

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Tuesday, February 18, 2014, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

- 214-1 **FWP: Conservation Easement – Raundal Coulee**
 Benefits: N/A (non-trust land)
 Location: Garfield and Petroleum Counties
 APPROVED 5-0
- 214-2 **Department of Corrections: Land Acquisition – Alley Adjacent to Montana Women's Prison (Billings)**
 Benefits: N/A (non-trust land)
 Location: Yellowstone County
 APPROVED 5-0
- 214-3 **University of Montana: Approval for Sale of Residential Property (Kalispell)**
 Benefits: N/A (non-trust land)
 Location: Flathead County
 APPROVED 5-0
- 214-4 **Timber Sales**
 A. County Line
 Benefits: Common Schools
 Location: Missoula County
 APPROVED 5-0
 B. Grasshopper (Salvage)
 Benefits: Common Schools
 Location: Beaverhead County
 APPROVED 5-0
- 214-5 **Communitization Agreement: Whiting Oil and Gas Corporation – Double Bar M 24-32H Well**
 Benefits: Common Schools
 Location: Richland County
 APPROVED 5-0
- 214-6 **Land Banking Parcels: Set Minimum Bid for Sale**
 A. Custer County
 Benefits: Common Schools
 Location: Custer County
 APPROVED 5-0
 B. Fallon County
 Benefits: Common Schools
 Location: Fallon County
 APPROVED 5-0
 C. Garfield County
 Benefits: Common Schools
 Location: Garfield County
 APPROVED 5-0
- 214-7 **Land Banking Parcels: Final Approval for Sale**
 Benefits: Common Schools
 Location: Pondera County
 APPROVED 5-0

214-8

Easements

Benefits: Common Schools, Public Buildings, Public Land Trust

Location: Fallon, Lewis and Clark, Liberty, Lincoln, Meagher, Richland, Roosevelt, Rosebud, and Teton Counties

APPROVED 5-0

PUBLIC COMMENT

214-1

FWP: CONSERVATION EASEMENT –
RAUNDAL COULEE

**Land Board Agenda Item
February 18, 2014**

214-1 FWP: Conservation Easement – Raundal Coulee

Location: Garfield and Petroleum Counties

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

Trust Revenue: N/A

Item Summary

Montana Fish, Wildlife and Parks (FWP) propose to purchase a Conservation Easement (CE) on the Tom and Karen Browning Ranch. This CE will conserve agriculture and wildlife habitat and ensure continuing public access to the ranch's lands and adjacent public lands. The Raundal Coulee CE would protect approximately 2,596 acres of riparian habitat, plains forest, and sagebrush grasslands in southeast Petroleum County and the eastern boundary of Garfield County along the Musselshell River. The Tom and Karen Browning Ranch is divided into two parcels bordered by lands managed by US Bureau of Land Management (BLM) and Montana Department of Natural Resources and Conservation (DNRC), and other privately-owned lands. The project is located approximately 15 miles north of Mosby, Montana; 30 miles northeast of Winnett, Montana; and 30 miles northwest of Sand Springs, Montana.

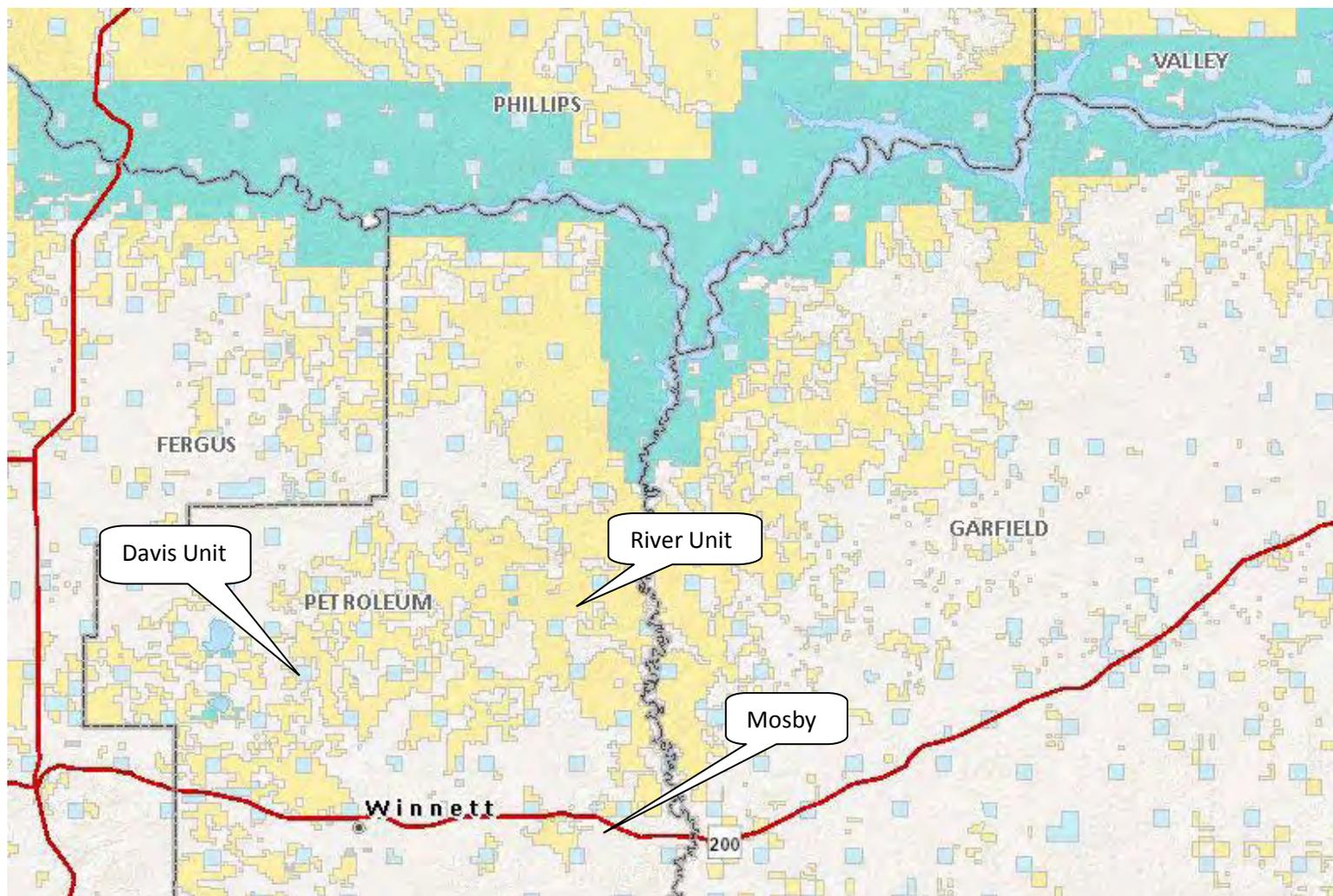
The cost of the project is \$900,000 and the funding will be from Habitat Montana.

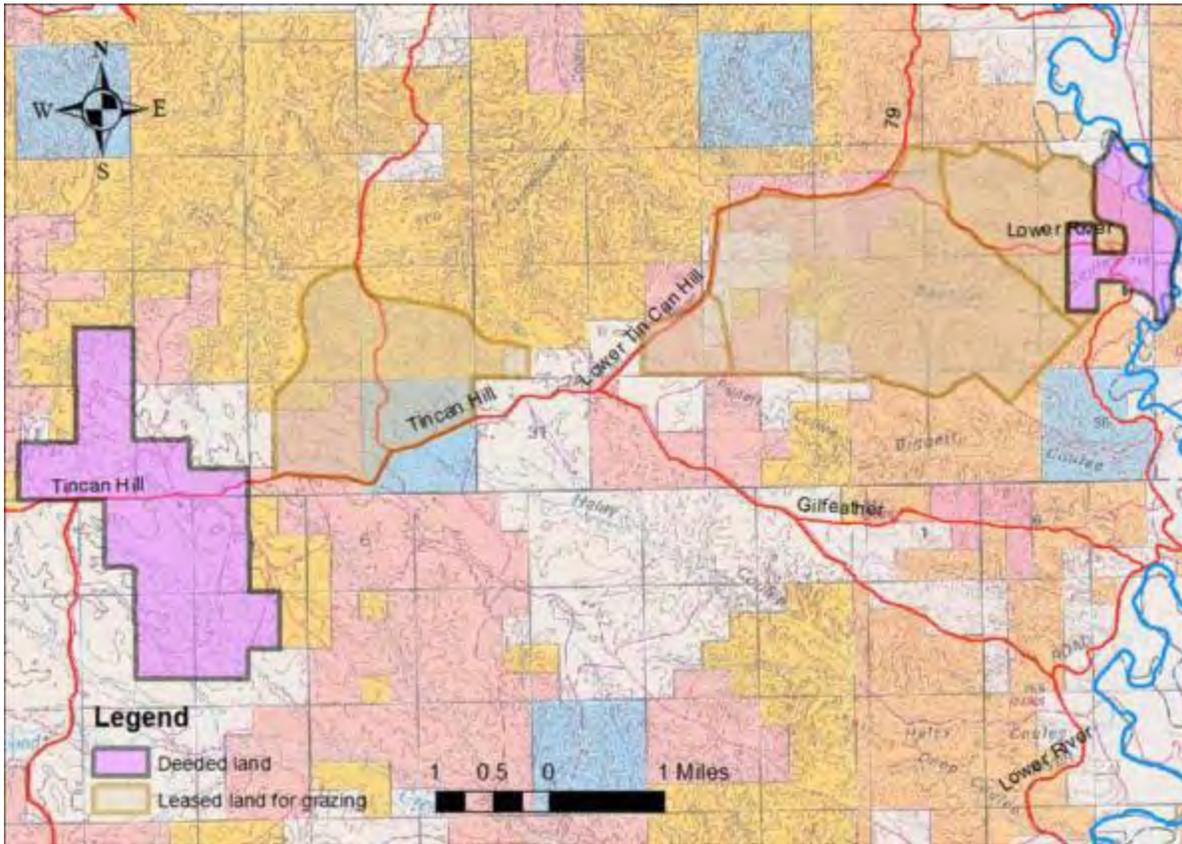
FWP released a draft environmental assessment (EA) for public review of the proposed action on December 13, 2013, and accepted public comment until 5:00 PM January 11, 2014. FWP received eight total comments: all were in support of the proposal.

The Fish and Wildlife Commission decision is pending at this time. They meet February 13, 2014.

FWP Recommendation

FWP recommends the Land Board approve the FWP acquisition of a conservation easement on the Tom and Karen Browning Ranch for \$900,000.









214-2

DEPARTMENT OF CORRECTIONS:
LAND ACQUISITION – ALLEY ADJACENT TO
MONTANA STATE WOMEN'S PRISON
(BILLINGS)

Land Board Agenda Item
February 18, 2014

214-2 Department of Corrections: Land Acquisition - Alley Adjacent to the Montana Women's Prison (Billings)

Location: Yellowstone County

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

Trust Revenue: N/A

Proposal:

The Montana Department of Corrections (DOC) proposes to acquire a strip of land consisting of the alley right-of-way within Block 228, original townsite of Billings, which is located adjacent to the Montana Women's Prison (approximately 6,000 square feet).

Proponent:

Montana Department of Corrections (DOC)

Purchase Price:

\$20,400

Beneficiary:

Non-Trust Land

Background:

DOC is proposing to expand the yard for the Montana Women's Prison. DOC owns the property on both sides of the alley and would like to fence off the alley, but cannot install gates or otherwise impede public traffic in the alley without purchasing the property. Currently, there is no manner or method of stopping persons from accessing the alley and throwing objects over the back fence and into the prison yard. This situation creates a serious threat to the safety and security of the facility.

The DOC has negotiated with the City of Billings to purchase the alley within Block 228 of the original townsite of Billings, between 7th Avenue South and 8th Avenue South.

Process:

An appraisal of the area was done in November 2013 and DOC will complete its due diligence on the proposed acquisition including a Phase I Environmental Site Assessment.

Agency Recommendation:

DOC requests Land Board approval to acquire a parcel of land from the city of Billings for the purchase price of \$20,400.

Location Map



214-3

UNIVERSITY OF MONTANA:
APPROVAL FOR SALE OF RESIDENTIAL
PROPERTY (KALISPELL)

**Land Board Agenda Item
February 18, 2014**

214-3 University of Montana: Approval for Sale of Residential Property (Kalispell)

Location: Flathead County

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

Trust Revenue: N/A

Proposal:

The University of Montana proposes to sell a single family residence that was devised to the university in 2010 from the estate of Ruth Davis.

Proponent:

University of Montana (UM)

Sale Price:

\$62,000

Beneficiary:

Non-Trust Land

Background:

The university was devised a single-family residence from the estate of Ruth Davis in September 2010. The residence is an 80-year old one-story structure, approximately 1,254 square feet in size located at 1519 Woodland Avenue in Kalispell.

Shortly after acquiring the residence, the university learned that a portion of the home was encroaching on the neighboring property which prompted them to complete a boundary line adjustment in 2011. In 2012, an asbestos inspection and home inspection were completed. The asbestos inspection reported the presence of asbestos in an interior wall of the residence. The home inspection noted several poor to marginal conditions in the roofing, exterior, grounds and drainage, electrical and interior systems of the home.

The property is not an appropriate type or venue to serve the mission of the university in any reasonable manner. The university has already incurred out-of-pocket expenses in excess of \$19,000 for repairing and maintaining the property, resolving the property line encroachment issue, and preparing the property for sale. Continued ownership of this property by the university will force the university to continue to expend its limited funds for which there is no chance of recovery except by selling the property.

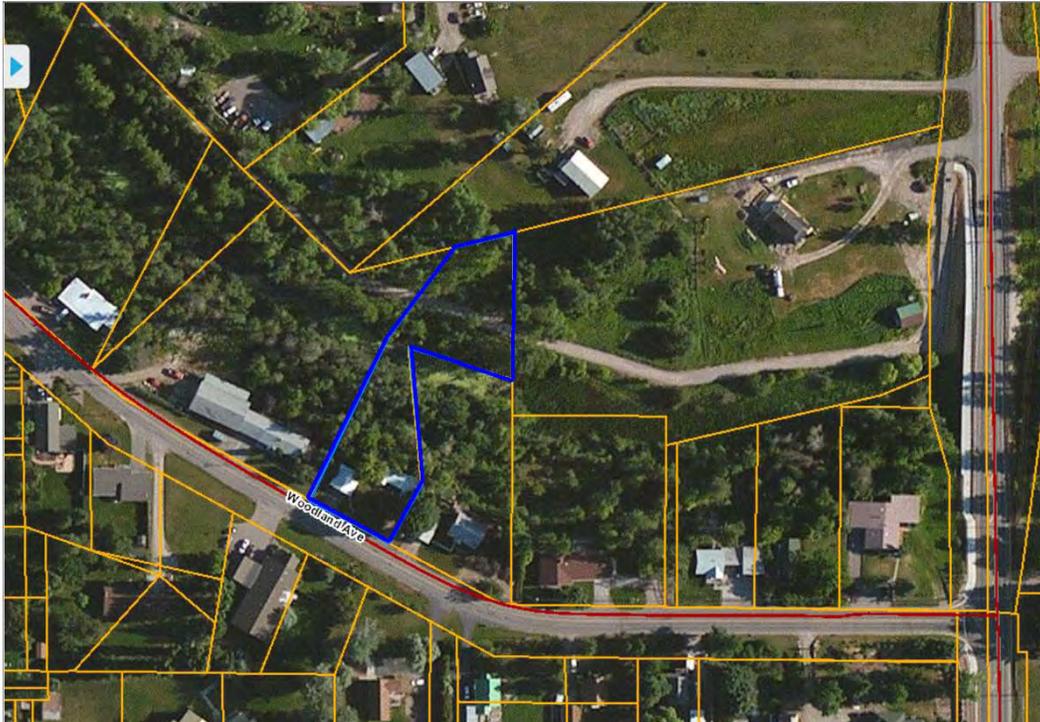
The university has received authorization from the Board of Regents of Higher Education at their November 2013 board meeting to proceed with selling this single-family residence.

Process:

Two previous appraisals of the property were completed in October 2012 and May 2013 listing the market value at \$85,000 and \$90,000 respectively. Both appraisals were done without knowledge of conditions revealed in the home and asbestos inspections. A recent appraisal was completed on January 6, 2014, listing a market value of \$62,000.

Agency Recommendation:

The university requests Land Board approval of the request to sell single-family residence in Kalispell at a public auction and the minimum bid amount be set at appraised value of \$62,000.

Location Map

214-4

TIMBER SALES

- A. County Line
- B. Grasshopper (Salvage)

Land Board Agenda Item
February 18, 2014

214-4A Timber Sale: County Line

Location: Missoula County

**Trust Benefits: Common Schools
Section 36, T11N-R19W**

Trust Revenue: \$48,379 (estimated, minimum bid)

Item Summary

The County Line timber sale is located approximately seven miles northeast of Florence, Montana. The sale includes three harvest units totaling 179 acres with an estimated sale volume of 3,581 tons (518 MBF) of sawlogs with a total minimum of \$13.51 per ton, generating approximately **\$48,379** for the Common School Trust and **\$11,769** in forest improvement fees.

Prescriptions would consist of removing mixed conifer species using commercial thinning on approximately 179 acres. Treatments are designed to thin overstocked ponderosa pine and Douglas-fir trees and remove trees that have insect damage and poor growth characteristics, (crook, sweep, fork, etc.). Treatments are designed to: reduce insect and disease activity; reduce hazardous fuels buildup; and improve general stand health. A timely removal of beetle hit trees will reduce the potential of stand degradation.

Approximately four miles of existing roads would be improved and maintained to meet best management practices (BMPs) and no new road construction would occur.

The environmental analysis associated with this project was completed in 2010. Scoping for the project was conducted through legal publications in the *Missoulian* and through letters sent to members of the statewide and local timber sale scoping lists. Two letters were received – one in support of the project and one with concerns associated with weed control. The Department of Natural Resources and Conservation (DNRC) has incorporated standard weed control measures to mitigate this concern. DNRC specialists have reviewed the project and assessed potential impacts associated with the proposed treatment.

DNRC Recommendation

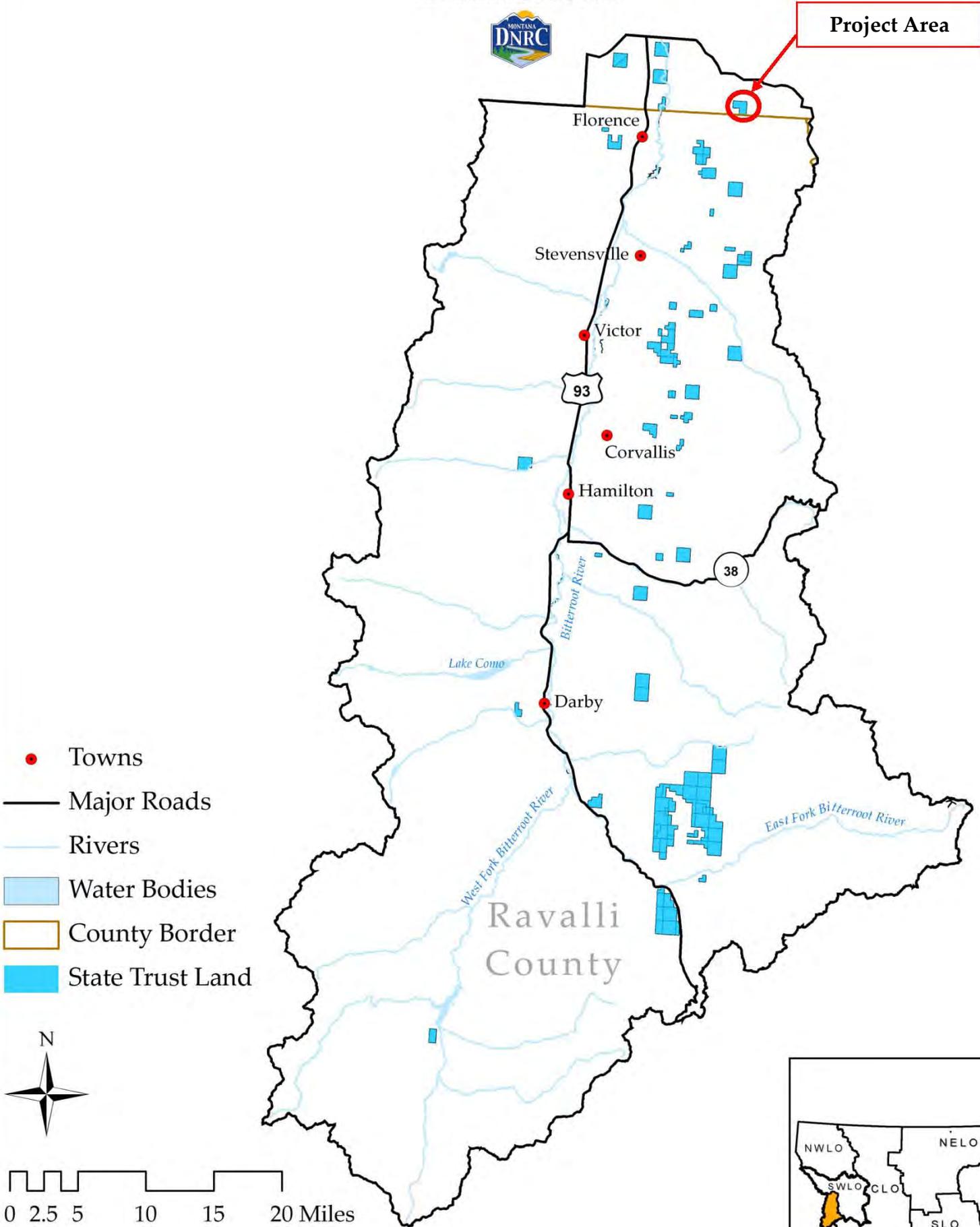
The director recommends the Land Board direct DNRC to sell the County Line timber sale.

COUNTY LINE TIMBER SALE VICINITY MAP HAMILTON UNIT

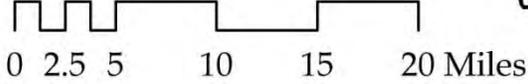
214-4A



Project Area



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



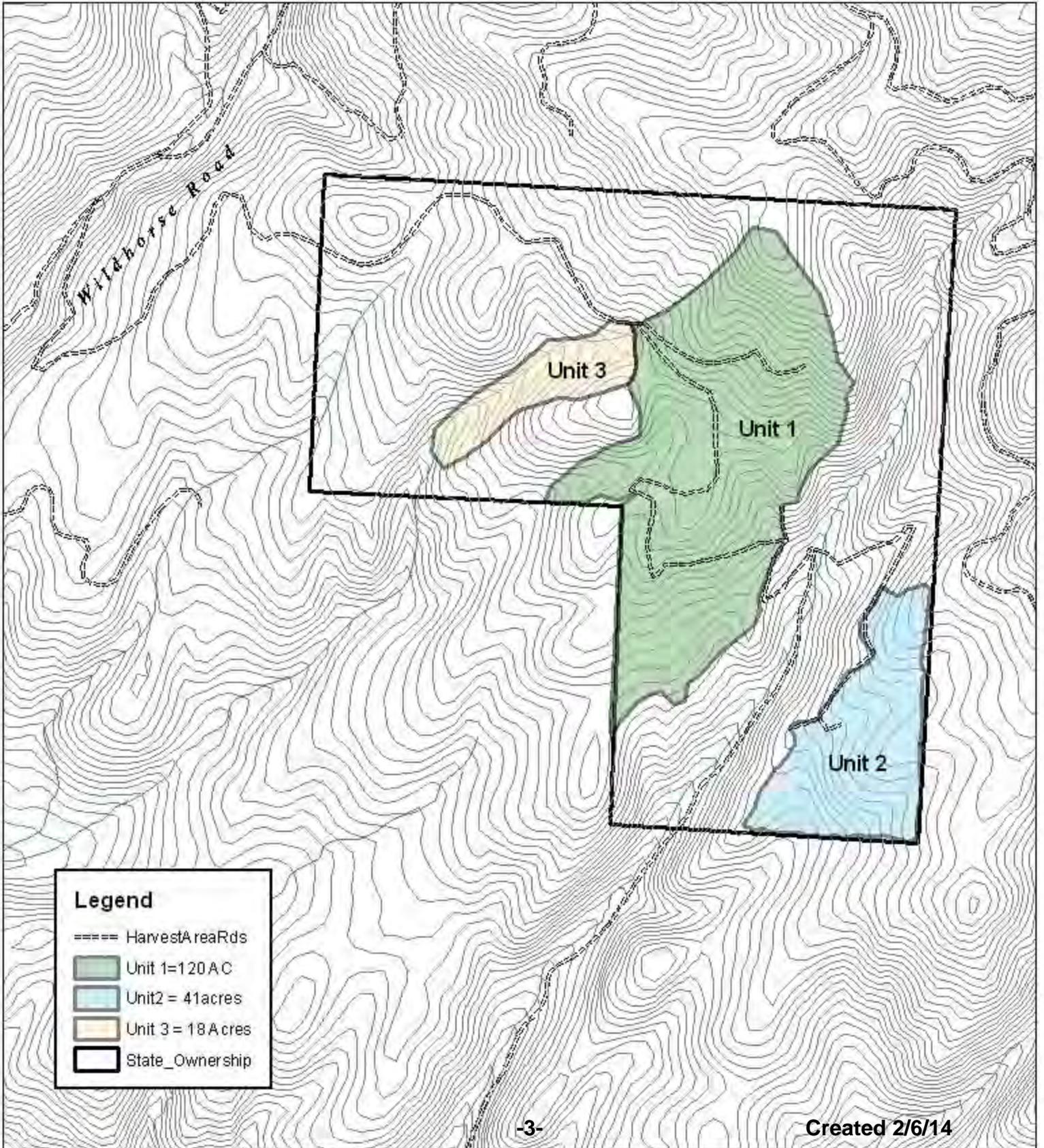


County Line Timber Sale

Section 36 T11N,R19W

179 Acres

4 7/8 inches = 1 mile



**Land Board Agenda Item
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214-4B Timber Sale: Grasshopper (Salvage)**Location: Beaverhead County****Trust Benefits: Common Schools
Section 4, T5S-R12W****Trust Revenue: \$98,137 (estimated, minimum bid)****Item Summary**

The Grasshopper salvage timber sale is approximately 42 miles northwest of Dillon, Montana. The sale includes eight harvest units totaling 250 acres with an estimated sale volume of 8,431 tons (1,258 MBF) of sawlogs with a total minimum bid of \$11.64 per ton, generating approximately \$98,137 for the Common School Trust.

Prescriptions consist of harvesting primarily Douglas-fir using a selective tree harvest on all 250 acres. Treatments are designed to harvest overstocked stands that are currently infested with spruce budworm and mountain pine beetle. Treatment objectives are designed to retain healthy trees that show vigor and resistance to insect attacks while reducing fuel loading.

The Department of Natural Resources and Conservation (DNRC) will maintain and improve 2.8 miles of existing national forest system roads crossing through private and state lands that access the sale area. DNRC will also construct 0.4 miles of new roads and reconstruct 0.25 miles of existing temporary logging spurs on state land to access the harvest units. Postharvest, all temporary spurs will be physically closed and stabilized with placement of slash, grass-seed, and erosion control features.

Scoping for this project was conducted through legal publications in the *Dillon Tribune* and *The Montana Standard* and through letters to members of the statewide and local timber sale scoping lists. Beaverhead County officials and DNRC grazing lessees have voiced support of this proposal. DNRC specialists have reviewed the proposal and identified the issues to be analyzed and identified harvest mitigation measures to reduce potential impacts.

DNRC Recommendation

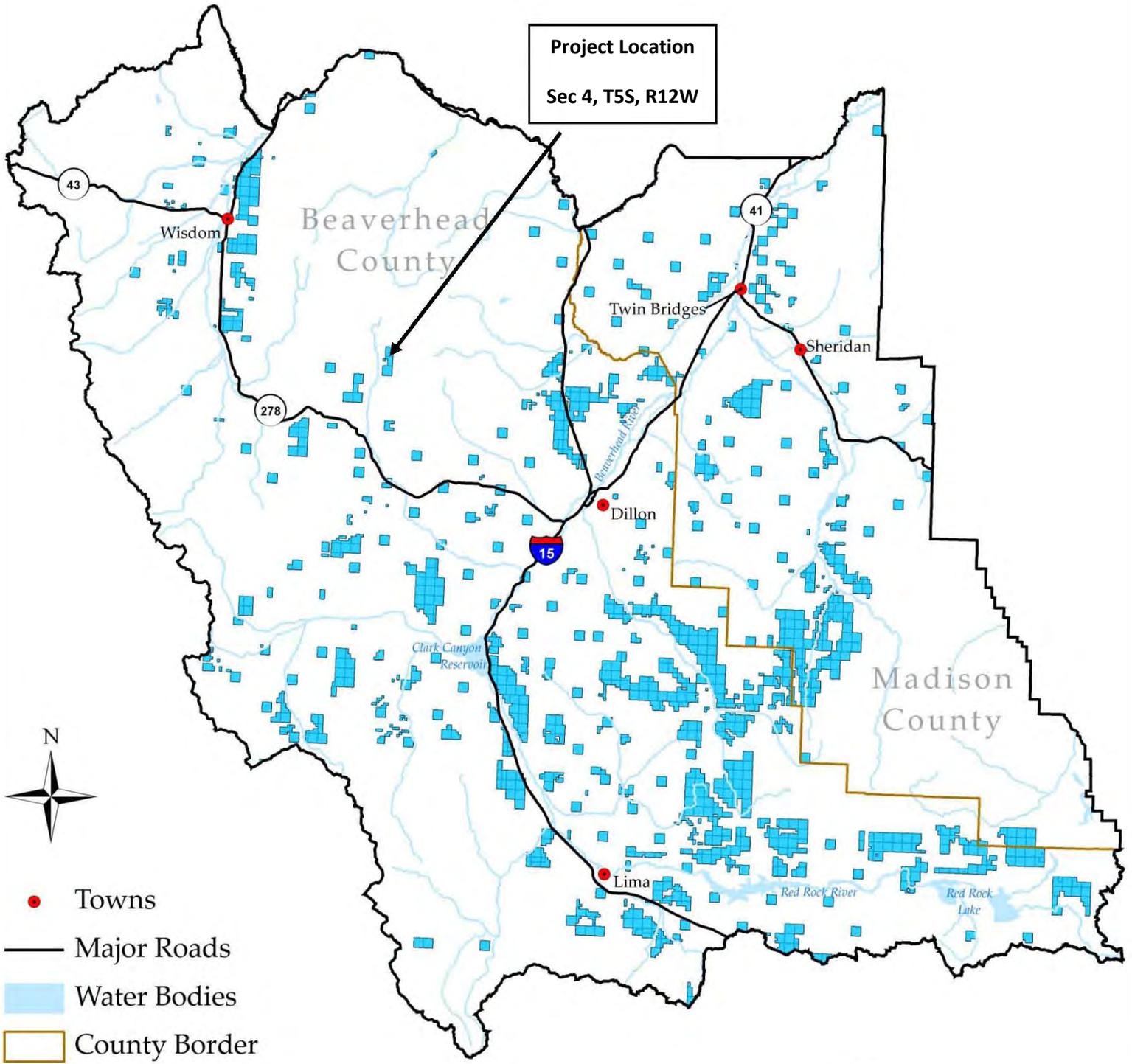
The director recommends the Land Board direct DNRC to proceed with the sale of the Grasshopper salvage timber sale as proposed.

GRASSHOPPER SALVAGE VICINITY MAP DILLON UNIT

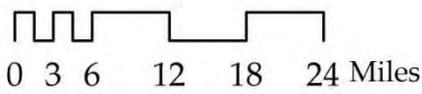
214-4B

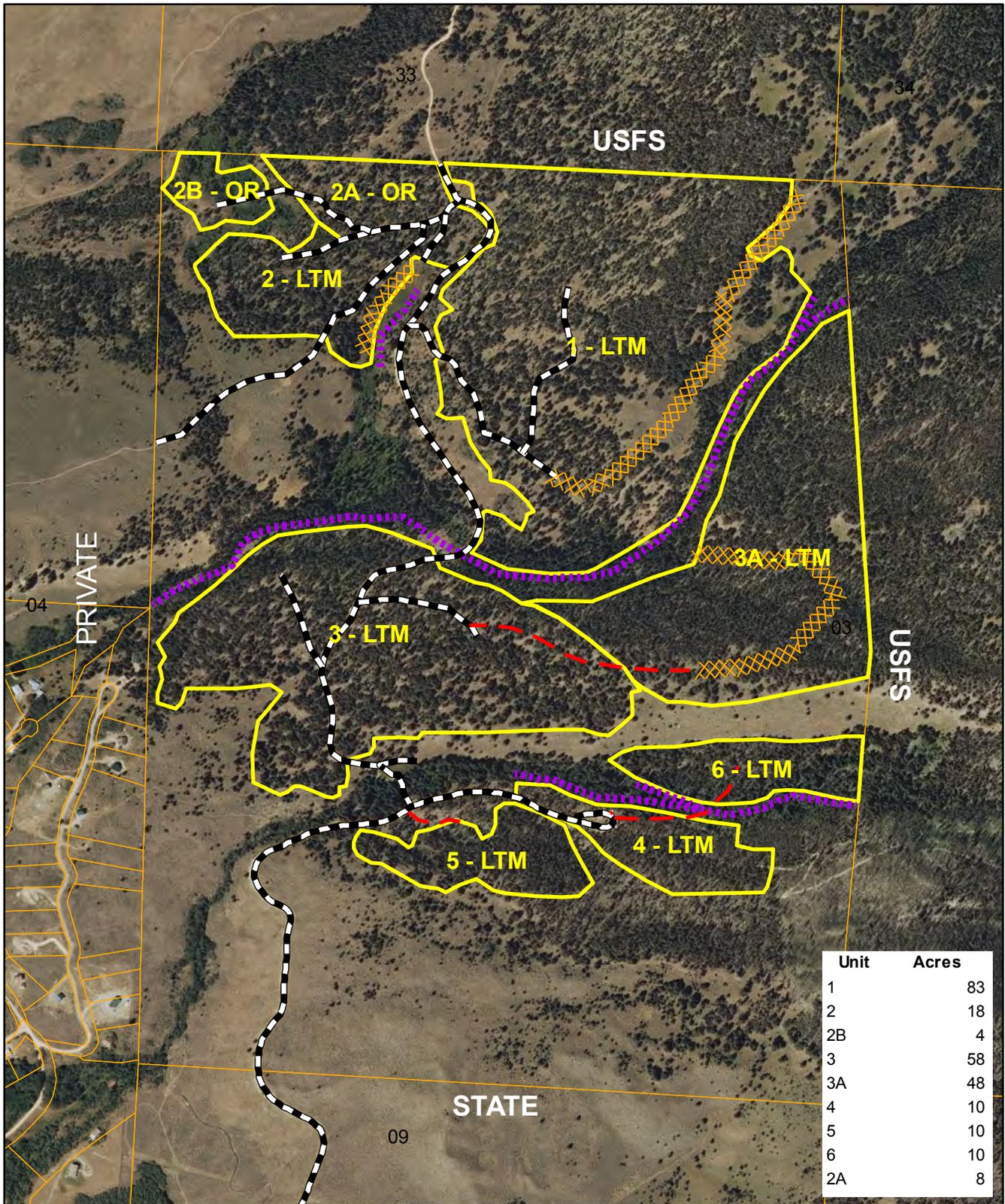


Project Location
Sec 4, T5S, R12W



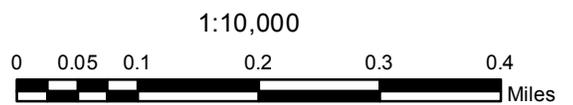
- Towns
- Major Roads
- Water Bodies
- County Border
- Rivers
- State Trust Land





Legend

- Grasshopper Harvest Units
- Access Road
- New_Temp
- Riparian Management Zone
- Skid Trails



214-5

COMMUNITIZATION AGREEMENT:
WHITING OIL AND GAS CORPORATION –
DOUBLE BAR M 24-32H WELL

Land Board Agenda Item
February 18, 2014

214-5 Communitization Agreement: Whiting Oil and Gas Corporation – Double Bar M 24-32H Well

Location: Richland County
T27N R57E Section 29: SW4SE4
T27N R57E Section 32: Lot 1, NW4SW4

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

Whiting Oil and Gas Corporation has filed a request with the Department of Natural Resource 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 the DNRC for state lands.

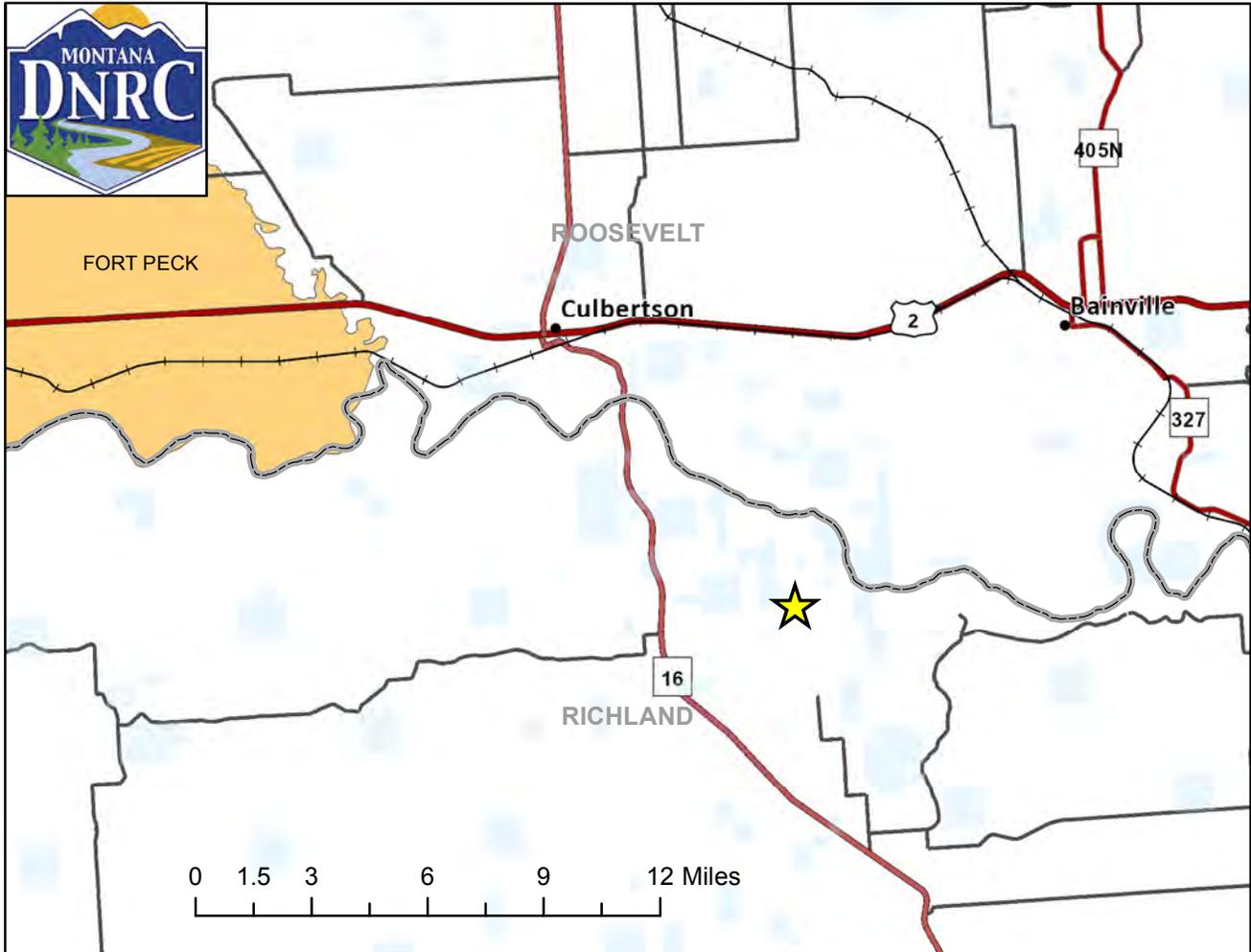
The Double Bar M 24-32H well is a horizontal Bakken/Three Forks formation oil well located approximately 10 miles southeast of Culbertson and was drilled on private land in the SE4SW4 of Section 32. DNRC owns 126.78 acres of the 1306.64 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks Formation in sections 29 and 32.

The DNRC tracts comprise 9.7% of the communitized area. DNRC will consequently receive 1.62% of all oil and gas production (16.67% royalty rate x 9.7% tract participation).

DNRC Recommendation

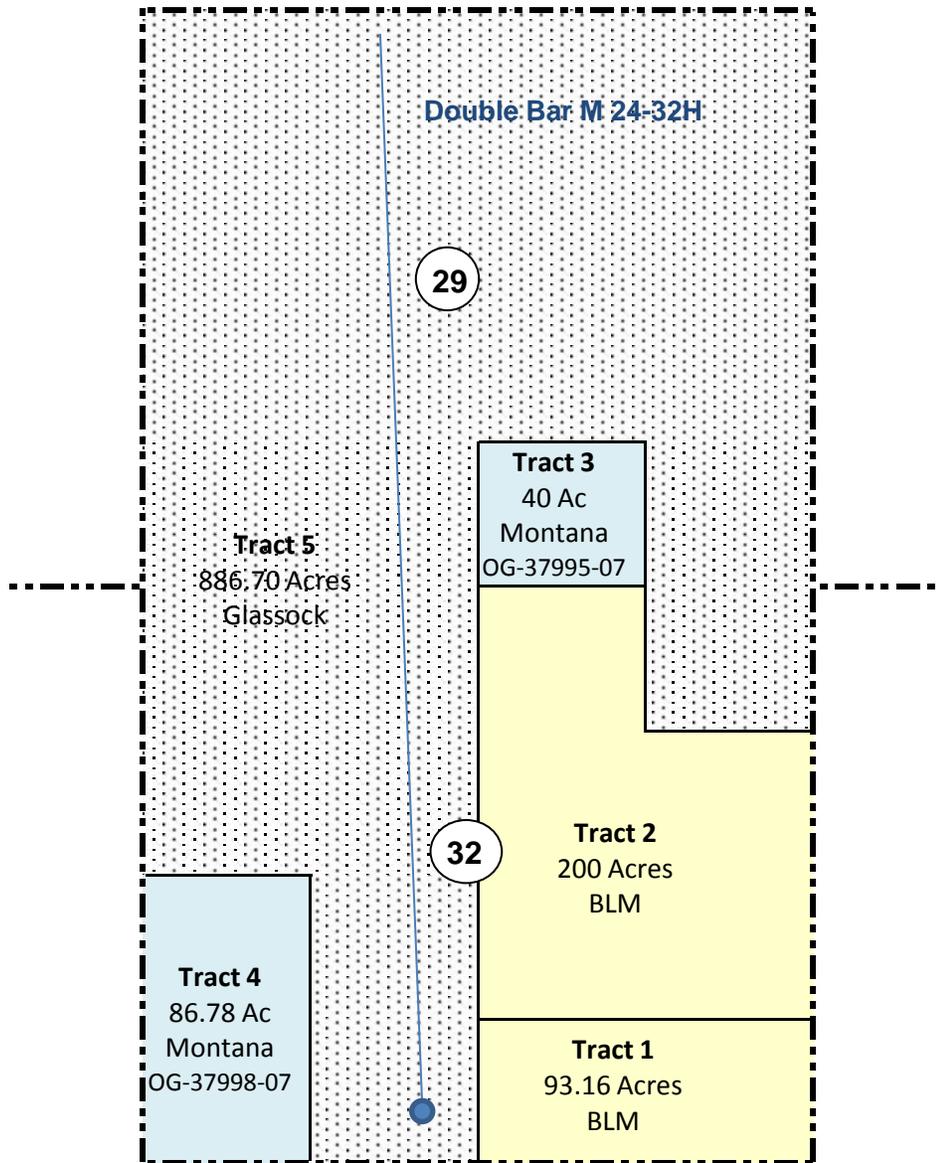
The director recommends the Land Board approve this communitization agreement.

Vicinity Map Double Bar M 24-32H Well



Township 27 North Range 57 East

Sections 29 & 32



Recapitulation

Tract No.	Type		Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	BLM		93.16	7.129737%	12.50%	0.00891217
2	BLM		200.00	15.306435%	12.50%	0.01913304
3	State of Montana	OG-37995-07	40.00	3.061287%	16.67%	0.00510317
4	State of Montana	OG-37998-07	86.78	6.641462%	16.67%	0.01107132
5	Glasscock Trust		886.70	67.861079%	18.50%	0.12554300
Total			1306.64	100.00%		

* The Operator of the Communitized Area is Whiting Oil and Gas Company

214-6

LAND BANKING PARCELS: SET MINIMUM BID FOR SALE

- A. Custer County
- B. Fallon County
- C. Garfield County

**Land Board Agenda Item
February 18, 2014**

214-6A Land Banking Parcels: Set Minimum Bid for Sale – Custer County

Location: Custer County

Trust Benefits: Common Schools

Trust Revenue: \$252,000

Item Summary

The Department of Natural Resources and Conservation is requesting to set the minimum bid on two parcels totaling 800 acres which were nominated for sale in Custer County. The sales were nominated by the lessees and are located within approximately 40 miles of Miles City.

Sale #	# of Acres	Legal	Nominator	Trust
691	640	ALL, Section 16, T3N-R54E	Gerald Ellis	Common Schools
696	160	S½NE¼, NW¼NE¼, NE¼NW¼, Section 24, T1N-R48E	Marvin Rehbein	Common Schools

The parcels are flat to gently rolling and used primarily for livestock grazing purposes. The parcels have average productivity for grazing lands.

The parcels are not legally accessible by the public and are surrounded by private land.

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

Economic Analysis:

Short term – The average rate of return on these sale parcels is 0.3%. The parcels would continue to receive this return if they were to remain in state ownership.

Long-term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.97% on acquisitions generating income from annual lease payments.

Cultural/Paleontological Resources:

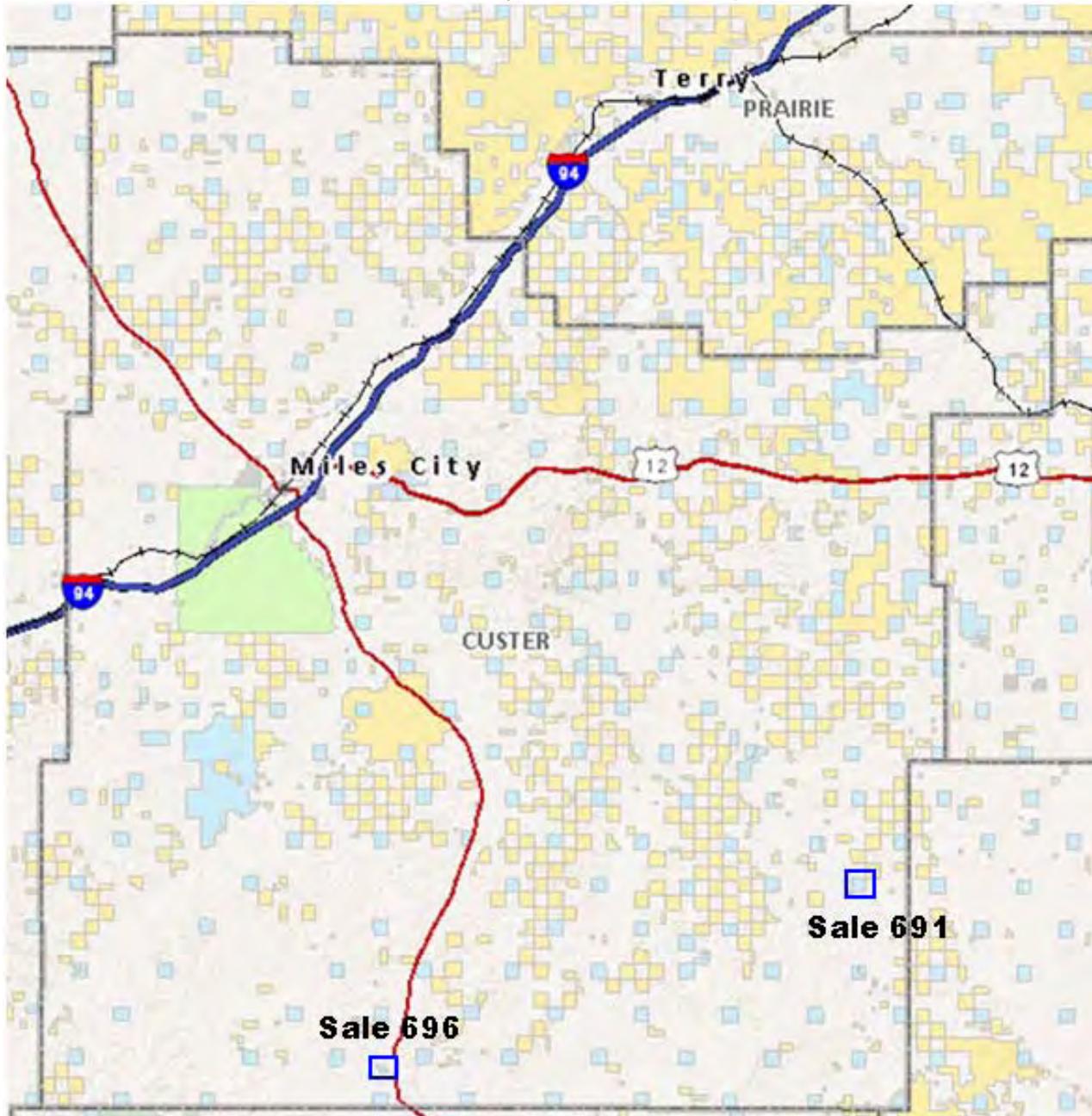
The state parcels were inventoried to Class III standards for cultural and paleontological resources in July 2013. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. Further, neither Judith River nor Hell Creek geological formations occur on or beneath the ground surface of the subject state tracts. Sale of the tract will have *no effect to heritage properties*. A formal report of findings has been prepared and has been filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Sale #	Appraised Value With Access	Appraised Value per acre	Recommended Minimum Bid
691	\$192,000	\$300 / acre	\$192,000
696	\$60,000	\$375 / acre	\$60,000

DNRC Recommendation

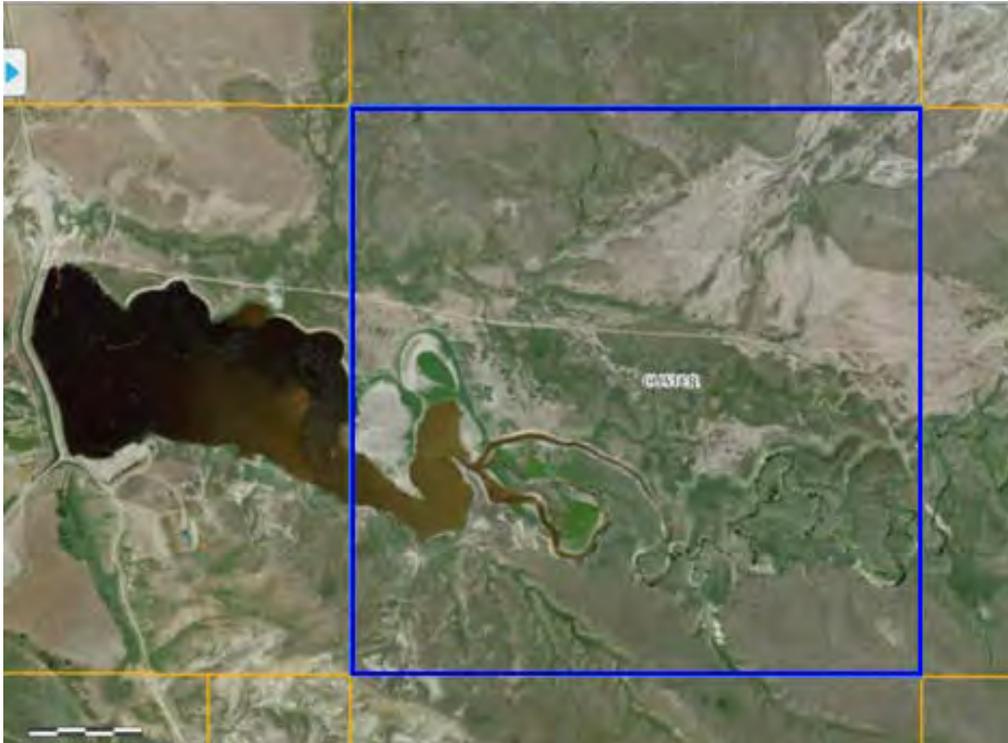
The director recommends the Land Board set the minimum bid for the parcels at the appraised values shown above.

Custer County Sale Location Map

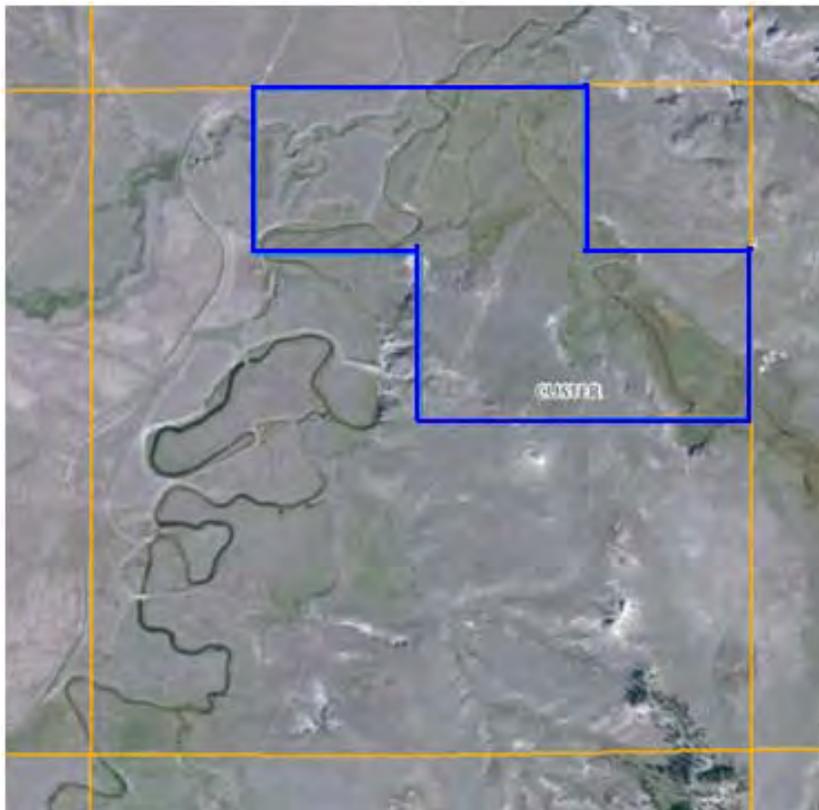


Sale #691
ALL, Section 16, T3N-R54E
Gerald Ellis

214-6A



Sale #696
S $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 24, T1N-R48E
Marvin Rehbein



**Land Board Agenda Item
February 18, 2014**

214-6B Land Banking Parcels: Set Minimum Bid for Sale – Fallon County

Location: Fallon County

Trust Benefits: Common Schools

Trust Revenue: \$5,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one parcel totaling 5 acres in Fallon County. The sale was nominated by the lessee and is located approximately 20 miles south of Baker.

Sale #	# of Acres	Legal	Nominator	Trust
702	5	S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 28, T4N-R60E	John Tronstad	Common Schools

The parcel is currently leased as a home site and produces an average income for residential lands statewide.

The parcel is legally accessible by a private driveway off a county road.

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

Economic Analysis:

Short-term – The average rate of return on the sale parcel is 0%. The parcel would continue to receive this return if it were to remain in state ownership.

Long-term – The sale of this parcel would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.97% on acquisitions generating income from annual lease payments.

Cultural/Paleontological Resources:

The state parcel was inventoried to Class I standards for cultural and paleontological resources in July 2013. Home sites typically contain numerous structures and/or a plethora of debris strewn about the ground surface—none of which is state property. Additionally, the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. Sale of the tract will have *no effect to heritage properties*. A formal report of findings has been prepared and has been filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Appraised Value of sale parcel:

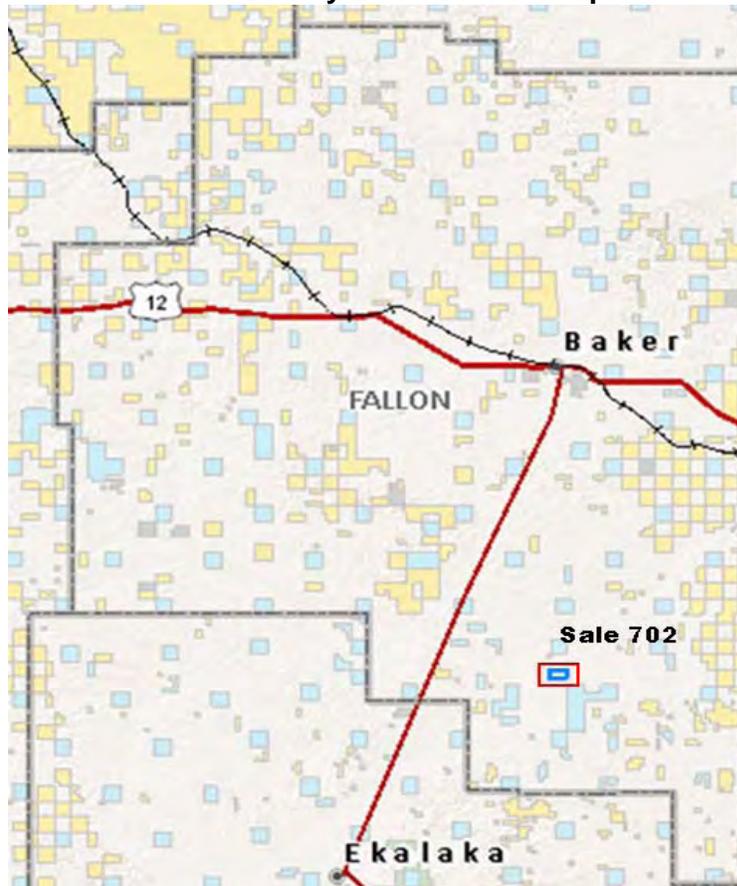
Sale #	Appraised Value With Access	Appraised Value per acre	Recommended Minimum Bid
702	\$5,000	\$1,000 / acre	\$5,000

DNRC Recommendation

214-6B

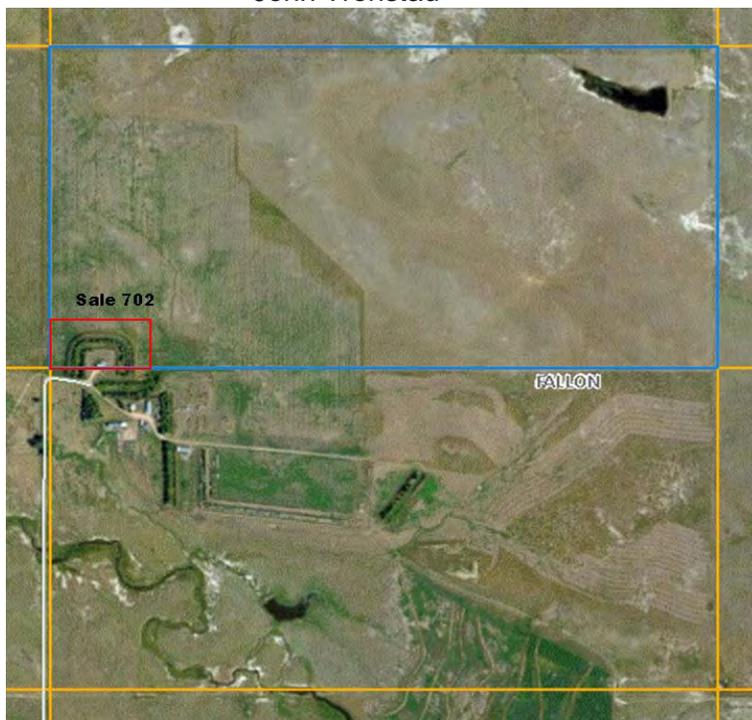
The director recommends the Land Board set the minimum bid for the parcel at the appraised value on the previous page.

Fallon County Sale Location Map



Sale #702

S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 28, T4N-R60E
John Tronstad



**Land Board Agenda Item
February 18, 2014**

214-6C Land Banking Parcels: Set Minimum Bid for Sale – Garfield County

Location: Garfield County

Trust Benefits: Common Schools

Trust Revenue: \$80,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one parcel totaling 320 acres in Garfield County. The sale was nominated by the lessee and is located approximately 25 miles west of Jordan.

Sale #	# of Acres	Legal	Nominator	Trust
20	320	E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 12, T18N-R33E	7 V Ranch	Common Schools

The parcel is flat to gently rolling and used primarily for livestock grazing purposes. The parcel has average productivity for grazing lands.

The parcel is not legally accessible by the public and surrounded by private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.83%. The parcel would continue to receive this return if it were to remain in state ownership.

Long-term – The sale of this parcel would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.97% on acquisitions generating income from annual lease payments.

Cultural/Paleontological Resources:

The state parcel was inventoried to Class III standards for cultural and paleontological resources in July 2013. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. Further, neither Judith River nor Hell Creek geological formations occur on or beneath the ground surface of the subject state tract. Sale of the tract will have *no effect to heritage properties*. A formal report of findings has been prepared and has been filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

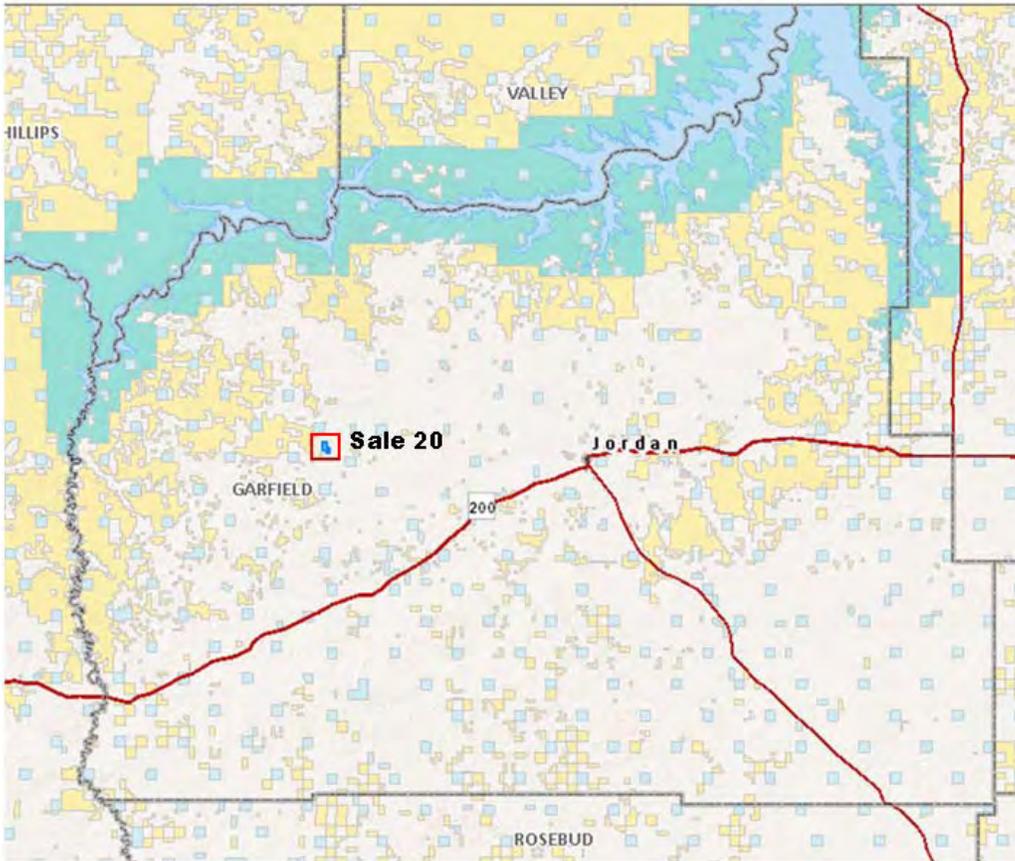
Appraised Value of sale parcel:

Sale #	Appraised Value With Access	Appraised Value per acre	Recommended Minimum Bid
20	\$80,000	\$250 / acre	\$80,000

DNRC Recommendation

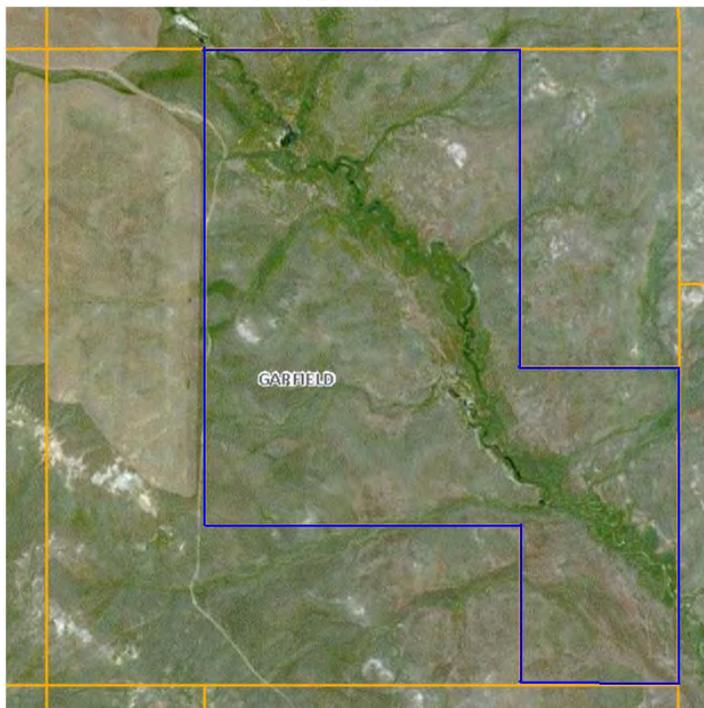
The director recommends the Land Board set the minimum bid for the parcel at the appraised value on the previous page.

Garfield County Sale Location Map



Sale #20

$E\frac{1}{2}NW\frac{1}{4}, W\frac{1}{2}NE\frac{1}{4}, N\frac{1}{2}SE\frac{1}{4}, SE\frac{1}{4}SE\frac{1}{4}, NE\frac{1}{4}SW\frac{1}{4}$,
Section 12, T18N-R33E
7 V Ranch



214-7

LAND BANKING PARCELS:
FINAL APPROVAL FOR SALE

**Land Board Agenda Item
February 18, 2014**

214-7 Land Banking Parcels: Final Approval for Sale

Location: Pondera County

Trust Benefits: Common Schools

Trust Revenue: \$46,302

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for sale of four parcels totaling 83.15 acres nominated in Pondera County. The sales were nominated by the lessees and the DNRC Conrad Unit Office and are located within approximately 30 miles of Conrad.

Sale #	# of Acres	Legal	Nominator	Trust
699	10	SW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 10, T26N-R1E	Larry Banka	Common Schools
700	20	W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 16, T28N-R2W	Sunrise Properties Inc.	Common Schools
703	27.85	Lots 1-3, Section 10, T31N-R5W	Conrad Unit Office	Common Schools
704	25.30	Lot 3, Section 15, T31N-R5W	Conrad Unit Office	Common Schools

Sale parcels 703 and 704 have rolling to steep topography and are used primarily for livestock grazing purposes. These parcels have below average productivity for grazing lands statewide.

Sale parcels 699 and 700 are currently leased as home sites and produce lower than average income for residential lands statewide.

Sale parcels 699 and 700 are legally accessible by a county road.

Sale parcels 703 and 704 are legally accessible by stream access only.

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

Economic Analysis:

Short term – The average rate of return on these sale parcels is 0%. The management costs on these parcels are higher than the income generated. The parcels would continue to receive this return if they remain in state ownership.

Long term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.97% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

Sale Parcel 703: The state parcels were inventoried to Class III standards for cultural and paleontological resources in April of 2013. No such phenomena were identified. Sale of the tracts will have *No Effect to Heritage Properties*.

Sale Parcels 699 & 700: The state parcels were inventoried to Class I standards for cultural and paleontological resources in April of 2013. No such phenomena were identified. The parcels consist of fully disturbed land that contain personal residences and associated outbuildings. Sale of the tracts will have *No Effect to Heritage Properties*.

Sale Parcel 704: The state parcel was inventoried to Class III standards for cultural and paleontological resources in April of 2013. A single, poorly defined stone circle was identified. Because the stone circle is located on a portion of the tract that will very likely never experience a change in land use, disposition of the parcel will have *No Effect on State-Owned Heritage Properties*. Further, because the stone circle is minimally sodded; does not exhibit any unique structural aspects; and, exhibits no surface evidence of associated artifacts or dateable materials, no additional archaeological investigative work is recommended in order for the proposed land sale to proceed.

A formal report of findings has been prepared and has been filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Background:

In June 2013 the Land Board granted preliminary approval for these parcels to continue through the Land Banking sale evaluation process. In November 2013 the board set the minimum bid at the appraised values with access as follows:

Sale #	Minimum Bid
699	\$7,000
700	\$30,000
703	\$ 4,874
704	\$ 4,428

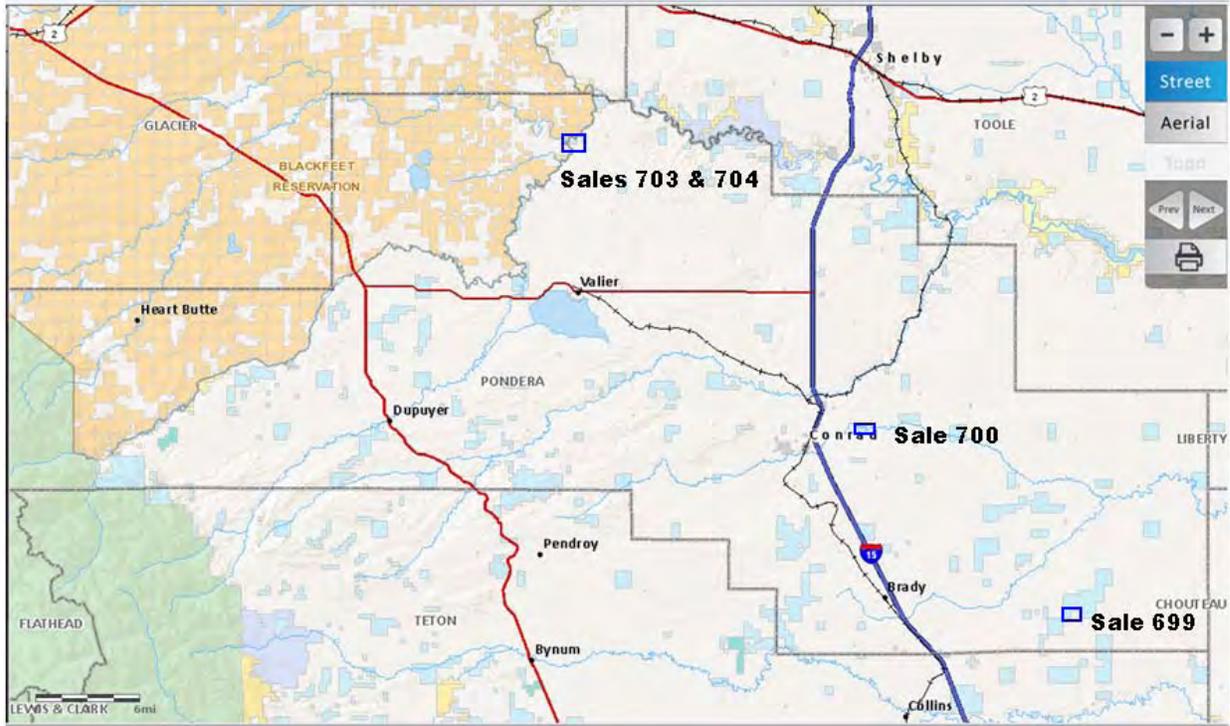
Sale Price

The parcels were sold at a public auction on January 9, 2014. Each parcel had only one bidder and was sold for the minimum bid amount listed above.

DNRC Recommendation

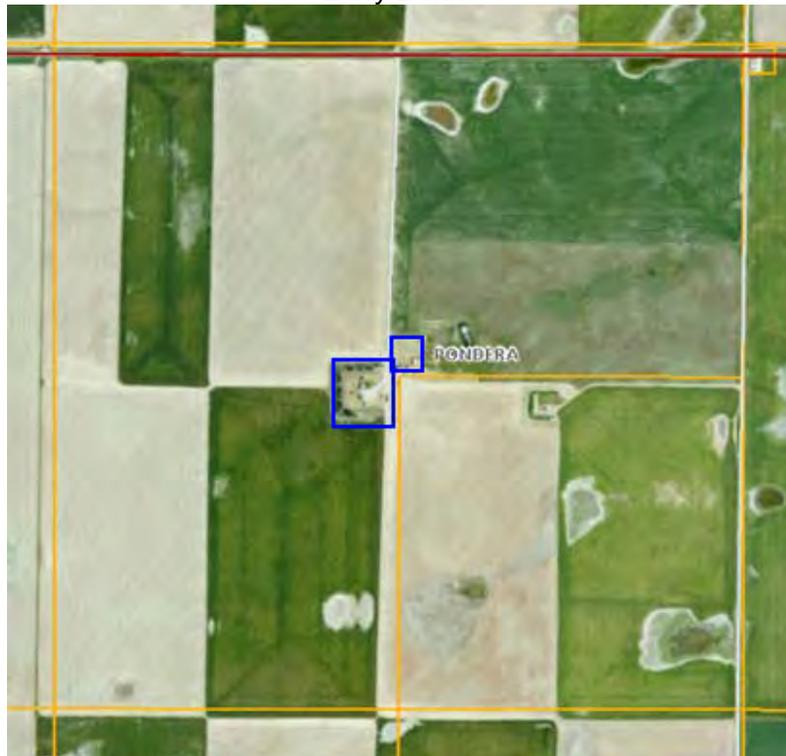
The director recommends final approval of land banking sales 699, 700, 703, and 704. The sales will be closed within 30 days of final approval by the Land Board.

Pondera County Sale Location Map



Sale #699

SW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 10, T26N-R1E
Larry Banka



Sale #700
W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, Section 16, T28N-R2W
Sunrise Properties Inc.



Sale #703
Lots 1-3, Section 10, T31N-R5W



Sale #704
Lot 3, Section 15, T31N-R5W



214-8

EASEMENTS

**Land Board Agenda Item
February 18, 2014**

214-8 Easements

Location: Fallon, Lewis and Clark, Liberty, Lincoln, Meagher, Richland, Roosevelt, Rosebud, and Teton Counties

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

**Trust Revenue: Public Buildings = \$0
Common Schools = \$45,640.00
Public Land Trust = \$3,689.00**

Item Table of Contents

Applicant	Right-of-Way Purpose	Page(s)
Mid-Rivers Telephone Cooperative, Inc.	New Telecommunications Utility	1-2
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City of Libby	Amendment of Existing Reservoir	17-18
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Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Mid-Rivers Telephone Cooperative, Inc.
105 Seven Mile Drive
Glendive MT 59330

Application No.: 15015
R/W Purpose: a buried fiber optic line
Lessee Agreement: ok
Acreage: 1.96
Compensation: \$441.00
Legal Description: 16-foot strip through E2E2, Sec. 36, Twp. 8N, Rge. 55E,
Fallon County
Trust Beneficiary: Common Schools

Item Summary

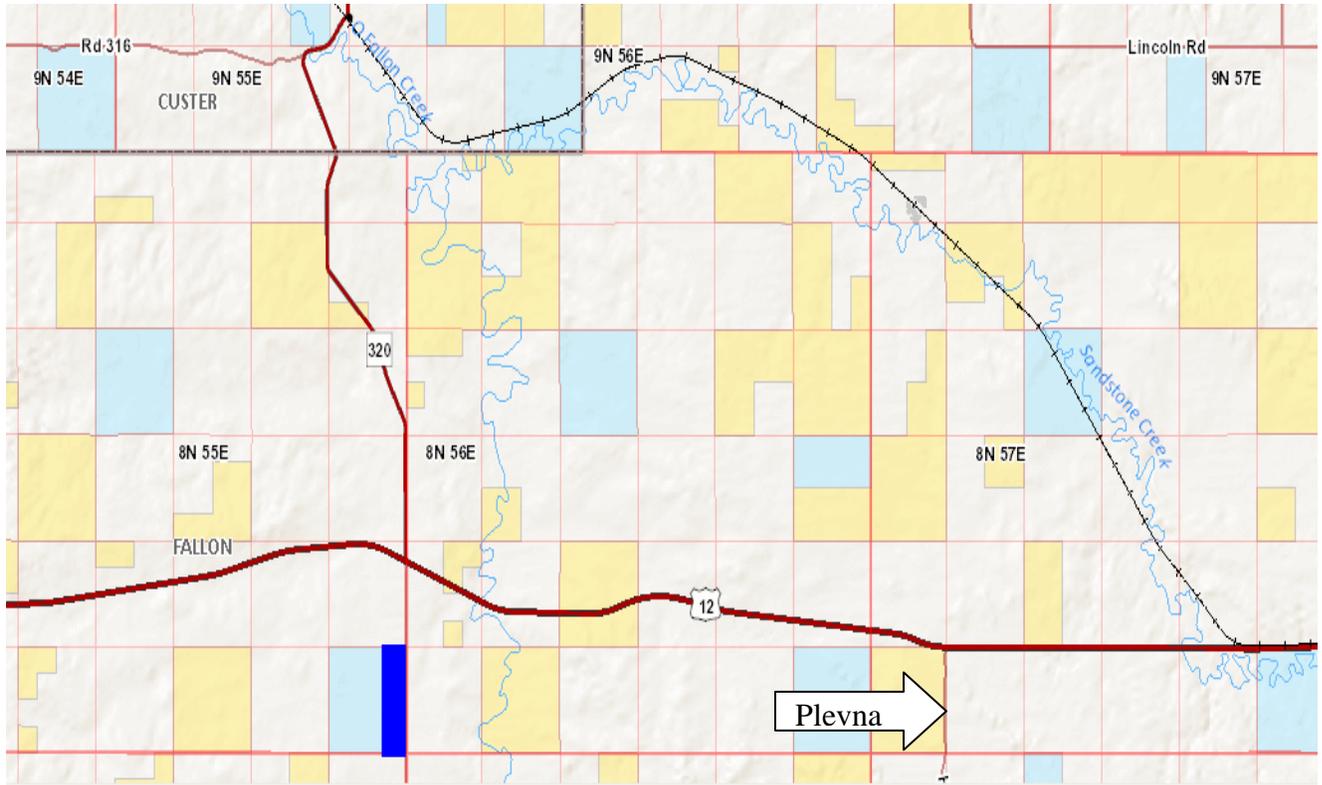
Mid-Rivers Telephone Cooperative, Inc. has made application for the purpose of providing a fiber optic cable connection to their rural customers. The route applied for is the most direct route and has minimal impact on the environment.

DNRC Recommendation

The director recommends approval of this telecommunications request.

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Cartersville Irrigation District PO Box 668 Forsyth MT 59327
Application No.:	16453
R/W Purpose:	a buried irrigation pipeline
Lessee Agreement:	ok
Acreage:	0.99
Compensation:	\$297.00
Legal Description:	30-foot strip through S2S2, Sec. 2, Twp. 6N, Rge. 43E, Rosebud County
Trust Beneficiary:	Common Schools

Item Summary

Cartersville Irrigation District has made application for the purpose of placing and maintaining an irrigation pipeline across state land. The pipeline will be used to develop center pivot irrigation on lands lying east of the mentioned tract. The Irrigation district is a quasi-semi government entity under district court system with 69 landowners irrigating approximately 10,000 acres of land from the diversion dam at Forsyth to the Thurlow area north of Forsyth.

DNRC Recommendation

The director recommends approval of this irrigation pipeline.

Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Oneok Bakken Pipeline, LLC. PO Box 871 Tulsa OK 74102-0871
Application No.:	16460
R/W Purpose:	a buried 10" steel natural gas line
Lessee Agreement:	needed
Acreage:	3.19
Compensation:	\$8434.00
Legal Description:	50-foot strip through N2NW4, Sec. 14, Twp. 22N, Rge. 58E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

Applicant is requesting an easement to construct a new natural gas pipeline. The pipeline will service ORM's Stateline Gas Plant in Williams County, ND with a 10" steel natural gas liquids pipeline which will run to ORM's Riverview Rail Loading Facility in Richland County, Montana. When routing the pipeline, topographical, archeological, and environmental surveys were taken into account to create a route to accommodate these factors. The final route chosen will have as little impact on these factors as possible. Oneok has offered the standard rate of \$50/rod, therefore the 2.5% increaser is applied.

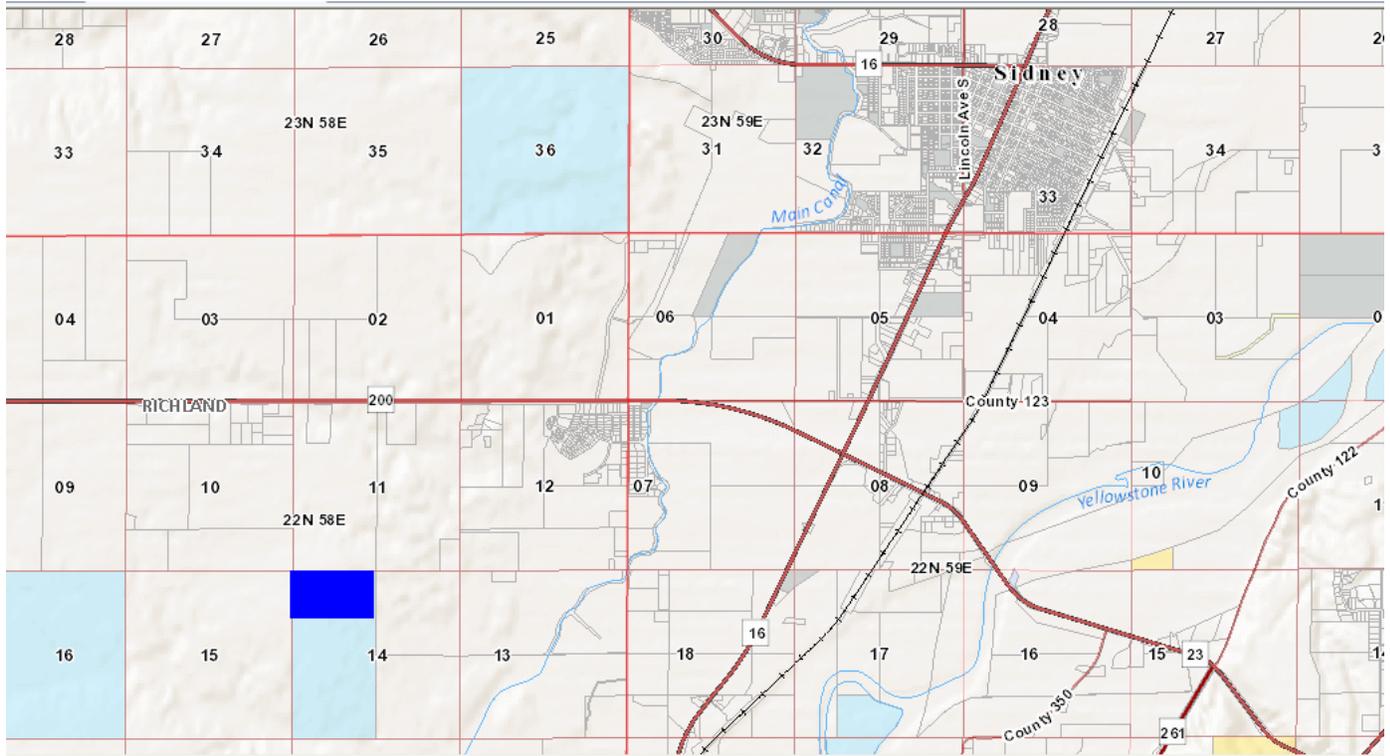
DNRC Recommendation

The director is recommending approval as follows:

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Oneok Bakken Pipeline, LLC. PO Box 871 Tulsa OK 74102-0871
Application No.:	16461
R/W Purpose:	a buried 10" steel natural gas line
Lessee Agreement:	ok
Acreage:	2.89
Compensation:	\$7623.00
Legal Description:	50-foot strip through NW4 & Government Lot 1, Sec. 36, Twp. 27N, Rge. 59E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

Applicant is requesting an easement to construct a new natural gas pipeline. The pipeline will service ORM's Stateline Gas Plant in Williams County, ND with a 10" steel natural gas liquids pipeline which will run to ORM's Riverview Rail Loading Facility in Richland County, MT. When routing the pipeline, topographical, archeological and environmental surveys were taken into account to create a route to accommodate these factors. The final route chosen will have as little impact on these factors as possible. Oneok has offered the standard rate of \$50/rod, therefore the 2.5% increaser is applied.

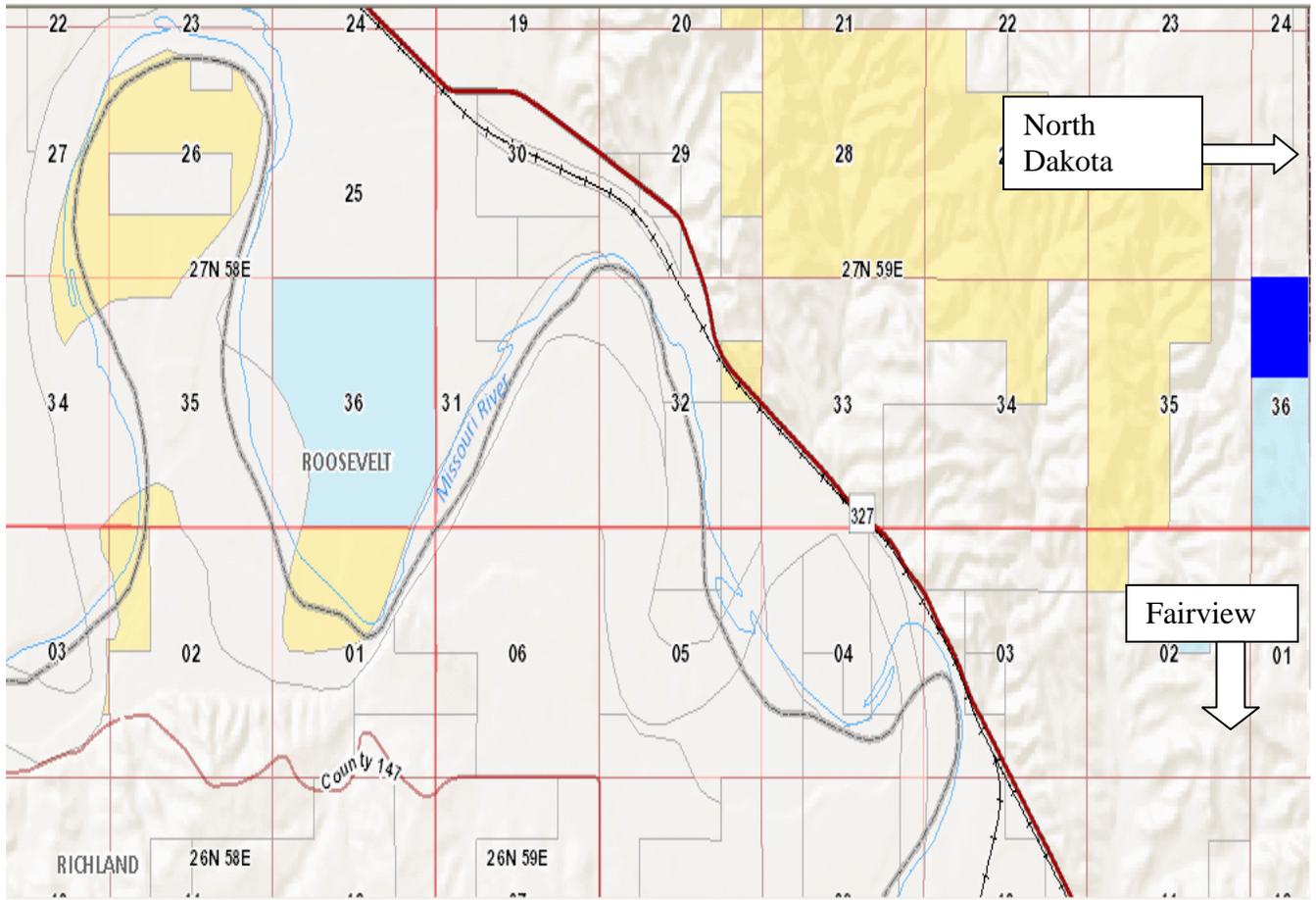
DNRC Recommendation

The director is recommending approval as follows:

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Crude, LLC PO Box 3886 Enid OK 73702
Application No.:	16462
R/W Purpose:	a buried 12" crude oil pipeline
Lessee Agreement:	ok
Acreage:	3.48
Compensation:	\$19,831.00
Legal Description:	50-foot strip through S2SW4, NE4SW4, Sec. 16, Twp. 23N, Rge. 58E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

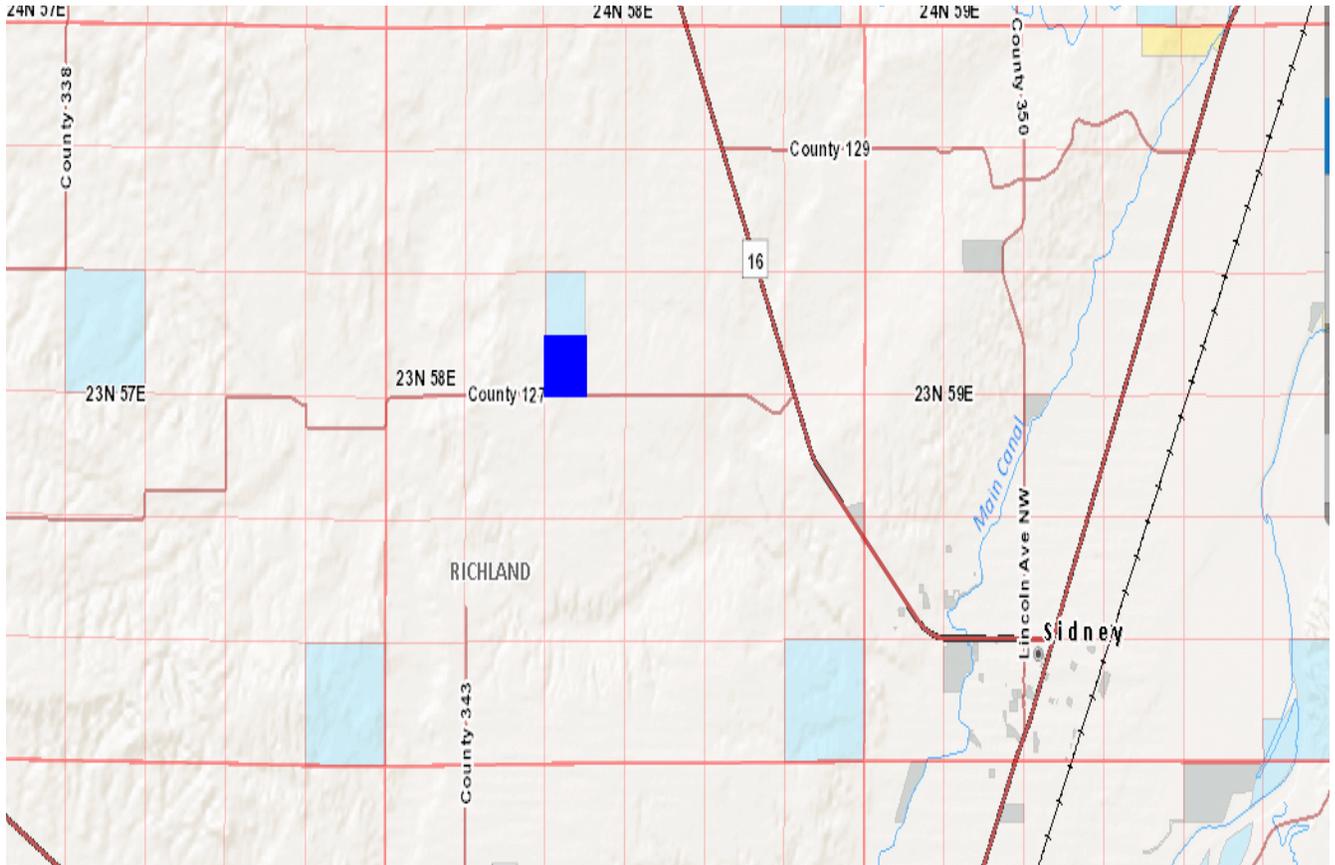
Hiland Crude, LLC is requesting an easement to construct a 12" crude oil pipeline. Highland Crude, LLC is a midstream energy LLC engaged in: purchasing, gathering, compressing, dehydrating, treating, processing, and marketing of natural gas; fractionating and marketing of natural gas liquids; and the purchasing, gathering, blending, storing and marketing of crude oil. They have successfully secured easements from the land owners of several miles of land on both sides of the state tract. Hiland Crude, LLC has offered compensation in the amount of \$108/rod. Based on calculations it is in the trust's best interest to accept this offer as a onetime payment.

DNRC Recommendation

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Crude, LLC PO Box 3886 Enid OK 73702
Application No.:	16463
R/W Purpose:	a buried 12" crude oil pipeline
Lessee Agreement:	ok
Acreage:	0.65
Compensation:	\$3689.00
Legal Description:	50-foot strip across the Yellowstone River in NW4NW4, Sec. 35, Twp. 21N, Rge. 58E, Richland County
Trust Beneficiary:	Public Land Trust

Item Summary

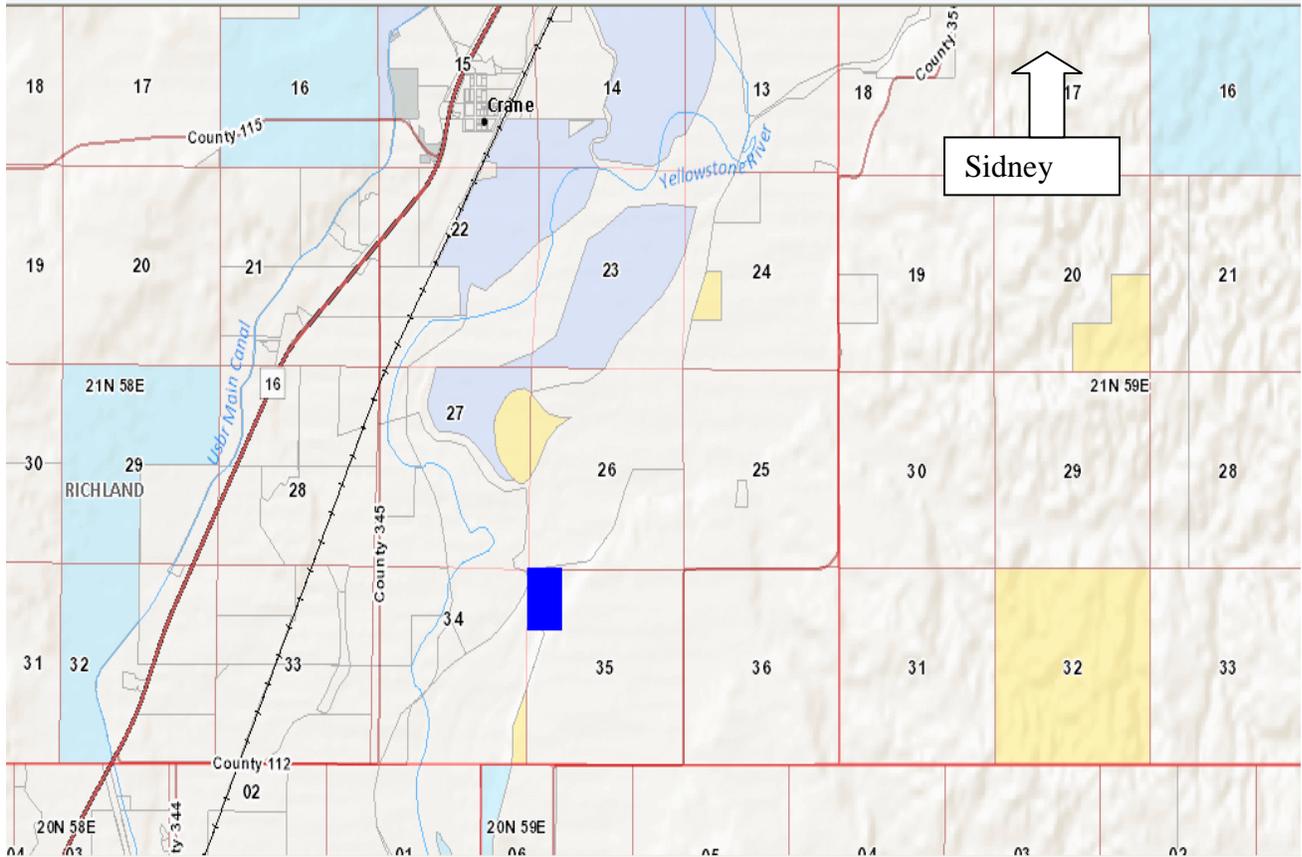
Hiland Crude, LLC is requesting an easement to construct a 12" crude oil pipeline beneath the Yellowstone River. The pipeline will be horizontally directionally drilled to a minimum of 50 feet below the bed of the river. Permits needed from other agencies have been applied for under the joint application form and have either been received or are in progress. Highland Crude, LLC, is a midstream energy LLC engaged in: purchasing, gathering, compressing, dehydrating, treating, processing, and marketing of natural gas; fractionating and marketing of natural gas liquids; and the purchasing, gathering, blending, storing, and marketing of crude oil. They have successfully secured easements from the land owners of several miles of land on both sides of the state tract. Hiland Crude, LLC has offered compensation in the amount of \$108/rod. Based on calculations it is in the trust's best interest to accept this offer as a onetime payment.

DNRC Recommendation

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Liberty County PO Box 459 Chester MT 59522
Application No.:	16464
R/W Purpose:	a public county road known as Windy Ridge Road
Lessee Agreement:	N/A (Historic)
Acreage:	11.2
Compensation:	\$2521.00
Legal Description:	28-foot strip through E2E2 Sec. 3 & E2E2 Sec. 10, Twp 35N, Rge 5E; SE4NW4 Sec.13, NW4SE4 Sec. 26, E2SE4 Sec. 34, SW4NW4 Sec 35, Twp 36N, Rge. 5E, Liberty County
Trust Beneficiary:	Common Schools

Item Summary

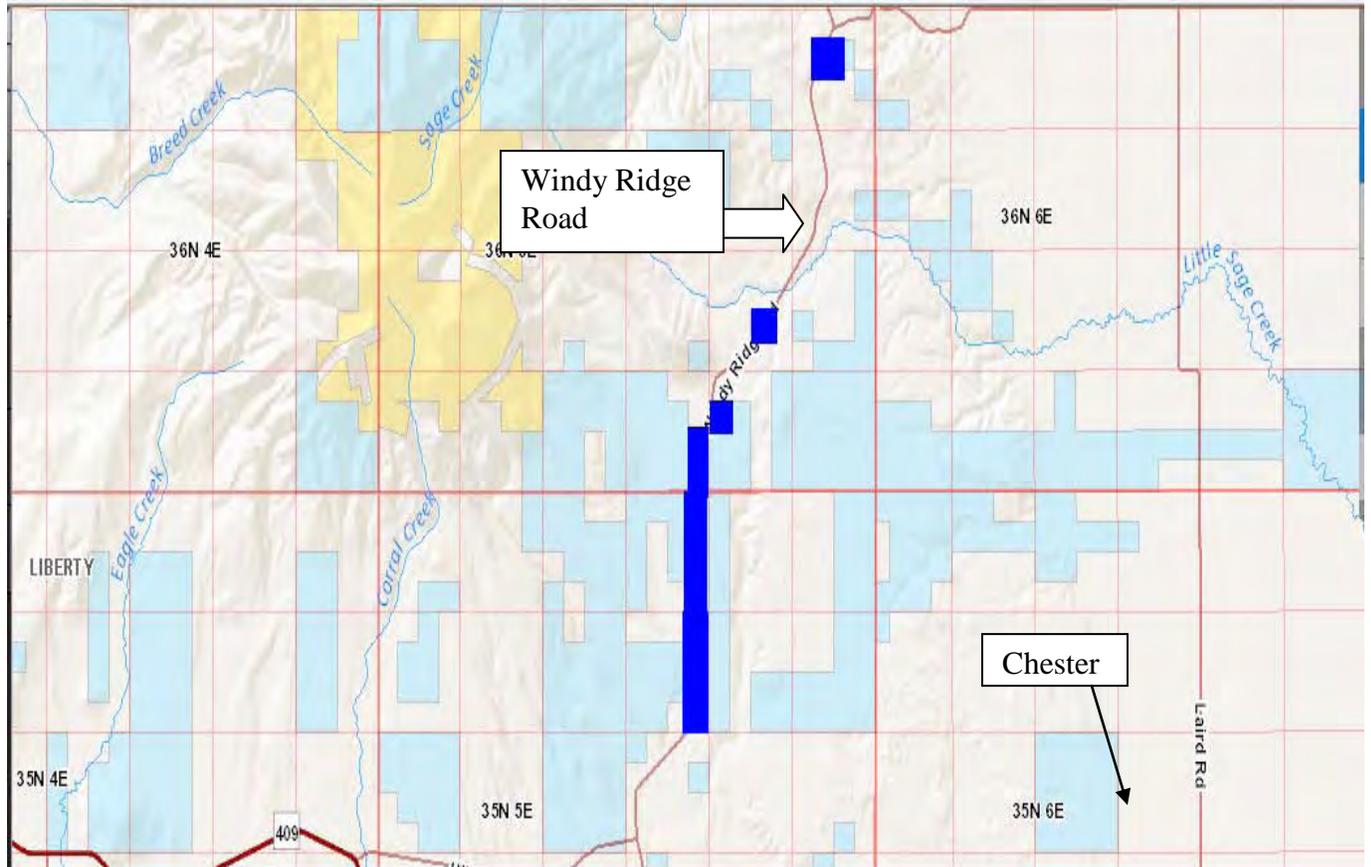
Liberty County has made application for multiple county roads that were constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as an historic right of way.

DNRC Recommendation

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Liberty County PO Box 459 Chester MT 59522
Application No.:	16465
R/W Purpose:	a public county road
Lessee Agreement:	N/A (Historic)
Acreage:	7.13
Compensation:	\$1604.00
Legal Description:	28-foot strip through N2NW4, SE4NE4, NE4SE4 Sec. 34, NE4NW4, N2NE4 Sec. 33, SE4SW4 Sec. 28, Twp. 36N, Rge. 5E, Liberty County
Trust Beneficiary:	Common Schools

Item Summary

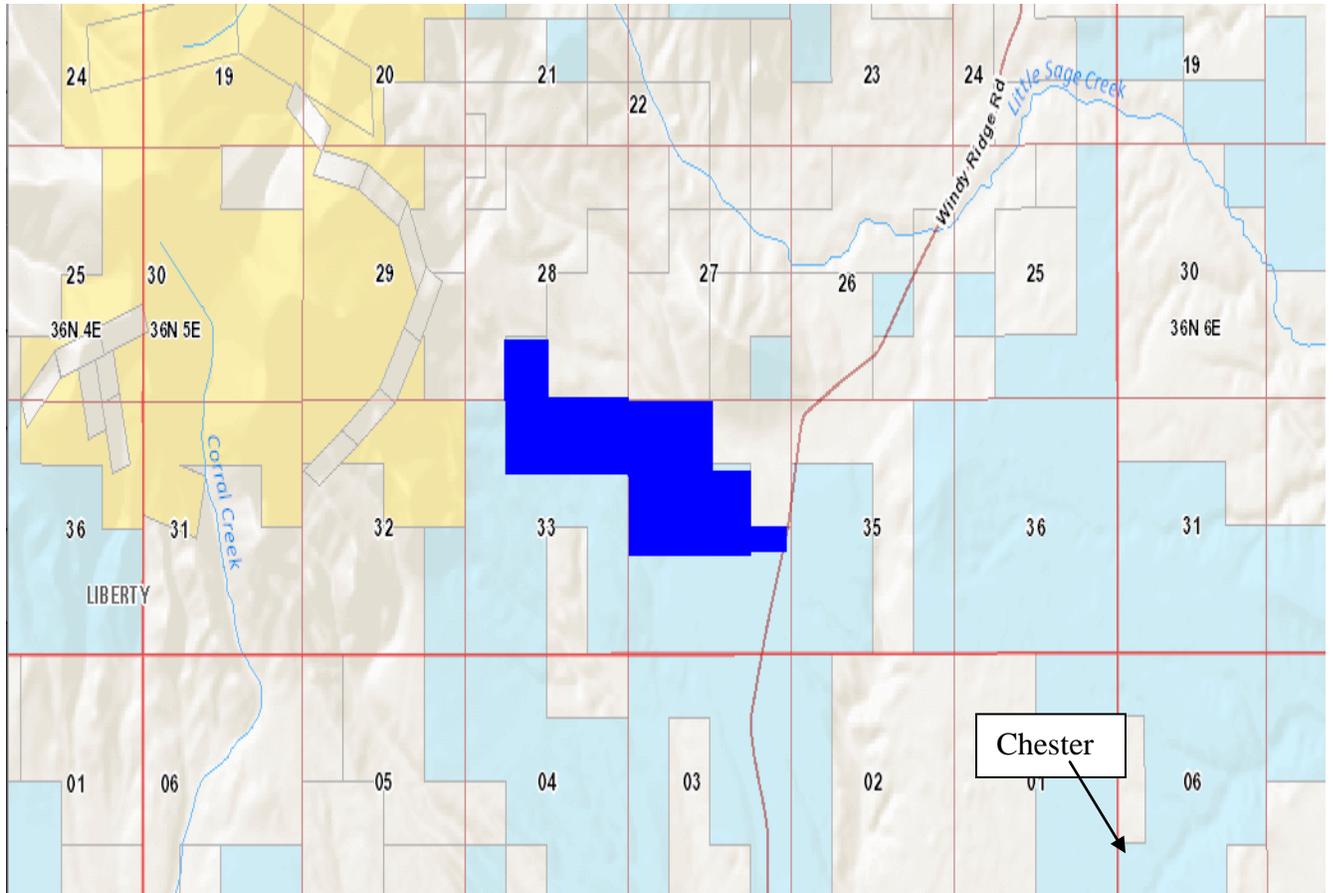
Liberty County has made application for multiple county roads that were constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as an historic right of way.

DNRC Recommendation

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

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	City of Libby 952 East Spruce Street Libby MT 59923
Application No.:	3399 (Amended)
R/W Purpose:	Flower Creek Reservoir
Lessee Agreement:	ok
Acreage:	17.18
Compensation:	\$0
Legal Description:	an irregular tract of land lying within the NE4SE4, SE4SE4, SW4SE4, Sec. 20, Twp. 30N, Rge. 31W, Lincoln County
Trust Beneficiary:	Public Buildings

Item Summary

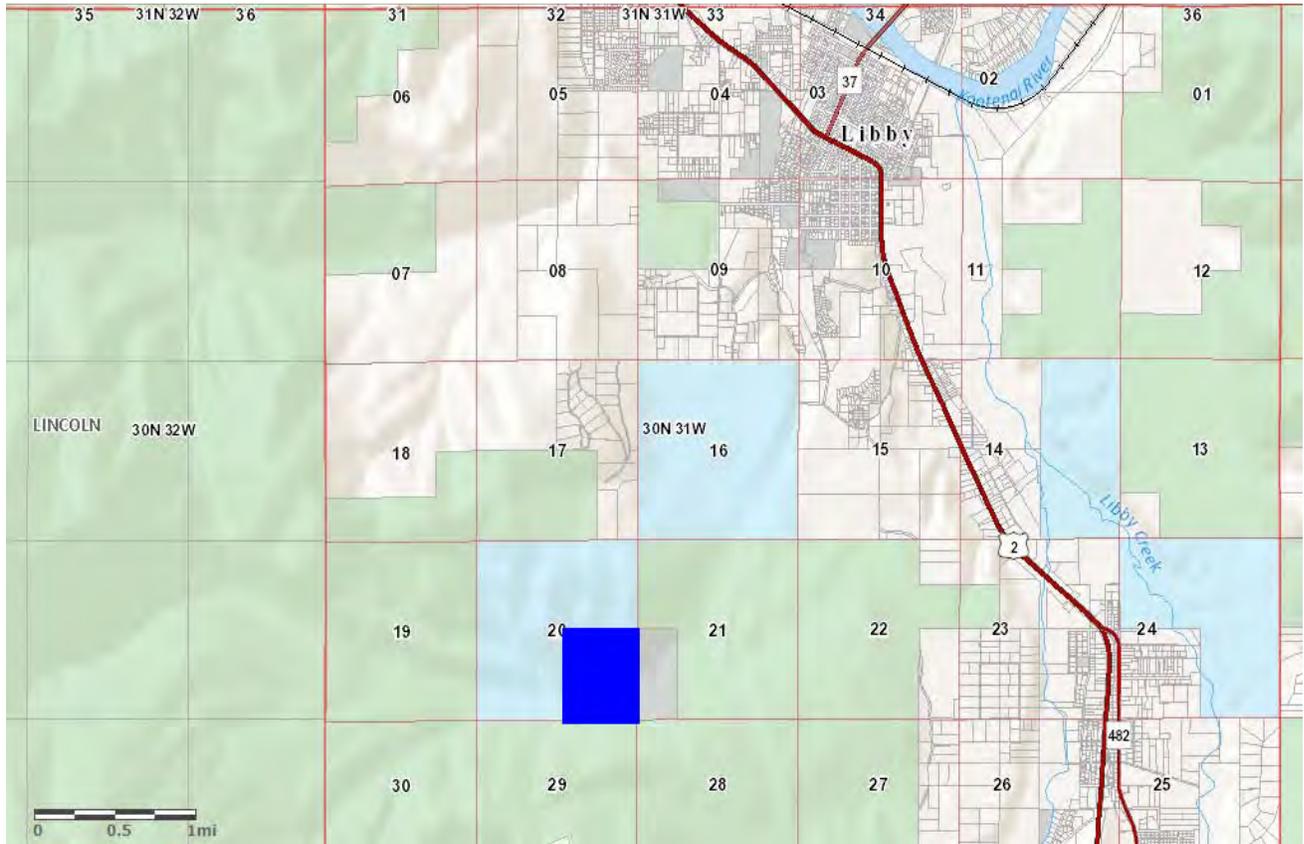
The city of Libby is requesting their existing easement, D-2754, to be amended by changing the encumbered lands from parcel subdivision lines to a shoreline easement that more accurately meets the needs of the city and DNRC. This proposed change would reduce the encumbered lands from 30 acres to 17.18 acres. This would meet the needs of the city of Libby to increase the storage capacity to the maximum flood level behind the new dam being constructed and the DNRC's desire to reduce encumbrances on the land and accurately meet the needs of the proponent.

DNRC Recommendation

The director recommends approval of this amendment request.

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Bynum/Teton County Water and Sewer District PO Box 804 Bynum MT 59419
Application No.:	16466
R/W Purpose:	a water line, well field, access road and future sampling station
Lessee Agreement:	needed
Acreage:	9.99
Compensation:	\$3247.00
Legal Description:	PT SE4SE4, 20-foot strip through N2NW4, SE4NW4, W2NE4, W2SE4, SE4SE4, Sec. 16, Twp. 25N, Rge. 5W, Teton County
Trust Beneficiary:	Common Schools

Item Summary

Bynum/Teton County Water & Sewer District has applied for an easement together with a Land Use License to install two water wells, a well house and a transmission pipeline to supply the City of Bynum with a municipal water supply. The proposed project will consist of installing two new production wells (one primary and one back-up), 3" HDPE piping between the wells, construction of a well house, and installing a 4" HDPE transmission pipeline connecting to a storage tank near Bynum.

DNRC Recommendation

The director recommends approval of this project, contingent on water rights that must be established before the easement can be issued.

Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Bynum/Teton County Water and Sewer District
PO Box 804
Bynum MT 59419

Application No.: 16467
R/W Purpose: a 4" water line
Lessee Agreement: ok
Acreage: 0.02
Compensation: \$100.00
Legal Description: 20-foot strip through NE4NW4, Sec. 36, Twp. 26N, Rge. 6W,
Teton County
Trust Beneficiary: Common Schools

Item Summary

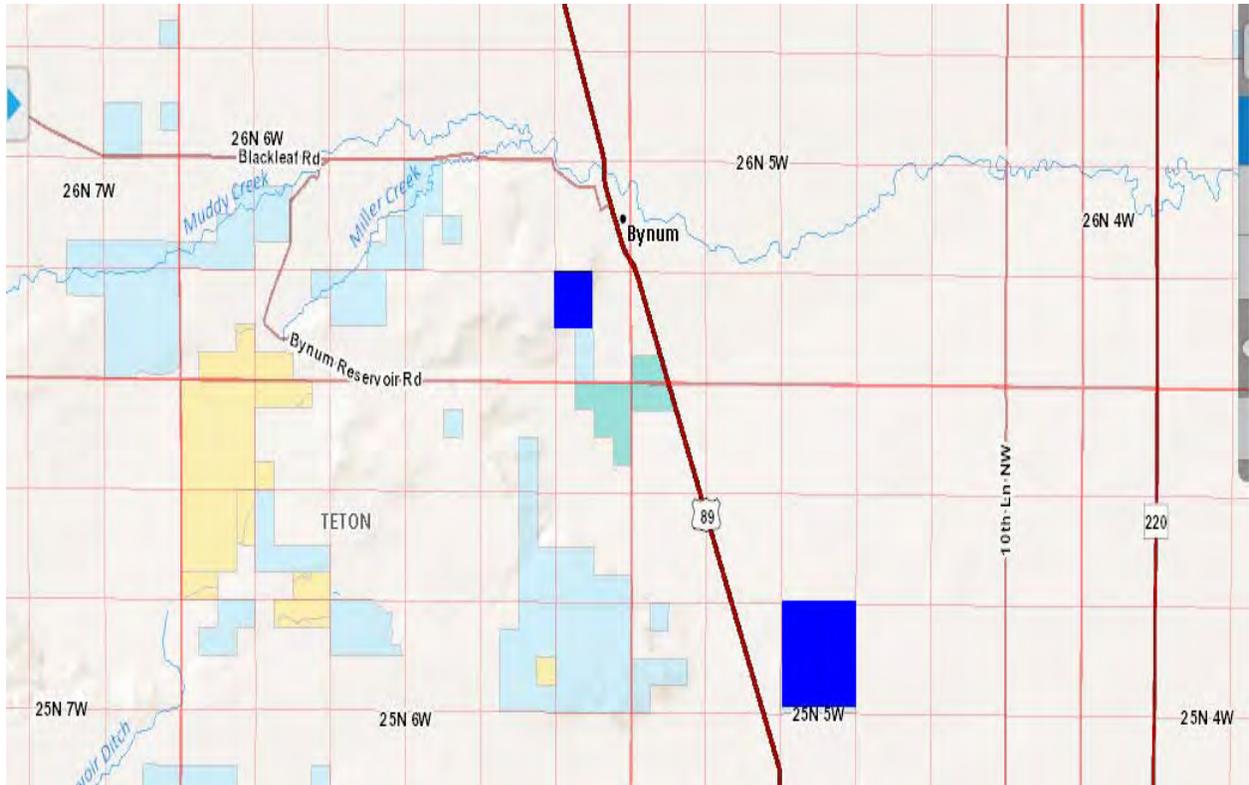
See page 19

DNRC Recommendation

See page 19

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Valerie & Ian Bone PO Box 7356 Helena MT 59604
Application No.:	16468
R/W Purpose:	a private access road and utilities to a single family residence and associated outbuildings
Lessee Agreement:	ok
Acreage:	0.26
Compensation:	\$260.00
Legal Description:	30-foot strip through NW4NW4, Sec. 20, Twp. 14N, Rge. 4W, Lewis & Clark County
Trust Beneficiary:	Common Schools

Item Summary

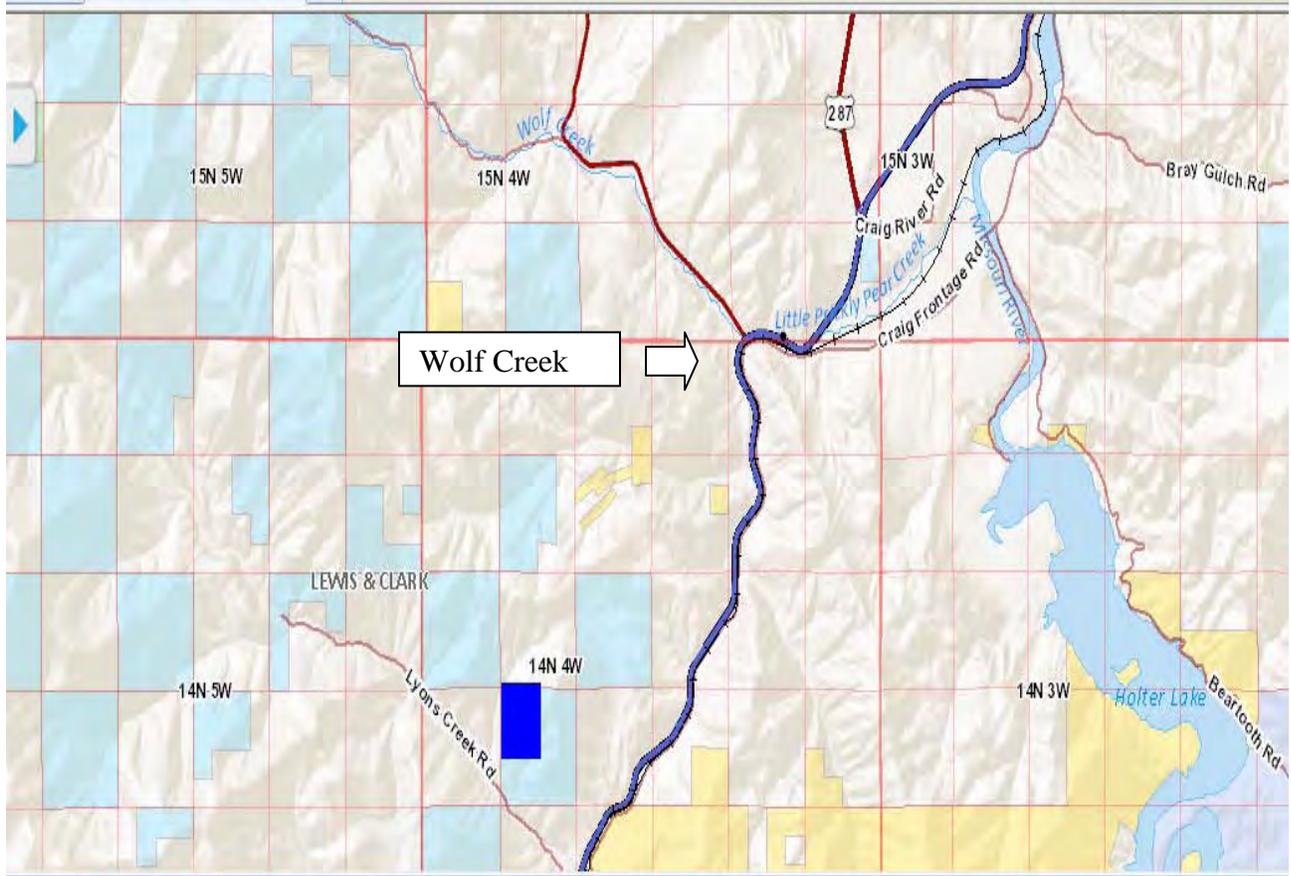
Applicant has requested easement for access to a 5-acre family transfer parcel which was created out of an existing 40-acre parcel in the Lyons Creek Ranch subdivision. The Land Board granted an easement to the owner of the 40-acre parcel in 1995 for the purpose of access to one single family dwelling. This newly created 5-acre parcel will also be for residential use. However, the 5-acre family transfer parcel is currently in violation of the existing covenants for the subdivision, which prohibit further subdivision of lots to less than 40-acre parcels. The covenants allow for a variance of any condition so long as 75% of the landowners agree. The applicant is currently in the process of obtaining the waiver but due to financing deadlines for mortgage and closing purposes they have requested DNRC to act upon their request. DNRC does not have any concerns with the grant of the easement for this additional residential use.

DNRC Recommendation

The director recommends approval of this private access road request contingent upon receipt of waiver of covenants for Lyon's Creek Ranch. Should a waiver not be approved, the easement will not be issued.

Rights of Way Applications

February 18, 2014



Rights of Way Applications

February 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Bert & Debbie Williams, Connie Hix & Lisa Anderson
5500 US Hwy 89 S
White Sulphur Springs MT 59645

Application No.: 16469
R/W Purpose: a private access road to a single family residence and associated outbuildings and to conduct normal farming and ranching operations and timber management

Lessee Agreement: ok
Acreage: 3.99
Compensation: \$2394.00
Legal Description: 30-foot strip through W2SW4, SW4NW4, N2NW4, Sec. 36, Twp. 8N, Rge. 7E, Meagher County
Trust Beneficiary: Common Schools

Item Summary

Applicant currently has an historic easement for farm and ranch purposes across two parcels of state land which provides access to two remote parcels of applicant's land. The historic easement does not provide access for residential purposes. One of the parcels is proposed for sale and the purchaser wants the ability to build a home on it. The applicant has requested a new easement to allow for residential use on just this parcel and wishes to retain the historic access of farm and ranch use on their other parcel. Legal access across private lands up to the state land has been perfected. .

DNRC Recommendation

The director recommends approval of this private access road request.

Rights of Way Applications

February 18, 2014

