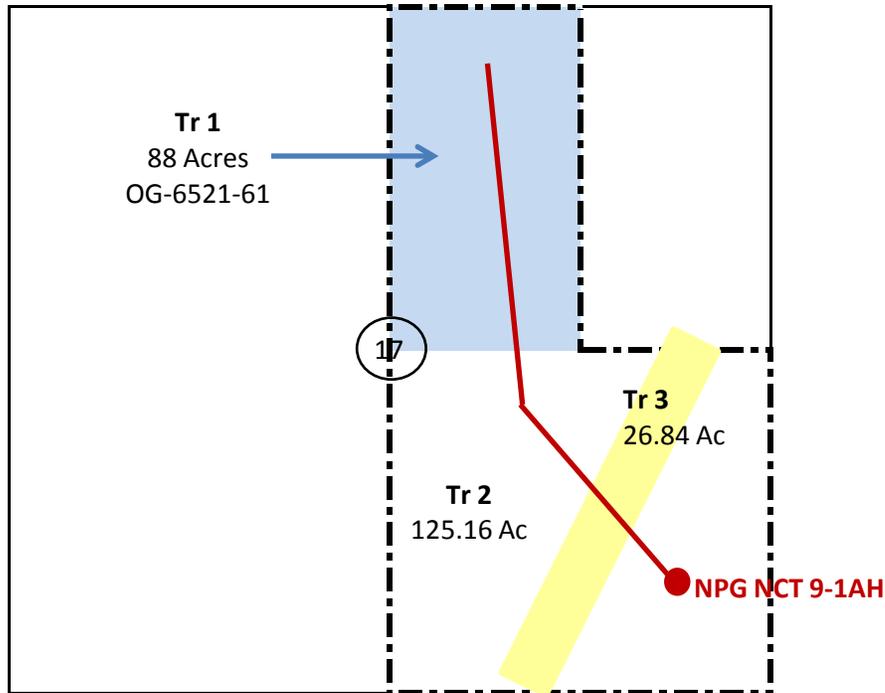
The director recommends the Land Board approve this communitization agreement.

Vicinity Map NPG NCT 9-1AH Well



Township 14 North Range 55 East

Section 17



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	State of Montana	88.00	36.6667%	12.50%	0.045833
2	Fee	125.16	52.1500%	17.50%	0.091263
3	Burlington Northern RR	26.84	11.1833%	15.00%	0.016775
Total		240.00	100.0000%		

*** The Operator of the Communitized Area is Denbury Onshore, LLC*

1213-4

ADMINISTRATIVE RULE ADOPTION –
SALE OF CABIN AND HOME SITE LEASES

1213-4 Administrative Rule Adoption - Sale of Cabin and Home Site Leases

Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Dawson, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis and Clark, Liberty, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder River, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Sweet Grass, Toole, Valley, Wheatland, Wibaux, and Yellowstone Counties

Trust Benefits: Common Schools, School for Deaf and Blind, Montana State University, Montana Tech, Pine Hills School, Public Buildings, University of Montana, Veterans Home, Eastern College – MSU / Western College - UM

Trust Revenue: N/A

Item Summary

The Notice of Proposed Adoption of New Rules I (ARM 36.25.701) through VIII (ARM 36.25.708), amendment of ARM 36.25.128, and repeal of ARM 36.25.131 pertaining to land banking sales for cabin sites and home sites was approved by the Land Board at the [September 23, 2013, meeting](#).

The [proposal notice](#) was filed with the Secretary of State on October 7, 2013, in the Montana Administrative Register (MAR), and the public comment period ended on November 14, 2013. Public hearings were held in Seeley Lake on November 6, 2013, and in Helena on November 8, 2013. At those hearings members of the public submitted oral and written comments on the proposed rules. A summary of the comments and DNRC responses to those comments are included as part of the draft adoption notice.

- New Rules I – VIII (ARM 36.25.701 – 36.25.708) will be adopted as originally proposed.
- ARM 36.26.128 will be amended as originally proposed.
- ARM 36.25.131 will be repealed as originally proposed as it conflicts with New Rules I through VIII.

Upon approval by the Land Board, DNRC will file the adoption notice with the Secretary of State's Office on December 16, 2013, as per statute. The adoption notice will be published in the MAR on December 26, 2013, and the rules will become effective on December 27, 2013.

DNRC Recommendation

The director recommends approval of the draft adoption notice so DNRC may proceed with the rulemaking process and file the adoption notice with the Secretary of State's Office.

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

In the matter of the adoption of New) NOTICE OF ADOPTION,
Rules I through VIII, the amendment) AMENDMENT, AND REPEAL
of ARM 36.25.128, and the repeal of)
36.25.131 regarding cabinsite lease)
site sales)

To: All Concerned Persons

1. On October 17, 2013, the Department of Natural Resources and Conservation published MAR Notice No. 19 pertaining to the public hearing on the proposed adoption, amendment, and repeal of the above-stated rules at page 1783 of the 2013 Montana Administrative Register, Issue Number 19.

2. The department has adopted the above-stated rules as proposed: New Rule I (36.25.701), II (36.25.702), III (36.25.703), IV (36.25.704), V (36.25.705), VI (36.25.706), VII (36.25.707), VIII (36.25.708).

3. The department has amended ARM 36.25.128 as proposed.

4. The department has repealed ARM 36.25.131 as proposed.

5. The department has thoroughly considered the comments and testimony received. A summary of the comments received and the department's responses are as follows:

COMMENT 1:

Commenter supports the rules as proposed and feels they implement the legislation as it was written. Commenter also supports the sale program because it is voluntary and not mandatory.

RESPONSE 1:

DNRC agrees the rules as proposed implement the intent of the statute enacted by Chapter 422 of the 2013 Montana Session Laws.

COMMENT 2:

DNRC may wish to consider notification or provisions related to living with wildlife, weed management, and fuels reduction.

RESPONSE 2:

DNRC will include living with wildlife, weed management, and fuels reduction information in its *General Terms and Conditions of Sale* information for cabin and home site sales.

COMMENT 3:

Existing DNRC rules require notifying potential buyers that a property is within a designated floodplain or floodway.

RESPONSE 3:

DNRC will notify all potential buyers if a property, or portion of it, is within a designated floodplain or floodway.

COMMENT 4:

DNRC should notify potential buyers that a lakefront property may be subject to Missoula County Shoreline Regulations.

RESPONSE 4:

DNRC will notify all potential buyers of a lakefront property in Missoula County that the property may be subject to Missoula County Shoreline Regulations.

COMMENT 5:

Commenter expressed concern over clarifying access issues, access agreements and maintenance, and maintaining access to other public or state lands, or public waters.

RESPONSE 5:

DNRC will convey access it can legally convey to purchasers of cabin and home sites. DNRC will also reserve access to other cabin and home sites or public lands when necessary.

COMMENT 6:

Commenter expressed concern regarding the water quality in the Seeley Lake area. Some existing septic systems may not meet current regulations or adequately protect water quality. The quicker the state sells these leases, the better for the water quality in the area.

RESPONSE 6:

DNRC will process and sell cabin and home sites as quickly as available funding allows.

COMMENT 7:

Several potential properties for sale are within Missoula County Zoning Districts.

RESPONSE 7:

DNRC will inform all potential buyers when it is aware of properties within zoning districts.

COMMENT 8:

Selling the cabin and home sites is not the highest and best use of the state land. Setting a reasonable market lease rate that keeps most of the cabin and home site lots continuously leased is a better option.

RESPONSE 8:

Cabin and home site lease rates are outside of the scope of this rulemaking.

COMMENT 9:

The proposed pilot sale program should focus on selling vacant, previously leased lots. These lots are currently not generating any revenue for trust beneficiaries.

RESPONSE 9:

Active leases make up 89% of all cabin and home sites. The DNRC feels that active lessees should be prioritized in the pilot program. When sufficient funding is received to process more cabin and home site sales, vacant previously leased lots may be included.

COMMENT 10:

The interest earned on sale proceeds will not replace income generated by annual lease fees.

RESPONSE 10:

Sale proceeds will be placed in the land banking trust fund (ARM 36.25.811) and used to purchase replacement lands that generate equal or greater net revenue for trust beneficiaries.

COMMENT 11:

The \$100 nomination fee should be refundable; it is unfair to those whose lots are not selected to make multiple \$100 non-refundable payments.

RESPONSE 11:

The sale nomination fee is non-refundable. If a lot is not selected in a given year, the nominator will not have to pay an additional nomination fee in subsequent years to have the lot considered as a potential sale parcel.

COMMENT 12:

The state should give leaseholders who have had leases in their family for 50 or more years the option to solely purchase their cabin and home site without having to bid at a public auction.

RESPONSE 12:

DNRC is required by the Enabling Act and the Montana Constitution to use a public sale process (auction) to sell fee title to any state trust lands. A closed sale process is not a lawful option and would not be in the best interests of affected trust beneficiaries. As a fiduciary, the DNRC must act with undivided loyalty to the best financial interests of the trust beneficiaries.

COMMENT 13:

Commenter expressed concern that the current auction process leaves the current leaseholder open to predatory speculation. The auction process may create hostile

relationships in communities where cabin and home sites are sold. Current lessees should be given the ability to purchase the cabin and home site at the appraised price. The auction process may drive the price of the cabin and home site higher than the lessee's ability to pay.

RESPONSE 13:

See Response 12.

COMMENT 14:

Commenter expressed concern that the potential 20-year timeframe to offer all cabin and home sites for sale was extremely burdensome. Leaseholders should be given the option to pay processing costs to facilitate more cabin and home site sales. Once the pilot program is implemented and working, DNRC needs to sell off more than 40 sites per year. There should not be a cap on the amount of sites offered in a single year. This should be completely at the lessee's discretion.

RESPONSE 14:

The number of sites processed per year will be dependent on the funding DNRC receives to prepare and process cabin and home site sales and the number of sales that can be made within a given neighborhood without negatively impacting the market for cabin and home sites. The number of sales processed in any year will be under the Land Board's authority and direction. Sales will be consistent with the board's constitutional fiduciary duty of attaining full market value for lands sold.

COMMENT 15:

There is no opportunity to set a price higher than appraised value on the improvements.

RESPONSE 15:

Lessees have the opportunity for an informal administrative hearing before DNRC to provide evidence of a higher value for the improvements. DNRC will present its findings and conclusions along with the recommended value of the improvements to the Land Board.

COMMENT 16:

The state should split processing costs. It is unfair to place that burden entirely on the leaseholder.

RESPONSE 16:

DNRC will be paying for any needed surveys and the portion of the appraisal cost attributable to determining the market value of the cabin and home site. Under the existing Land Banking program rules (see ARM Title 36, chapter 25, subchapter 8), those fees are paid by the lessee who nominates the parcel for sale. DNRC also does not charge for administrative costs for work done by DNRC staff.

COMMENT 17:

As proposed, the sale program appears to be clumsy, slow, and difficult to navigate. It should be quick, simple, and easy to undertake.

RESPONSE 17:

The proposed sale program timeline accounts for: three approvals from the Land Board; an appraisal bidding and completion process; and advertising requirements in statute. DNRC will expedite the process whenever possible. Based on experience with land banking sales, the projected timeline for the cabin and home site sale process is reasonable and necessary to meet statutory and rule requirements.

COMMENT 18:

Commenter asked if the trial period will last through 2014 and gear up fully in 2015. Commenter asked if DNRC plans to fully implement the program in 2015 with a goal of 40 sale properties.

RESPONSE 18:

The number of sites processed per year for sale will be dependent on: funding DNRC receives to prepare and process cabin and home site sales; and the number of sales that can be made within a given neighborhood without negatively impacting the market for cabin and home sites. The number of sales processed in any year will be under Land Board authority and direction and will be consistent with the board's constitutional fiduciary duty of attaining full market value for lands sold.

COMMENT 19:

Commenter asked if the proposed Governor's Budget for the 2015 Legislative Session will include funding for these sales.

RESPONSE 19:

Details of the Governor's budgeting process are outside of the scope of this rulemaking.

COMMENT 20:

Once the pilot program is over, commenter asked if there will be prioritization or if there will be equal treatment for both current lessees and improvement owners who have nominated their properties. Commenter asked if DNRC intends to have any preference.

RESPONSE 20:

Once the pilot program is over, lessee and improvement owner nominations that meet preliminary criteria will be included for random selection in the sales program. The duration of the pilot program will be dependent on Land Board oversight and the funding DNRC receives to prepare and process cabin and home site sales.

COMMENT 21:

The treatment of owner improvements upon a cancelled lease (versus a current lessee) is unfair. Improvement owners should be given the same rights as any lessee in being able to match the highest bid for the cabin and home site.

RESPONSE 21:

The ability to match the high bid at an auction is only afforded to lessees, per 77-2-324, MCA.

COMMENT 22:

Real estate brokers in different counties could provide a great deal of assistance and marketing experience and may be an excellent way to eliminate funding issues associated with the selling of these parcels.

RESPONSE 22:

DNRC believes involving real estate brokers and paying real estate sales commissions would add additional, unnecessary cost associated with selling these parcels.

COMMENT 23:

Cabin and home site land would be better cared for environmentally if it was privately owned. "Owners would be able to rationalize and finance home and land improvements by being able to borrow from banks or in knowing that said improvements would be advantageous to them in future sales/or in keeping the values of their saleable property in good condition".

RESPONSE 23:

DNRC cannot speculate on how private ownership would affect the environmental care of cabin and home sites. DNRC assumes that current conditions and uses would continue and any change in use would require local regulatory approval, similar to current conditions.

COMMENT 24:

Commenter asked if the identity of other qualified bidders would be public knowledge.

RESPONSE 24:

After the deadline for submitting a bid deposit on a sale parcel, lessees or improvement owners may contact the DNRC and inquire about other submitted bid deposits. All bidders will have to attend—or be represented—at the auction. Only oral bids submitted by a qualified bidder will be accepted at the auction.

COMMENT 25:

Commenter asked if lessees will be responsible to "show" the cabin or home site and grant access for inspections and viewing appointments for prospective bidders.

RESPONSE 25:

DNRC will further develop sale procedures where there will be a requirement to allow prospective bidders to view the property without overly burdening the lessee.

COMMENT 26:

Commenter asked under what conditions the board or DNRC may nominate cabin and home sites for sale.

RESPONSE 26:

Pursuant to 77-2-318, MCA, sales of existing cabin or home sites could be initiated by the lessee with the approval of the board. Under the adopted rules, DNRC contemplates only nominating unleased cabin and home sites for sale. The Land Board retains the constitutional authority to determine whether any tract of trust land should be sold. The sale program under 77-2-318, MCA, is voluntary

COMMENT 27:

Selling cabin and home sites to lessees will improve the economy and tax base.

RESPONSE 27:

Cabin and home sites that are sold into private ownership will no longer be tax exempt. They will be taxed as assessed by the Montana Department of Revenue.

COMMENT 28:

Commenter asked why proceeds above minimum bid are not allocated pro rata between the land and the improvements. Commenter said it seemed unfair that all amounts over the appraised value are assigned to the land value.

RESPONSE 28:

DNRC only owns the cabin and home site and has authority to sell only the cabin and home site. DNRC will not be selling the improvements at the auction and bidding will be for the land only. However, it shall be a condition of any sale that the purchaser separately purchase the improvements at their appraised value. Any value received over the minimum bid is attributable to the land only.

COMMENT 29:

Commenter asked why bidding does not start at \$10 per acre since the Enabling Act established that as a minimum value.

RESPONSE 29:

The Enabling Act states that any lands disposed of shall not be sold for a price less than ten dollars an acre. The Montana Constitution states: "No such land or any estate or interest therein shall ever be disposed of except in pursuance of general laws providing for such disposition, or until the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the state". The Land Board sets the minimum bid for a sale parcel after the market value has been established through an appraisal.

COMMENT 30:

There should be a way to allow lessees a limited window of opportunity to offer fair market value for their leases, after which it goes on the market for competitive bid.

RESPONSE 30:

See Response 12.

COMMENT 31:

Commenter asked if they have the ability to propose a land exchange for a cabin or home site.

RESPONSE 31:

Yes, the proposed land exchange would have to meet or exceed the land exchange criteria in the Land Board's *Land Exchange Policy* (revised December 2004). The *Land Exchange Policy* can be found on the DNRC website at <http://dnrc.mt.gov/Trust/REMB/Exchange/LandExchangePolicy.pdf>.

COMMENT 32: Commenter asked if the proposed rules allow those lessees whose leases have been abandoned or canceled to participate in the sale program.

RESPONSE 32:

77-2-318, MCA, states that at the request of a lessee or improvement owner the Land Board will make cabin and home sites available for sale, if the sale is consistent with the board's constitutional fiduciary duty of attaining full market value and the sale complies with the provisions of Title 77, Chapter 2, Part 3, MCA, and if the sale is approved by the board. This language would indicate that owners of improvements on cancelled or terminated lease sites may nominate those sites for sale.

COMMENT 33:

If the state puts up an abandoned or cancelled lease property for sale, commenter asked if the buyer will have to accept "fair market value" for the improvements, or if those values are negotiable.

RESPONSE 33:

The buyer will have to accept "fair market value" for the improvements, as determined by appraisal and set by the Land Board on all sales of cabin and home sites. The improvement owner has the option of accepting less than the "fair market value" for the improvements set by the Land Board in order to facilitate a sale.

COMMENT 34:

High bidders for lucrative state leases on waterfront properties who outbid lessees can force lessees off the property then give them fair market value for their improvements. Commenter asked why lessees cannot secure more than fair market value for their improvements since the state can secure more than fair market value for its land.

RESPONSE 34:

See Response 12. If the full market value is more than the minimum bid set by the Land Board based on the appraisal, the value may be bid up. The purchaser (if not the lessee) will also have to pay the owner of the improvements the value of those improvements.

COMMENT 35:

The bid process may very well discourage lessees of lucrative properties who fear a competitive bid which they cannot afford to match. The rules thwart the intent of Chapter 422 of the 2013 Montana Session Laws which was to eventually get the state out of the cabin leasing business.

RESPONSE 35:

Purchasers must pay full market value set by the auction process. The purpose of Chapter 422 of the 2013 Montana Session Laws is to facilitate the sale of cabin site properties if it is consistent with the best interests of the affected trust beneficiaries.

COMMENT 36:

What is the environmental review referred to in the proposed rules since these sales are exempt from Montana Environmental Policy Act (MEPA)?

RESPONSE 36:

This would be any other type of environmental review needed to allow the sale process to move forward (e.g. Phase 1 Environmental Site Assessment).

COMMENT 37:

New Rule V(2) states DNRC reserves the right to prioritize activities and determine the number of transactions processed related to the sale of cabin activities and determine the number of transaction processed related to the sale. Commenter asked what those transactions would be.

RESPONSE 37:

Prioritization of sale activities would be dependent on funding and available staff to process sales. Other trust land project staff may be allocated to work on the program and the number of sales that can be made within a given neighborhood without negatively impacting the market for cabin and home sites. The number of sales processed in any year will be under Land Board authority and direction; and, will be consistent with the board's constitutional fiduciary duty of attaining full market value for lands sold.

COMMENT 38:

DNRC should address the question of whether or not land developers and realtors can purchase leaseholds. Commenter believes these entities and their agents should be specifically prohibited from bidding on lucrative leaseholds.

RESPONSE 38:

The sale process required by law is an open public auction. Any person who timely submits an *Offer to Purchase and Bid Deposit* will be allowed to bid on the sale parcels.

COMMENT 39:

There appears to be no way a leaseholder can purchase his leasehold if it is valued beyond his financial means. Commenter asked if the state would be willing to "back" the leaseholder and offer security to a private lender so that a leaseholder could purchase his leasehold.

RESPONSE 39:

Chapter 422 of the 2013 Montana Session Laws does not require DNRC to offer financing for cabin and home site sales.

COMMENT 40:

Lease properties should be well-marked and advertised for sale so potential bidders can see and evaluate the properties.

RESPONSE 40:

DNRC will ensure sale property boundaries are well marked and will develop effective marketing materials to generate interest in cabin and home site sales.

COMMENT 41:

According to the proposed rules, preliminary sale criteria include "the extent of infrastructure". Commenter asked if DNRC and the Land Board will disapprove a sale if there is no infrastructure to the property (e.g. sewer, water, and power). The lack of infrastructure did not stop the state from leasing the property in the first place, so it should not stop it from selling the lease. Infrastructure criteria should be deleted. Including it as sale criteria discriminates against a class of leaseholders.

RESPONSE 41:

The extent and placement of infrastructure may require additional survey work or agreements between lessees on shared or encroaching infrastructure. Lack of infrastructure alone will not disqualify a parcel from being considered for sale.

COMMENT 42:

Commenter asked why "John Doe citizen" cannot petition to buy an abandoned or cancelled leasehold. As it appears now in the proposed rules, only DNRC or Land Board can nominate parcels for sale.

RESPONSE 43:

A citizen who is not a lessee or improvement owner may request that DNRC nominate unleased cabin and home sites.

/s/
JOHN E. TUBBS
Director
Natural Resources and Conservation

/s/
TOMMY BUTLER
Rule Reviewer

Certified to the Secretary of State December 16, 2013

1213-5

LAND BANKING PARCEL:

PRELIMINARY APPROVAL FOR SALE

Item Withdrawn from Agenda

**Land Board Agenda Item
December 16, 2013**

1213-5 Land Banking Parcel: Preliminary Approval for Sale

Location: Lake County

Trust Benefits: Common Schools

Trust Revenue: \$800,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval for the sale of one parcel totaling approximately 77.61 acres and vacant improvements, known as the Swan Valley Retreat in Lake County. The sale was nominated by the DNRC Northwestern Land Office/Swan Unit and the parcel is located within the Swan River State Forest south of Swan Lake.

Sale #	# of Acres	Legal	Nominator	Trust
686	77.61±	PT E½NE¼, Section 18, T23N R17W	DNRC - Swan Unit	Common Schools

Background

- In 1967, the Montana Legislature created the Swan River Forest Camp on this trust land parcel. The camp was a minimum-security correctional institution, administered by the Montana Department of Institutions and was dedicated to the care, custody, and rehabilitation of at-risk young men ages 16 to 25.
- In 1993, under the administration of the Montana Department of Corrections (MDOC), the camp became a military-style boot camp. The facility was abandoned by MDOC in February 1997 and the trust became the owner of the improvements on the land parcel.
- In 2000, Cornerstone Programs, a national private organization specializing in treatment programs for juvenile offenders, entered into a lease agreement with DNRC to use the camp. Cornerstone terminated their lease with DNRC in March 2006 and vacated the facility.
- Since then DNRC has been unsuccessful in finding another lessee for the facility.

The facility consists of a large lodge, dormitory, kitchen, administration building, large shop, community water system, sewage treatment facility, trailer court, and several small out buildings.

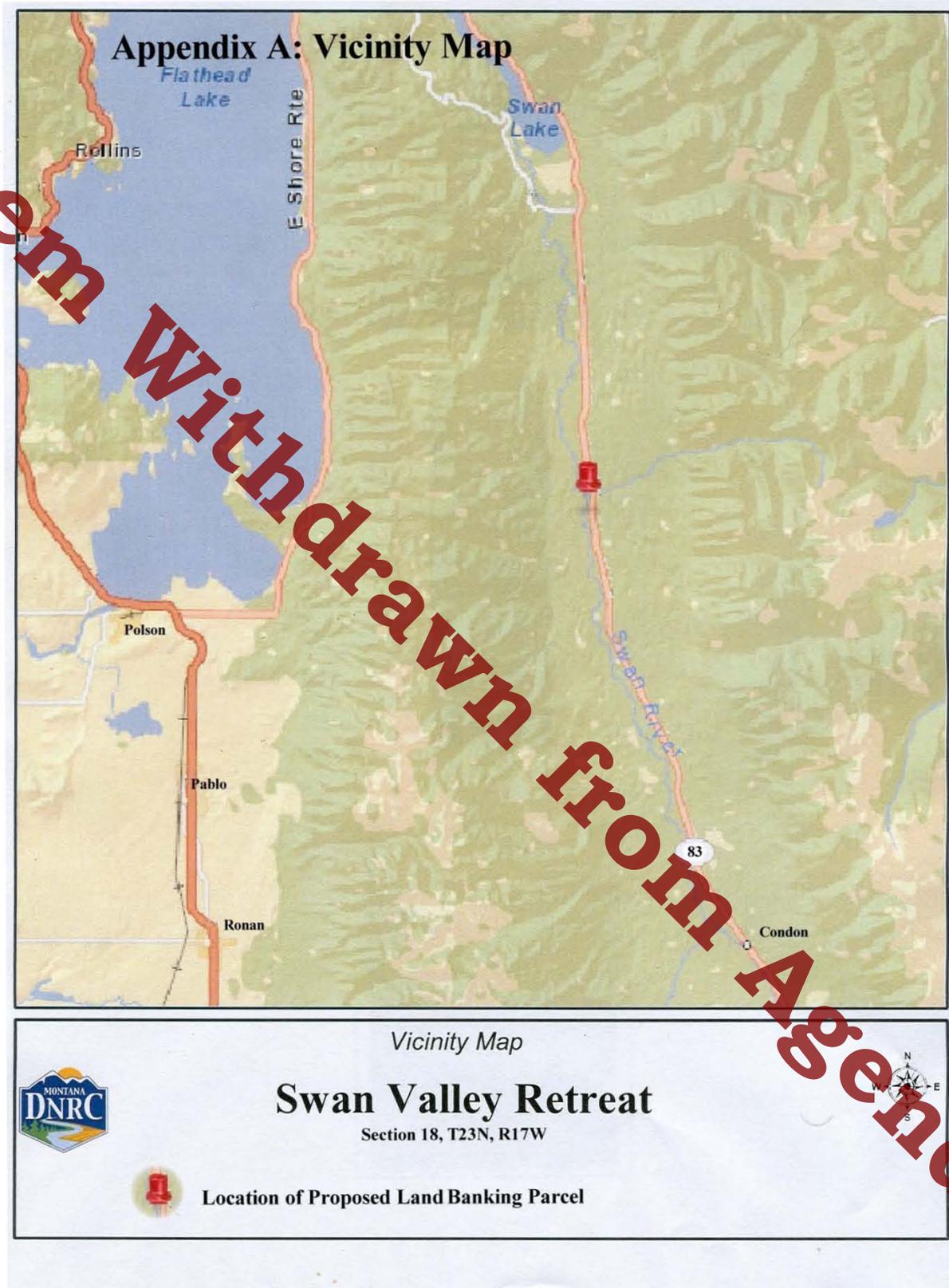
The parcel is legally accessible by the public by US Highway 83.

No potentially negative issues were identified through the MEPA environmental review process regarding the sale of this parcel.

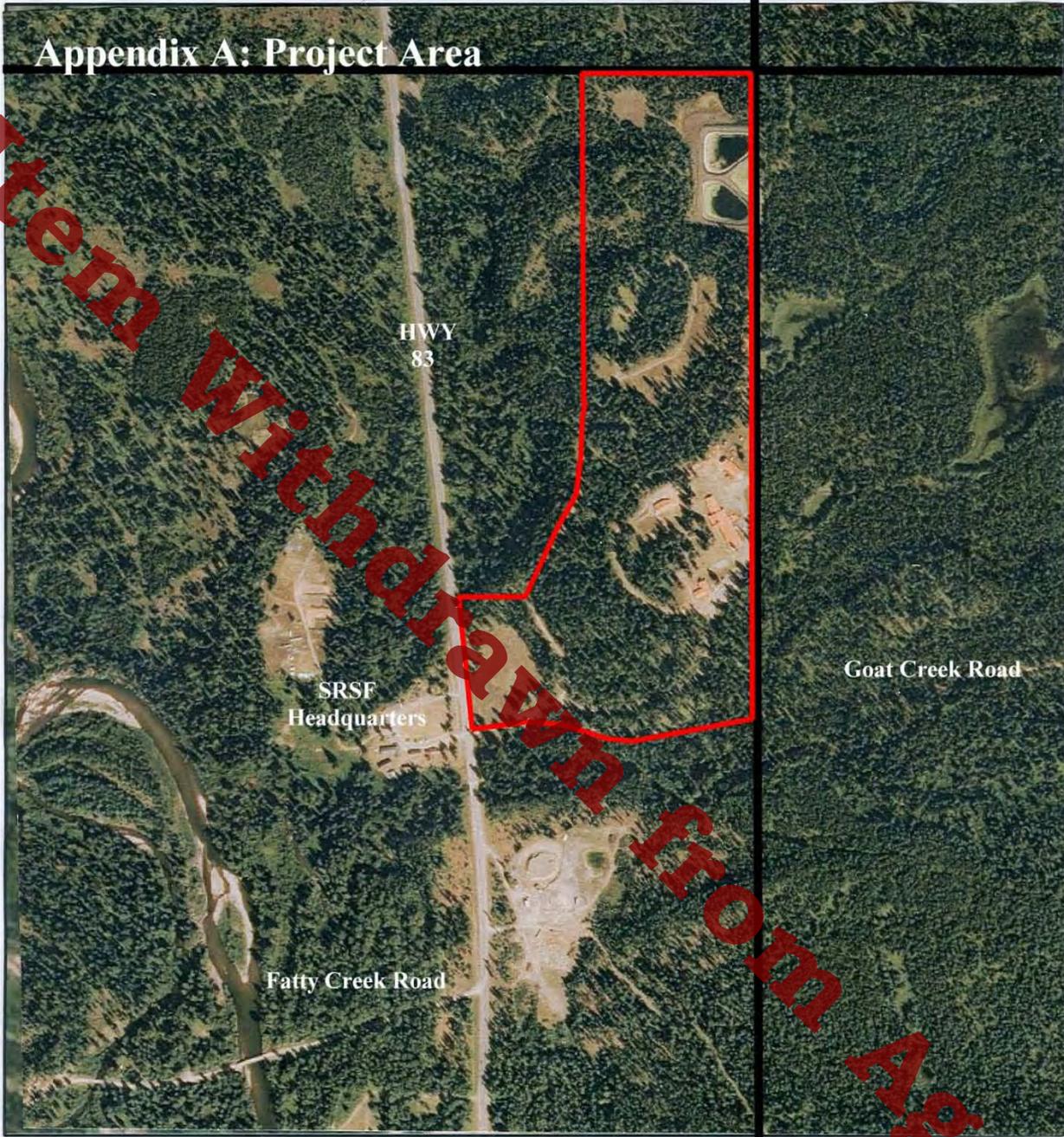
DNRC Recommendation

The director recommends the Land Board give preliminary approval for sale of this parcel.

Lake County Sale Location Map



Appendix A: Project Area



Proposed Land Banking Parcel



Swan Valley Retreat

Section 18, T23N, R17W

Project Map



1213-6

DEPARTMENT OF LABOR AND INDUSTRY:

SET MINIMUM BID FOR SALE –

BITTERROOT JOB SERVICE

**Land Board Agenda Item
December 16, 2013**

1213-6 Department of Labor and Industry: Set Minimum Bid for Sale – Bitterroot Job Service

Location: Ravalli County

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

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

Item Summary

The Department of Labor and Industry (DLI) is requesting to set the minimum bid for sale of the property known as the Bitterroot Job Service in Ravalli County. The property is located at 333 West Main Street within the city of Hamilton.

Property Description

- This property is the former location of the Bitterroot Job Service Office. The office was relocated in November 2009 and the property has been vacant since then.
- The property includes a lot approximately 3,166 sq/ft in size along with a single story commercial building with an area of approximately 2,395 sq/ft. Site improvements also include a concrete parking pad in the rear of the building and sidewalk area.

Background

- The property was purchased by DLI in 1983 using federal Wagner-Peyser funds. The proceeds from the sale of the property are restricted to activities authorized under Wagner-Peyser per the DLI *Training and Employment Guidance Letter 3-07*.
- In December 2009 the Land Board granted DLI approval to sell this property and set the minimum bid at \$288,000.
- In February 2012 the Land Board granted approval to reduce the minimum bid amount set in December 2009 to \$218,000.
- A recent appraisal completed in October 2013 determined the current market value of the parcel and improvements to be \$178,000.

DNRC/DLI Recommendation

The directors of DLI and DNRC recommend the Land Board set the minimum bid for the parcel at the October 2013 appraised value of \$178,000.

Property Location Map

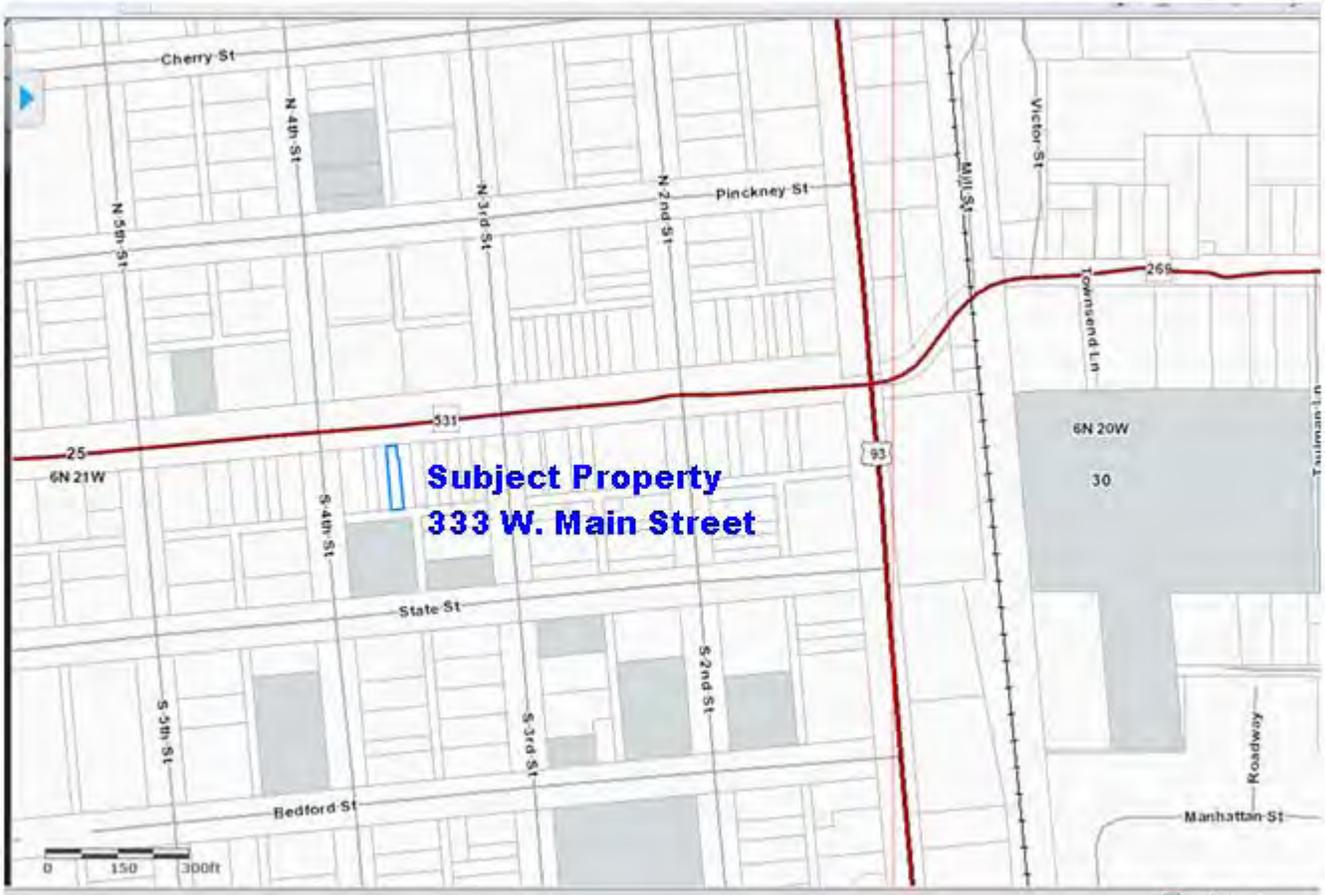


Photo of property



1213-7

LAND EXCHANGE:

FINAL APPROVAL – DNRC/MONTGOMERY
EXCHANGE

**Land Board Agenda Item
December 16, 2013**

1213-7 Land Exchange: Final Approval – DNRC/Montgomery Exchange

Location: Flathead County

Trust Benefits: MSU Morrill

Trust Revenue: N/A

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval of a land exchange proposal with William Montgomery involving 0.52 acres of state land for ten acres of private land in Flathead County. The exchange is necessary in order to resolve an encroachment on state land. Both properties are located on the east side of Lower Stillwater Lake. Mr. Montgomery inadvertently encroached on state land while building a residence.

	# of Acres	Legal	Owner
State Land	0.52±	Parcel A, unrecorded Certificate of Survey Section 20, T32N-R23W	State of Montana
Private Land	10±	Parcel A, unrecorded Certificate of Survey Section 20, T32N-R23W	William Montgomery

Public Involvement

A scoping letter requesting public comment was sent out December 18, 2012, and the comment period ran through January 11, 2013. The letter was sent to ten neighboring landowners and the Flathead County Commissioners. No comments were received. A public hearing was held in Whitefish on August 14, 2013. There were no attendees and no comments were submitted.

Exchange Criteria Analysis

The following review documents how the land exchange meets or exceeds DNRC land exchange criteria and accrues benefits to the MSU Morrill Trust beneficiary.

1. EQUAL OR GREATER VALUE (Meets Criteria)

Private land and state land were appraised with an effective date of April 22, 2013. The appraiser reported the current fair market value for the subject properties as of that date to be:

- State Property - \$55,000, or an average of \$110,000 per acre; and
- Montgomery Private Property - \$125,000, or an average value of \$12,500 per acre.

2. STATE LAND BORDERING ON NAVIGABLE LAKES AND STREAMS (Meets Criteria)

The state property involved is in close proximity to Lower Stillwater Lake but does not border the lake and there is no lake frontage involved in the proposed land exchange.

3. EQUAL OR GREATER INCOME TO THE TRUST (Meets Criteria)

A timber cruise was not completed on the property due to the fact it would be unlikely for the state to harvest timber within close proximity of a private residence. Based on this condition, the ability to generate revenue from this part of the property in the future is limited.

The private property is directly adjacent to blocked state forest land. The land has revenue generating opportunities from timber management in conjunction with the state land being managed around it. The property involved has a moderately high yield capability in regard to timber production based on adjacent habitat types and initial reconnaissance. In addition, the property is adjacent to residential development to the south, which indicates the potential for real estate revenue in the future.

4. EQUAL OR GREATER ACREAGE (Meets Criteria)

DNRC would exchange approximately 0.52 acres of trust land to Mr. Montgomery for approximately ten acres of Mr. Montgomery's private property as shown on the attached map. The acreage received by the trust would be greater than what was given

5. CONSOLIDATION OF STATE LAND (Meets Criteria)

Both parcels involved in the exchange are directly adjacent to the Stillwater State Forest. The net change would be an additional 9.48 acres to state land consolidated with the state forest.

6. POTENTIAL FOR LONG-TERM APPRECIATION (Meets Criteria)

Both parcels involved have the potential for long-term appreciation. As noted previously, the 0.52 acres of state property involved is in close proximity to a residence in private ownership and by itself would have limited potential for long term appreciation.

The 10-acre Montgomery property has existing legal access and most of the property has gentle slopes. Some of the property has lake views and scenic views to the west. In addition, the property is adjacent to residential development to the south which indicates the potential for long-term appreciation.

7. ACCESS (Meets Criteria)

The state lands in the larger block to the north are legally accessible via Highway 93, but the 0.52 acres proposed for exchange has no improved physical access to the property.

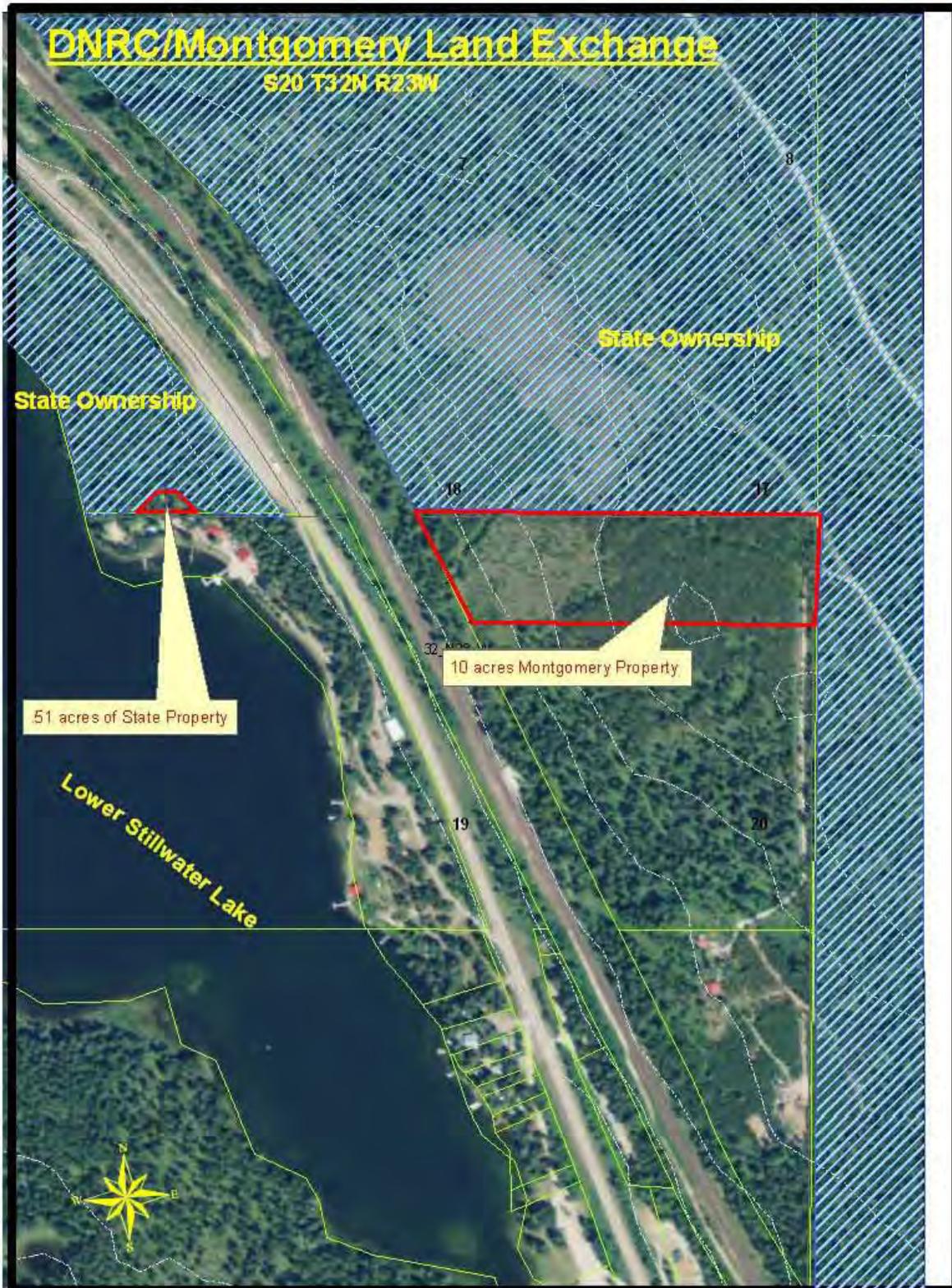
There is legal public access to the Montgomery property via a forest road off of Lupfer Loop Road.

DNRC believes this land exchange would benefit the trust beneficiary and state of Montana while bringing an encroachment on state trust land to a satisfactory conclusion.

DNRC Recommendation

The director recommends the Land Board give final approval to complete this land exchange to resolve the encroachment issue.

MONTGOMERY LAND EXCHANGE LOCATION MAP



1213-8

TIMBER SALE: LOWER MCGINNIS

**Land Board Agenda Item
December 16, 2013**

1213-8 Timber Sale: Lower McGinnis

**Location: Lincoln County
Section 16, T26N – R28W**

Trust Benefits: Common Schools

Trust Revenue: \$374,917 (estimated)

Item Summary

The Lower McGinnis timber sale is located approximately 30 air miles southeast of Libby, Montana. The sale includes three harvest units totaling 383 acres with an estimated sale volume of 17,973 tons (2,635 MBF or 16,686 cubic meters) of sawlogs.

This sale was prepared as part of a proposed resolution between the Department of Natural Resources and Conservation (DNRC) and F.H. Stoltze Land and Lumber Company (Stoltze) regarding the Upper Flower timber sale. The Upper Flower timber sale was sold to Stoltze in 2010 and was not completed due to uncertainty regarding recent and pending results associated with ongoing asbestos-related testing.

The Lower McGinnis timber sale would be awarded to Stoltze to replace the Upper Flower timber sale at the stumpage rate of \$20.86 per ton.

Prescriptions would consist of removing primarily Douglas-fir, along with lesser amounts of ponderosa pine, grand fir, lodgepole pine, Engelmann spruce, and western larch using old-growth restoration, seedtree, and shelterwood harvest on approximately 383 acres. Post-treatment, approximately 192 acres currently classified as old growth would continue to meet old-growth standards. Treatments in these stands would be focused on removing small to intermediate size classes of Douglas-fir and other more shade tolerant species. The remaining acres would be treated with shelterwood (130 acres) and seedtree (61 acres) prescriptions to promote the regeneration of ponderosa pine, western larch, Douglas-fir, and western white pine where available.

DNRC has access to this sale via county road. DNRC would construct approximately 0.5 miles of new permanent road and 0.2 miles of temporary road. All roads would continue to be closed to unauthorized vehicles. In conjunction with the timber sale, DNRC would upgrade seven stream crossings to meet Best Management Practices for Forestry.

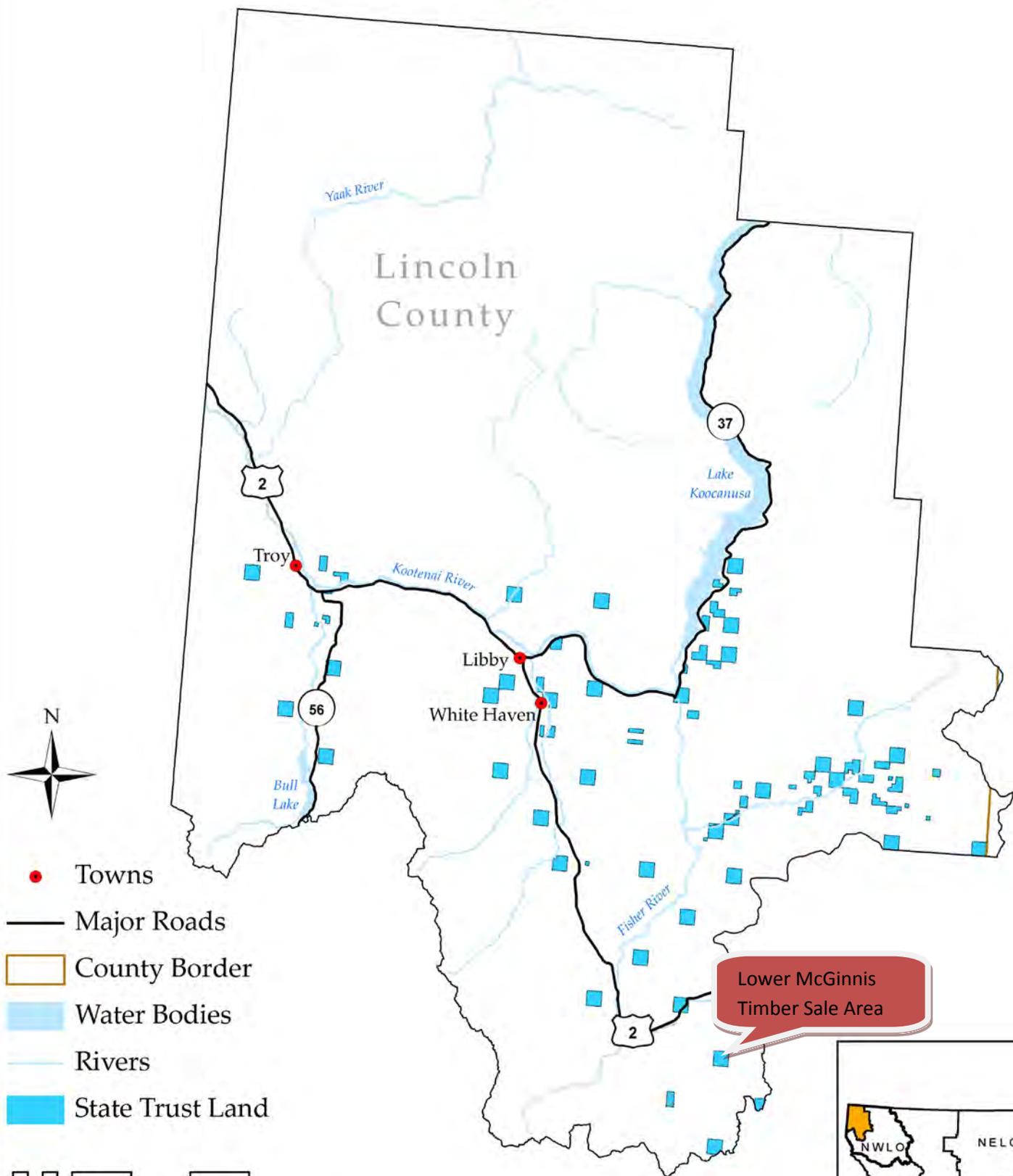
Public involvement was provided for throughout the entire development of this project. Scoping letters were mailed to adjacent landowners, organizations, and interested parties in April 2013, and a public notice was published in the *Western News*. DNRC received two letters and one phone call during the initial scoping period, and continued to invite comments throughout project development. Comments ranged from concerns about burning slash piles to maintaining property boundaries. DNRC specialists have reviewed the proposal and comments, analyzed conditions and incorporated mitigations into the sale area.

DNRC Recommendation

The Director recommends the Land Board direct DNRC to award the Lower McGinnis timber sale to F.H. Stoltze Land and Lumber Company.

LOWER MCGINNIS TIMBER SALE VICINITY MAP LIBBY UNIT

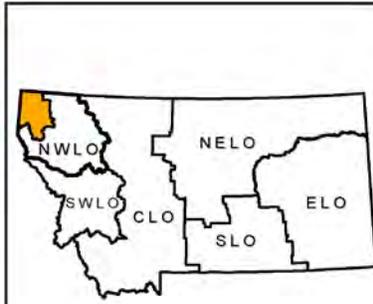
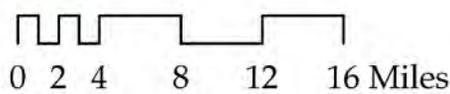
1213-8



Lower McGinnis
Timber Sale Area



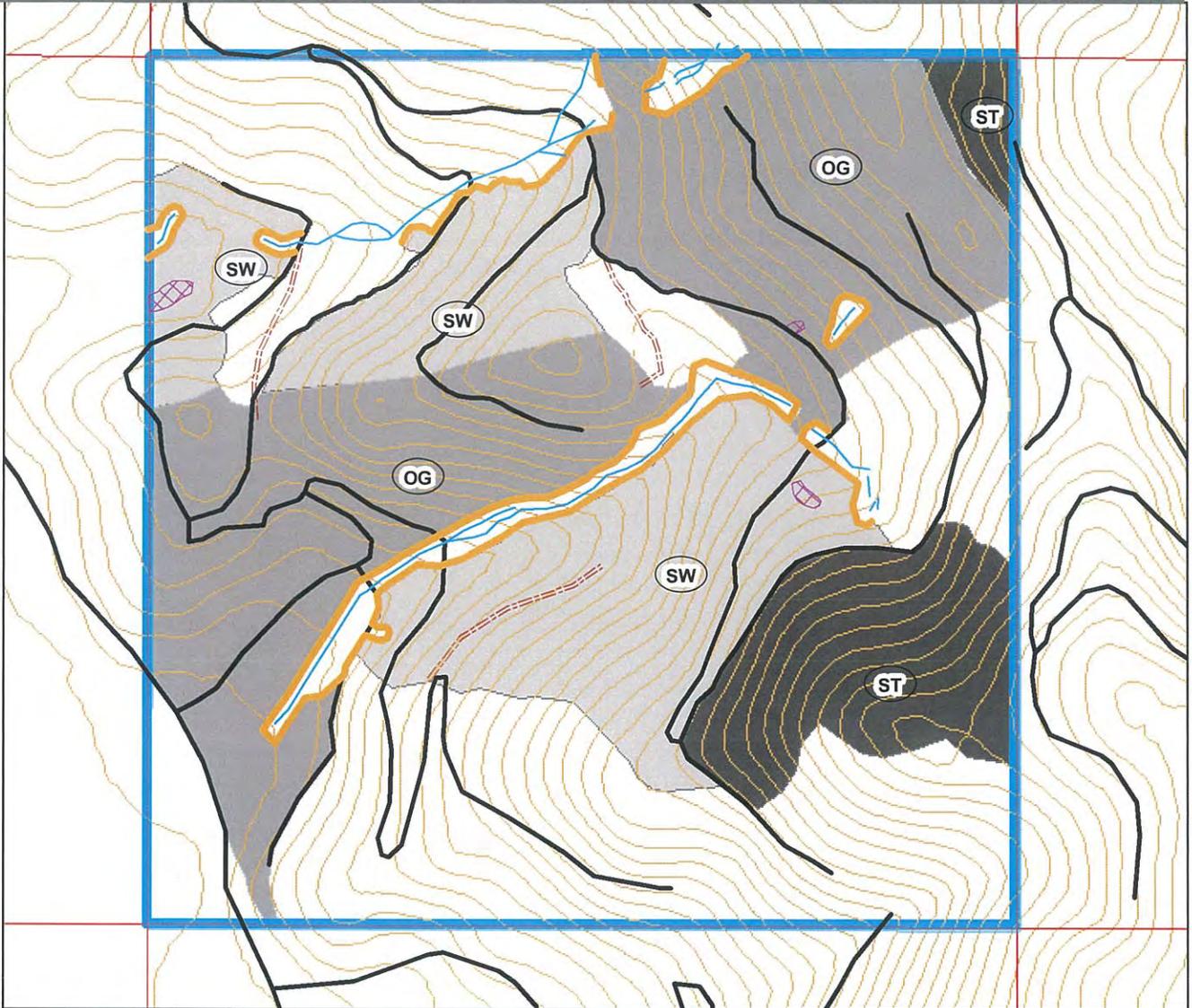
- Towns
- Major Roads
- County Border
- Water Bodies
- Rivers
- State Trust Land



Attachment A - Harvest Unit Map

Lower McGinnis Timber Sale

Section 16, T26N, R28W



Legend

- SMZ boundaries
- Equipment Restriction Zones
- OG (Old Growth Restoration)
- ST (Seed Tree)
- SW (Shelter-wood)

Roads

- Existing Roads
- New Roads

1 inch equals 0.2 miles



Montana DNRC
Northwestern Land Office
Timber

1213-9

EASEMENTS

**Land Board Agenda Item
December 16, 2013**

1213-9 Easements

**Location: Big Horn, Blaine, Cascade, Hill, Liberty, McCone, Pondera, Roosevelt,
Teton, Yellowstone Counties**

Trust Benefits: Common Schools, Montana Tech

**Trust Revenue: Common Schools = \$32,881
Montana Tech = \$1,443**

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Applicant	Right-of-Way Purpose	Page(s)
McCone County	Historic County Road	2-13
Freeman Ranch	Historic Private Access Road	14-15
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Oneok Rockies Midstream	New Pipeline Facility	20-21
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3 Rivers Telephone Coop. Inc	New Telephone Utility	44-52
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	McCone County PO Box 199 Circle MT 59215
Application No.:	16410
R/W Purpose:	a public county road known as Hughes Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	\$637.00
Legal Description:	30-foot strip through N2NW4, N2NE4, Sec. 16, Twp. 16N, Rge. 46E, McCone County
Trust Beneficiary:	Common Schools

Item Summary

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

DNRC Recommendation

The director recommends approval of the historic rights of way for McCone County.

**Rights-of-Way Applications
Land Board Agenda Item
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16411
R/W Purpose: a public county road known as Last Chance Road
Lessee Agreement: N/A (Historic)
Acreage: 5.46
Compensation: \$956.00
Legal Description: 30-foot strips through S2SW4 Sec. 36, Twp. 17N, Rge 44E and
S2SW4, S2SE4 Sec. 36, Twp. 17N, Rge. 45E,
McCone County
Trust Beneficiary: Common Schools

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16412
R/W Purpose: a public county road known as Chalk Butte Road
Lessee Agreement: N/A (Historic)
Acreage: 5.46
Compensation: \$956.00
Legal Description: 30-foot strips through E2SE4 Sec. 14 and
W2NW4, W2SW4 Sec. 36 , Twp. 17N, Rge. 45E, McCone County
Trust Beneficiary: Common Schools

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16413
R/W Purpose: a public county road known as Ash Creek Road
Lessee Agreement: N/A (Historic)
Acreage: 3.64
Compensation: \$637.00
Legal Description: 30-foot strip through E2NE4, E2SE4, Sec. 16, Twp. 17N,
Rge. 47E, McCone County
Trust Beneficiary: Common Schools

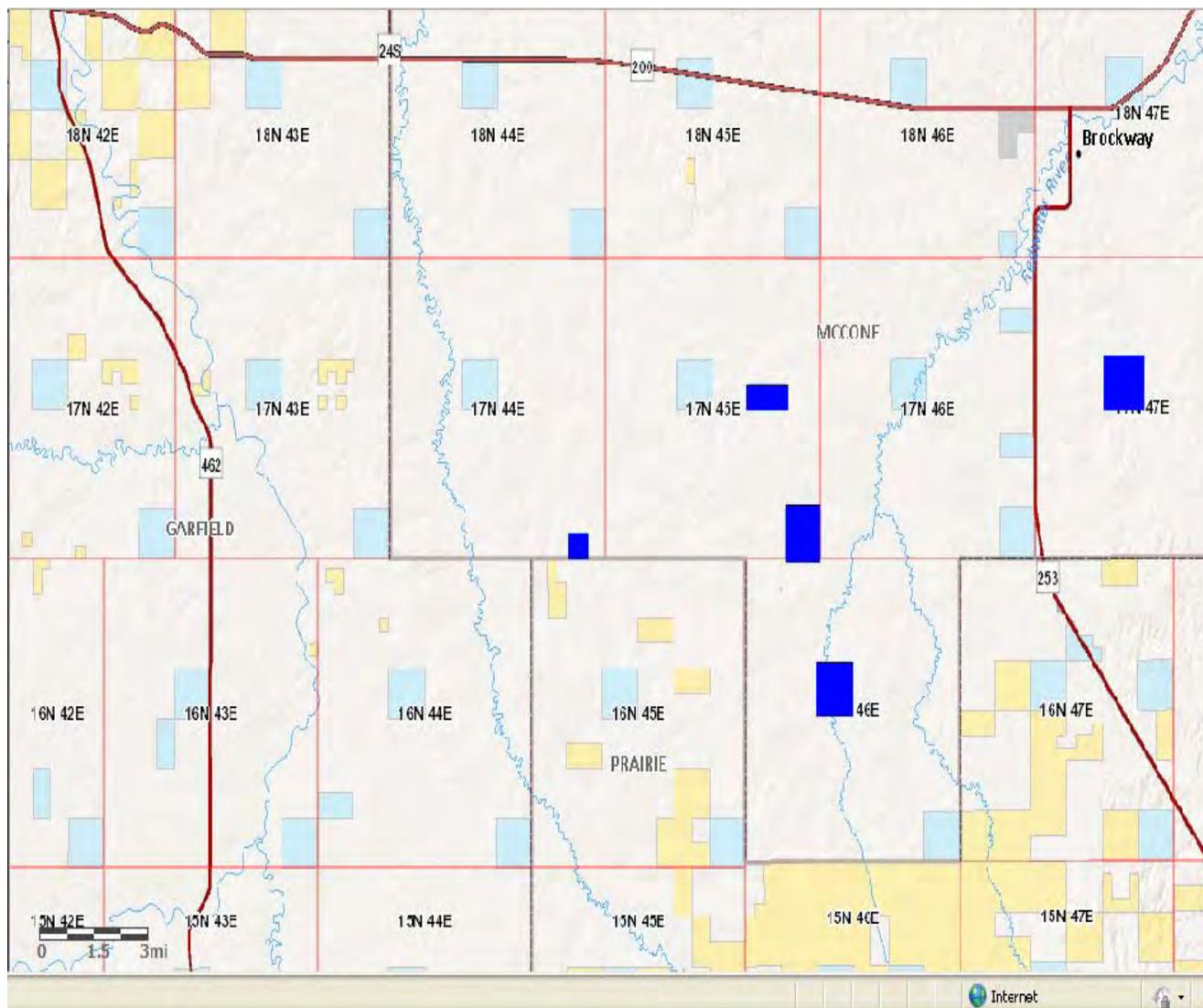
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**Rights-of-Way Applications
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	McCone County PO Box 199 Circle MT 59215
Application No.:	16430
R/W Purpose:	a public county road known as Peabody Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.67
Compensation:	\$642.00
Legal Description:	30-foot strip through S2SW4, S2SE4, Sec. 36, Twp. 17N, Rge. 47E, McCone County
Trust Beneficiary:	Common Schools

Item Summary

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

DNRC Recommendation

The director recommends approval of the historic rights of way for McCone County.

**Rights of Way Applications
Land Board Agenda Item
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16431
R/W Purpose: a public county road known as Union Road
Lessee Agreement: N/A (Historic)
Acreage: 3.64
Compensation: \$637.00
Legal Description: 30-foot strip through NW4SW4, S2SW4, S2SE4,
Sec. 16, Twp. 17N, Rge. 49E, McCone County
Trust Beneficiary: Common Schools

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**Rights of Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16432
R/W Purpose: a public county road known as 258 Road
Lessee Agreement: N/A (Historic)
Acreage: 3.82
Compensation: \$669.00
Legal Description: 30-foot strip through E2NE4, E2SE4, Sec. 36, Twp. 18N,
Rge. 47E, McCone County
Trust Beneficiary: Common Schools

Item Summary

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**Rights of Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16433
R/W Purpose: a public county road known as 244 Road
Lessee Agreement: N/A (Historic)
Acreage: 7.28
Compensation: \$1275.00
Legal Description: 30-foot strip through N2NW4 Sec. 6, Twp. 18N, Rge. 47E,
S2SE4 Sec. 34, Twp. 19N, Rge. 46E and
S2SW4, S2SE4 Sec. 36, Twp. 19N, Rge. 46E, McCone County
Trust Beneficiary: Common Schools

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16434
R/W Purpose: a public county road known as Beauty Valley Road
Lessee Agreement: N/A (Historic)
Acreage: 1.82
Compensation: \$319.00
Legal Description: 30-foot strip through W2NW4, Sec. 20, Twp. 19N, Rge. 46E,
McCone County
Trust Beneficiary: Common Schools

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: McCone County
PO Box 199
Circle MT 59215

Application No.: 16435
R/W Purpose: a public county road known as 245 Road
Lessee Agreement: N/A (Historic)
Acreage: 3.64
Compensation: \$637.00
Legal Description: 30-foot strip through W2NW4, W2SW4,
Sec. 36, Twp. 19N, Rge. 46E, McCone County
Trust Beneficiary: Common Schools

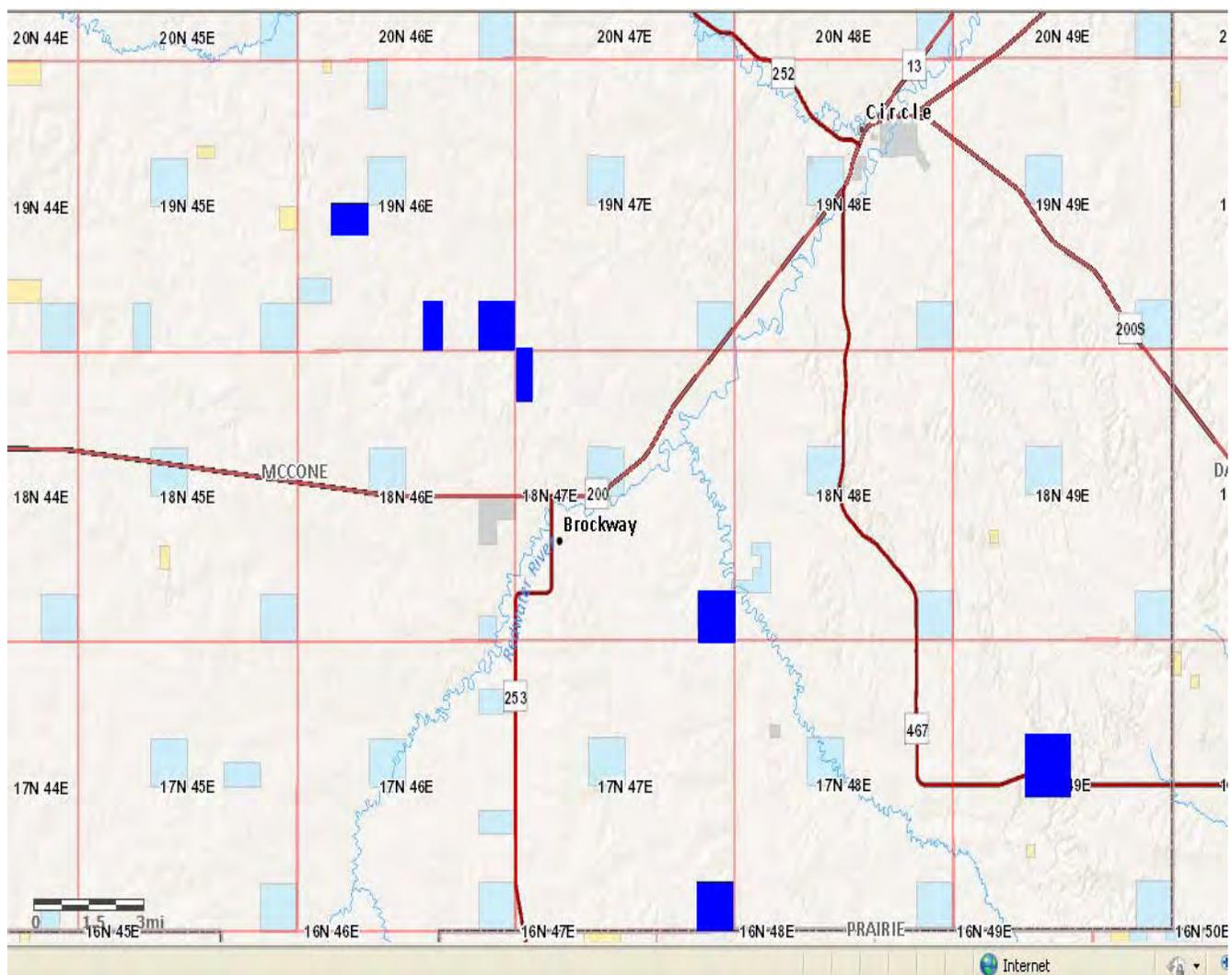
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**Rights-of-Way Applications
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Applicant: Freeman Ranch LLC
Box 364
Augusta MT 59410

Application No.: 16414
R/W Purpose: a private access road to a single family residence and associated outbuildings and to conduct normal farming and ranching operations

Lessee Agreement: N/A (Historic)
Acreage: 0.28
Compensation: \$280.00
Legal Description: 20-foot strip through SW4SW4, Sec 13, Twp. 27N, Rge. 8W, Teton County
Trust Beneficiary: Common Schools

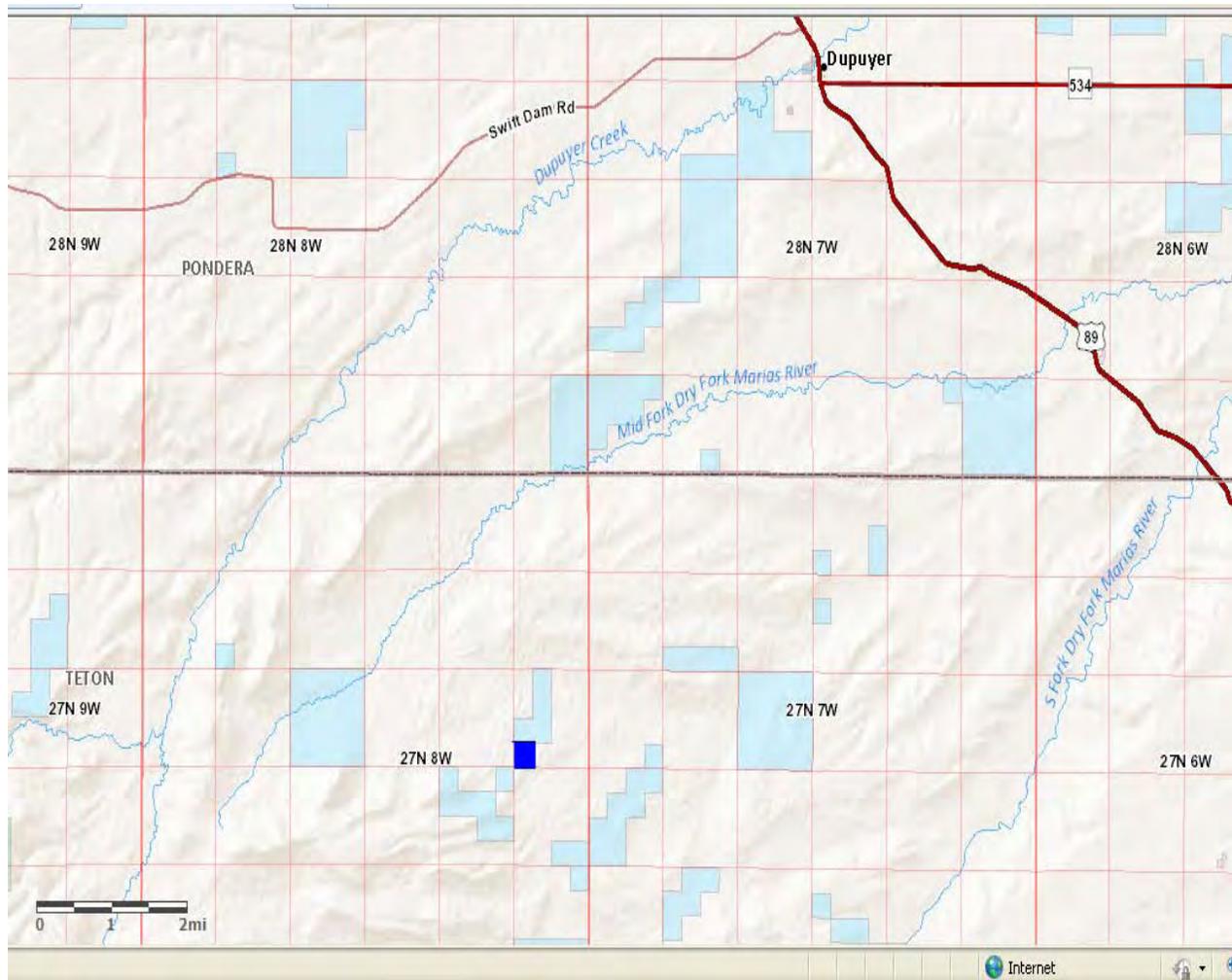
Item Summary

Applicant is requesting approval for the use of an existing road to access their private lands for their residence and associated outbuildings and for farming and ranching purposes. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access.

DNRC Recommendation

The director recommends approval of this historic application.

**Rights-of-Way Applications
Land Board Agenda Item
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Longwing Land LLC 1930 E. Arrowcreek Road Ballantine MT 59006
Application No.:	16421
R/W Purpose:	a private access road to a single family residence and associated outbuildings and to conduct normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	0.26
Compensation:	\$100.00
Legal Description:	10-foot strip through NW4SW4, Sec. 3, Twp. 1N, Rge. 29E, Yellowstone County
Trust Beneficiary:	Common Schools

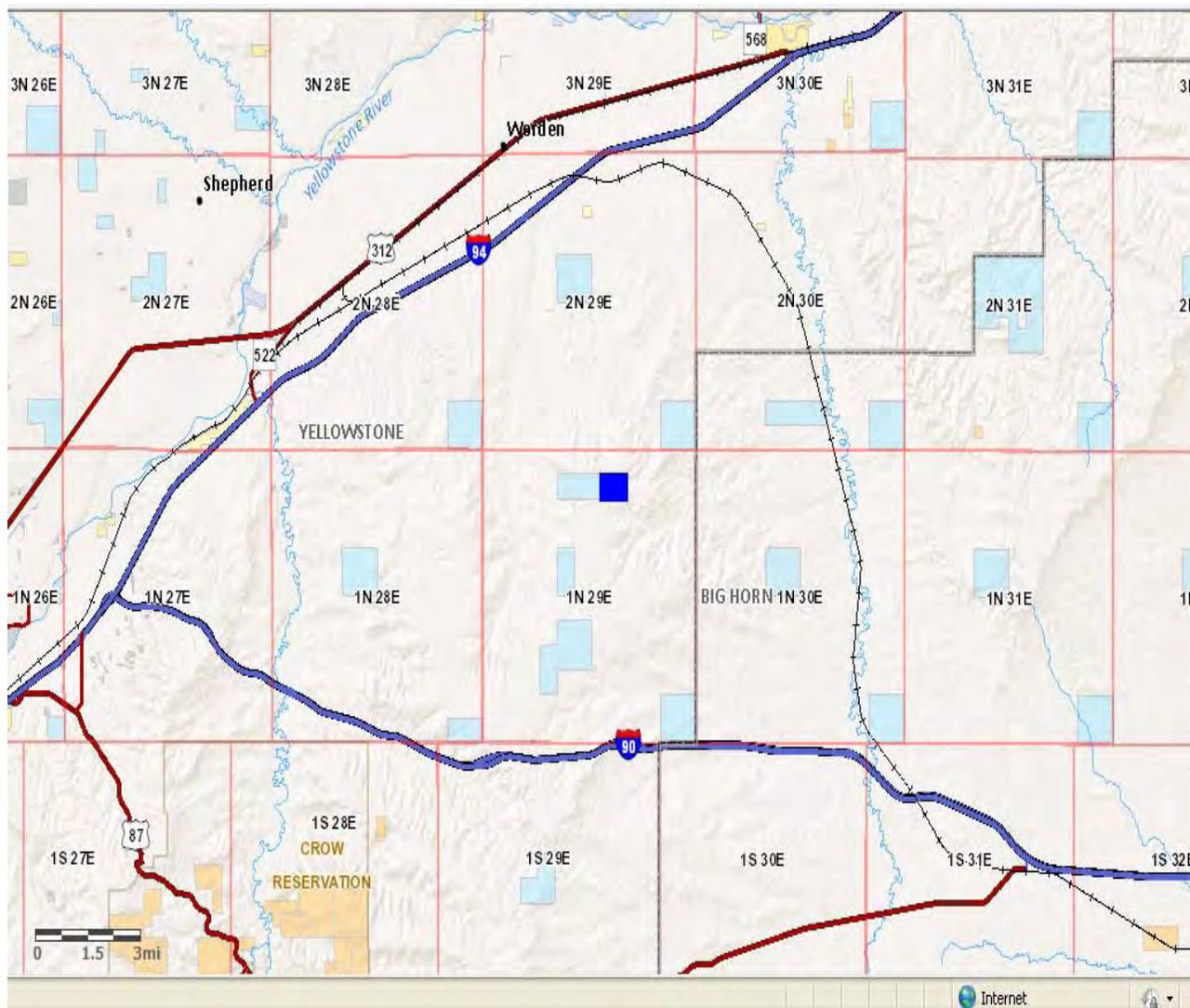
Item Summary

Applicant is requesting approval for the use of an existing road to access their private lands for their residence and associated outbuildings and for farming and ranching purposes. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access.

DNRC Recommendation

The director recommends approval of this historic application.

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Arrowhead I, LLC PO Box 3009 Gillette WY 82717
Application No.:	16437
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	1.38
Compensation:	\$345.00
Legal Description:	20-foot strip through SW4NW4, N2SW4, Sec. 36, Twp. 9S, Rge. 39E, Big Horn County
Trust Beneficiary:	Common Schools

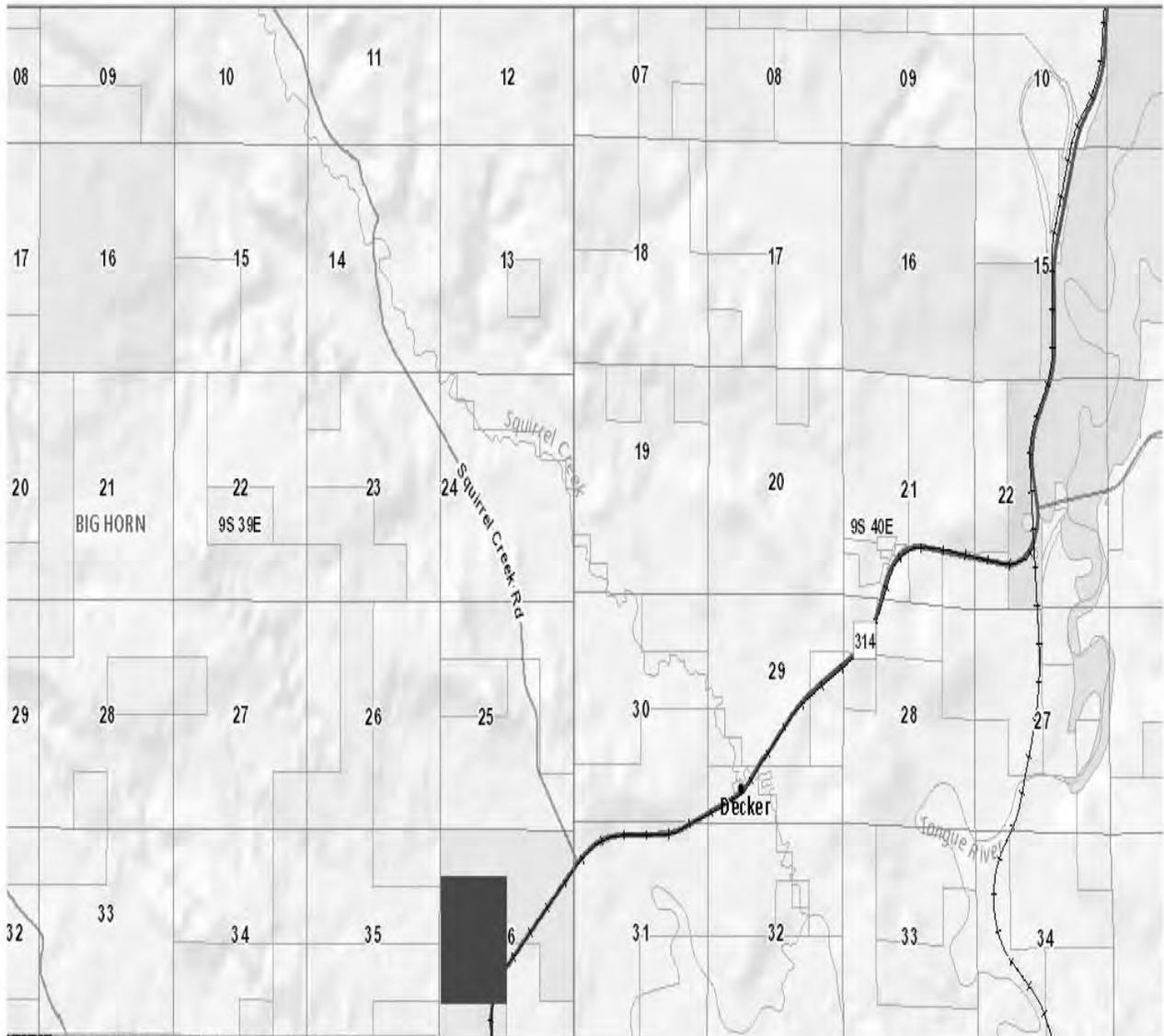
Item Summary

Applicant is requesting approval for the use of an existing road to access their private lands for farming and ranching purposes. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access.

DNRC Recommendation

The director recommends approval of this historic application.

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Oneok Rockies Midstream 906 15th ST Sidney MT 59270
Application No.:	16439
R/W Purpose:	a 8 inch buried natural gas pipeline
Lessee Agreement:	ok
Acreage:	2.0
Compensation:	\$6396.00
Legal Description:	33-foot strip through S2SW4, Sec. 36, Twp. 30N, Rge. 56E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

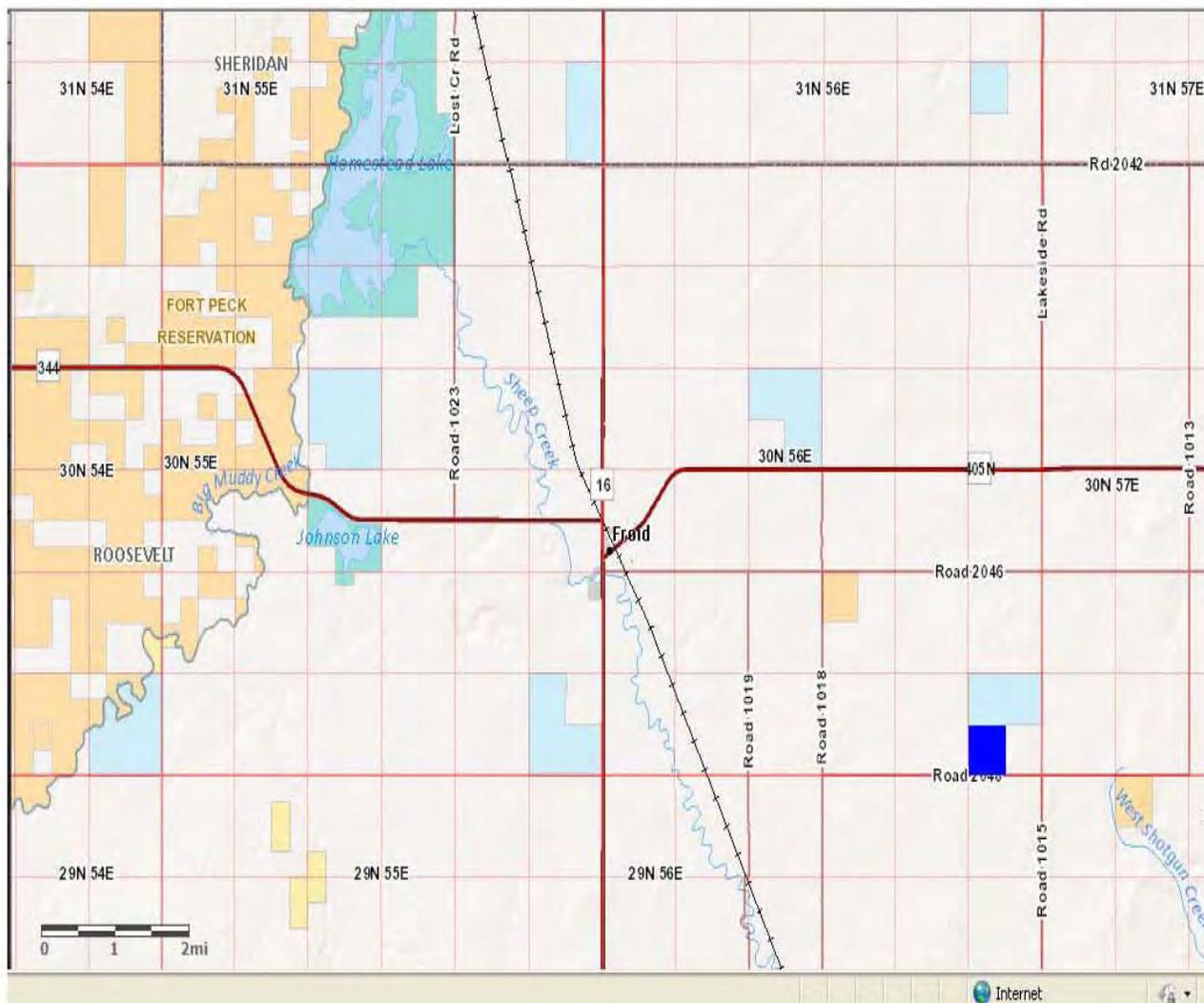
Applicant is requesting an easement to construct a new natural gas pipeline. ONEOK Rockies Midstream, L.L.C. engages in gathering and processing natural gas. It engages in the gathering, processing, and fractionation of natural gas in the Williston Basin in Montana, North Dakota, and Saskatchewan, as well as gathering natural gas in the Powder River Basin, Wyoming. The company's facilities interconnect indirectly to the interstate natural gas pipeline grid. Oneok will be purchasing gas from a new well owned by G3 Oil and Gas. The gas pipeline will connect to an existing line located east of the state land parcel.

DNRC Recommendation

The Department is recommending approval as follows:

- 30-year term easement.
 - Initial payment shown above compounded by 2.5% annually, with additional rental due at years 10 and 20.
-

**Rights-of-Way Applications
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hill County Electric Cooperative, Inc. PO Box 2330 Havre MT 59501
Application No.:	16425
R/W Purpose:	a three phase 12.47kV overhead distribution line
Lessee Agreement:	ok
Acreage:	0.76
Compensation:	\$304.00
Legal Description:	20-foot strip through S2SE4, Sec. 36, Twp. 32N, Rge. 19E, Blaine County
Trust Beneficiary:	Common Schools

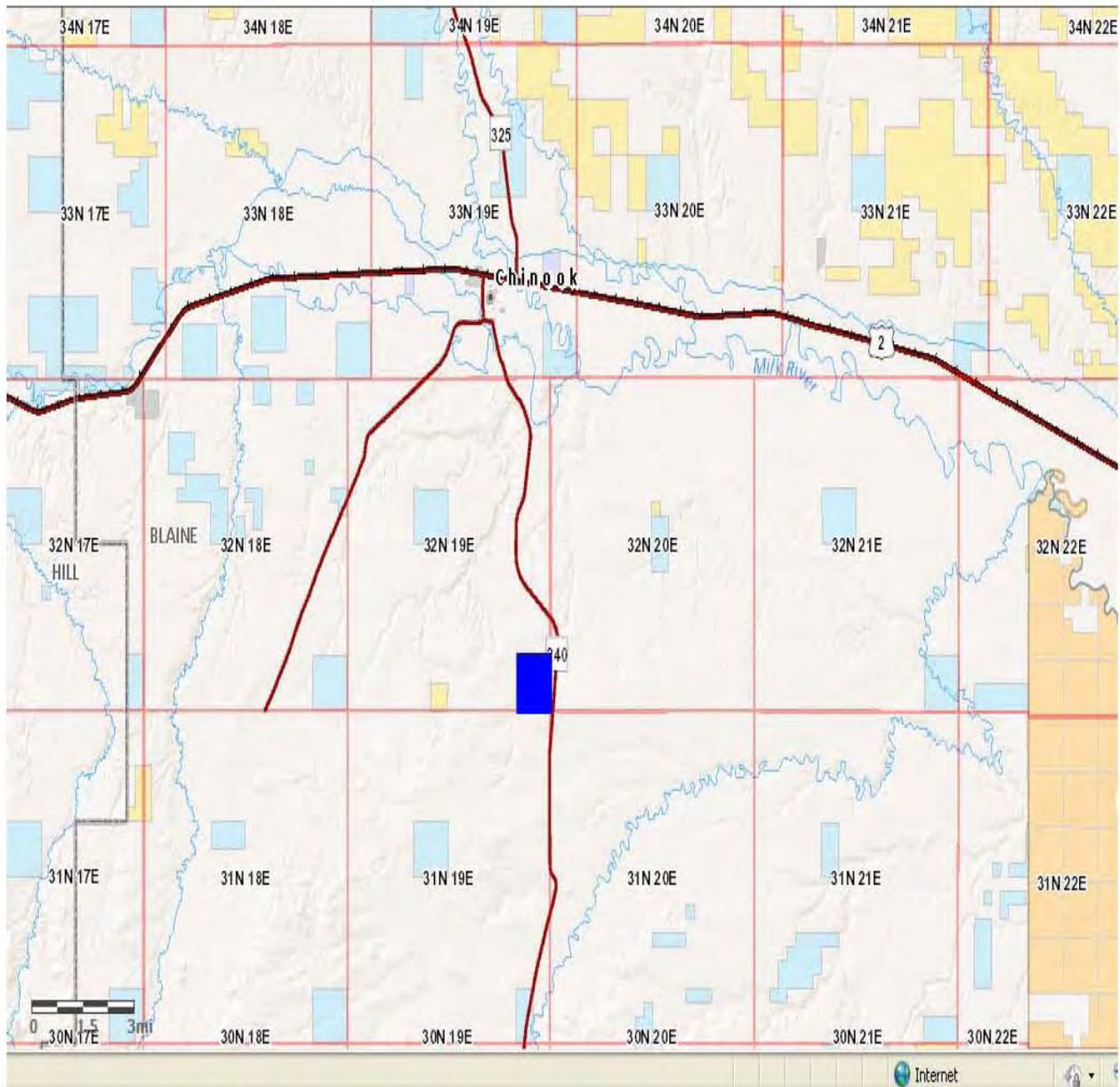
Item Summary

Hill County Electric Cooperative, Inc. is proposing to install new overhead distribution facilities to replace the aging overhead power distribution lines. By replacing the existing distribution line and moving the new distribution line closer to the road, HCEC will be able to provide better service to the residents in the area. The proposed route will provide accessibility for construction and maintenance.

DNRC Recommendation

The director recommends approval of this easement request.

**Rights-of-Way Applications
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hill County Electric Cooperative, Inc.
PO Box 2330
Havre MT 59501

Application No.: 16426
R/W Purpose: a single phase 7.2 kV overhead distribution line
Lessee Agreement: needed
Acreage: 2.57
Compensation: \$771.00
Legal Description: 20-foot strip through N2SW4, SE4SW4, S2SE4, Sec. 3, Twp.
29N, Rge. 21E, Blaine County
Trust Beneficiary: Montana Tech.

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hill County Electric Cooperative, Inc.
PO Box 2330
Havre MT 59501

Application No.: 16427
R/W Purpose: a single phase 7.2 kV overhead distribution line
Lessee Agreement: needed
Acreage: 1.7
Compensation: \$510.00
Legal Description: 20-foot strip through S2NW4, SW4NE4, Sec. 4, Twp. 29N,
Rge. 21E, Blaine County
Trust Beneficiary: Common Schools

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hill County Electric Cooperative, Inc.
PO Box 2330
Havre MT 59501

Application No.: 16428
R/W Purpose: a single phase 7.2 kV overhead distribution line
Lessee Agreement: needed
Acreage: 0.6
Compensation: \$180.00
Legal Description: 20-foot strip through SE4NE4, Sec. 5, Twp. 29N, Rge. 21E,
Blaine County
Trust Beneficiary: Common Schools

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hill County Electric Cooperative, Inc.
PO Box 2330
Havre MT 59501

Application No.: 16429
R/W Purpose: a single phase 7.2 kV overhead distribution line
Lessee Agreement: needed
Acreage: 2.24
Compensation: \$672.00
Legal Description: 20-foot strip through N2NW4, NW4NE4, S2NE4, Sec. 11,
Twp. 29N, Rge. 21E, Blaine County
Trust Beneficiary: Montana Tech.

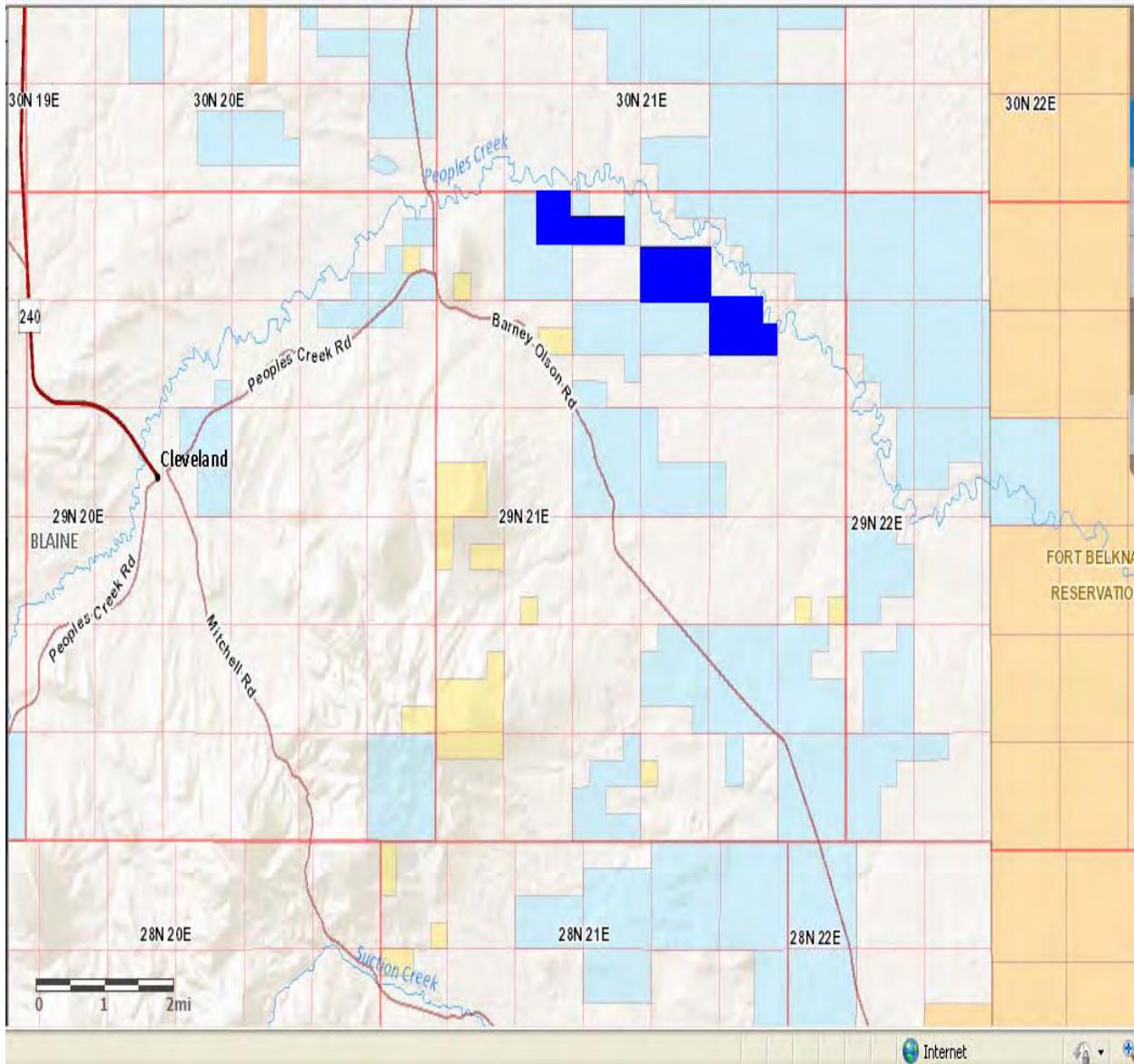
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association Inc. PO Box 1220 Havre MT 59501
Application No.:	16415
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	3.73
Compensation:	\$1785.00
Legal Description:	20-foot strip through W2W2, and Gov. Lot 3, Sec. 4, Twp. 30N, Rge. 6E, Liberty County
Trust Beneficiary:	Common Schools

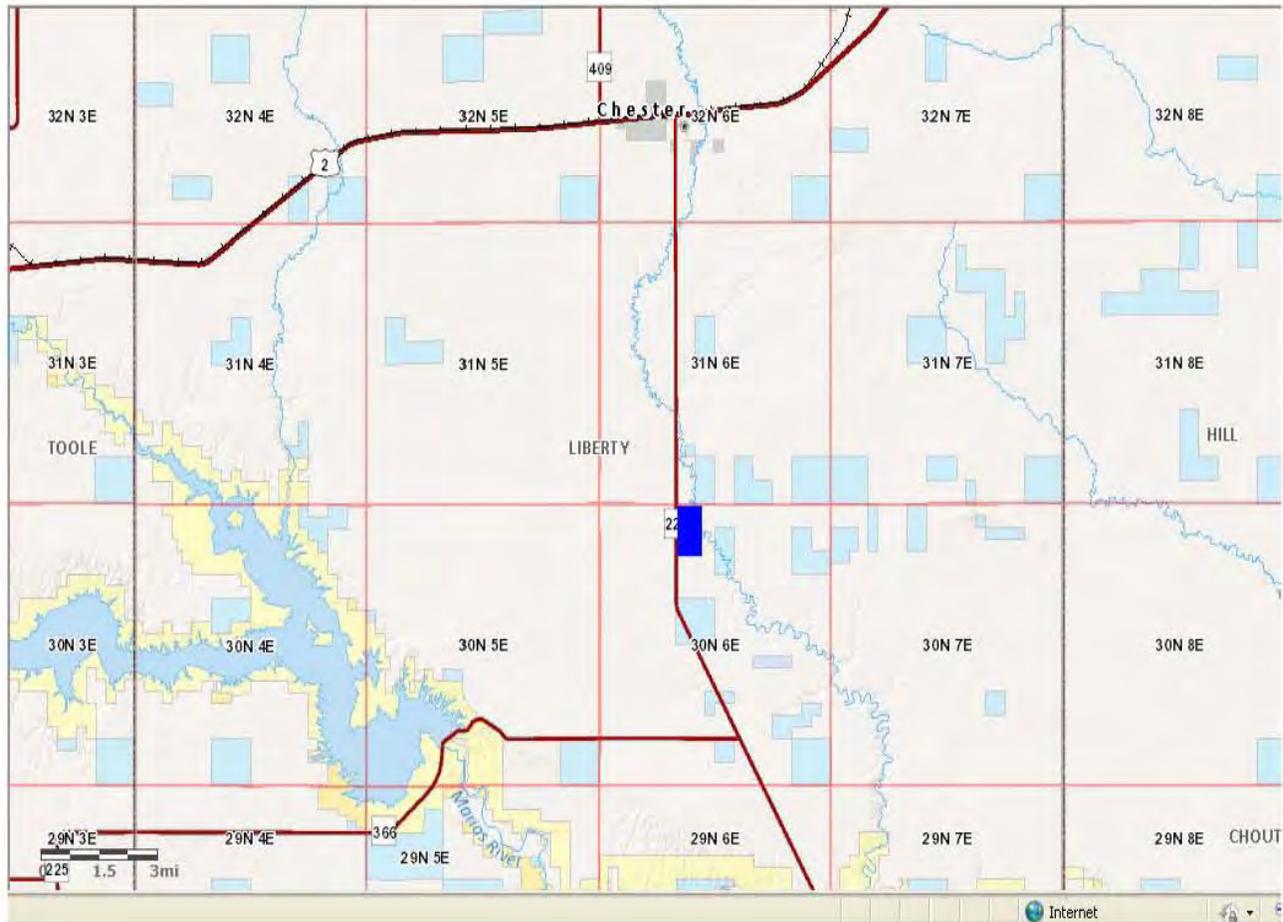
Item Summary

Triangle Telephone Cooperative Assn., Inc. is proposing to install new underground telecommunications facilities to upgrade their current facilities and services to the Chester Exchange serving area in and around Chester, Montana. The route chosen is the most direct route and will provide accessibility for construction and maintenance as it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this telecommunications request.

**Rights-of-Way Applications
Land Board Agenda Item
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16416
R/W Purpose: 2 buried telecommunication cables
Lessee Agreement: ok
Acreage: 2.43
Compensation: \$1094.00
Legal Description: 20-foot strip through S2S2, Sec. 36, Twp. 33N, Rge. 6E,
Liberty County
Trust Beneficiary: Common Schools

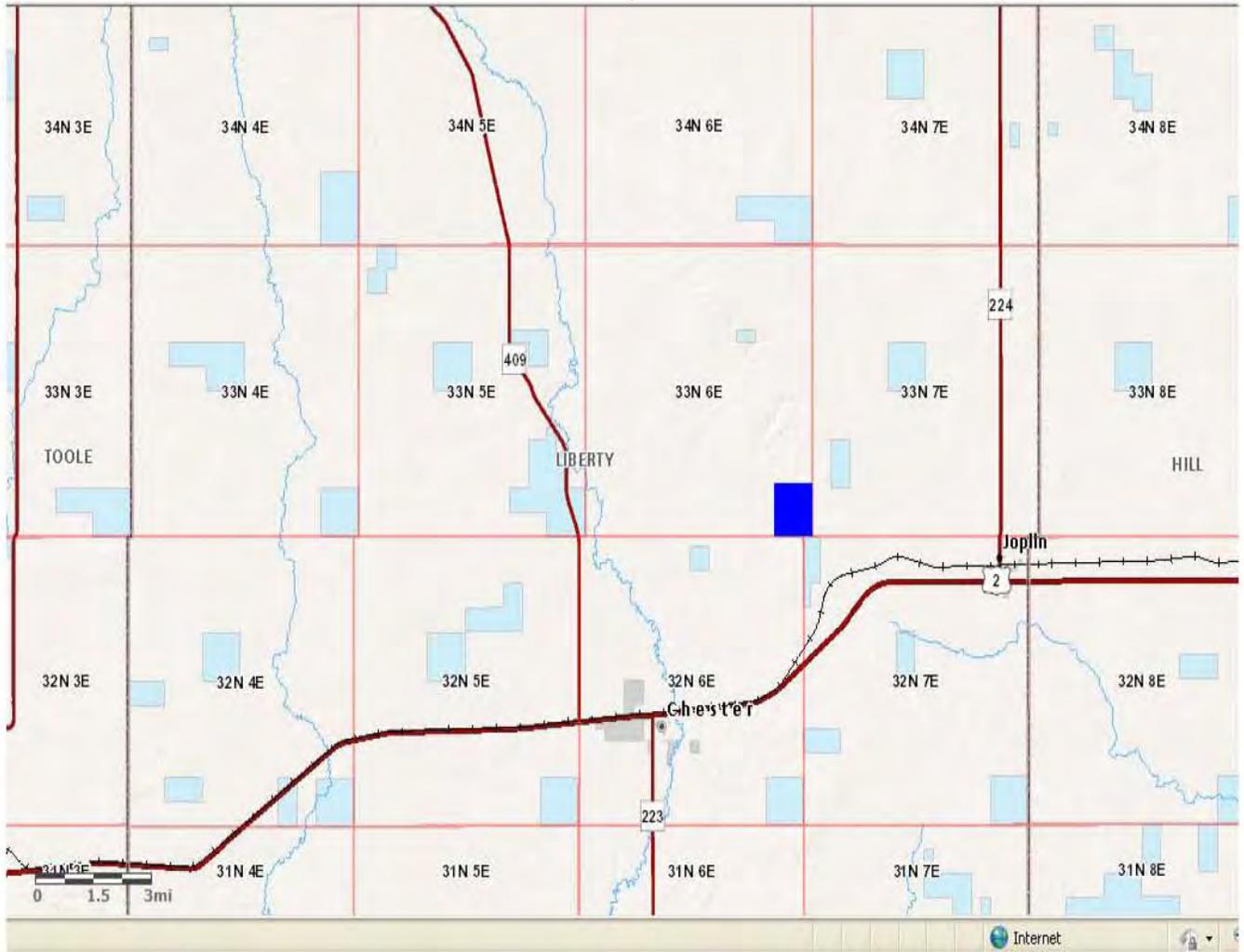
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**Rights-of-Way Applications
Land Board Agenda Item
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16417
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.71
Compensation: \$320.00
Legal Description: 20-foot strip through SE4NE4, Sec. 13, Twp. 36N, Rge. 5E,
Liberty County
Trust Beneficiary: Common Schools

Item Summary

Triangle Telephone Cooperative Assn., Inc. is proposing to install new underground telecommunications facilities to upgrade their current facilities and services to the Joplin Exchange serving area in and around Joplin, Montana. The route chosen is the most direct route and will provide accessibility for construction and maintenance as it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this telecommunications request.

**Rights-of-Way Applications
Land Board Agenda Item
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16418
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.65
Compensation: \$293.00
Legal Description: 20-foot strip through NE4SE4, Sec. 24, Twp. 36N, Rge. 5E,
Liberty County
Trust Beneficiary: Common Schools

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16419
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.73
Compensation: \$329.00
Legal Description: 20-foot strip through Lot 3, NE4SW4, Sec. 19, Twp. 36N,
Rge. 6E, Liberty County
Trust Beneficiary: Common Schools

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16420
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.61
Compensation: \$305.00
Legal Description: 20-foot strip through NE4SE4, Sec. 34, Twp. 36N, Rge. 6E,
Liberty County
Trust Beneficiary: Common Schools

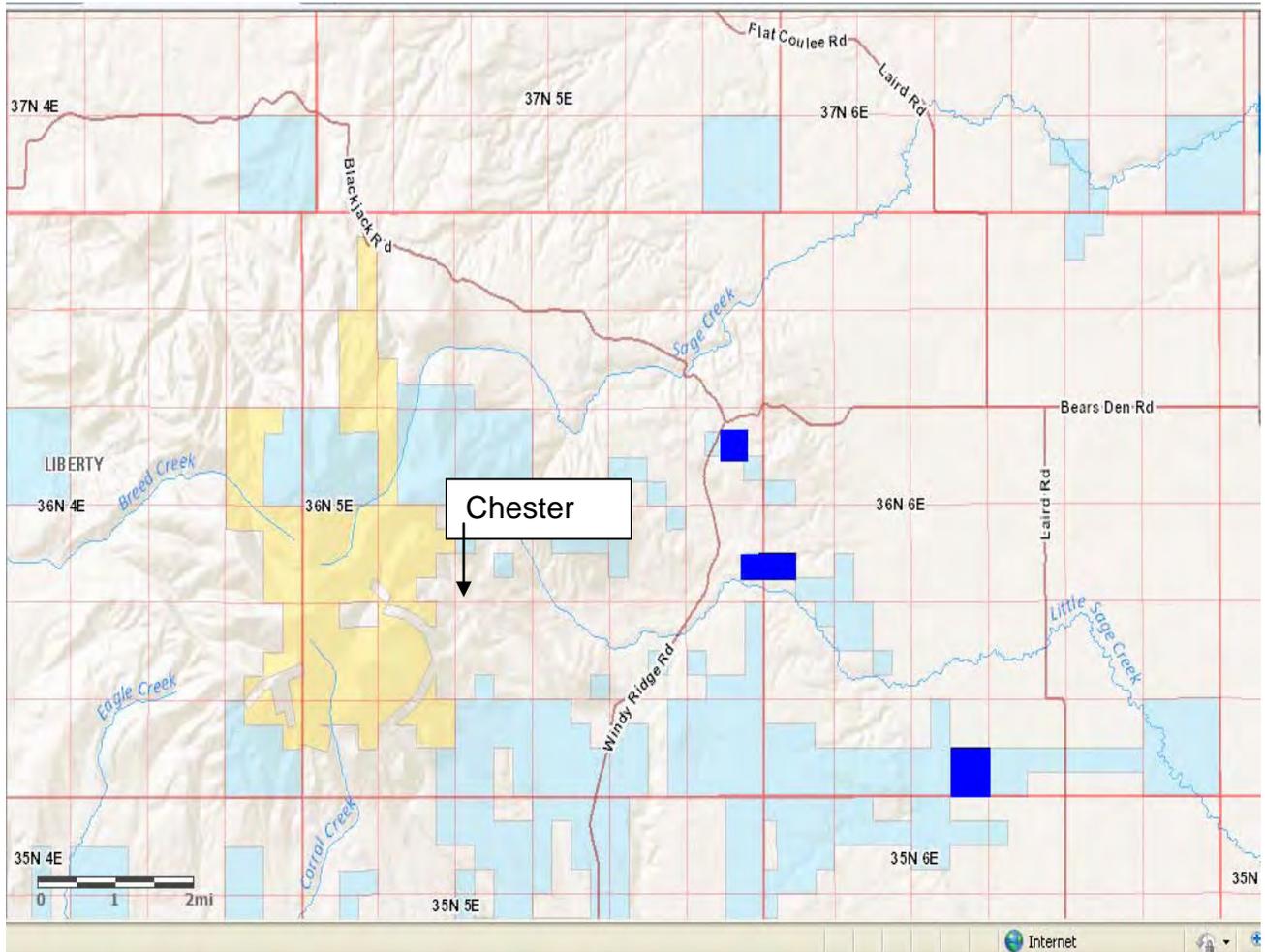
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association Inc. PO Box 1220 Havre MT 59501
Application No.:	16422
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.61
Compensation:	\$183.00
Legal Description:	20-foot strip through NE4NE4, Sec. 31, Twp. 35N, Rge. 23E, Blaine County
Trust Beneficiary:	Common Schools

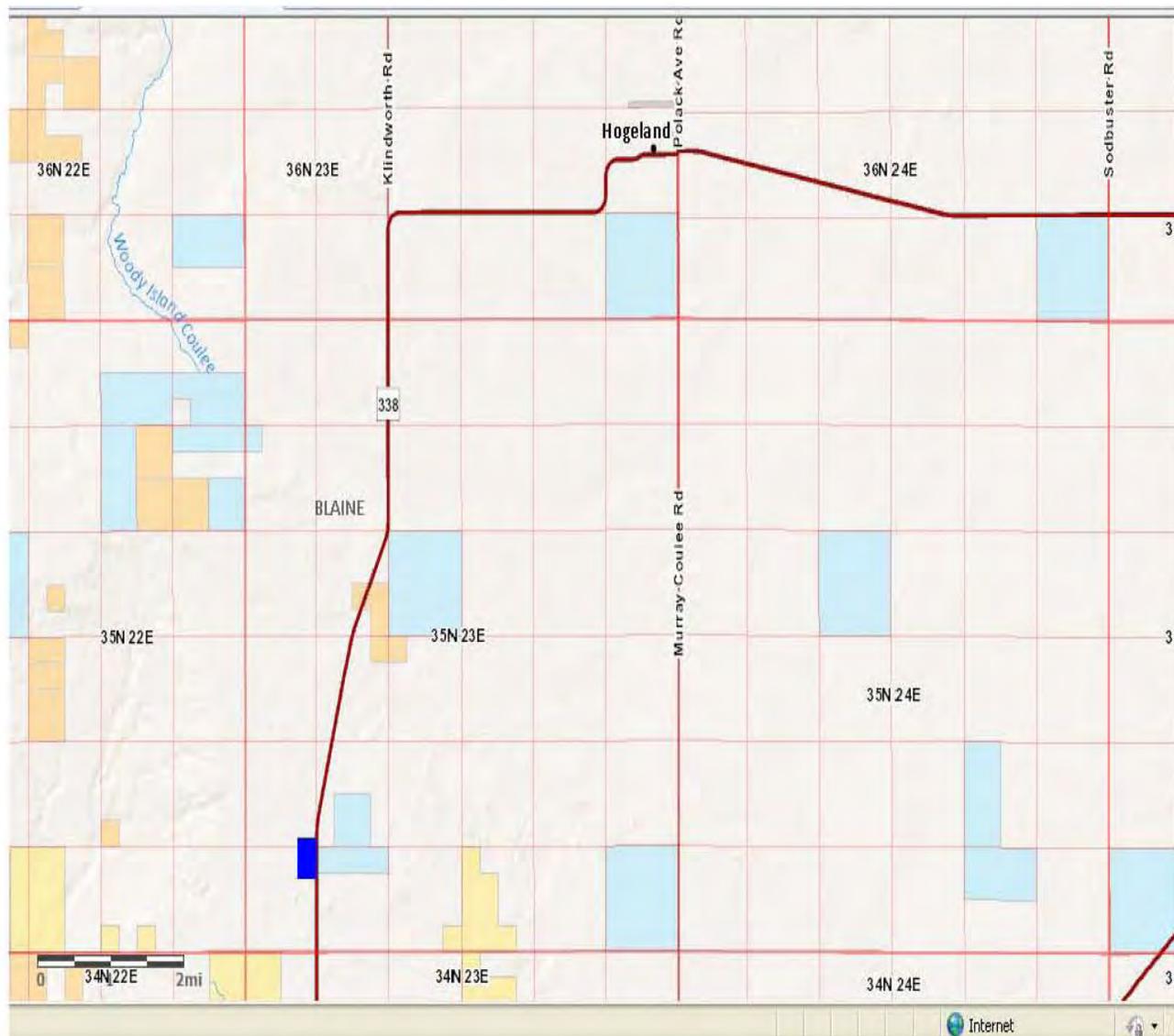
Item Summary

Triangle Telephone Cooperative Assn., Inc. is proposing to install new underground telecommunications facilities to upgrade their current facilities and services to the Turner Exchange serving area in and around Turner, Montana. The route chosen is the most direct route and will provide accessibility for construction and maintenance as it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this telecommunications request.

**Rights-of-Way Applications
Land Board Agenda Item
December 16, 2013**



**Rights-of-Way Applications
Land Board Agenda Item
December 16, 2013**

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association Inc. PO Box 1220 Havre MT 59501
Application No.:	16423
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.13
Compensation:	\$339.00
Legal Description:	20-foot strip through S2SW4, Sec. 36, Twp. 32N, Rge. 8E, Hill County
Trust Beneficiary:	Common Schools

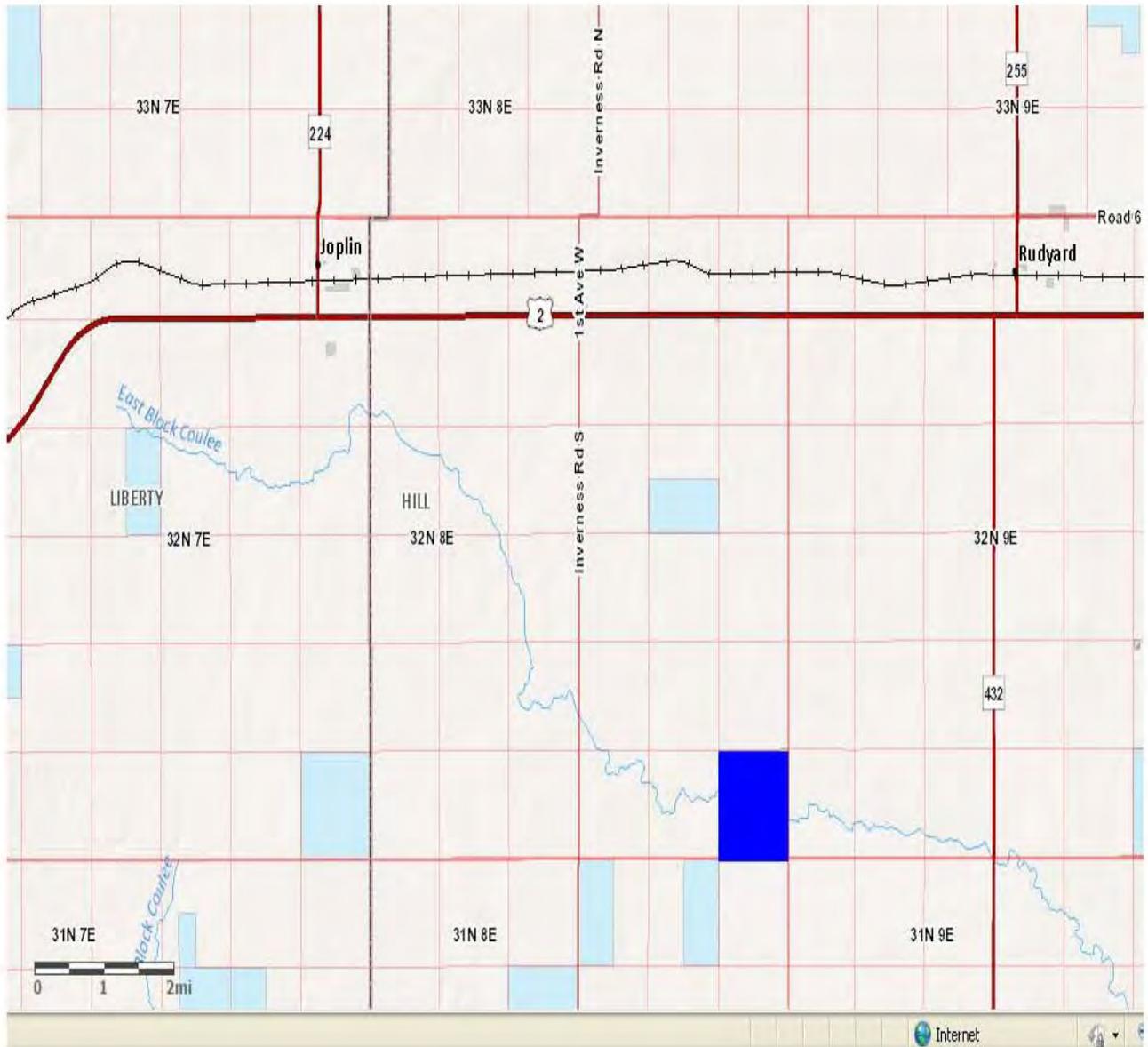
Item Summary

Triangle Telephone Cooperative Assn., Inc. is proposing to install new underground telecommunications facilities to upgrade their current facilities and services to the Joplin Exchange serving area in and around Joplin, Montana. The route chosen is the most direct route and will provide accessibility for construction and maintenance as it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this telecommunications request.

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Association Inc.
PO Box 1220
Havre MT 59501

Application No.: 16424
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.21
Compensation: \$363.00
Legal Description: 20-foot strip through S2SE4, Sec. 30, Twp. 36N, Rge. 9E,
Hill County
Trust Beneficiary: Common Schools

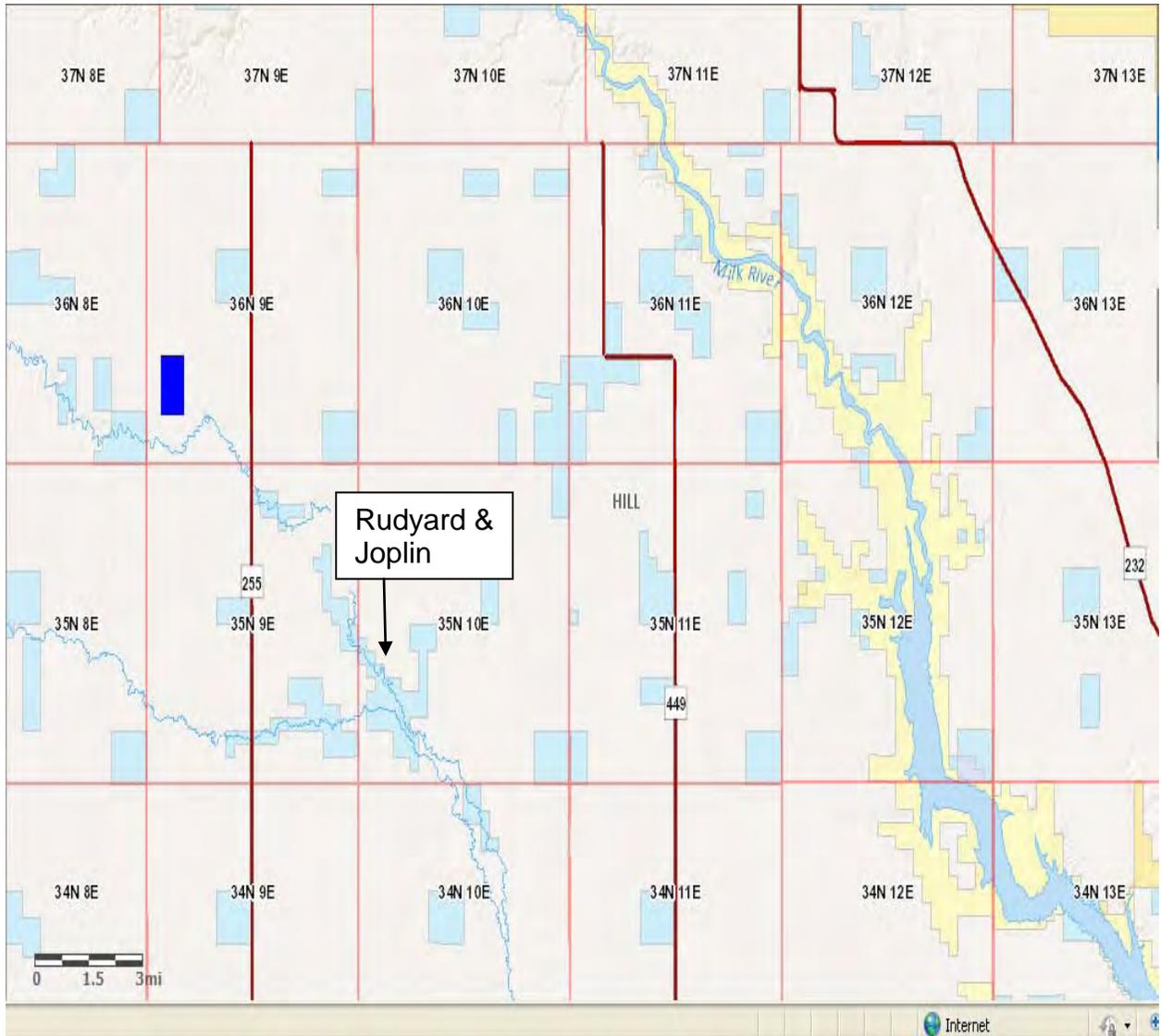
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	3 Rivers Telephone Cooperative Inc. PO Box 429 Fairfield MT 59436
Application No.:	16440
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	2.07
Compensation:	\$2070.00
Legal Description:	20-foot strip through E2NW4, N2SW4, Sec. 16, Twp. 28N, Rge. 7W, Pondera County
Trust Beneficiary:	Common Schools

Item Summary

3 Rivers Telephone Coop. Inc. is proposing to install new underground telecommunications cable to provide service to all their subscribers in the Dupuyer Exchange. The route chosen is the most direct route.

DNRC Recommendation

The director recommends approval of this telecommunications request.

**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59436

Application No.: 16441
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.12
Compensation: \$120.00
Legal Description: 20-foot strip through SE4SW4, Sec. 17, Twp. 28N, Rge. 7W,
Pondera County
Trust Beneficiary: Common Schools

Item Summary

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59346

Application No.: 16442
R/W Purpose: a buried telecommunications cable
Lessee Agreement: needed
Acreage: 1.8
Compensation: \$810.00
Legal Description: 20-foot strip through SW4SW4, S2SE4,
Sec. 9, Twp. 28N, Rge. 6W, Pondera County
Trust Beneficiary: Common Schools

Item Summary

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59346

Application No.: 16443
R/W Purpose: a buried telecommunications cable
Lessee Agreement: needed
Acreage: 2.51
Compensation: \$1255.00
Legal Description: 20-foot strip through S2SW4, S2SE4,
Sec. 10, Twp. 28N, Rge. 6W, Pondera County
Trust Beneficiary: Common Schools

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59436

Application No.: 16444
R/W Purpose: a buried telecommunications cable
Lessee Agreement: needed
Acreage: 4.15
Compensation: \$1868.00
Legal Description: 20-foot strip through W2NW4, N2SW4, N2SE4,
Sec. 16, Twp. 29N, Rge. 7W, Pondera County
Trust Beneficiary: Common Schools

Item Summary

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59436

Application No.: 16445
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 2.49
Compensation: \$1121.00
Legal Description: 20-foot strip through SW4SW4, SE4SW4, S2SE4,
Sec. 36, Twp. 30N, Rge. 7W, Pondera County
Trust Beneficiary: Common Schools

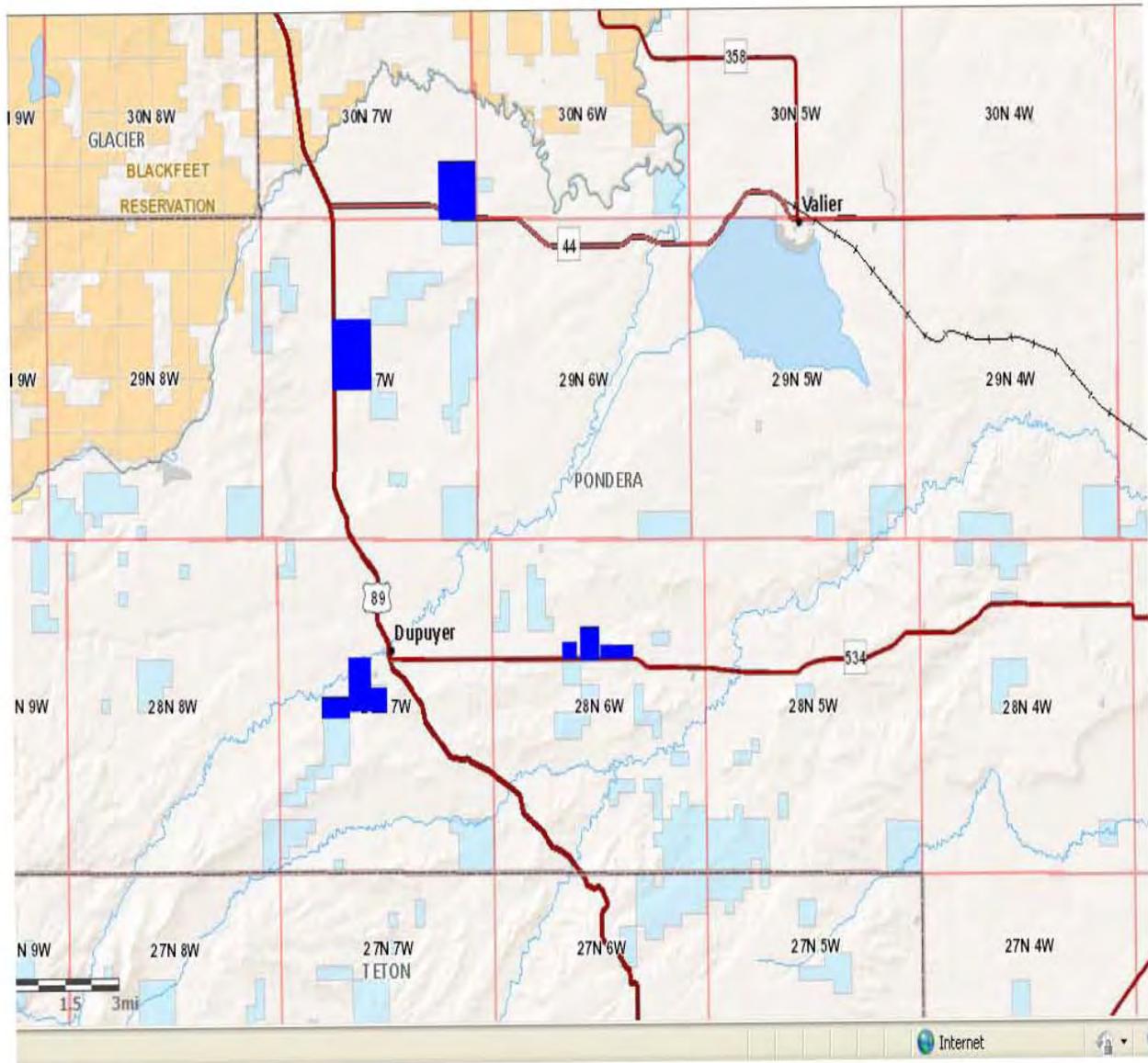
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Telephone Cooperative Inc.
PO Box 429
Fairfield MT 59436

Application No.: 16446
R/W Purpose: a buried telecommunications cable
Lessee Agreement: needed
Acreage: 2.02
Compensation: \$2020.00
Legal Description: 20-foot strip through N2NW4, SW4NW4, NW4NE4,
Sec. 16, Twp. 27N, Rge. 8W, Teton County
Trust Beneficiary: Common Schools

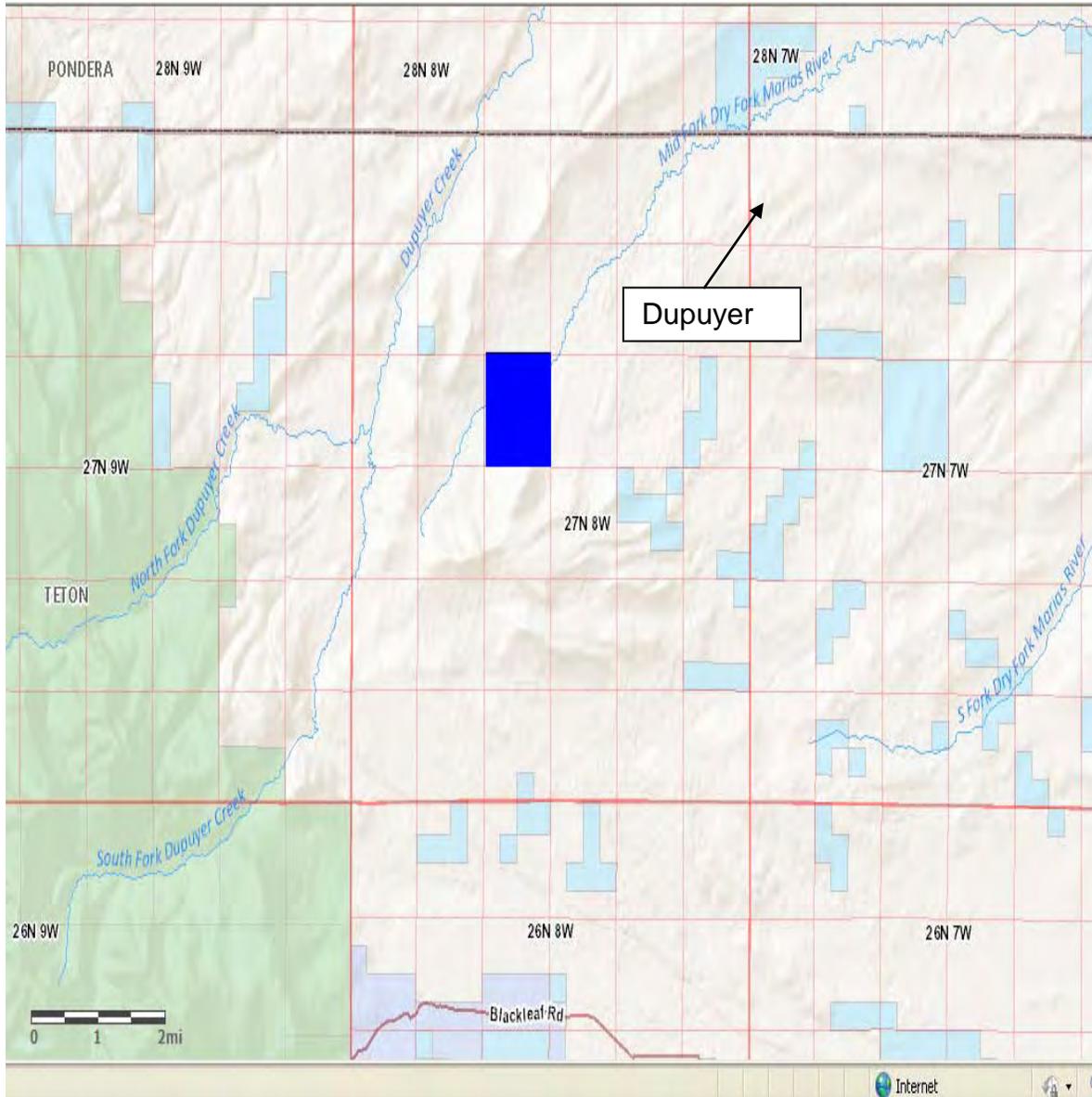
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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Randall & Becky McDaniel
512 51st South
Great Falls MT 59405

Application No.: 16438
R/W Purpose: a private access road to a single-family residence and associated outbuildings and to conduct normal farming and ranching operations

Lessee Agreement: ok
Acreage: 0.18
Compensation: \$198.00
Legal Description: 30-foot strip through NE4SE4, Sec. 36, Twp. 22N, Rge. 3E, Cascade County
Trust Beneficiary: Common Schools

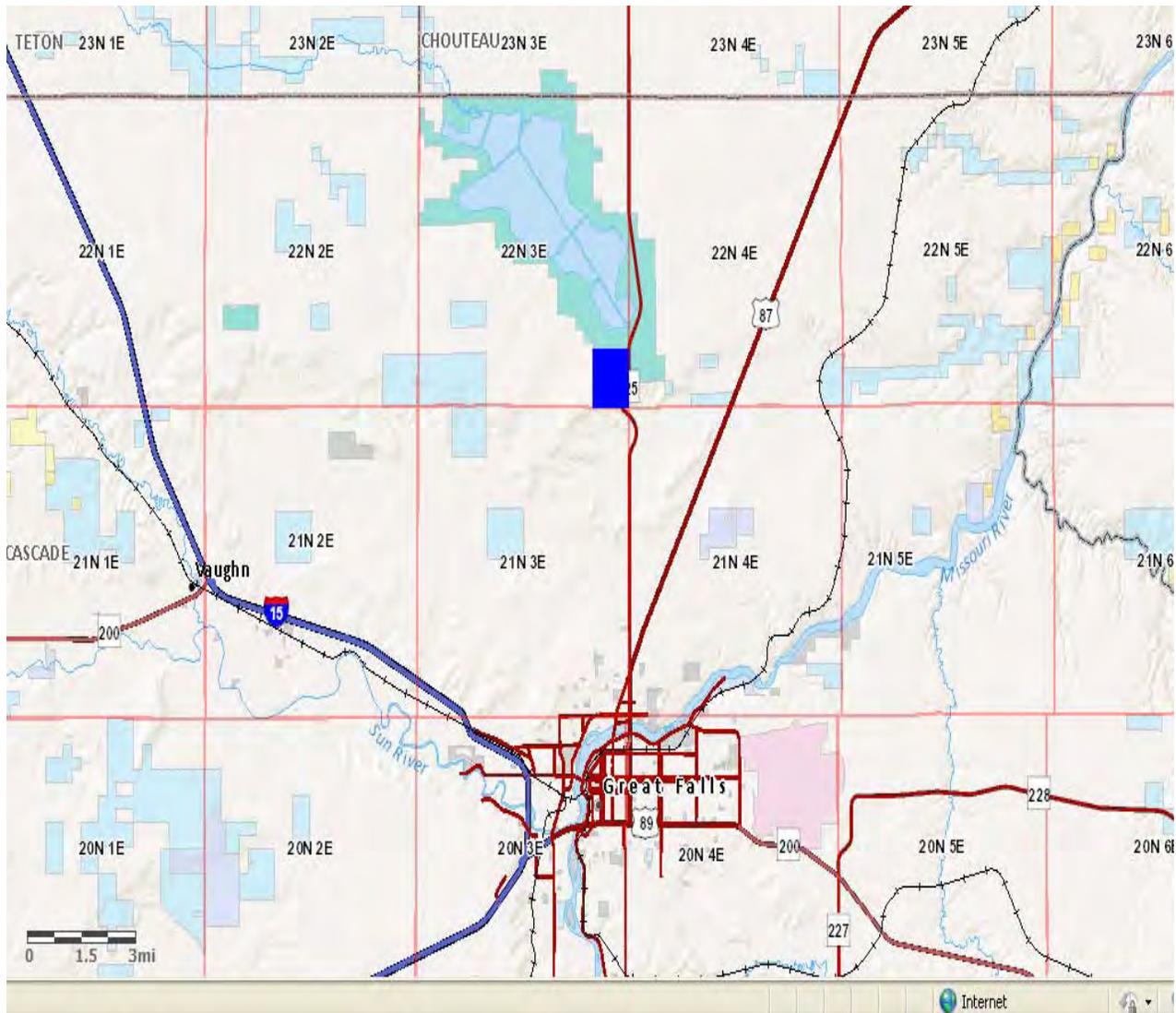
Item Summary

Applicant applied for two historic private access roads for access to their private property in 2012. One road provided access to an existing residential parcel, while the second road provided access for farm and ranch purposes only. The Land Board approved the application in October, 2012 and an easement was subsequently issued. Applicant sold their homesite parcel in early 2013. Potential purchasers of the farm and ranch parcel have walked away from the sale due to the fact that the easement was not for residential purposes as well as farm and ranch. As a result, applicant is requesting their historic easement for the farm and ranch purposes be terminated and a new easement be granted under the Access Road Policy for residential use. The new easement will be assessed a new fee for the request.

DNRC Recommendation

The director recommends approval of this private access road.

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**Rights-of-Way Applications
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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Kenneth G. Morris 81 17th Lane NW Fairfield MT 59436
Application No.:	16346 (Amended)
R/W Purpose:	a private access road to a single family residence and associated outbuildings and to conduct normal farming and ranching operations
Lessee Agreement:	ok
Acreage:	2.65
Compensation:	\$1855.00
Legal Description:	30-foot strip through E2NW4, NE4SW4, Sec. 33, Twp. 22N, Rge. 6W, Teton County
Trust Beneficiary:	Common Schools

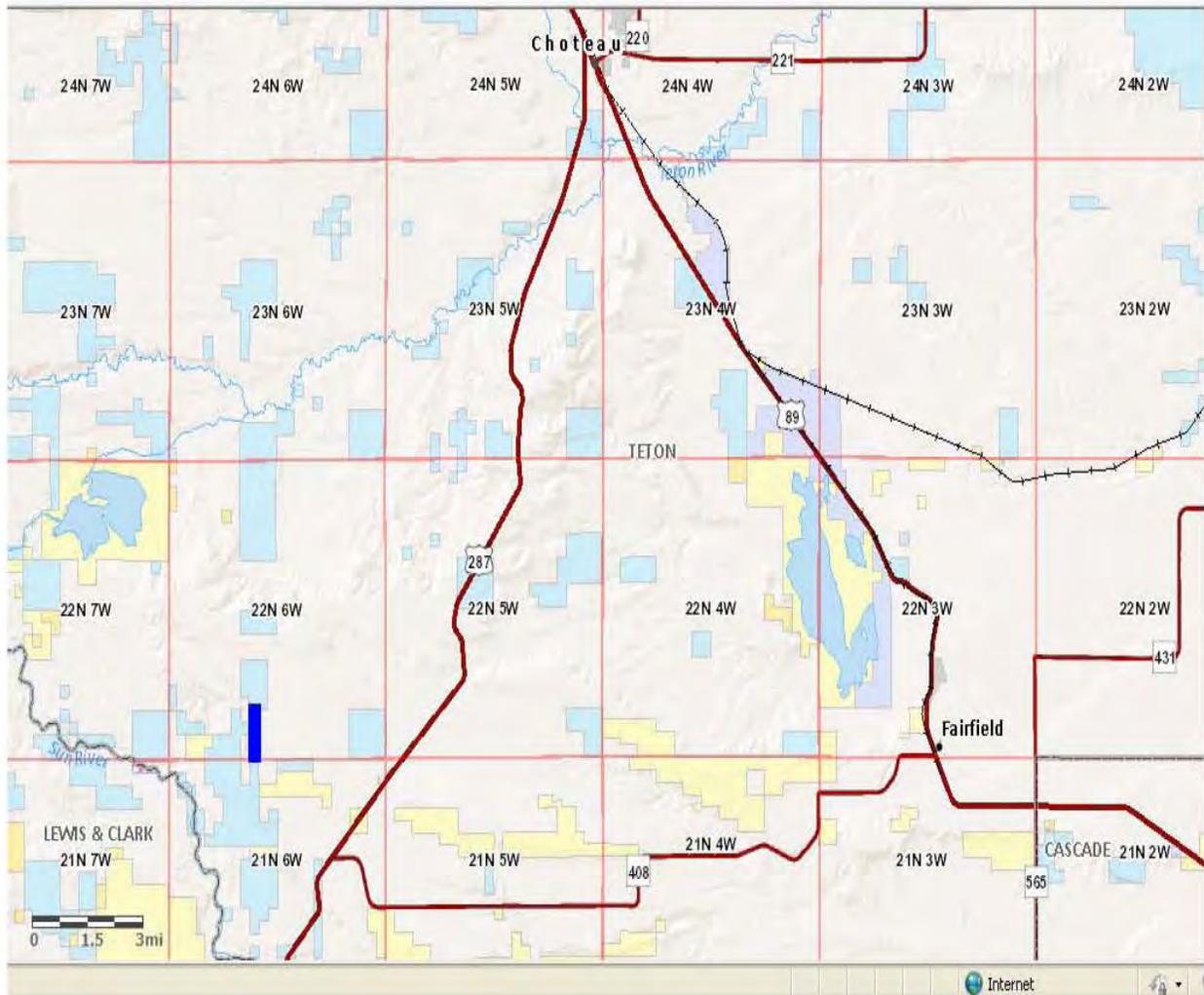
Item Summary

Applicant had previously requested a historic easement for farm and ranch purposes, which was approved by the Land Board in July, 2013. However, applicant did not understand that the historic easement does not provide for residential purposes. Instead of issuing the historic easement the Department advised the applicant that he would need to submit an amended easement application under the Access Road Policy so as to have the ability to access a residence he plans to build on his private lands. The process has been completed and the request reviewed per the Policy.

DNRC Recommendation

The director recommends approval of this amended easement request.

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Pondera County Canal And Reservoir Co. PO Box 245 Valier MT 59486
Application No.:	14822 (Amended)
R/W Purpose:	buried 12" and 18" pipelines for conveyance of irrigation and stockwater
Lessee Agreement:	N/A (Historic)
Acreage:	1.43
Compensation:	\$1073.00
Legal Description:	30-foot strip through S2NW4, Sec. 36, Twp. 31N, Rge. 4W, Pondera County
Trust Beneficiary:	Common Schools

Item Summary

Applicant was issued an easement for a 12" water pipeline in August, 2009. Due to additional irrigation and stockwater needs an additional pipeline to serve users is necessary. Applicant has requested their existing easement be amended to allow a second, larger pipeline be installed within the same corridor so as to provide the necessary services.

DNRC Recommendation

The director recommends approval of this request.

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