

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

ACTION ITEMS

- 314-1 **Timber Sales**
 A. Club Charette (Fire Salvage)
 Benefits: Common Schools, Public Buildings
 Location: Mineral County
 APPROVED 5-0
 B. Cub Scout (Scout Lake #7)
 Benefits: Common Schools
 Location: Lake County
 APPROVED 5-0
- 314-2 **Oil and Gas Lease Sale (March 4, 2013)**
 Benefits: Common Schools, Public Land Trust – Navigable Rivers
 Location: Big Horn, Blaine, Powder River, Richland, and Sheridan Counties
 APPROVED 5-0
- 314-3 **Communitization Agreement: Falcon Federal 2759 12-16H Well**
 Benefits: Common Schools
 Location: Roosevelt County
 APPROVED 5-0
- 314-4 **Operating Plan Approval: Signal Peak Energy**
 Benefits: Common Schools
 Location: Musselshell County
 APPROVED 5-0
- 314-5 **Cabin and Home Sites: Preliminary Approval for Sale**
 Benefits: Montana State University, Montana Tech, Pine Hills, Eastern - MSU/Western - UM
 Location: Flathead, Gallatin, Missoula Counties
 APPROVED 5-0
- 314-6 **Land Banking Parcels: Set Minimum Bid for Sale**
 Benefits: Common Schools
 Location: Stillwater County
 APPROVED 5-0
- 314-7 **Final Settlement Agreement: In the Matter of the Alleged Violation of Section 77-1-125, MCA, by Somont Oil Company upon State Trust Lands Located in Section 36, Twp. 36N, Rq. 3W**
 Benefits: Common Schools
 Location: Toole County
 APPROVED 5-0
- 314-8 **Easements**
 Benefits: Common Schools, School for the Deaf and Blind, MSU Morrill, Pine Hills, Sir Trust
 Location: Carter, Cascade, Fergus, Flathead, Hill, McCone, Pondera, Prairie, Sanders, Toole Counties
 APPROVED 5-0

PUBLIC COMMENT

314-1

TIMBER SALES

- A. Club Charette (Fire Salvage)
- B. Cub Scout (Scout Lake #7)

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

314-1A Timber Sale: Club Charette (Fire Salvage)

**Location: Mineral County
Sections 15 & 16, T17N-R26W**

Trust Benefits: Common Schools, Public Buildings

Trust Revenue: \$44,664 (estimated, minimum bid)

Item Summary

The Club Charette fire salvage timber sale is located approximately three air miles northwest of Superior, Montana. The sale includes four units totaling 105 acres with an estimated volume of 3,652 tons (573 MBF) of sawlogs. The minimum bid value is \$12.23 per ton, which would generate approximately \$41,984.16 for the Common School Trust; \$2,679.84 for the Public Buildings Fund Permanent Trust; and \$13,047.68 in total forest improvement fees (\$12,264.79 for Common Schools and \$782.89 for Public Buildings).

Harvest prescriptions are designed to capture the value of dead and dying timber by removing fire-killed and/or fire-damaged trees.

In conjunction with the sale, the Department of Natural Resources and Conservation (DNRC) will maintain approximately 10.2 miles of existing road and will re-construct 0.4 miles of existing road. No new roads will be constructed. All roads, with the exception of the Pardee Creek Road, are behind existing year-round closures.

A scoping notice was sent to adjacent landowners and interested parties on August 15, 2013. Legal ads were placed in the weekly edition of the *Mineral Independent* newspaper on August 22 and August 29, 2013. Three comment letters were received from the following agencies/public:

- Confederated Salish and Kootenai Tribes (CSKT) Cultural Preservation Office - the Tribal Cultural Preservation Office stated that the project area had been reviewed for cultural resources and they were not aware of any cultural resources that could be impacted by this project;
- Tricon Timber- offered support for the project; and
- Montana Department of Fish, Wildlife and Parks (FWP)- the FWP letter outlined their concerns regarding the impacts that implementation of an action alternative might have on the wildlife within the project area. FWP concerns were considered when developing wildlife mitigations associated with action alternative. For example, large snags and snag replacements would be retained along with trees expected to survive the fire to mitigate concerns related to black-backed woodpeckers.

DNRC Recommendation

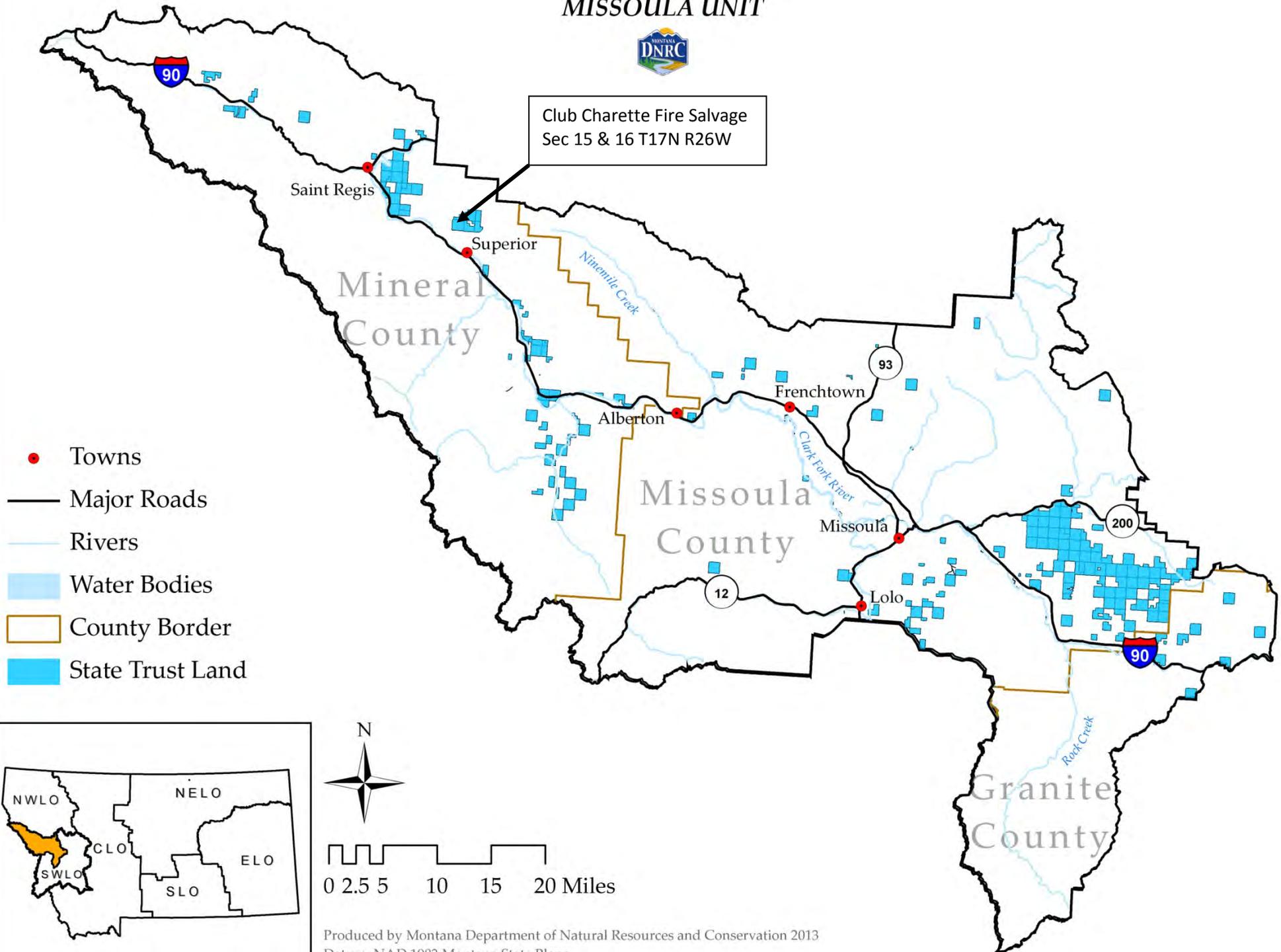
The director recommends the Land Board direct DNRC to sell the Club Charette fire salvage timber sale.

CLUB CHARETTE FIRE SALVAGE MISSOULA UNIT

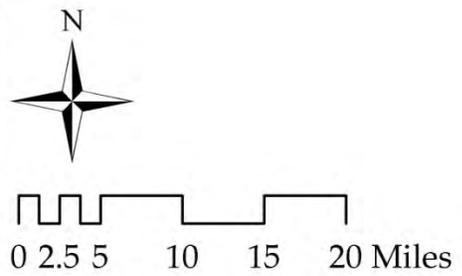
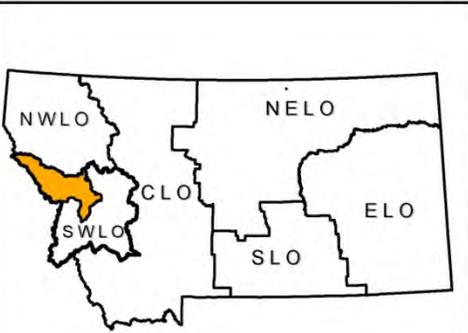
314-1A



Club Charette Fire Salvage
Sec 15 & 16 T17N R26W

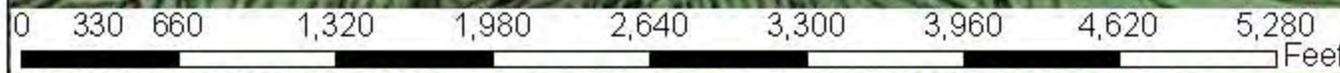
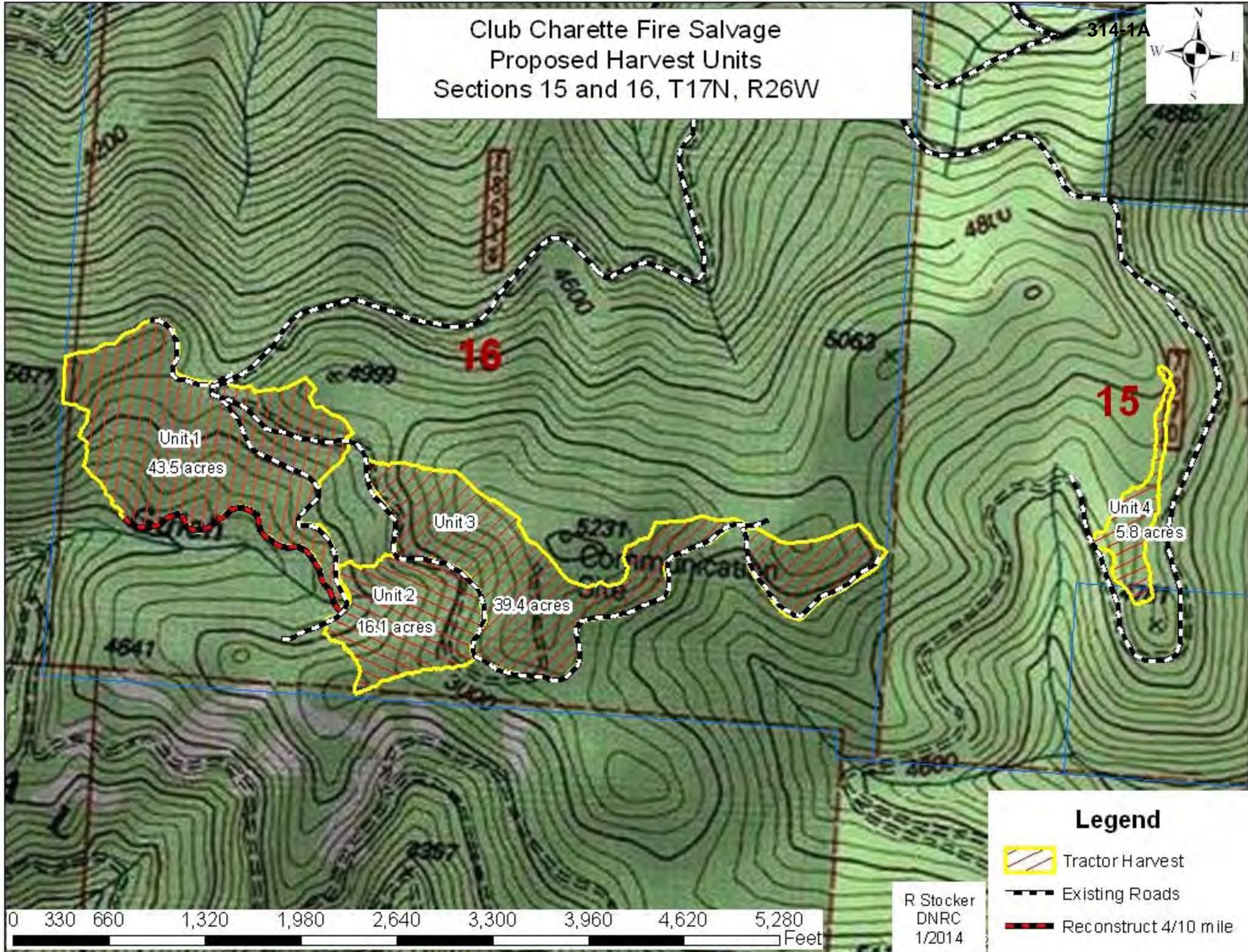
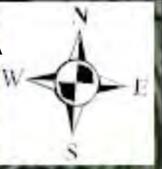


- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



Produced by Montana Department of Natural Resources and Conservation 2013
Datum: NAD 1983 Montana State Plane

Club Charette Fire Salvage
Proposed Harvest Units
Sections 15 and 16, T17N, R26W



R Stocker
DNRC
1/2014

Legend

- Tractor Harvest
- Existing Roads
- Reconstruct 4/10 mile

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

314-1B Timber Sale: Cub Scout (Scout Lake 7)

**Location: Lake County
Sections 21,27,28,33, & 34, T24N-R17W**

Trust Benefits: Common Schools

Trust Revenue: \$638,839 (estimated, minimum bid)

Item Summary

The Cub Scout timber sale is approximately eight miles south of Swan Lake, Montana. The sale includes 13 harvest units totaling 360 acres with an estimated sale volume of 23,864 tons (4,424 MBF) of sawlogs. The minimum bid value is \$26.77 per ton, which would generate approximately \$638,839 for the Common School Trust and \$111,206.24 in forest improvement fees.

The sale will improve the stands' vigor and promote regeneration of Douglas-fir, western white pine, and western larch. Harvest prescriptions are meant to address insect and disease issues while promoting species composition and desired future conditions. A combination of seedtree, shelterwood, and 11 acres of thinning is planned. The sale contains 107 acres of old growth, none of which would remain old growth post harvest.

In conjunction with the sale the Department of Natural Resources and Conservation (DNRC) will maintain 15.8 miles of existing road. Approximately 1.6 miles of new road will be built and 0.6 miles of road will be reconstructed.

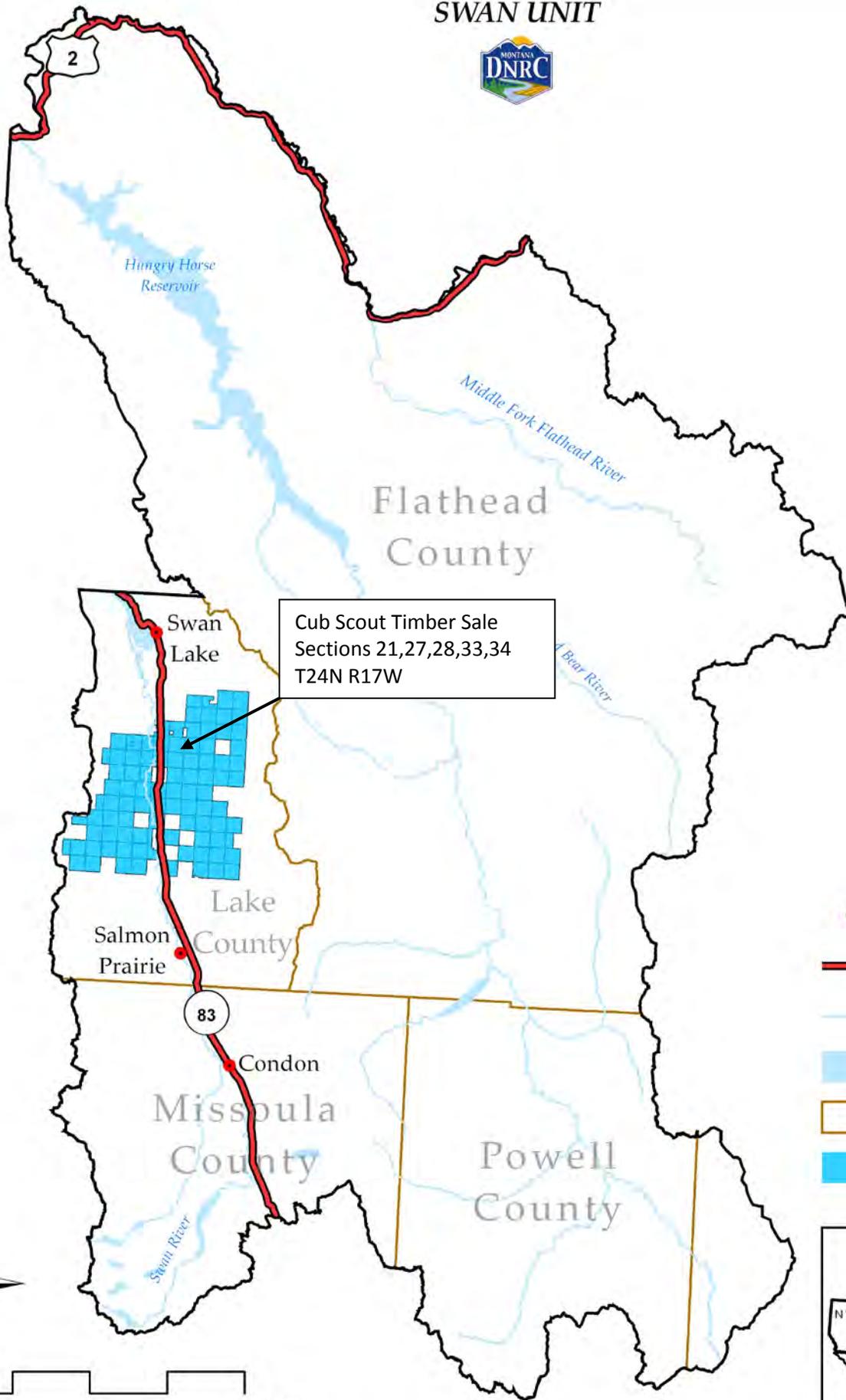
Scoping letters were mailed to interested parties in April 2010. Public notice was published in area newspapers including the *Daily Interlake*, *Bigfork Eagle*, and *Seeley Swan Pathfinder*. As a result of these initial scoping efforts, a total of eight letters/e-mails, four phone calls, and thirteen requests to remain informed were received from a wide range of interested parties.

DNRC has reviewed the proposal and comments, analyzed conditions, and recommended harvest mitigation measures to reduce the potential for impacts. Primary concerns by those who commented (F.H. Stoltze, Friends of the Wild Swan, and Stephen Braun) throughout the project development include: impacts of timber harvesting and road construction on old growth and wildlife habitat; protection of water quality and fisheries habitat; maintaining biodiversity; project economic viability; project cost analysis; aesthetics; and forest health and vigor. These resource concerns and others were addressed and incorporated into the project's design through the development of appropriate mitigation measures and contractual language.

DNRC Recommendation

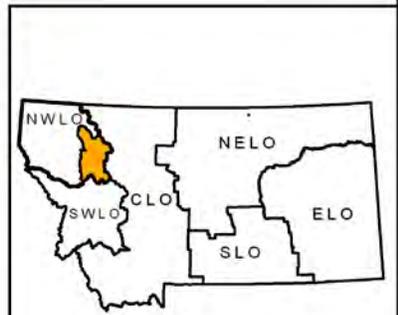
The director recommends the Land Board direct DNRC to sell the Cub Scout timber sale.

SWAN UNIT



Cub Scout Timber Sale
 Sections 21,27,28,33,34
 T24N R17W

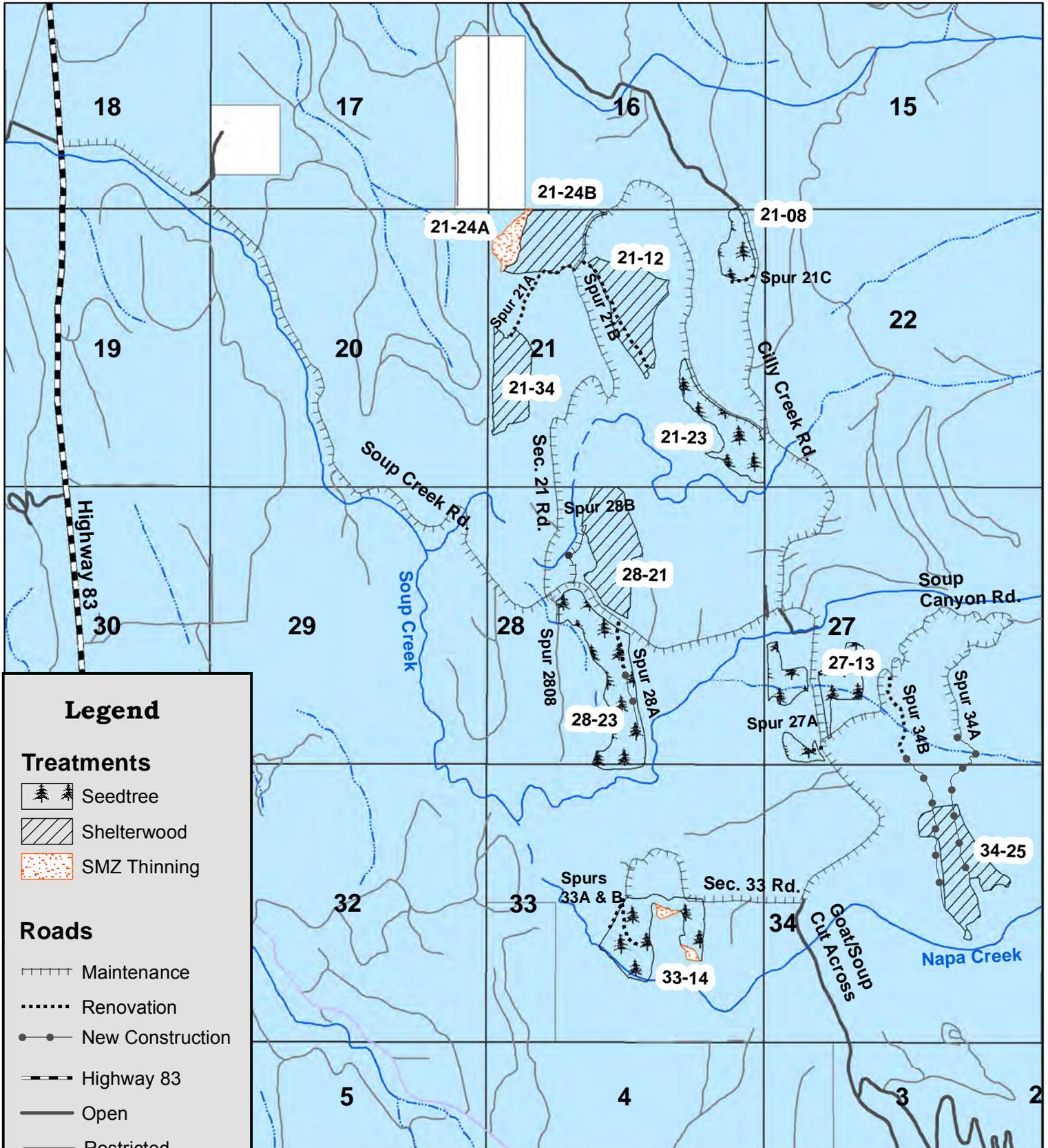
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



Cub Scout (Scout Lake 7)

Attachment A2 - Project Area Haul Route

Sections 21, 27, 28, 33, and 34 T24N R17W



Legend

Treatments

- Seedtree
- Shelterwood
- SMZ Thinning

Roads

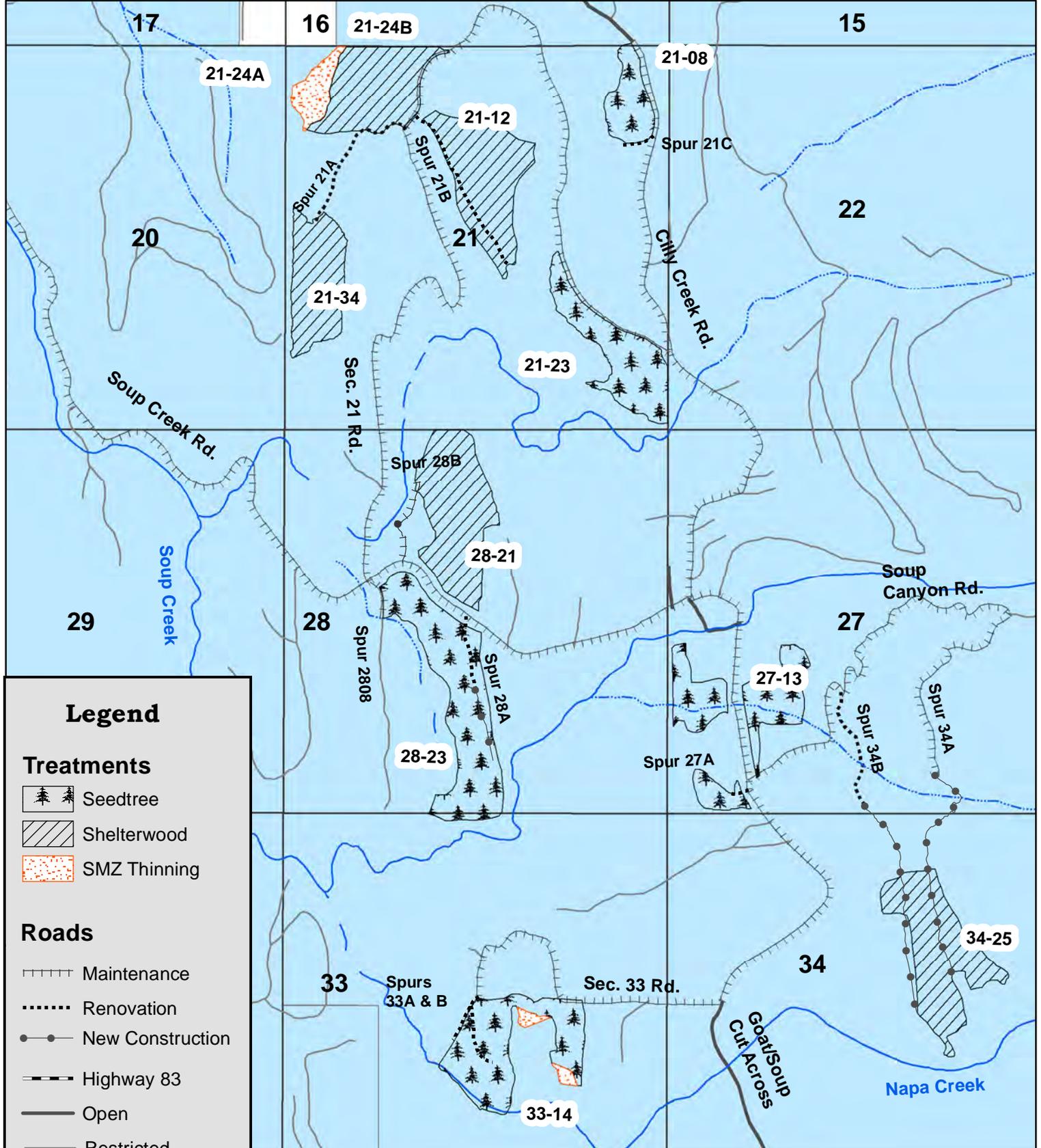
- Maintenance
- Renovation
- New Construction
- Highway 83
- Open
- Restricted
- Seasonal



Cub Scout (Scout Lake 7)

Attachment A3 - Project Area

Sections 21, 27, 28, 33, and 34 T24N R17W



Legend

Treatments

- Seedtree
- Shelterwood
- SMZ Thinning

Roads

- Maintenance
- Renovation
- New Construction
- Highway 83
- Open
- Restricted
- Seasonal



314-2

OIL AND GAS LEASE SALE

(MARCH 4, 2013)

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

314-2 Oil and Gas Lease Sale (March 4, 2014)

Location: Big Horn, Blaine, Powder River, Richland, Sheridan Counties

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

Trust Revenue: \$1,601,254.45

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on March 4, 2014, in the Auditorium at the Department of Transportation building. A total of 11 tracts were offered for lease. Eleven tracts were leased for a total of \$1,601,254.45. The 11 tracts that were sold covered a total of 6,011.97 acres. The average bid per acre was \$266.34.

The high competitive bid for the March 4 sale was \$2,700.00 per acre for Tract 8 and the largest total bid was \$1,504,000.00 for Tract 9, both in Richland County.

DNRC Recommendation

The director requests Land Board approval to issue the leases from the March 4, 2014, sale.

State of Montana
Oil & Gas Lease Sale - March 4, 2014
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, March 4, 2014.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 7, 9	2.N	35.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
2	1, 2, 3, 4, 5, 6, 7, 9, 11	2.N	35.E	36	All	* 640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
Blaine									
3	1, 2, 3, 4, 5, 6, 9	35.N	20.E	36	All, below the base of the Eagle formation	* 640.00	\$46.00	\$29,440.00	COMET RIDGE MONTANA, LLC
4	1, 2, 3, 4, 5, 6, 7, 9, 11	36.N	20.E	36	All	640.00	\$1.50	\$960.00	COMET RIDGE MONTANA, LLC
Powder River									
5	1, 2, 3, 4, 5, 6, 7, 9	8.S	51.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
6	1, 2, 3, 4, 5, 6, 7, 9	9.S	50.E	36	Lots 1, 2, 3, N2, NW4SE4, N2SW4	550.30	\$1.50	\$825.45	PACER ENERGY ACQUISITIONS, LLC
7	1, 2, 3, 4, 5, 6, 9	9.S	51.E	16	All	640.00	\$1.50	\$960.00	BRISCOE PETROLEUM, LLC
Richland									
8	1, 2, 3, 4, 5, 6, 12	26.N	59.E	8	Missouri Riverbed and related acreage, below the base of the Charles formation	21.67	\$2,700.00	\$58,509.00	STEWART GEOLOGICAL, INC.
9	1, 2, 3, 4, 5, 6, 8, 10, 12	26.N	59.E	16	Lots 1 thru 8, NW4, NW4SW4, S2SW4, Missouri Riverbed and related acreage, below the base of the Charles formation	640.00	\$2,350.00	\$1,504,000.00	JBL MONTANA, INC.
Sheridan									
10	1, 2, 3, 4, 5, 6, 8	31.N	57.E	36	All	640.00	\$5.00	\$3,200.00	JBL MONTANA, INC.
11	1, 2, 3, 4, 5, 6, 8, 11	34.N	56.E	16	E2	320.00	\$1.50	\$480.00	BLACK ROCK OIL AND GAS, LLC

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	6,011.97	11

Oil and Gas Lease Sale Summary

Total Tracts	11
Total Acres	6,011.97
Total Bid Revenue	\$1,601,254.45
Average Bid Per Acre	\$266.34

State of Montana
Oil & Gas Lease Sale - March 4, 2014
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 This lease is located within MT-DFWP sage-grouse general habitat. Active general area sage-grouse leks are not currently known to exist on or within 2 miles of this lease. Proposed activities must comply with the Montana Greater Sage-Grouse Habitat Conservation Strategy and amendments thereto.
- 10 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct perennial tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 11 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.
- 12 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.

314-3

COMMUNITIZATION AGREEMENT:
FALCON FEDERAL 2759 12-16H WELL

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

314-3 Communitization Agreement: Falcon Federal 2759 12-16H Well

**Location: Roosevelt County
T27N R59E Sections 16 & 21**

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

Oasis Petroleum North America 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.

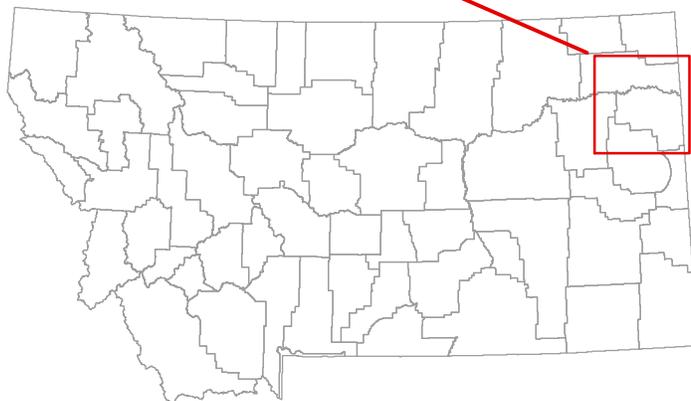
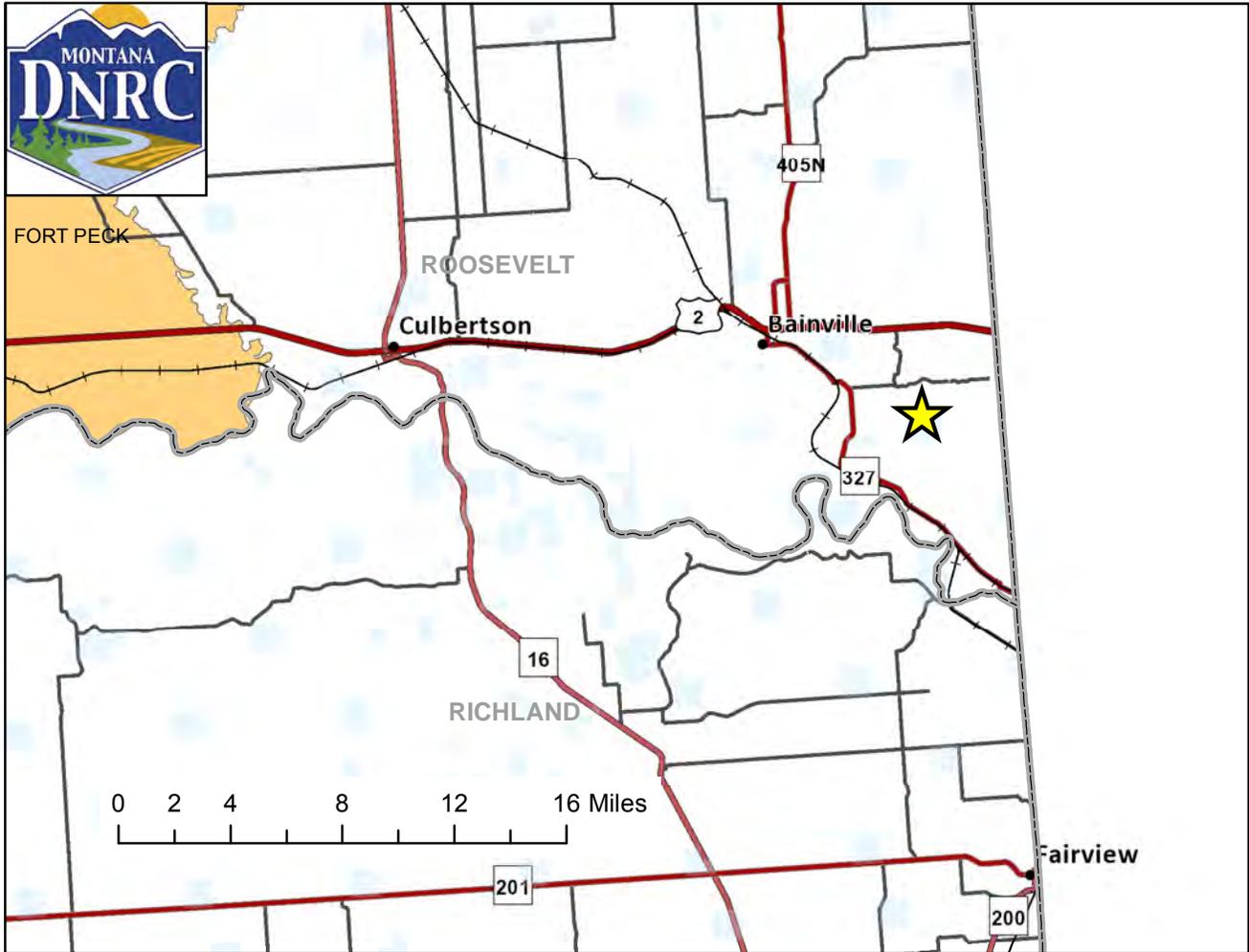
The Falcon Federal 2759 12-16H well is a horizontal Bakken/Three Forks formation oil well located approximately six miles southeast of Bainville and was drilled on state land in the NE4NW4 of Section 16. DNRC owns 640 acres of the 1,280 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks Formation in Sections 16 & 21 T27N R59E.

The DNRC tract comprises 50% of the communitized area. DNRC will consequently receive 6.5% of all oil production (13% royalty rate x 50% tract participation).

DNRC Recommendation

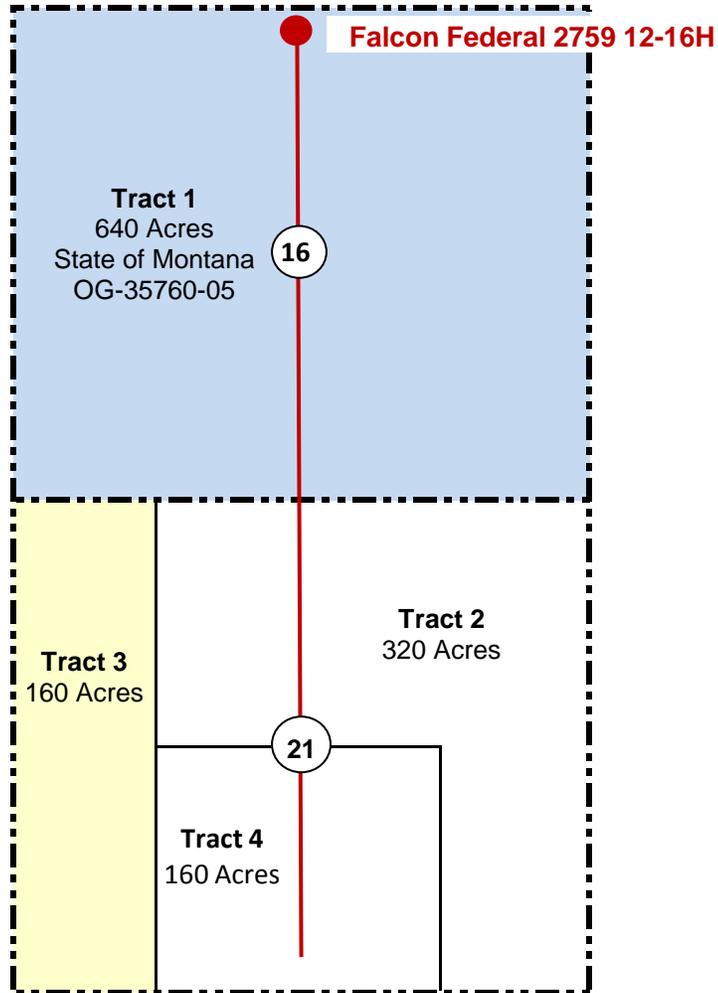
The director recommends the Land Board approve this communitization agreement.

Vicinity Map Falcon Federal 2759 12-16H Well



Township 27 North Range 59 East

Sections 16 & 21



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	State of Montana OG-35760-05	640.00	50.00%	13.00%	0.065000
2	Fee	320.00	25.00%	various	
3	Federal	160.00	12.50%	12.50%	0.015625
4	Fee	160.00	12.50%	various	
Total		1280.00	100.00%		

* The Operator of the Communitized Area is Oasis Petroleum N America LLC

314-4

OPERATING PLAN APPROVAL:
SIGNAL PEAK ENERGY

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

314-4 Operating Plan Approval: Signal Peak Energy

**Location: Musselshell County
All of Section 16 T6N R27E**

Trust Benefits: Common Schools

Trust Revenue: \$11.7 Million

Item Summary

Signal Peak Energy (SPE) has applied to the Department of Natural Resources and Conservation (DNRC) Trust Land Management Division for operation and reclamation plan approval pursuant to their state coal lease. The proposal involves the Bull Mountain Mine which is an underground mine that has been permitted since 1993. The mine has transferred ownership several times since becoming permitted and was acquired by SPE in 2008. Very little coal production occurred at the mine prior to the construction of the railroad spur and installation of the longwall mine in late 2009. The state lease was issued to SPE in September 2012. Approval of the underground mining operation and reclamation plans would allow the mine to expand into state school trust Lands in southeastern Musselshell County. The DNRC Trust Land minerals account for 640 acres of the proposed 7,160 acre expansion area, which is approximately half of the total Life-of-Mine area of 14,900 acres. The current and proposed methods of mining involve room and pillar and longwall underground mining. If approved by the Land Board, the mine would add approximately 12 million tons of recoverable coal from the state section out of a total of 91 million tons.

Potential revenues generated to the state as a result of the mine expansion include \$11.7 million in royalties from development of coal on the state section to the Common School Trust; \$14 million in shared federal royalties to affected counties and the state general fund; and, approximately \$98 million in additional tax revenues. DNRC Trust Lands had also received \$3.58 million as a bonus bid for leasing the state section. SPE employs 325 full time workers and pays over \$40 million per year in salaries and benefits.

Signal Peak Amendment No. 3 of the mine plan was approved by the Department of Environment Quality (DEQ) in October 2013. The BLM approved the leasing of the federal coal tracts in June 2012. The state section is centrally located in the center of the proposed mine expansion area.

Public Involvement

DEQ conducted public scoping and received approximately 30 comments on issues relating primarily to effects of the proposed mine expansion on water and wildlife, the need for an environmental impact statement, incomplete evaluation of the waste disposal area, and the effects of subsidence.

DEQ review determined that the issues raised were addressed or resolved through operating plan mitigation measures, and that preparation of an environmental impact statement was not necessary.

DNRC Recommendation

The director recommends the Land Board approve the operation and reclamation plans for the Bull Mountain Mine.

Summary of Impacts Considered in the Environmental Assessment

The DNRC conducted an environmental assessment review which tiers from the environmental assessment conducted by the DEQ for Permit Amendment No. 3 of the Bull Mountain Mine. The review found that no significant impacts would be expected to occur as a result of the mine expansion. Primary impacts of mining are summarized below:

1. **Geology/Soils** – Fissures caused by subsidence. Mitigated by re-grading, leveling, soil replacement, and re-seeding.
2. **Water Quality/Quantity** – Springs and shallow aquifers may be temporarily affected. Mitigated by providing replacement water from deep aquifers and/or in accordance to spring and stream restoration plans within the reclamation plan.
3. **Air Quality** – Air quality will not be further affected as a result of expansion into State coal. Greenhouse gas (GHG) emissions created at the mine are estimated to be 0.005% of the annual GHG's emitted in Montana each year.
4. **Vegetation** – Only impacted in localized areas where subsidence features appear. Mitigation measures include grading, soils replacement, and seeding with an approved seed mix.
5. **Terrestrial, Avian and Aquatic Habitats** – Flow from springs may be temporarily altered, affecting wildlife or aquatic habitats. No permanent effects have arisen from the existing mining operations.
6. **Threatened/Endangered or Fragile Environmental Resources** – No threatened, endangered wildlife, or species of concern have been identified on the State section.
7. **Historical and Archaeological Sites** – If present, historical and/or archaeological sites are not expected to undergo significant disturbance. A Class III archaeological survey is scheduled for the State section in summer of 2014.
8. **Aesthetics** – Visual impacts of subsidence are not expected to be visible from public vantage points. The ground elevation on the State section and surrounding sections is estimated to be lowered by 7 feet after subsidence has occurred.
9. **Demands on Environmental Resources** – No effects are expected to the land, water, air, or energy. Pump tests have shown that surrounding wells will not be impacted by water produced by wells on the mine.
10. **Other Environmental Documents Pertinent**
 - A. EIS for Meridian Minerals Co. – Bull Mountain Mine No.1 Life-of-Mine completed by Montana Department of State Lands in November 1992.
 - B. Checklist Environmental Assessment by DEQ for Bull Mountain Mine Permit Amendment No. 3 in October 2013.
 - C. Environmental Assessment by BLM for Bull Mountain Mine No.1 Federal Leases in April 2011.
11. **Human Health and Safety** – Typical safety risks associated with underground mine workers, potential for injury to humans, livestock, and wildlife on surface during subsidence. Mitigation includes publishing a schedule of mining 6 months in advance and sending it to respective landowners.
12. **Industrial, Commercial, and Agricultural Activities** – Possibility of temporary alteration of springs, affecting grazing that would be mitigated by replacing water from other sources. The state would receive \$11.7 million in royalties to the Common School Trust, and \$14 million in royalties shared to the State from the Federal mineral royalties.
13. **Quantity and Distribution of Employment** – Mine would be allowed to continue with expansion, and 200-250 workers would remain employed for 9 more years.
14. **Local and State Tax Base and Tax Revenues** – Approval of mine expansion onto the State section would allow the overall expansion to occur and increase State and local tax revenues by an estimated \$98 million.

Bull Mountain Mine Amendment No. 3 Vicinity Map



DNRC
Trust Lands Management
Division
Minerals Management
Bureau

Date 03/11/14

Project
Signal Peak Energy
Mine Plan

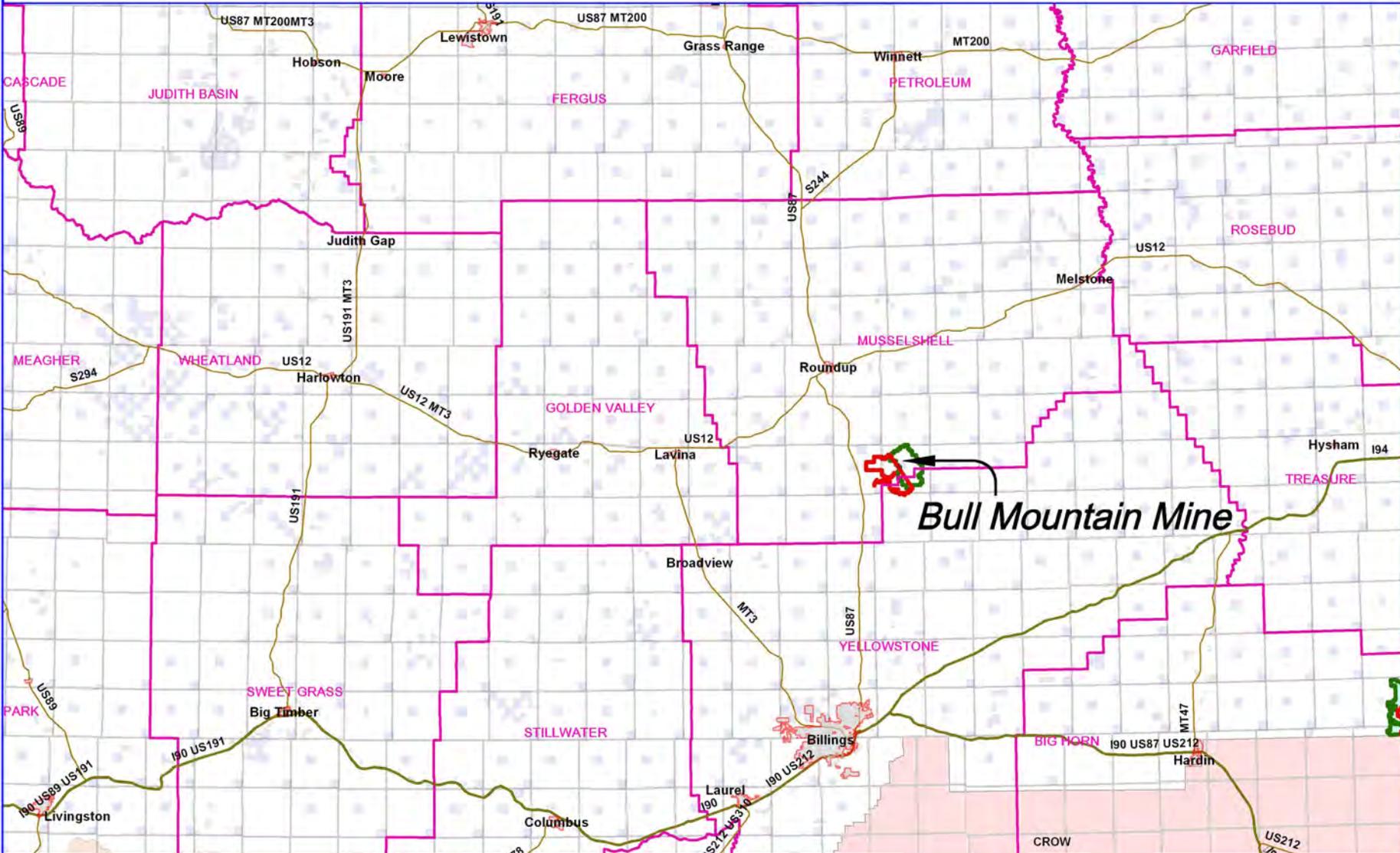


VICINITY MAP

Title
Scale 1" = 18 miles
Date 03/14
Drawn TET

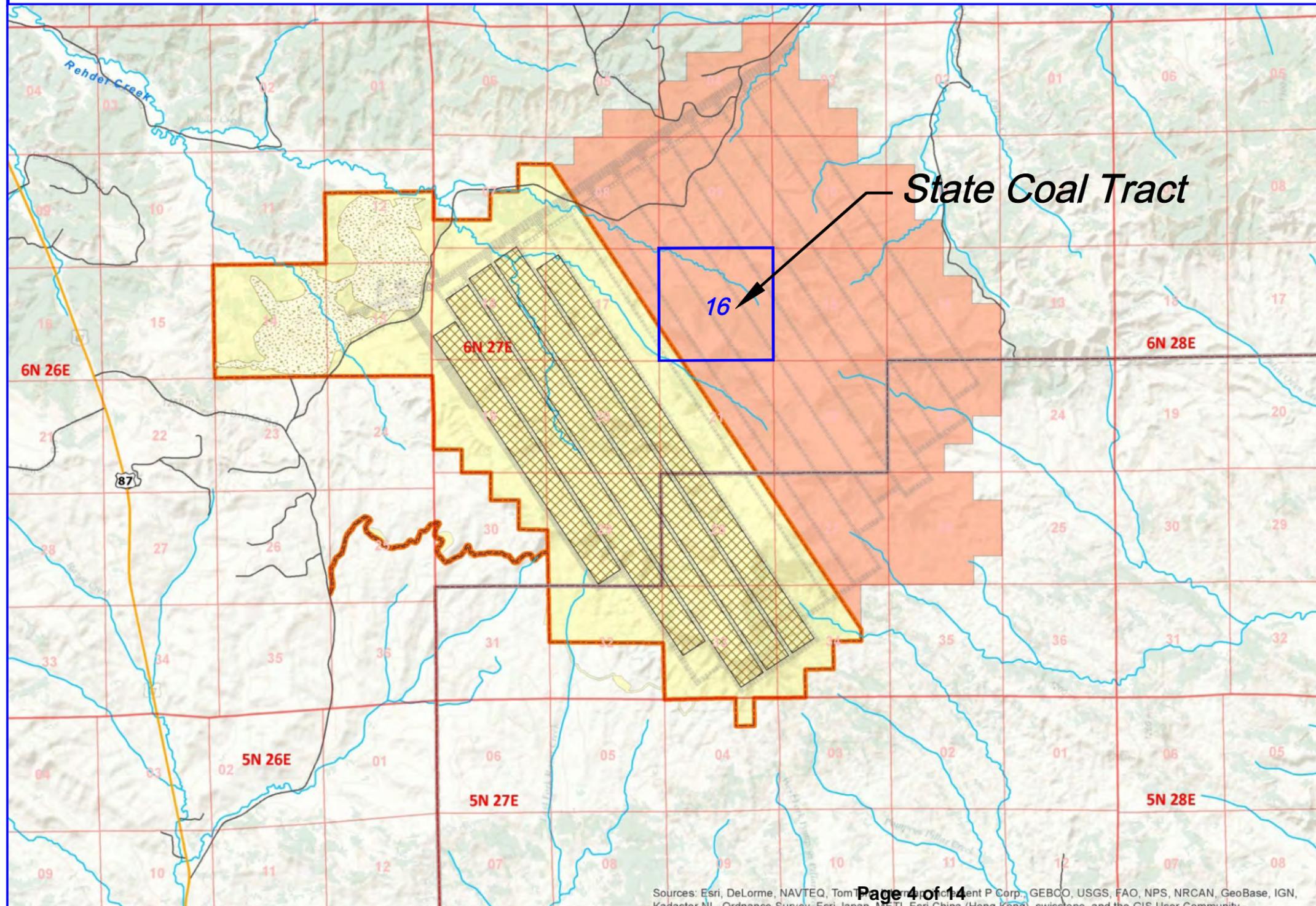
Sheet
2

2 of 2 sheets



Bull Mountain Mine Amendment No. 3 Site Map

314-4

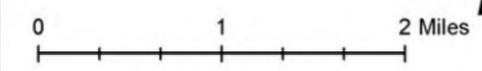


Bull Mountains Mine No. 1

Permit Boundary and
Amendment 3 Mine Plan

Map from DEQ EAC

- Panels Approved Under Amendment 2
- Facilities Disturbance Area
- Mine Plan
- Present Permit Boundary
- Amendment 3 Area



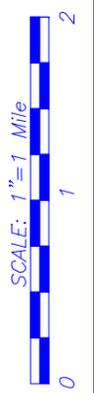
DNRC
Trust Lands
Management
Division
Minerals Management
Bureau

Date 03/04/14

Last Rev 03/04/14

Project
Signal Peak Mine
Mine Plan

SITE MAP



PN 2014-1
Scale 1"=1 mile
Date 02/14
Des. TET
Drwn. TET
Appr.
Sheet

1

Updated 3/12/14

ENVIRONMENTAL ASSESSMENT

Project Name:	Signal Peak Energy, LLC Bull Mountain Mine – Permit Amendment No. 3
Proposed Implementation Date:	Fall 2014
Proponent:	Signal Peak Energy, LLC, 100 Portal Drive, Roundup, MT 59072
Location:	<u>Township 6 North, Range 27 East</u> Section 16: All (Mineral Only)
County:	Musselshell
Trust:	Common Schools

I. TYPE AND PURPOSE OF ACTION

Signal Peak Energy (SPE) has applied to DNRC Trust Lands Management Division for operation and reclamation plan approval pursuant to paragraph 1 of their State coal lease. This lease was issued to SPE in September 2012. Approval allows coal mining operations to expand the Bull Mountain mine onto State School Trust Lands in southeastern Musselshell County. The DNRC review utilizes technical data supplied to the Montana Department of Environmental Quality (DEQ) from SPE as well as analysis data provided by DEQ; therefore, this review tiers from the environmental assessment conducted by the DEQ for Permit Amendment No. 3 of the Bull Mountain Mine. DNRC Trust Land minerals account for 640 acres of the total 7,179 acres which includes the Amendment 3 expansion area and the entire State tract. The State section is located in Section 16, Township 6 North, Range 27 East. This EA reviews the potential effects that the proposed mine expansion would have on the human and natural environment on the State section. The current method of mining involves room and pillar underground mining and will add 9 new longwall panels to the existing mine operation. If approved by the Board of Land Commissioners, the mine would add approximately 12 million tons of recoverable coal on the State section out of 91 million total tons of coal.

All proposed mining would be performed underground; therefore, there will be little to no surface disturbance to the State section, other than that caused by subsidence. The State tract is surrounded by private and landlocked Federal land so no public access exists to the tract.

This Environmental Assessment has been prepared in addition to the environmental assessment prepared by the DEQ in October, 2013 for the project known as Permit Amendment No. 3, Life-of-Mine. The DEQ environmental assessment supplements the Environmental Impact Statement (EIS) conducted for Meridian Minerals Company for the Bull Mountains Mine No. 1 in November, 1995. The DEQ environmental assessment and the EIS review both include the area known as the life of mine (LOM), which includes the State section.

The proposed action would generate revenue for the Common School Trust. Lands involved in this proposed project are held by the State of Montana in trust for the Common Schools (Enabling Act of February 22, 1889; 1972 Constitution, Article X Section 11). The Board of Land Commissioners and the DNRC are required, by law, to administer these trust lands to produce the largest measure of reasonable and legitimate return over the long run for these beneficiary institutions (Section 77-1-202, MCA). The proposed activity would operate in accordance with all applicable State and Federal rules.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

MEPA review for the proposed action on State minerals was coordinated through the DEQ Coal Section and DNRC Petroleum Engineer, Trevor Taylor.

Public scoping for technical adequacy of the project was solicited by DEQ through the Billings Gazette paper. The solicitation for technical adequacy was run for two weeks, a solicitation for comments relating to the application completeness determination was run for 4 weeks, and the comment period ended October 7, 2013. DEQ received comments from 31 people or groups during the comment period that voiced concern over issues relating primarily to effects of the proposed mine expansion on water and wildlife, the need for an environmental impact statement, incomplete evaluation of the waste disposal area, and the effects of subsidence. The DEQ included a response to the comments in Appendix III to the Amendment No. 3 EAC and posted the response document to their website.

The Bureau of Land Management (BLM) completed an Environmental Assessment (EA) in March, 2010 and later concluded that no significant impact would occur as a result of the mine. The BLM also solicited comments for a 30 day period, ending on April 27, 2010.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

The DNRC Trust Land Management Division and Minerals Management Bureau has land management authority over mineral activities on state owned school trust lands. The Montana Department of Environmental Quality has regulatory authority over coal mine permitting within the State, excluding that within Indian Reservation lands. County permits and proof of qualification to conduct business in the State of Montana are also required. The Bureau of Land Management (BLM) owns a majority of the minerals within the expansion area; therefore, SPE must also acquire the appropriate permits and approvals from the BLM.

DNRC is not aware of any other agencies with jurisdiction or other permits needed to complete this project

3. ALTERNATIVES CONSIDERED:

- A. No Action Alternative – Deny permission to conduct underground coal mining within the State section. Proposed mine expansion into State, Federal, and fee coal would be expected to cease. Output from the mine would likely end upon reaching the State section. No impacts to the environment would be expected on the State section.
- B. Action Alternative – Grant permission to conduct underground coal mining on the State section within the Permit Amendment No. 3 of the Bull Mountain Mine. The action alternative would allow the State to generate revenue for the Common School Trust. SPE would manage and mitigate the effects mining would have on the State tract in accordance to DNRC and DEQ requirements.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

Surface geology within the State section consists of the Tongue River Member of the Tertiary Fort Union Formation. The Tongue River Member can range from a yellowish to yellow/gray sandstone, interbedded with shale, siltstone, and coal beds. Ledges and rimrocks located in the central portion of the Bull Mountain Basin represent thick sandstone layers. Alluvial material, generating from upper weathered layers, accumulates in the ephemeral drainages below and are typically less than 40 feet in thickness. No unusual geologic features have been observed.

The soils within the State tract are primarily loams. Soils located directly above including soils directly adjacent to the mine area will likely experience disturbance as a result of subsidence fissures and settling.

Reclamation of the surface soils will include filling in larger fissures caused by subsidence, re-grading and leveling the ground surface, and reseeding the disturbed areas with a seed mix approved by the DNRC to mitigate promulgation of noxious weeds. Smaller fissures in the surface would likely be allowed to cure naturally to minimize surface disturbance. Due to the resilient nature of the soils overlying the State section, soils are expected to rapidly restore both functional and structural integrity after subsidence has occurred.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

A. No Action Alternative – No impacts would be expected.

B. Action Alternative

Surface Water

Both the proponent of the mine expansion, SPE, and DEQ have conducted extensive studies and modeling of surface and groundwater resources for the proposed activity in which the results are included in the Cumulative Hydrologic Impact Assessment (CHIA) as a part of DEQ's environmental review. The State section has two springs located on the tract which could be affected as a result of subsidence (Springs 14165 & 14255). There is currently no evidence that spring water quantity or quality has been permanently impacted by previous mining activities at the Bull Mountain mine. Stream reaches within Section 16 are typically dry, except for periods of high precipitation.

Groundwater

Multiple groundwater aquifers have been evaluated within the mine area, the alluvial aquifer, the overburden aquifer, the Mammoth coal aquifer, the upper underburden aquifer, and the deep underburden aquifer. The vertical downward shift of the aquifers that occurs during subsidence can have an effect on the five aquifers. The overburden aquifer, the Mammoth coal aquifer, and the underburden aquifers are expected to experience temporary reductions of water quantity and quality as a result of subsidence, but are believed to recover quickly after the subsidence has occurred. The shallowest of the aquifers, the alluvial aquifer, is a perched aquifer that is typically dry within in the permit area, except after significant precipitation events. No evidence has indicated that subsidence or dewatering of lower aquifers has an effect on the alluvial aquifer. During mining of the first three

panels, no water quantity or quality changes were noted in the alluvial aquifer, aside from a short recovery period following the subsidence. The deep underburden aquifer has been shown through aquifer testing to be a confined aquifer, therefore is not expected to be influenced by mine activities.

The CHIA conducted by DEQ concluded that some surface and groundwater users outside the permit area may experience a temporary impact to their water resources, but that SPE's mine permit commits them to replacing water supplies affected by mining. Mitigation of affected aquifers includes development of the unaffected deep underlying sandstone aquifers as a replacement of potentially affected shallow aquifers.¹ Mitigation measures are also included in the reclamation plan that cover restoration of impacted springs and streams.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

A. No Action Alternative – No impacts would be expected.

B. Action Alternative

The proposed expansion of mining operations into the State coal is not expected to directly impact air quality beyond current emission levels.

Greenhouse Gas (GHG) Emissions

The Department of Interior, Bureau of Land Management (BLM) estimated that the Bull Mountain Mine produces, on an annual basis, approximately 2,000 tons of CO₂ from mine diesel consumption, 100 tons of CO₂ from mine gasoline consumption, and 0.24 tons of black carbon emissions. These emissions are considered to be representative throughout the life of the mine; therefore, annual GHG emissions are not expected to increase as a result of the coal mine expanding into the State section.¹ The GHG emissions from the mine represent approximately 0.005% of the annual GHG's emitted in Montana each year.²

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

A. No Action Alternative – Vegetation communities would remain undisturbed under the no action alternative.

B. Action Alternative

Vegetation on the State section will not be impacted with exception of localized areas disturbed by subsidence cracks. Areas of surface disturbance are required to be repaired according to a mitigation plan through DEQ, which would include mitigations such as soil salvage, re-grading, soil replacement, and seeding with a seed mix approved by the DNRC Southern Land Office.

A review of Natural Heritage data through the NRIS was conducted and no plant species of concern noted or potential species of concern were noted on the State tract.

¹ United States Department of Interior, Bureau of Land Management. *Environmental Assessment – DOI-BLM-MT-C010-2009-0010-EA. Bull Mountain Mine No.1*; April 2011. P. 3-20

² Montana Department of Environmental Quality and the Center for Climate Strategies. *Montana Greenhouse Gas Inventory and Reference Case Projections 1990-2020*. September 2007.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

A. No Action Alternative – No impacts would be expected.

B. Action Alternative

Two springs are located on the State section and are an important source of water to the livestock associated with the State grazing lease and the local wildlife in the area including small mammals, bats, song birds, shorebirds, upland game birds, raptors, big game, and warm-water aquatic species.

In addition to mammals, the springs provide habitat for aquatic plants such as periphthon, macroinvertebrates such as earthworms and insects, and vertebrates such as tiger salamanders and painted turtles. Previous mining has not caused any identifiable impacts to terrestrial, avian and aquatic life or habitats in the vicinity of the mine and are not expected to affect habitats on the State tract.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A. No Action Alternative – No impacts would be expected under this alternative.

B. Action Alternative - No effects are expected to unique, endangered, fragile, or limited environmental resources under this alternative.

No threatened or endangered wildlife or aquatic species were found to exist on the State section. A review of the Montana Natural Heritage Tracker for the State tract revealed that 2 golden eagles have been spotted at different times on the State section. Other species of concern that have been identified in the vicinity, but not directly on the State section, include the Hoary Bat, Townsend's Big-eared Bat, Cassin's Finch, and the Pinyon Jay.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

A. No Action Alternative – No effects to historical or archaeological sites are expected to occur under the no action alternative.

B. Action Alternative

Historical and archaeological sites, if any, are not expected to undergo significant disturbance on the State section as a result of the underground mining. A Class III archaeological survey is required to be completed at least two panels ahead of mining in order to identify existing sites and allow for mitigation with approval from the Department's archaeologist and the Montana State Historical Preservation Office (SHPO). The State section is scheduled to be surveyed during the summer of 2014.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

A. No Action Alternative – No further impacts to aesthetics would be expected under this alternative

B. Action Alternative

The State tract includes a hill top within the Bull Mountains that is visible from public roads. Subsidence is expected to cause the elevation of the terrain overlying the undermined area to lower by 7 feet. Aside from the county road, Fattig Creek Road, which is located just north of the State tract, public highways are at least 3 miles away from the State land. Noticeable changes to the surface wouldn't expected at this distance from public vantage points.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

A. No Action Alternative – No effects to limited resources in the area would be expected under this alternative.

B. Action Alternative

The demand on environmental resources such as land, water, air, or energy will not be affected by the proposed action. The proposed action will not consume resources that are limited in the area. There are no other projects in the area that are expected to affect the proposed project.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

In conjunction to this EA, the other environmental documents that have been completed that include the State section include:

1. Environmental Impact Statement (EIS) for Meridian Minerals Company – Bull Mountain Mine No. 1 Life of Mine area that was completed by the Montana Department of State Lands in November 1992.
2. Environmental Assessment (EAC) for Signal Peak Energy Company – Permit Amendment No. 3, Life-of-Mine (LOM) for the Bull Mountain Mine that was prepared by the DEQ in October 2013..
3. Environmental Assessment (EA) by the BLM for Bull Mountain Mine No. 1 federal leases in April, 2011.

No other studies, plans, or projects are known to exist for this tract.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

A. No Action Alternative – Effects to human health and safety would remain the same as the action alternative.

B. Action Alternative

There will be some health and safety concerns associated with the mine expansion into State minerals. As subsidence occurs during the undermining of State coal, open cracks are likely to form in localized areas on the surface of the State tract. A mining schedule will be posted by the operator, Signal Peak Energy, and sent to State at least six months prior to mining the underlying coal. This warning will help minimize potential impacts to humans. Larger areas of ground disturbance are to be reclaimed and reseeded when conditions on the ground are safe to conduct the work.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

A. No Action Alternative – This alternative would complicate mining to the point that further expansion of the existing mine into State, Federal, and fee coal would not be feasible. The mine would be expected cease all mining activities and enter the reclamation phase. Many existing employees would likely experience layoffs. Royalties in the amount of \$14 million would not be distributed to the State for mining of the Federal coal, \$11.7 million in royalties would not be generated for the State Common School Trust, and royalties would not be earned by fee coal owners within the expansion. Additionally, The No Action Alternative could result in the loss of potentially \$98 million dollars in taxes to the State (\$60 million in severance taxes and \$28 million in gross proceeds taxes).

B. Action Alternative

Mining underlying coal from the State section has a potential to disrupt the two existing springs on the State tract which could have negative impacts to the grazing that occurs on the tract. Permanent impacts to the existing springs above the mine are expected to be rare. In the case that a spring or both springs permanently lose the ability to flow, Signal Peak Energy has a plan in place to mitigate lost water by replacing it with other water sources.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

A. No Action Alternative – Under this alternative, the mine would eventually close, eliminating approximately 250 jobs directly related to the mine and additional jobs dependent on mine operations. Payroll dollars from the mine would no longer circulate through the local economies.

B. Action Alternative

The approval to mine coal from the State section would not create, move, or eliminate jobs. The mine is expected to have approximately the same production output as production in recent years, thus the workforce would be unaffected. The approval would allow the existing workforce to maintain their current jobs for an additional 9 years.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

A. No Action Alternative – The overall tax revenue created from the entire mine would be reduced by \$98 million under this alternative due no additional coal being mined.

B. Action Alternative

Approval of the mine expansion into State minerals would increase the amount of coal severance taxes to the State, generate federal and state income taxes from the workforce, provide taxes to Musselshell and Yellowstone counties, and provide property taxes from the mine facilities and equipment.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

A. No Action Alternative – There would be no change in the demand for government services under this alternative.

B. Action Alternative

There will be no added significant impacts to traffic, fire protection, police, schools, or government services as a result of approval to mine the State coal.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

A. No Action Alternative – There are no known locally adopted environmental plans and goals, therefore, this alternative would have no impact.

B. Action Alternative

There are not currently any locally adopted environmental plans or goals.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

A. No Action Alternative – Access to and quality of recreational and wilderness activities would remain unchanged as a result of this alternative.

B. Action Alternative

There are no wilderness areas within the vicinity of the State tract, nor is there legal access to the State section for recreational use. Therefore, approval of the action alternative would have no effect on recreational use of the State section.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing

A. No Action Alternative – This alternative would have no effect on the density and distribution of population and housing.

B. Action Alternative

Population changes and housing in the vicinity are not expected to change as a result of the mine expansion into the State section. There are currently no existing residences on the State section.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

A. No Action Alternative – There would be no effects to social structures and mores as a result of this alternative.

B. Action Alternative

There are no native, unique, or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

A. No Action Alternative – The no action alternative would have no impact on cultural uniqueness and diversity in the vicinity of the mine.

B. Action Alternative

The proposed action will not impact the cultural uniqueness or diversity of the area.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

A. No Action Alternative – The no action alternative would result in the loss of revenue to the Montana public school system from future royalty payments to the Trust, the loss in split royalty payments to the State from the Federal government royalties, the loss in coal severance and gross proceed taxes to the State, and the loss of 200-250 mining jobs and any secondary business jobs dependent on the mine.

B. Action Alternative

The proposed action would generate approximately \$11.7 million dollars for the Montana public school system over 5 years. This is in addition to the \$3.6 million previously collected as a bonus bid for the right to mine coal in the State section and coal severance taxes. The mine would also continue to provide jobs to the people in the vicinity.

EA Prepared By:	Name: Trevor Taylor	Date: March 6, 2014
	Title: Petroleum Engineer, Minerals Management Bureau, DNRC	

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B which would authorize approval of the Bull Mountain Mine operating and reclamation plans and expansion of the existing underground mine into the State section.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

Significant impacts are not expected to occur as a result of the proposed activity on state lands. The intent of the proposed activity is to mine State coal within the expanded mine area under DEQ Amendment 3 to the Bull Mountain Mine No. 1 mine plan. The underground mine will continue using room-and-pillar along with longwall mining techniques. The state minerals represent less than 9% of the overall mine expansion area. Mitigation measures which are common and effective have been incorporated in the proposal to minimize the potential for environment impact. Any impacts associated with this proposal on state lands are expected to be minor and short term.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

The environmental analysis for this project is appropriate and additional analysis is not needed.

EA Approved By:	Name:
	Title:
Signature:	Date:

314-5

CABIN AND HOME SITES:
PRELIMINARY APPROVAL FOR SALE

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

314-5 Cabin and Home Sites: Preliminary Approval For Sale

Location: Flathead, Gallatin and Missoula Counties

Trust Benefits: Montana State University, Montana Tech, Pine Hills, Eastern – MSU/Western – UM,

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of five home sites nominated for sale in Flathead, Gallatin, and Missoula counties. These sales were nominated by the lessees in conjunction with the 2014 Pilot Cabin and Home Site Sale Program.

Sale #	# of Acres	Legal	Nominator	Trust
710	0.83	Lot 6 Bear Canyon Recreation Area, Section 6, T3S-R7E & Section 1, T3S-R6E Gallatin County	Kenny & Christina Wood	Montana Tech
711	0.83	Lot 16 Elbow Lake, Section 20, T15N-R14W Missoula County	Tim & Cheryl Schwenk	Pine Hills
712	1.337	Lot 13, Morrell Flats, Section 14, T16N-R15W Missoula County	Bruce & Kathy Graham	MSU
713	1.545	Lot 7, Rogers Lake, Section 30, T27N-R23W Flathead County	Edward & Calina Garcia	Montana Tech
714	1.331	Lot 21, Echo Lake, Section 5, T27N-R19W Flathead County	Jake & Margaret Van Seters	Montana Tech

These parcels are currently leased as cabin or home sites and produce an average income for residential leases statewide.

Each parcel will be sold with the access that is provided to the current lessee under their lease agreement.

DNRC Recommendation

The director recommends the Land Board give preliminary approval to sell these cabin sites.

Gallatin County Sale Location Map

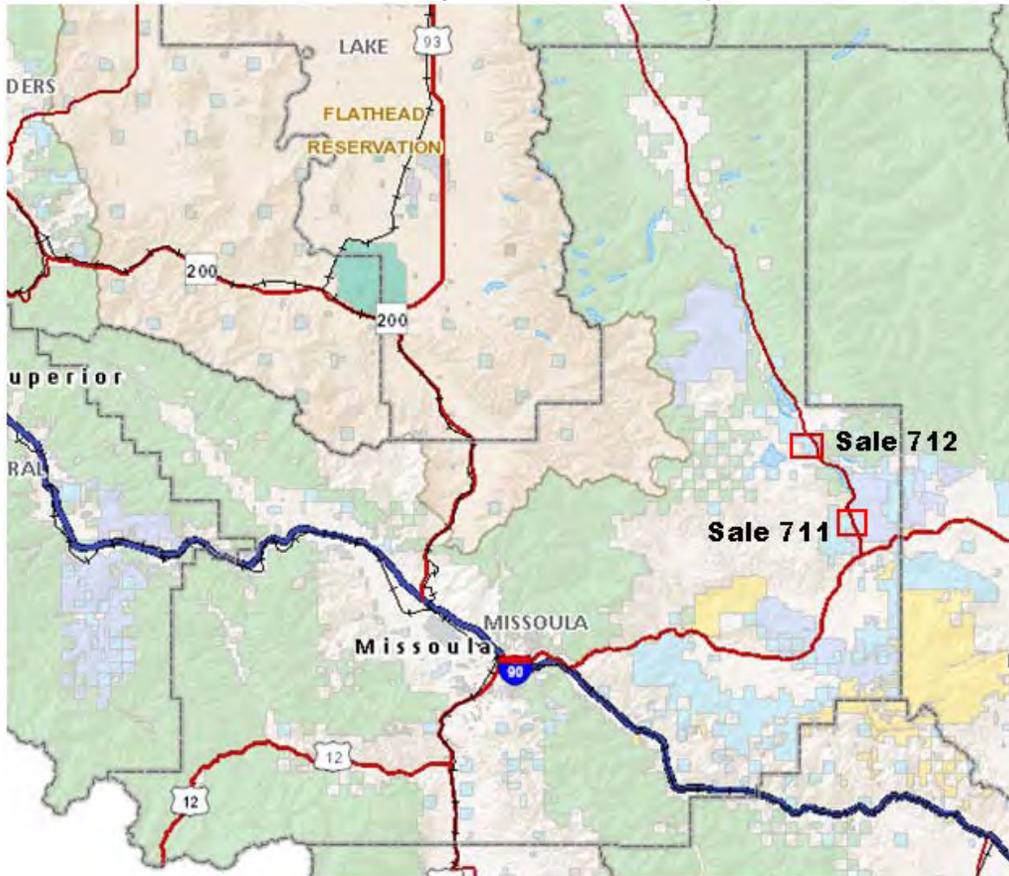


Sale #710

Lot 6 Bear Canyon Recreation Area, Section 6, T3S-R7E & Section 1, T3S-R6E
Kenny & Christina Wood



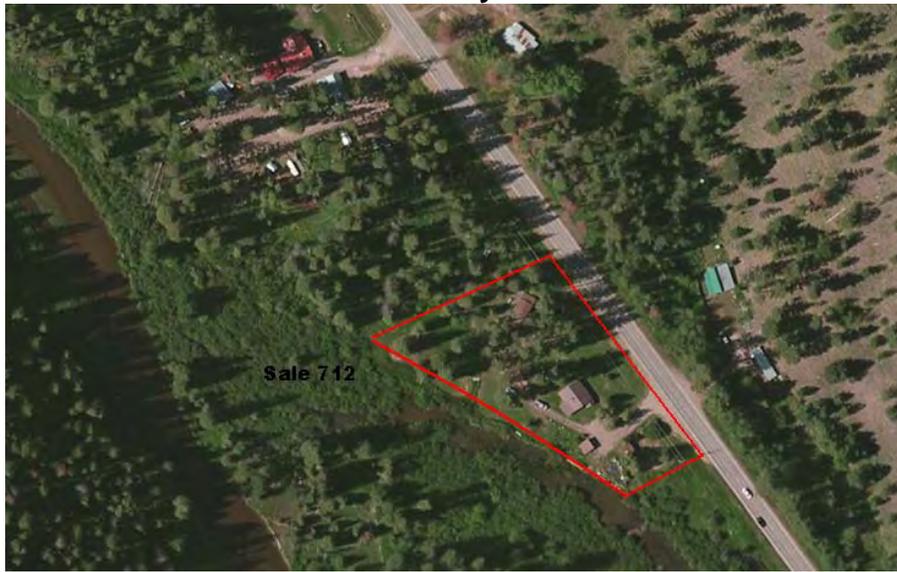
Missoula County Sale Location Map



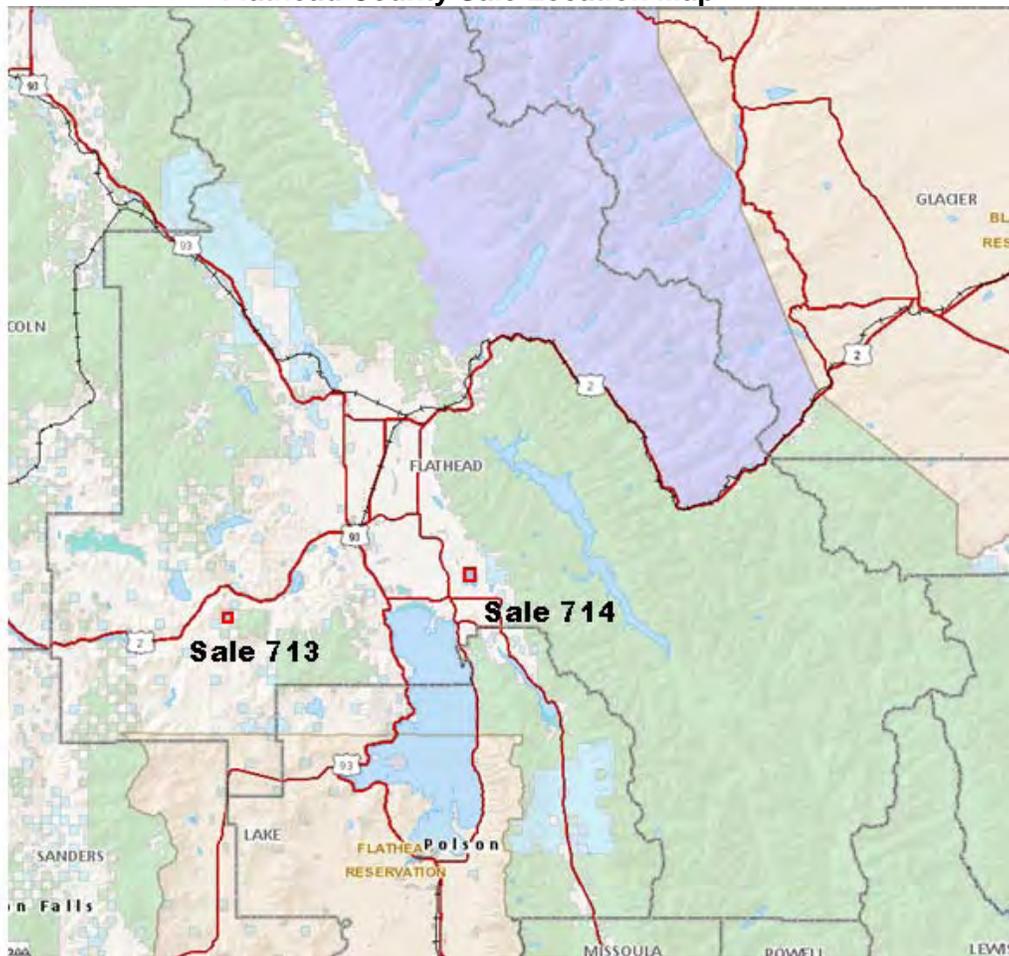
Sale #711
Lot 16 Elbow Lake, Section 20, T15N-R14W
Tim & Cheryl Schwenk



Sale #712
Lot 13, Morrell Flats, Section 14, T16N-R15W
Bruce & Kathy Graham



Flathead County Sale Location Map



Sale #713
Lot 7, Rogers Lake, Section 30, T27N-R23W
Edward & Calina Garcia



Sale #714
Lot 21, Echo Lake, Section 5, T27N-R19W
Jake & Margaret Van Seters



314-6

LAND BANKING PARCELS:
SET MINIMUM BID FOR SALE

314-6 Land Banking Parcels: Set Minimum Bid for Sale

Location: Stillwater County

Trust Benefits: Common Schools

Trust Revenue: \$860,800

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on three parcels totaling 1,920 acres which were nominated for sale in Stillwater County. The sales were nominated by the lessee and are located approximately 10 miles east of Columbus.

Sale #	# of Acres	Legal	Nominator	Trust
706	640	ALL, Section 16, T2S-R22E	Energy Equity Company	Common Schools
707	640	ALL, Section 36, T1S-R21E	Energy Equity Company	Common Schools
708	640	ALL, Section 16, T2S-R21E	Energy Equity Company	Common Schools

The parcels have gently rolling to steep topography and are used primarily for livestock grazing purposes. The parcels have below 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 0.38%. 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:

The state parcels were inventoried to Class III standards for cultural and paleontologic resources in August 2013. Three cairn sites, the remains of a historic sheep camp, and a small roughly circular arrangement of five sandstone slabs were identified and recorded. No paleontology was identified on any of the tracts. The DNRC has consulted with the State Historic Preservation Office (SHPO) and has concluded that none of these five cultural resource sites is eligible for listing in the National Register of Historic Places.

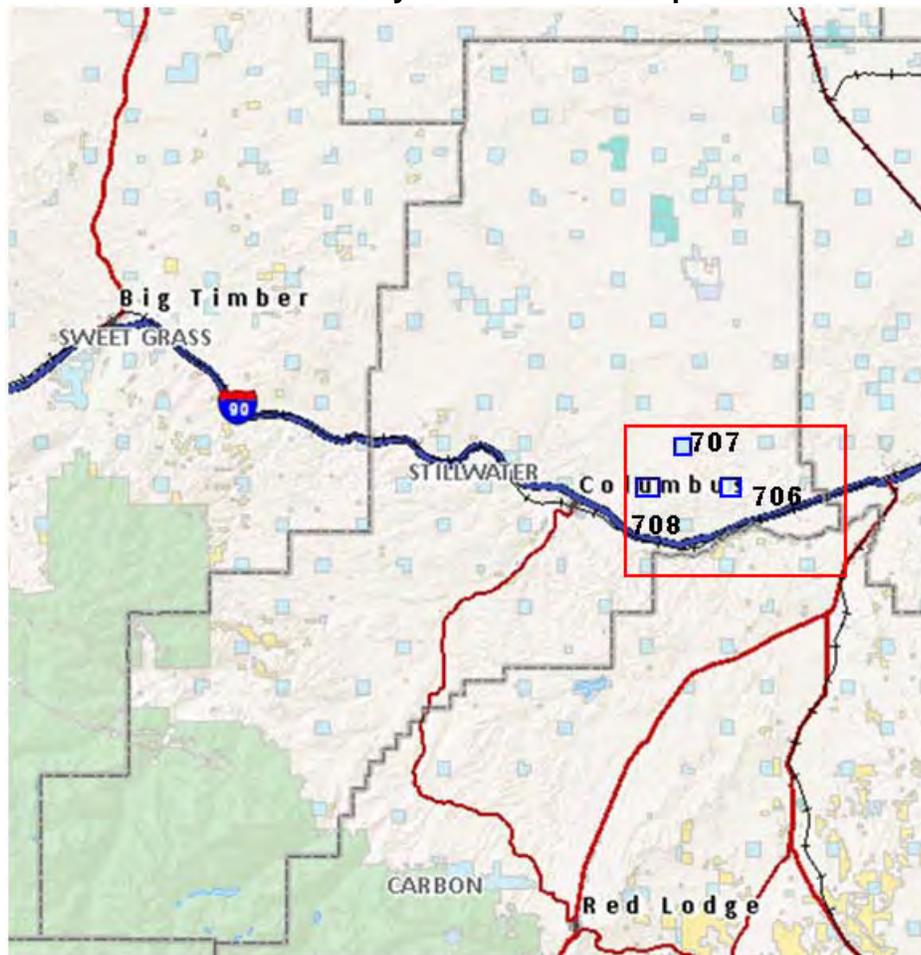
A formal report of findings has been prepared and has been filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Sale #	Appraised Value With Access	Appraised Value Without Access	Appraised Value with access per acre	Recommended Minimum Bid
706	\$310,400	\$170,720	\$485	\$310,400
707	\$240,000	\$132,000	\$375	\$240,000
708	\$310,400	\$170,720	\$485	\$310,400

DNRC Recommendation

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

Stillwater County Sales Location Map



Sale #706
ALL, Section 16, T2S-R22E
Energy Equity Co.



Sale #707
ALL, Section 36, T1S-R21E
Energy Equity Co.



Sale #708
ALL, Section 16, T2S-R21E
Energy Equity Co.



314-7

FINAL SETTLEMENT AGREEMENT:

*IN THE MATTER OF THE ALLEGED
VIOLATION OF SECTION 77-1-125, MCA, BY
SOMONT OIL COMPANY UPON STATE TRUST
LANDS LOCATED IN SECTION 36, TWP. 36N,
RG. 36W*

Land Board Agenda Item
March 18, 2014

314-7 **Final Settlement Agreement: *In the Matter of the Alleged Violation of Section 77-1-125, MCA, by Somont Oil Company upon State Trust Lands Located in Section 36, Twp. 36N, Rq. 3W***

Location: Toole County

Trust Benefits: Common Schools

Trust Revenue: \$500

Item Summary

This settlement agreement resolves a dispute between the Department of Natural Resources and Conservation (DNRC) and Somont Oil Company concerning the replacement of a worn-out natural gas pipeline on an existing state easement right-of-way. Under this settlement agreement the Land Board would recognize that the existing state easements authorize Somont to replace the worn-out natural gas pipeline by installation of a new pipeline of the same or smaller diameter and abandonment of the defunct pipe in place.

Somont agrees to pay DNRC \$500 for its failure to notify DNRC of its prior efforts to immediately fix leaks in the pipeline and for straying outside the easement right-of-way with some equipment.

DNRC Recommendation

The director recommends the Land Board approve this final settlement agreement to resolve the dispute between the parties.

FINAL SETTLEMENT AGREEMENT

This Final Settlement Agreement (this "Agreement") dated _____, 2014 (the "Effective Date"), entered into by and between **THE STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION**, P.O. Box 201601, Helena, Montana 59620-1601 ("the Department") and **SOMONT OIL COMPANY, INC.**, 419 Ferdig Rd., Oilmont, Montana 59466 ("Somont").

Recitals

Somont owns and operates various oil and gas related utilities which includes pipelines and electrical transmission facilities (collectively "Somont's Utilities") in Toole County, Montana, some of which are located on portions of State of Montana School Trust Lands ("Trust Lands");

Somont has previously applied for and obtained from the Department the rights-of-way (individually a "ROW" and collectively the "ROWS") described on Exhibit "A" attached hereto and by this reference incorporated herein, for purposes of operating and maintaining Somont's Utilities located on Trust Lands;

Various disputes have arisen between the Parties concerning Somont's rights under the ROWs to perform maintenance and repairs to Somont's Utilities (the "Disputes");

One consequence of the Disputes has been civil litigation in the form of the action entitled "In the matter of the alleged violation of Section 77-1-125, MCA, by Somont Oil Company upon State trust lands located in Section 36, Twp. 36 N., Rge. 3 W" currently pending before the State Board of Land Commissioners and the Department in Lewis and Clark County, Montana (the "Action");

The Parties previously entered into that certain "**INTERIM SETTLEMENT AGREEMENT**" (the "Interim Settlement Agreement") effective as of November 13, 2013, which provided, *inter alia*, that Somont would tender to the Department the sum of \$4,800 (which Somont has done) pending resolution of the Action; and

The Parties, recognizing the expenses, vagaries and uncertainties of litigation, have agreed to resolve their disputes relating to the Disputes and the Action, to compromise their claims and to memorialize their respective rights, duties, responsibilities and obligations.

Based on the foregoing and in full satisfaction of any and all disputes and claims arising out of the Disputes and the Action, and in consideration and exchange for the mutual releases granted herein, and upon the terms, covenants and conditions stated below, the Parties agree as follow:

- 1) **Incorporation of Recitals**. The foregoing Recitals are made a part hereof and incorporated herein by this reference.

- 2) **Joint Undertakings of the Parties.** Upon execution of this Agreement by the parties, legal counsel for the parties shall jointly prepare and execute an appropriate stipulation dismissing the Action with prejudice.
- 3) **Admissions/Undertakings of Somont.** Somont admits that it failed to:
- a) Notify the Department of certain leaks in Somont's pipeline (the "Pipeline") located in Section 36, Township 36 North, Range 3 West, MPM, Toole County, Montana ("Section 36"); and
 - b) Notify the Department before proceeding to replace the 6" steel section of the Pipeline with 3" synthetic polyline during the month of March 2013 on Section 36 and that in doing so Somont failed to contain its activities within the 10 foot easement corridor provided for the in the applicable ROW.

As a result of the foregoing, Somont shall pay to the Department a civil penalty of \$500.00 within 30 days from the Effective Date.

- 4) **Admissions/Undertakings of the Department.**
- a) **Refund of \$4,800.** On or before April 1, 2014, the Department shall tender to Somont the \$4,800.00 (without interest) which Somont previously paid to the Department pursuant to the Interim Settlement Agreement.
 - b) **The Department's Admission.** The Department admits that under the applicable ROW Somont had the legal right to perform the maintenance activities it performed in March of 2013 on the Pipeline in Section 36, subject to its obligations as identified in Paragraph 3)a) and b) above.
 - c) **The Department's Policy re ROWs.** The Department acknowledges and agrees that Somont, in accordance with the terms of the ROWs, may perform maintenance and repairs on any of Somont's Facilities located on Trust Lands, subject to any obligations Somont has under such ROWs. For purposes of clarity, the term "maintenance" as used in this Agreement and the ROWs shall be deemed to include any activity which is necessary for the continued use and operation of Somont's Facilities so long as such activity does not expand the original scope of use as identified in each specific ROW. For example, if a ROW provides for Somont to operate a 6" steel pipeline for purposes of transporting natural gas, Somont shall have the right to replace the 6" steel pipeline with a pipeline of equal or smaller diameter without the need to obtain a new easement from the Department. To the contrary, Somont may not install a 7" inch steel pipeline in which the ROW only allows for a 6" pipeline. The word "maintenance" means the act of returning a defective or damaged pipeline pipeline (or a defective or damaged electric line) to a serviceable condition and by way of example, includes, but is not limited to, the following activities: checking cathodic protection levels, conducting leak surveys, surveillance for erosion of the surface land by foot, air or motorized vehicle and running excavating pigs, replacing a damaged pipeline with a new section of pipe and any excavation associated with the maintenance of an existing pipeline or facility.

- d) **Land Use Licenses.** In the event Somont should need to perform maintenance activities on any of Somont's Utilities located on Trust Lands from and after the Effective Date, and should such activities require that Somont go outside of the existing easement corridor as provided in any ROW, Somont shall apply for a land use license.
- 5) **No Admission of Liability.** The terms and conditions of this Agreement do not constitute an admission of liability by either Party and may not be used by either Party in any future claim against the other, its officers, directors, employees, assigns, representatives or owners.
- 6) **Mutual Release.** Upon dismissal of the Action pursuant to Paragraph 2 above, the parties hereby release and forever discharge each other and their respective officers, directors, employees, agents, successors and assigns from any and all known or unknown claims, debts, liabilities, demands, obligations, damages, losses, costs, expenses, attorney's fees, actions and causes of action from the beginning of time to the Effective Date which in any way relate to the Disputes and/or the Action.
- 7) **Interpretation.** The validity, construction, interpretation and administration of this Agreement shall be governed by the substantive laws of the State of Montana. Any litigation concerning this Agreement must be brought in the Montana Ninth Judicial District Court, Toole County.
- 8) **Binding Effect.** This Agreement shall be binding upon the parties hereto, their principals, agents, successors, and assigns, and this Agreement, together with all of the obligations and terms hereof, shall inure to the benefit of assigns, predecessors-in-interest, successors-in-interest, and transferees of Somont and the Department.
- 9) **Severability.** In the event any provision of this Agreement is held to be void or otherwise unenforceable by the highest court of competent jurisdiction to address the matter, all remaining provisions shall remain in full force and effect.
- 10) **Costs Attendant to Settlement.** The Parties shall each bear their own respective costs with regard to the negotiation, drafting, execution and performance of this Agreement and all acts required to be undertaken by the terms thereof.
- 11) **Additional Acts.** The Parties and each of them shall execute and deliver all documents and perform all further acts that may be necessary to effectuate the purposes and provisions of this Agreement.
- 12) **Inconsistent Acts.** The Parties shall forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.
- 13) **Entire Agreement.** The ROWs as further clarified by this Agreement, constitute the entire agreements between the Parties and the provisions of this Agreement and the ROWs are contractual in nature and not merely recitals.

- 14) **Legal Authority.** The Department and Somont individually warrant that their respective signatory executing this Agreement has all necessary power to execute and deliver such a document and that this Agreement constitutes a valid, binding agreement, enforceable in accordance with its terms;
- 15) **Execution.** This Agreement may be executed and delivered in counterparts by facsimile transmission or otherwise, each of which shall be deemed an original. Electronic signatures shall be considered binding.
- 16) **Modification or Revocation.** This Agreement shall not be modified or amended except by an instrument in writing signed by the Department and Somont.
- 17) **Applicable Law.** This Agreement shall be governed by and construed in accordance with Montana law.

STATE OF MONTANA,
 DEPARTMENT OF NATURAL
 RESOURCES AND CONSERVATION

By: _____
 John Grimm, Chief Real Estate
 Management Bureau

STATE OF MONTANA)
 :ss.
 County of Lewis & Clark)

This instrument was acknowledged before me on _____, 2014, by John Grimm as Chief of the Montana Department of Natural Resources and Conservation Real Estate Management Bureau on whose behalf the instrument was executed.

(SEAL)

 Notary Public for the State of Montana

(Signature Page of Somont to Follow)

Exhibit "A"

Attached to that certain "**FINAL SETTLEMENT AGREEMENT**" dated _____, 2014, entered into by and between **THE STATE OF MONTANA, DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION** and **SOMONT OIL COMPANY, INC.**

- Easement D-12728 located in T35N, R4W, Section 25
- Easement D-12729 located in T35N, R3W, Section 30
- Easement D-12730 located in T35N, R3W, Section 16
- Easement D-12731 located in T35N, R2W, Section 21
- Easement D-12732 located in T36N, R3W, Section 36
- Easement D-12733 located in T36N, R2W, Section 29
- Easement D-12734 located in T35N, R1W, Section 30
- Easement D-12735 located in T35N, R2W, Section 32
- Easement D-8658 located in T35N, R4W, Section 23
- Easement D-8659 located in T35N, R4W, Section 21

314-8

EASEMENTS

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

314-8 Easements

Location: Carter, Cascade, Fergus, Flathead, Hill, McCone, Pondera, Prairie, Sanders, and Toole Counties

Trust Benefits: Common Schools, School for the Deaf and Blind, MSU Morrill, Pine Hills, Sir Trust

**Trust Revenue: Common Schools = \$126,345
School for the Deaf and Blind = \$5,275
MSU Morrill = \$19,350
Pine Hills = \$329
Sir Trust = \$732**

Item Table of Contents

Applicant	Right-of-Way Purpose	Page(s)
Montana Department of Transportation	New Highway Construction	1-2
Larry Banka	Historic Private Access Road	3-4
McCone County	Historic County Road	5-6
Mid-Rivers Telephone Cooperative Inc.	New Telecommunications Utility	7-13
Avista Corporation	Historic Electric Utility	14-15
3 Rivers Telephone Cooperative Inc.	New Telecommunications Utility	16-22
Prairie County	Historic County Road	23-24
Town of Moore	Amendment of Existing Wastewater Facility	25-26
Northwestern Energy	2 nd Amendment of Above Ground Valve Site	27-28

Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Department of Transportation
PO Box 201001
Helena MT 59620-1001

Application No.: 16402
R/W Purpose: highway construction and maintenance including occupancy by public utilities

Lessee Agreement: ok
Acreage: 0.43
Compensation: \$19,350.00
Legal Description: tract of land in the SE4NE4, Sec. 34, Twp. 31N, Rge. 22W, Flathead County

Trust Beneficiary: MSU Morrill

Item Summary

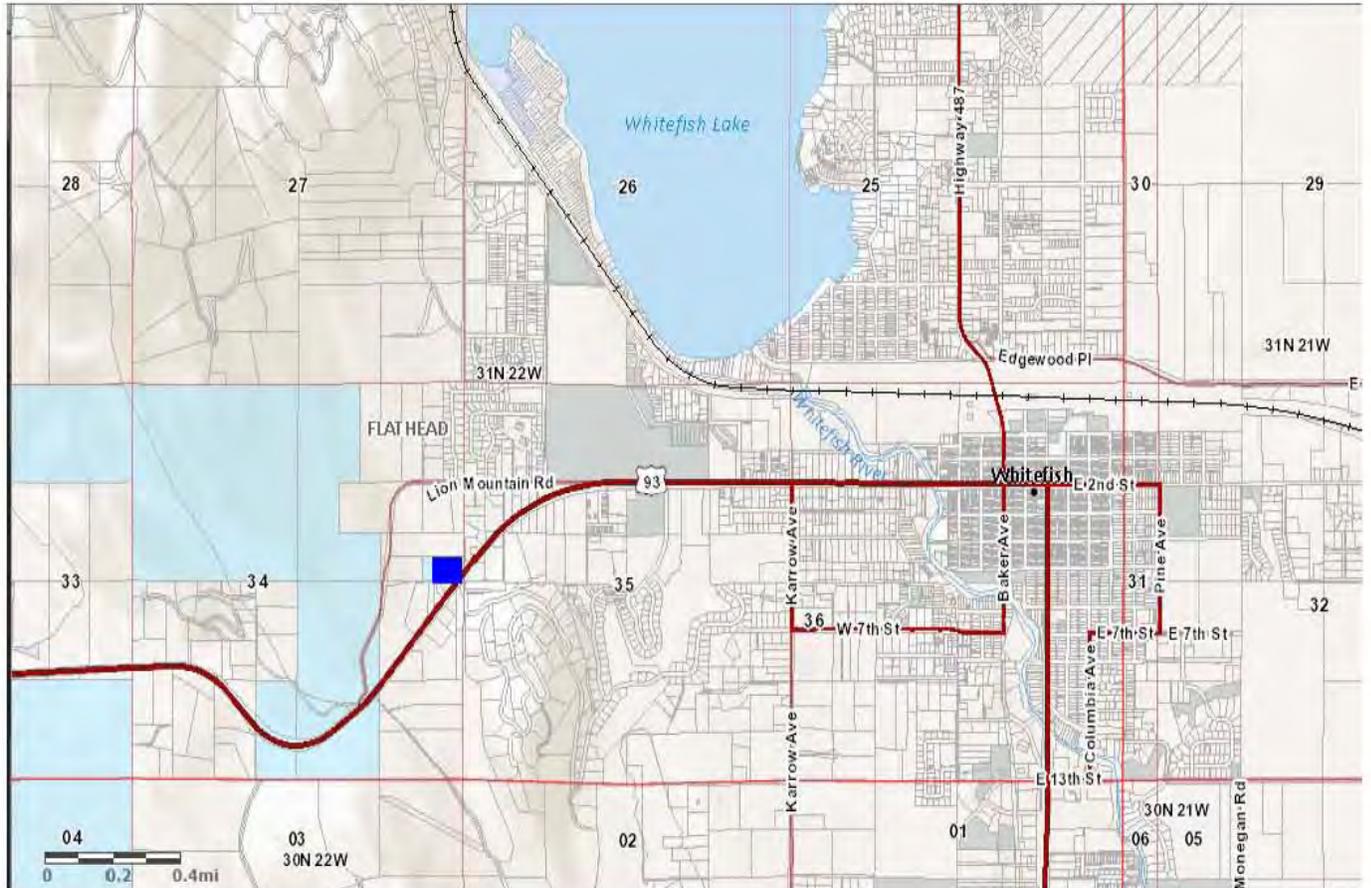
Montana Department of Transportation (MDT) has made application for highway construction and maintenance including occupancy of public utilities for a project known as "Karrow to Mountainside". This project is located west of Whitefish on U.S. Highway 93. This is a portion of a large project to reconstruct and widen this highway for the purpose of providing improved safety and operations for the traveling public. The whole project includes bridge replacement, clearing and grubbing, grading, gravel, storm drain, curb and gutter, plant mix surfacing, signing, striping, fencing, landscaping, retaining walls, guardrail, and other miscellaneous items.

DNRC Recommendation

The director recommends approval of this highway construction application.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Larry Banka 11684 Brady Road Brady MT 59416
Application No.:	16458
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:	1.02
Compensation:	\$612.00
Legal Description:	20-foot strip through E2NW4, Sec. 10, Twp. 26N, Rge. 1E, Pondera County
Trust Beneficiary:	Common Schools

Item Summary

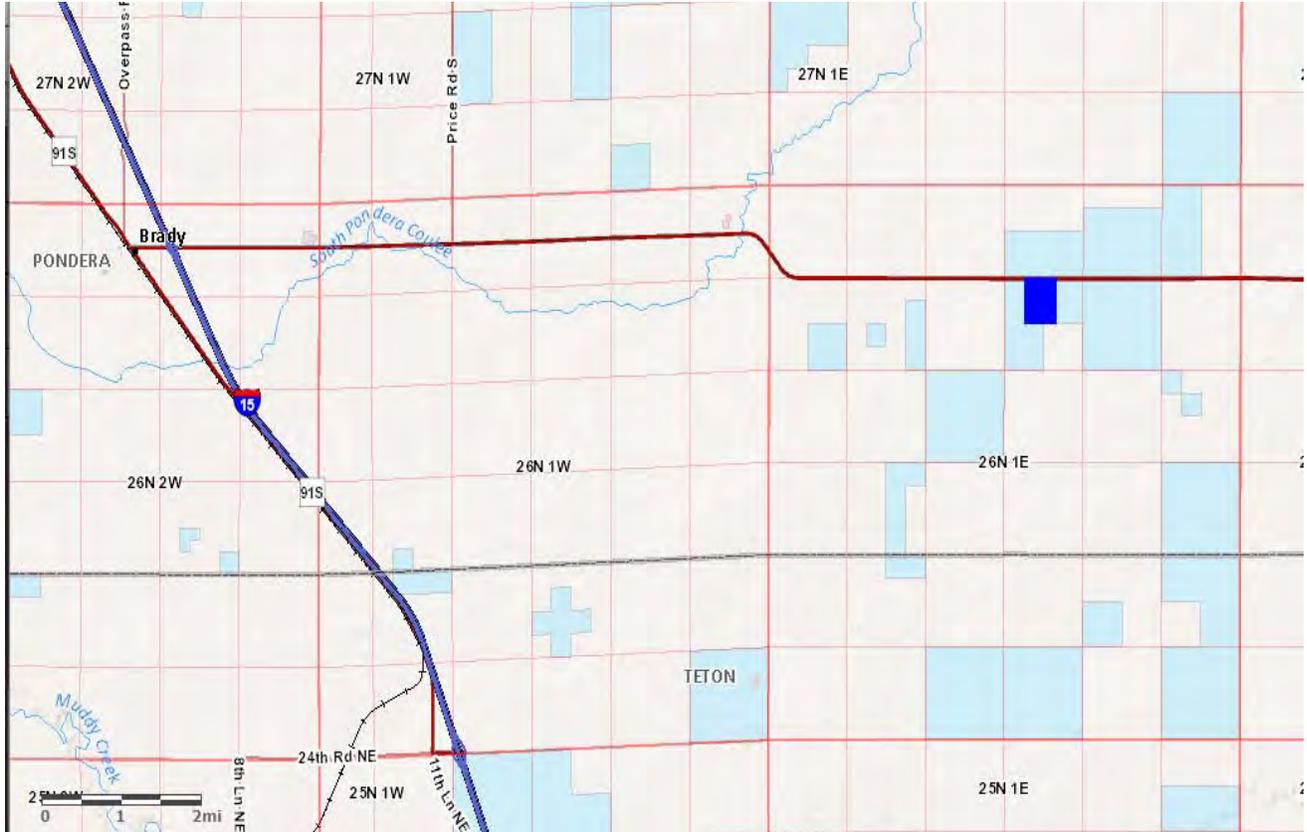
Applicant is requesting approval for the use of an existing road to access private lands for family residence and associated outbuildings and for farming and ranching purposes. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which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

DNRC Recommendation

The director recommends approval of this historic right of way application.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	McCone County PO Box 199 Circle MT 59215
Application No.:	16470
R/W Purpose:	a public county road known as Nickwall Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.64
Compensation:	\$637.00
Legal Description:	30-foot strip through N2N2, Sec. 36, Twp. 27N, Rge. 50E, McCone County
Trust Beneficiary:	Common Schools

Item Summary

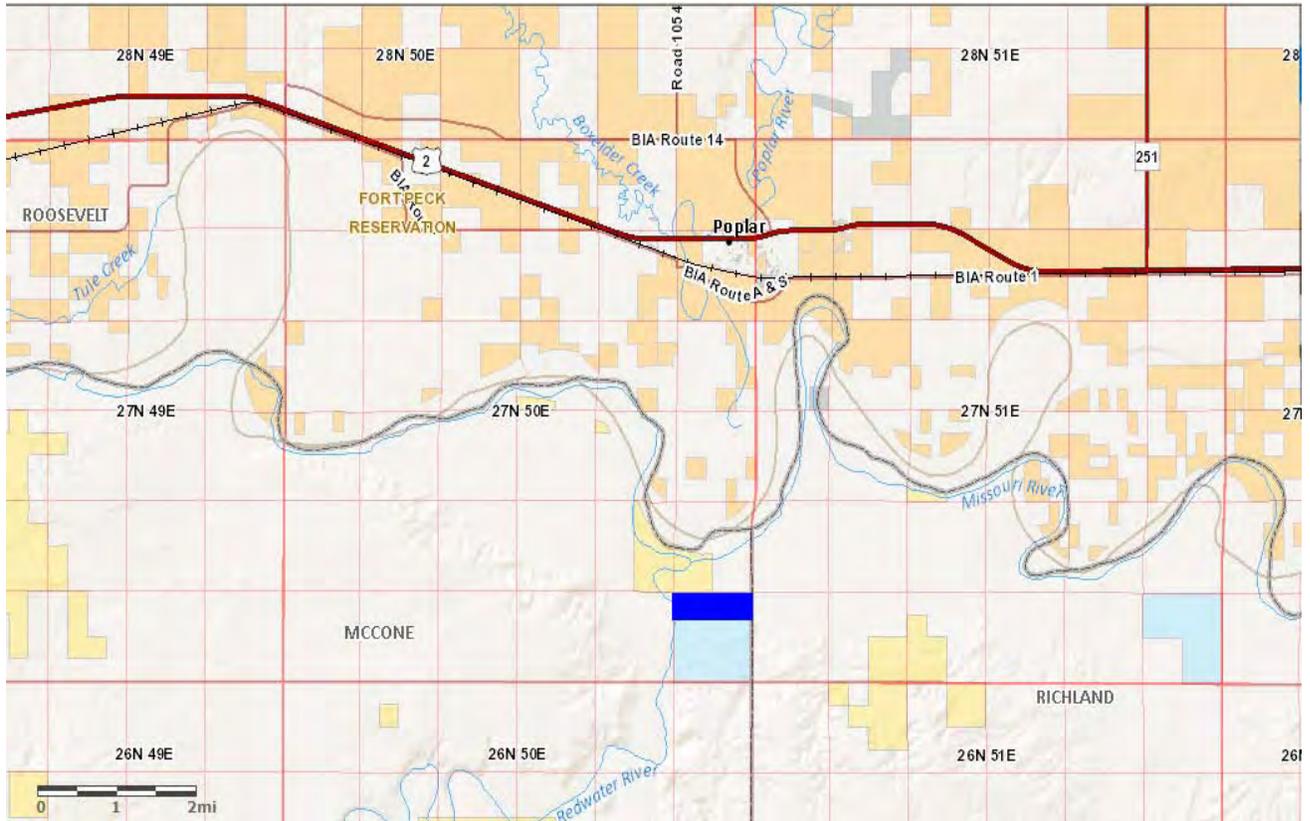
McCone County has made application for this county road that was constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as a historic right of way.

DNRC Recommendation

The director recommends approval of this historic right of way for McCone County.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Mid-Rivers Telephone Cooperative
PO Box 280
Circle MT 59215

Application No.: 16471
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 2.36
Compensation: \$708.00
Legal Description: 16-foot strip through N2N2, Sec. 7, Twp. 1S, Rge. 38E,
Carter 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. This is part of the South Ekalaka Exchange. 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

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Telephone Cooperative PO Box 280 Circle MT 59215
Application No.:	16472
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	ok
Acreage:	0.98
Compensation:	\$294.00
Legal Description:	16-foot strip through W2SW4, Sec. 18, Twp. 1S, Rge. 58E, Carter County
Trust Beneficiary:	Common Schools

Item Summary

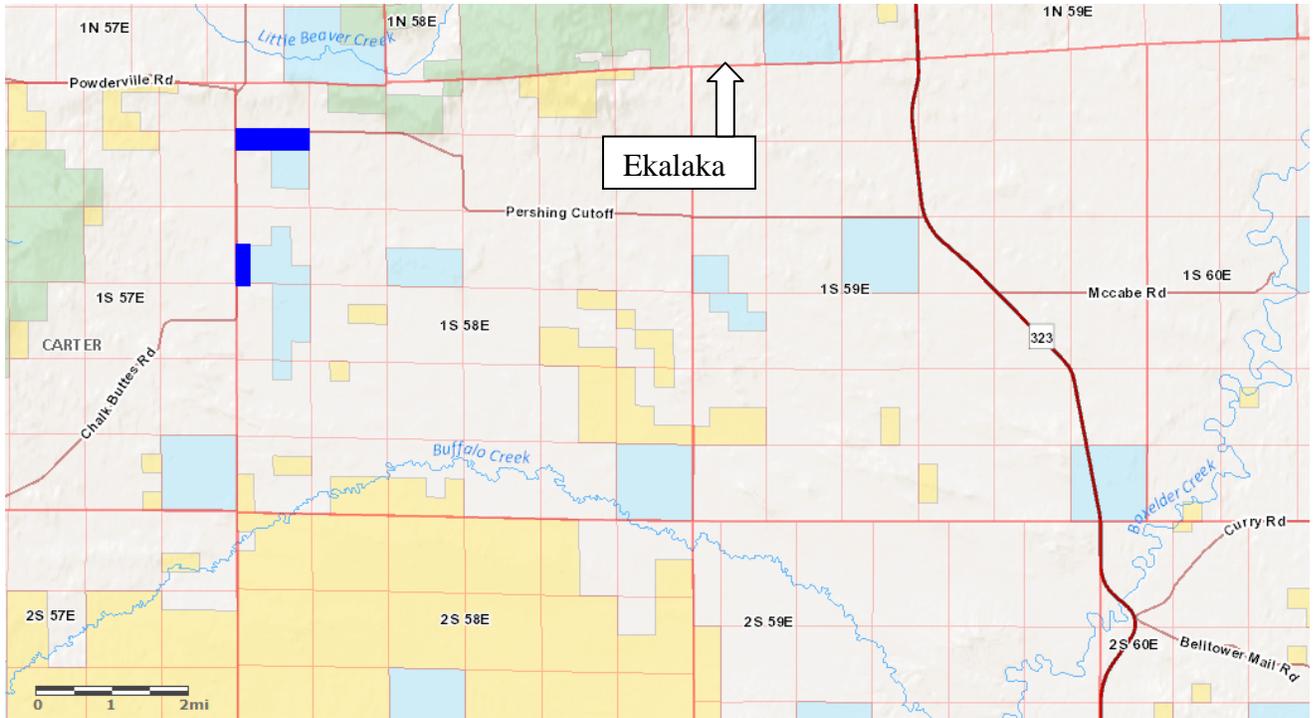
See page 7

DNRC Recommendation

See page 7

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Mid-Rivers Telephone Cooperative
PO Box 280
Circle MT 59215

Application No.: 16473
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.61
Compensation: \$483.00
Legal Description: 16-foot strip through W2SW4, SE4SW4, SW4SE4,
Sec. 36, Twp. 1N, Rge. 55E, Carter County
Trust Beneficiary: Common Schools

Item Summary

See page 7

DNRC Recommendation

See page 7

Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Mid-Rivers Telephone Cooperative
PO Box 280
Circle MT 59215

Application No.: 16474
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.98
Compensation: \$594.00
Legal Description: 16-foot strip through S2S2, Sec. 36, Twp. 1N, Rge. 56E,
Carter County
Trust Beneficiary: Common Schools

Item Summary

See page 7

DNRC Recommendation

See page 7

Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Mid-Rivers Telephone Cooperative
PO Box 280
Circle MT 59215

Application No.: 16475
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 2.01
Compensation: \$603.00
Legal Description: 16-foot strip through S2, Sec. 36, Twp. 1N, Rge. 57E,
Carter County
Trust Beneficiary: Common Schools

Item Summary

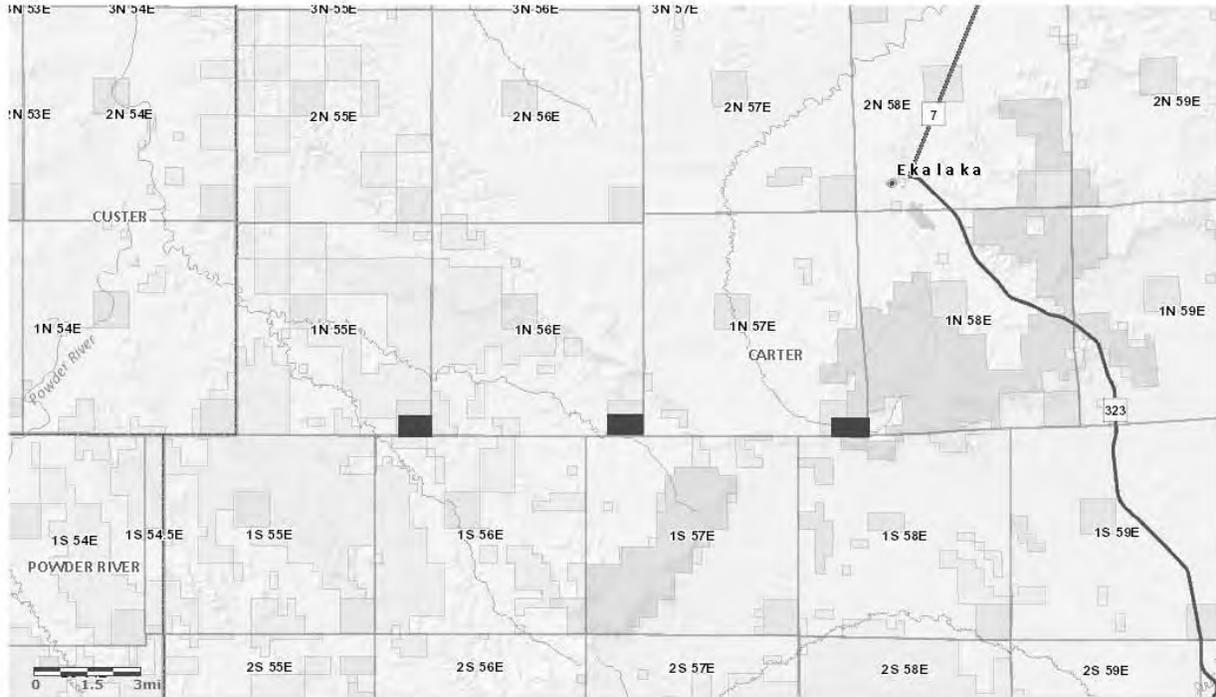
See page 7

DNRC Recommendation

See page 7

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Avista Corporation PO Box 3727 Spokane WA 99220-3727
Application No.:	16476
R/W Purpose:	230kV overhead transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	10.71
Compensation:	\$13,875.00
Legal Description:	100- foot strip through Government Lot 10, Sec. 4 & N2SW4, Sec. 5, Twp. 20N, Rge. 25W; Government Lot 8, Sec. 12, Twp. 20N, Rge. 25W, Sanders
County	
Trust Beneficiary:	Common Schools (836 acres); School for the Deaf and Blind (2.11 acres)

Item Summary

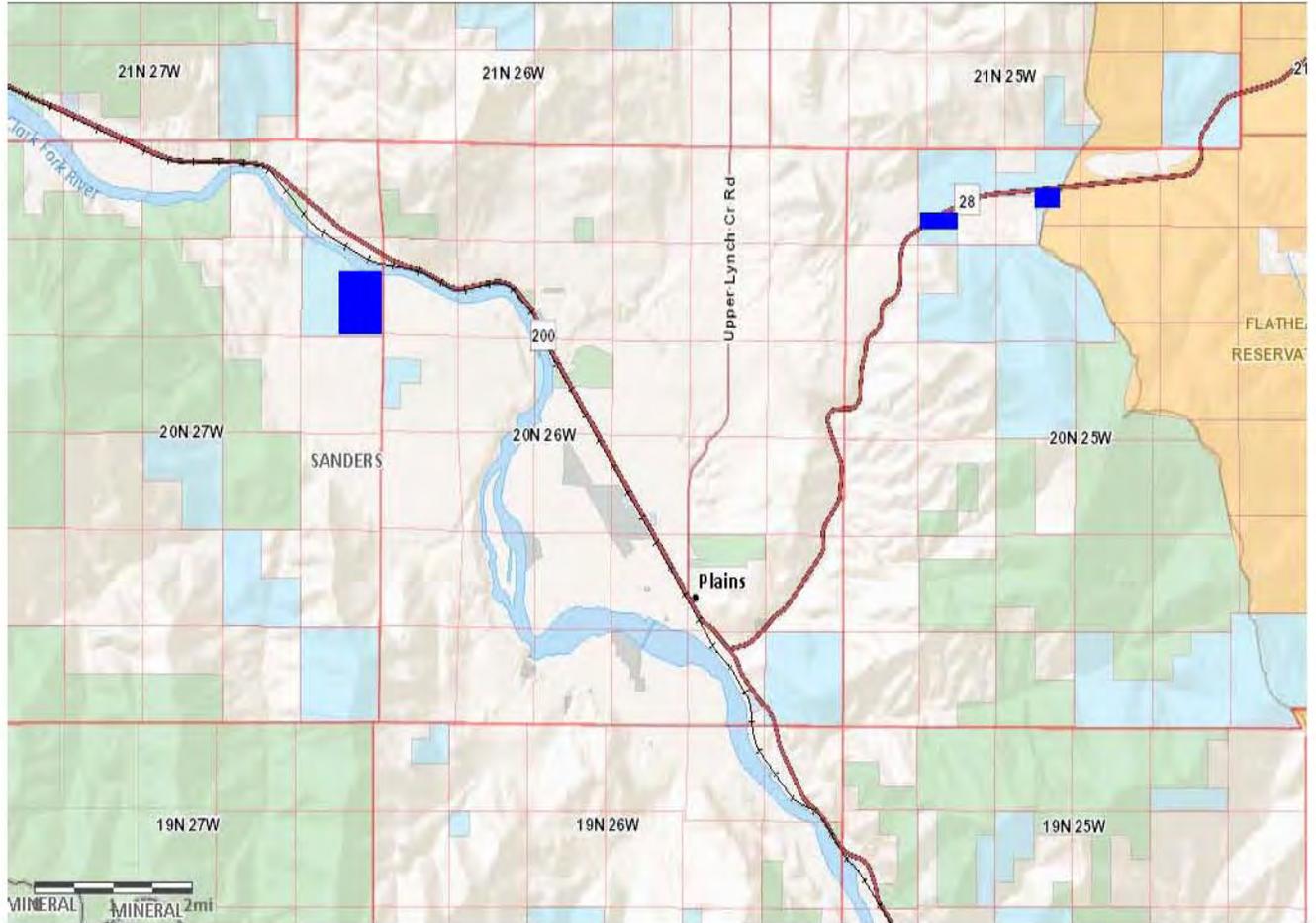
An easement originally issued by the United States Department of Agriculture, US Forest Service to Washington Water Power Company for the Noxon-Hot Springs 230 kV transmission line will expire April 7, 2014. In 1984 the state of Montana acquired title to several parcels of land in which this easement passes. As a result of the easement expiration, Avista Corporation has submitted application to acquire easement for this line as they are the current owner. This application is made pursuant to §77-1-130, MCA, *Recognition of historic right-of-way*.

DNRC Recommendation

The director recommends approval of this historic right of way.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16478
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.22
Compensation: \$854.00
Legal Description: 20-foot strip through W2NW4, Sec. 36, Twp. 21N, Rge. 2W,
Cascade County
Trust Beneficiary: Common Schools

Item Summary

3-Rivers Telephone Cooperative, Inc. has made application for the purpose of providing a fiber optic cable connection to their rural customers. This is part of the Fort Shaw Exchange which includes Fort Shaw, Simms, and Sun River. 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

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16479
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.23
Compensation: \$861.00
Legal Description: 20-foot strip through W2NW4, Sec. 13, Twp. 20N, Rge. 1W,
Cascade County
Trust Beneficiary: Common Schools

Item Summary

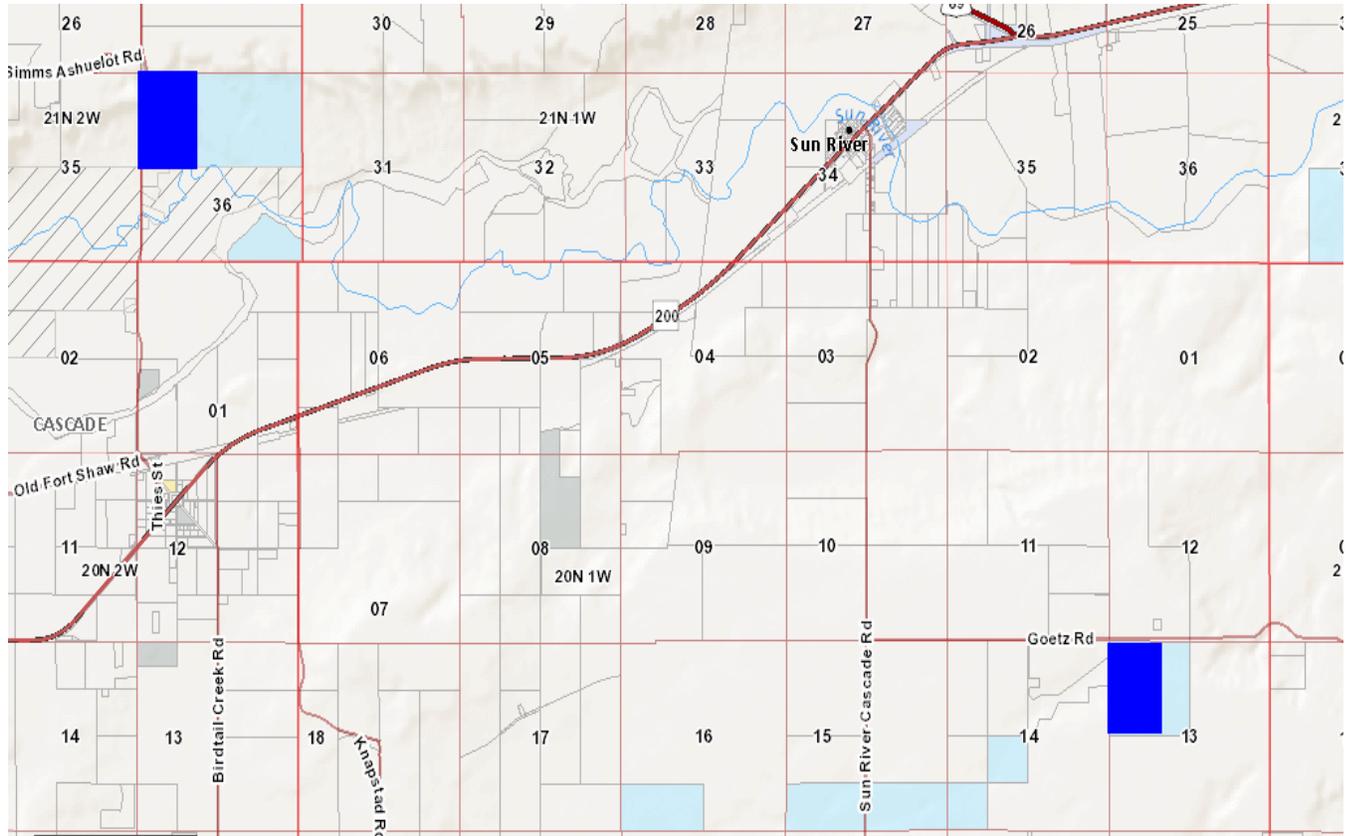
See page 16

DNRC Recommendation

See page 16

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16480
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.33
Compensation: \$149.00
Legal Description: 20-foot strip through NE4NE4, Sec. 36, Twp. 20N, Rge. 3W,
Cascade County
Trust Beneficiary: Common Schools

Item Summary

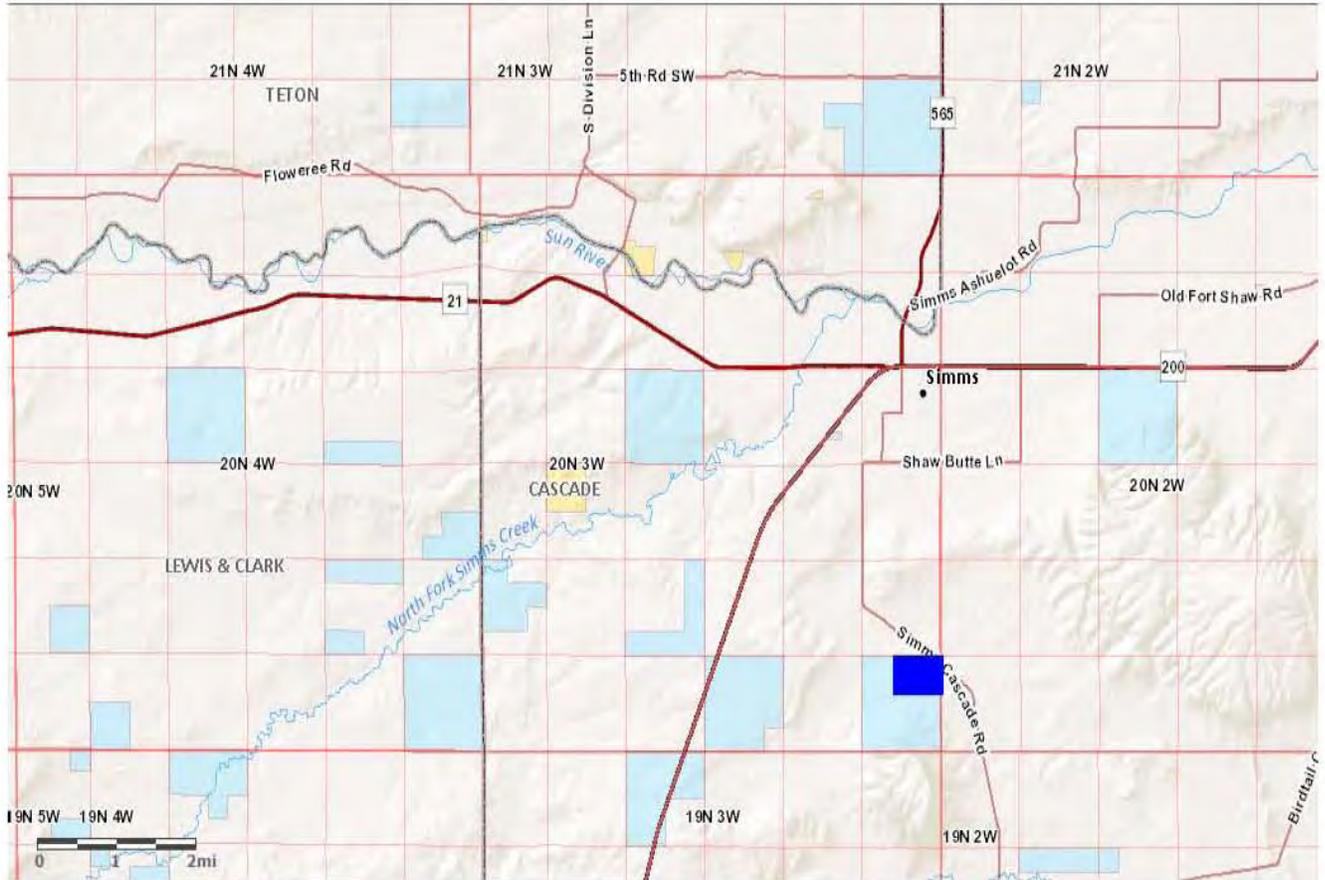
See page 16

DNRC Recommendation

See page 16

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16481
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.73
Compensation: \$329.00
Legal Description: 20-foot strip through SW4NW4, NW4SW4,
Sec. 11, Twp. 19N, Rge. 1W, Cascade County
Trust Beneficiary: Pine Hills

Item Summary

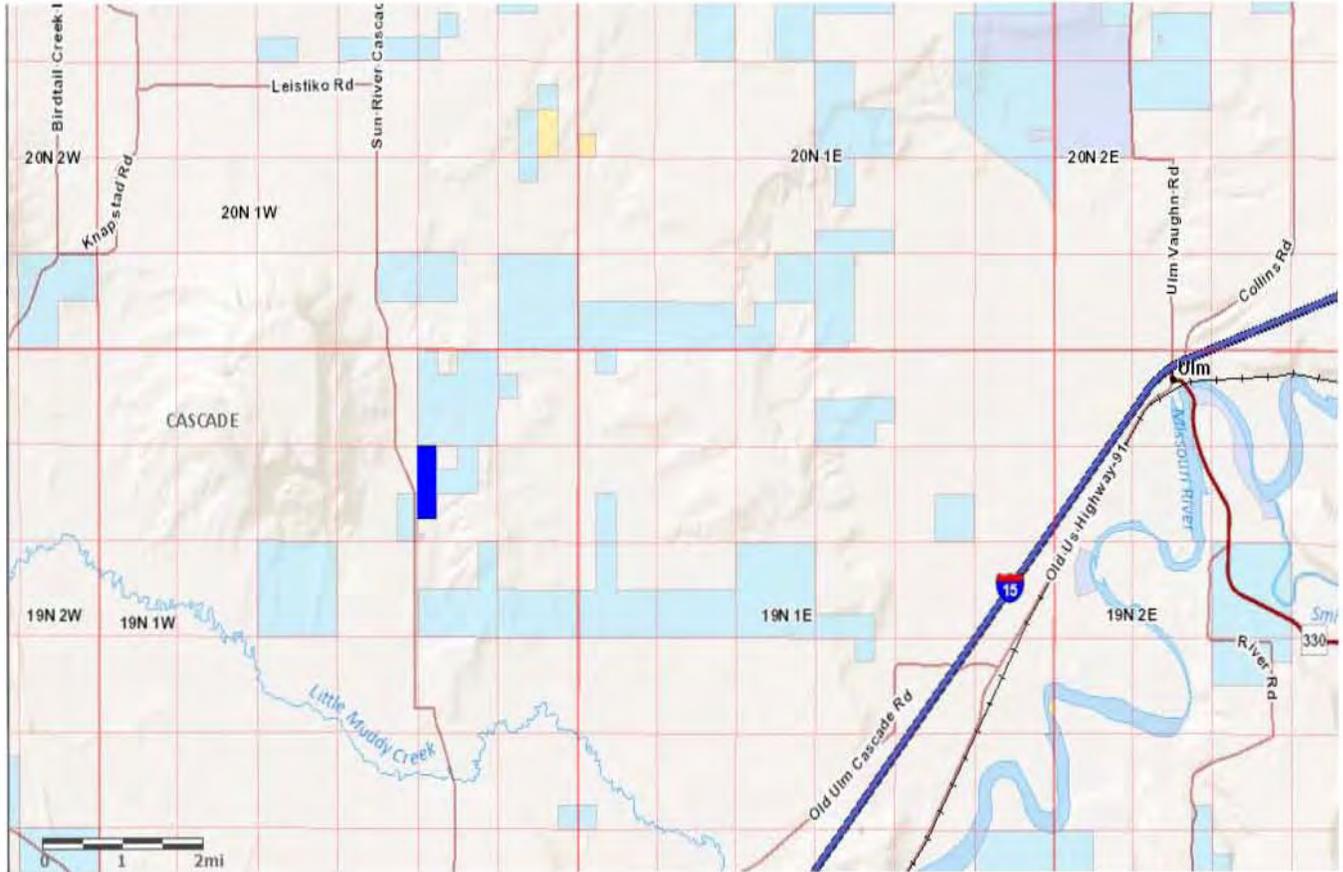
See page 16

DNRC Recommendation

See page 16

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Prairie County PO Box 125 Terry MT 59349
Application No.:	16482
R/W Purpose:	public county road known as North Bad Route Road
Lessee Agreement:	N/A (Historic)
Acreage:	4.18
Compensation:	\$732.00
Legal Description:	30-foot strip through S2SW4, Sec. 5 & N2N2, Sec. 9, Twp. 16N, Rge. 50E, Prairie County
Trust Beneficiary:	Sir Trust

Item Summary

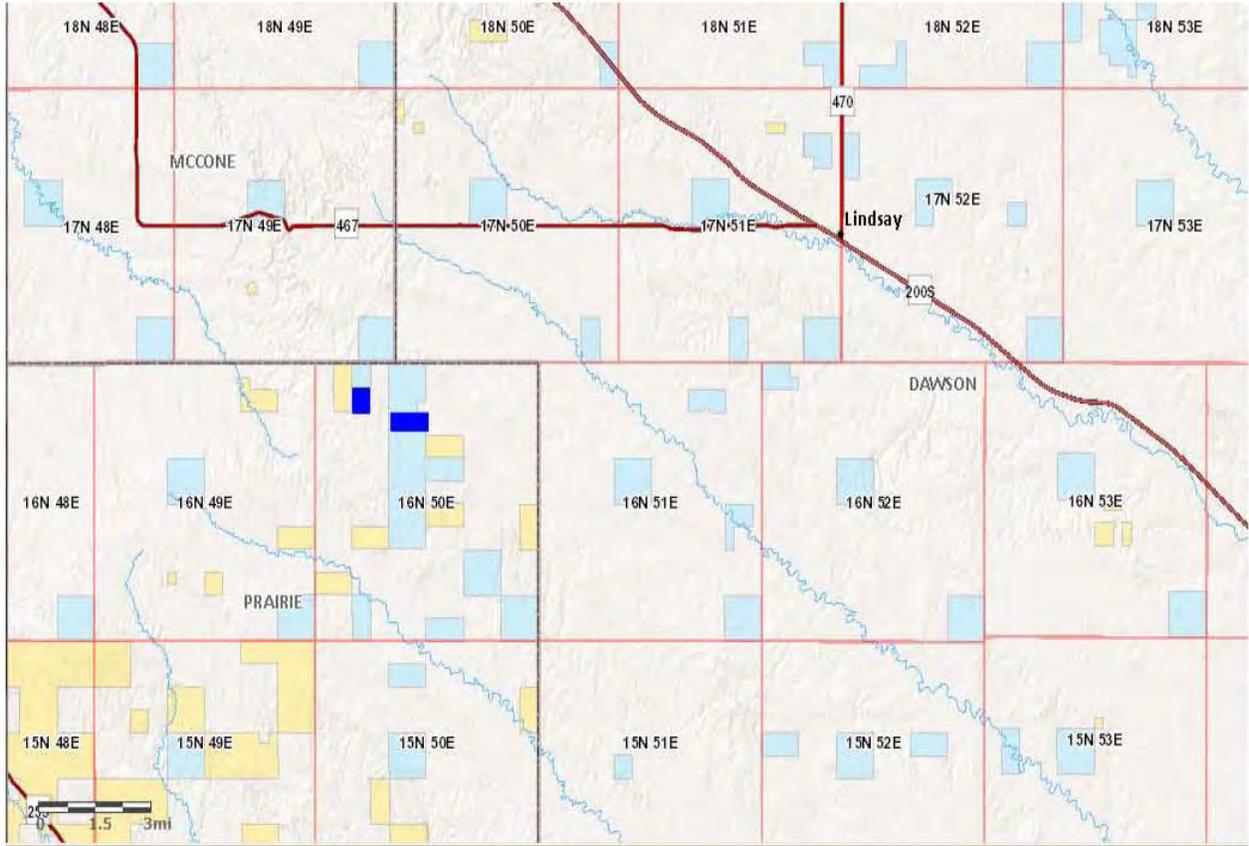
Prairie County has made application for this county road that was constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as an historic right of way.

DNRC Recommendation

The director recommends approval of this historic right of way for Prairie County.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Town of Moore PO Box 98 Moore MT 59464
Application No.:	8906 (Amendment)
R/W Purpose:	refurbishing and expanding the existing wastewater treatment lagoons and installation of a center pivot irrigation system
Lessee Agreement:	ok
Acreage:	34.03
Compensation:	\$108,800.00
Legal Description:	parcel of land in NW4NE4, Sec. 16, Twp. 14N, Rge. 16E, Fergus County
Trust Beneficiary:	Common Schools

Item Summary

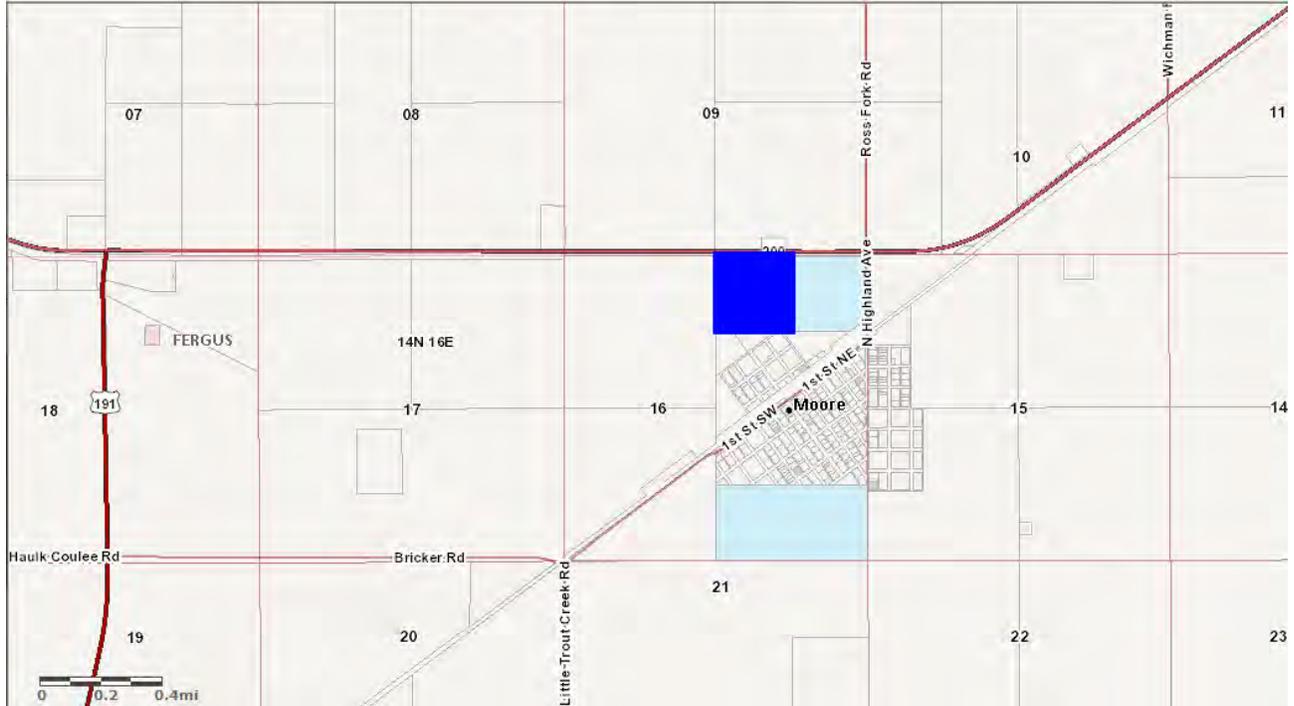
The town of Moore has made application to expand their existing easement for the town's sewage treatment facility. The purpose of the project is to eliminate the illegal discharge of approximately 7.5 million gallons per year of raw and undertreated wastewater through tears in the lagoon liners in order to protect public health and safety and to bring the system into compliance with Montana Department of Environmental Quality (DEQ) standards. The improvements include rehabilitating the existing lagoons, installing a second storage lagoon, and installing a new center pivot irrigation system. The amendment will increase the existing easement area from 6.82 acres to 34.03 acres.

DNRC Recommendation

The director recommends approval of this amendment request.

Rights of Way Applications

March 18, 2014



Rights of Way Applications

March 18, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 40 East Broadway Butte MT 59701
Application No.:	11532 (2nd Amendment)
R/W Purpose:	above ground valve site
Lessee Agreement:	ok
Acreage:	2.42
Compensation:	\$3150.00
Legal Description:	30-foot strip of land and a tract of land in SW4, Sec. 31, Twp. 37N, Rge. 4W, Toole County
Trust Beneficiary:	Common Schools

Item Summary

Northwestern Energy has requested to expand an existing above ground gas valve site. They will be installing pig launcher/receivers on the existing 12" and 16" lines. This will increase storage reliability, labor savings, pigging (maintenance) efficiencies and decrease equipment handling; while improving the system by making the whole system capable of pigging while in-service. The amendment will increase the existing easement area from 1.92 acres to 2.42 acres.

DNRC Recommendation

The director recommends approval of this amendment request.

Rights of Way Applications

March 18, 2014

