

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, June 16, 2014, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

- 614-1 Oil and Gas Lease Sale (June 3, 2014)**
Benefits: Common Schools, School for the Deaf and Blind, Public Buildings, Montana Tech, University of Montana
Location: Fallon, Lewis and Clark, Richland, Roosevelt, Wheatland Counties
APPROVED 5-0
- 614-2 Communitization Agreement: State 42X-36C Well**
Benefits: Common Schools
Location: Roosevelt County
APPROVED 5-0
- 614-3 Sale of Cabin and Home Sites: Set Minimum Bid for Sale**
A. Flathead County – Sale 713
Benefits: Montana Tech
Location: Flathead County
APPROVED 5-0
B. Flathead County – Sale 714
Benefits: Montana Tech
Location: Flathead County
APPROVED 5-0
- 614-4 Easements**
A. DNRC Easements
Benefits: Common Schools, MSU Morrill, Pine Hills School, Veterans Home
Location: Chouteau, Custer, Deer Lodge, Fergus, Hill Counties
APPROVED 5-0
B. Reciprocal Access: Stimson 4
Benefits: Common Schools, Public Buildings, Montana Tech
Location: Granite, Lewis and Clark, Lincoln, Mineral, Powell, Sanders Counties
APPROVED 5-0
C. Department of Public Health and Human Services: Easement
Benefits: N/A (non-trust land)
Location: Jefferson County
APPROVED 5-0
D. Department of Environmental Quality: Easement
Benefits: N/A (non-trust land)
Location: Lewis and Clark County
APPROVED 5-0

INFORMATION ITEM

- 614-5 The DNRC Economy: A Report for Montana 2014**
Benefits: N/A
Location: State of Montana

PUBLIC COMMENT

614-1

OIL AND GAS LEASE SALE

(JUNE 3, 2014)

Land Board Agenda Item
June 16, 2014

614-1 Oil and Gas Lease Sale (June 3, 2014)

**Location: Fallon, Lewis and Clark, Richland, Roosevelt, Wheatland
Counties**

**Trust Benefits: Common Schools, School for the Deaf and Blind, Public
Buildings, Montana Tech, University of Montana**

Trust Revenue: \$1,302,560.00

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on June 3, 2014, in the Auditorium at the Department of Transportation building. A total of 16 tracts were offered for lease. Sixteen tracts were leased for a total of \$1,302,560.00. The 16 tracts that were sold covered a total of 7,840.00 acres. The average bid per acre was \$166.14.

The high competitive bid for the June 3rd sale was \$1,500.00 per acre and the largest total bid was \$960,000.00 for Tract 10 in Roosevelt County.

DNRC Recommendation

The Director requests Land Board approval to issue the leases from the June 3, 2014 sale.

**State of Montana
Oil & Gas Lease Sale - June 3, 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, June 3, 2014.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Fallon									
1	1, 2, 3, 4, 5, 6, 7, 9	7.N	61.E	16	All	640.00	\$26.00	\$16,640.00	EL TIGRE OIL & GAS, INC.
Lewis and Clark									
2	1, 2, 3, 4, 5, 6, 10	19.N	6.W	9	N2NE4, SW4NE4	120.00	\$3.50	\$420.00	KERMIT D. RULON
3	1, 2, 3, 4, 5, 6, 7, 10	19.N	6.W	10	NE4NE4	40.00	\$2.50	\$100.00	BIG HORN OIL & GAS, INC.
4	1, 2, 3, 4, 5, 6, 7	19.N	6.W	23	E2	320.00	\$4.25	\$1,360.00	JP FURLONG COMPANY
5	1, 2, 3, 4, 5, 6, 7	19.N	6.W	26	W2NW4, E2NE4, S2	* 480.00	\$5.00	\$2,400.00	JP FURLONG COMPANY
6	2, 3, 4, 5, 6, 12	20.N	7.W	28	W2	320.00	\$1.50	\$480.00	BIG HORN OIL & GAS, INC.
7	2, 3, 4, 5, 6, 12	20.N	7.W	29	All	640.00	\$1.50	\$960.00	BIG HORN OIL & GAS, INC.
8	2, 3, 4, 5, 6, 12	20.N	7.W	30	NE4	160.00	\$3.25	\$520.00	BIG HORN OIL & GAS, INC.
Richland									
9	1, 2, 3, 4, 5, 6, 7	27.N	53.E	36	All	640.00	\$475.00	\$304,000.00	IRISH OIL & GAS, INC.
Roosevelt									
10	1, 2, 3, 4, 5, 6	28.N	58.E	36	All, below the base of the Charles formation	640.00	\$1,500.00	\$960,000.00	OASIS PETROLEUM NORTH AMERICA LLC
Wheatland									
11	1, 2, 3, 4, 5, 6, 7, 11	6.N	14.E	16	All	640.00	\$3.25	\$2,080.00	HERCO, LLC
12	1, 2, 3, 4, 5, 6, 7	6.N	14.E	26	All	640.00	\$7.00	\$4,480.00	JP FURLONG COMPANY
13	1, 2, 3, 4, 5, 6	6.N	14.E	32	All	640.00	\$7.00	\$4,480.00	JP FURLONG COMPANY
14	1, 2, 3, 4, 5, 6, 7, 11	6.N	14.E	36	All	* 640.00	\$2.25	\$1,440.00	HERCO, LLC
15	1, 2, 3, 4, 5, 6, 8, 11	7.N	14.E	36	All	* 640.00	\$2.25	\$1,440.00	HERCO, LLC
16	1, 2, 3, 4, 5, 6, 7, 11	7.N	15.E	34	All	640.00	\$2.75	\$1,760.00	HERCO, LLC

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	7,840.00	16

Oil and Gas Lease Sale Summary

Total Tracts	16
Total Acres	7,840.00
Total Bid Revenue	\$1,302,560.00
Average Bid Per Acre	\$166.14

State of Montana
Oil & Gas Lease Sale - June 3, 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 on or into the lease premises, 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 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 lease is located near the Rocky Mountain Front and includes areas that are environmentally sensitive. Therefore, except as otherwise provided below, the lessee shall not conduct any surface operations on the lease premises. If the lessee determines that surface operation on the lease premises may be required, the lessee shall submit a proposed Operating Plan or Amendment to an existing Operating Plan to the State Board of Land Commissioners describing in detail the proposed operations. No surface activities shall occur on the lease premises unless and until the Operating Plan or Amendment is approved by the Board. In determining whether to approve the proposed Operating Plan or Amendment, the following provisions shall apply:
- 1) If the lessee proposes an activity that does not entail any significant surface disturbance, the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA) and an opportunity for public comment on the proposed activity has been provided.
 - 2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance, an environmental impact statement (EIS) shall be completed in accordance with MEPA. The EIS shall analyze the potential impacts of alternative and future potential levels of oil and gas development and extraction on an ecosystem scale as the ecosystem is defined by the "Limits of Acceptable Change - Bob Marshall Wilderness Complex" adopted by the Montana Department of Fish, Wildlife and Parks in December 1991. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans. Public involvement in the environmental review process shall be actively solicited by the preparer of the environmental review document and shall include, at minimum, adequately noticed public meetings in at least three communities including Great Falls and Helena.
 - 3) The proposed surface activity shall adhere to the "Interagency Rocky Mountain Front, Wildlife Monitoring/Evaluation Program, Management Guidelines for Selected Species" adopted by the Montana Department of Fish, Wildlife and Parks in September 1987, or any successor guidelines thereto.
 - 4) The Board may refuse to approve any proposed surface operations if it determines that they do not constitute the best use of trust resources or are not in the best interest of the State of Montana.

614-2

COMMUNITIZATION AGREEMENT:
STATE 42X-36C WELL

**Land Board Agenda Item
June 16, 2014**

614-2 Communitization Agreement: State 42X-36C Well

**Location: Roosevelt County
T28N R57E Sections 35 & 36**

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

XTO Energy, Inc., 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 the Land Board and DNRC for state lands.

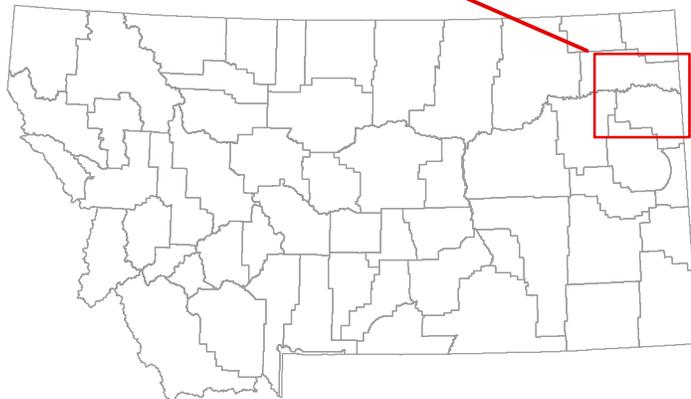
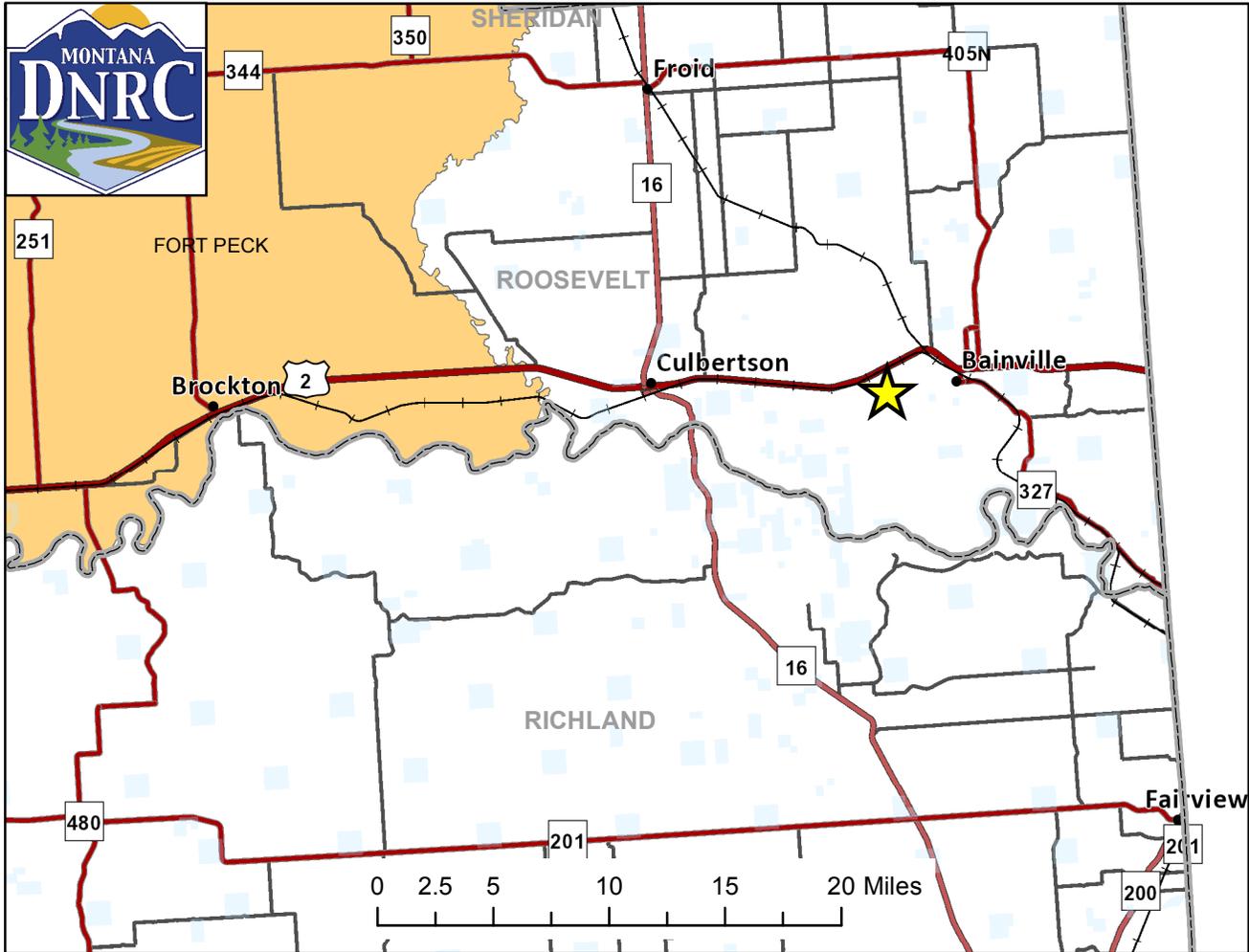
The State 42X-36C well is a horizontal Bakken/Three Forks formation oil well located approximately four miles west of Bainville, and was drilled on state land in the SE4NE4 of Section 36. DNRC owns 640 acres of the 1229.7 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks Formation in Sections 35 & 36 of T28N R57E.

DNRC's tract comprises 52.05 percent of the communitized area. DNRC will consequently receive 8.67 percent of all oil production (16.67 percent royalty rate x 52.05 percent tract participation).

DNRC Recommendation

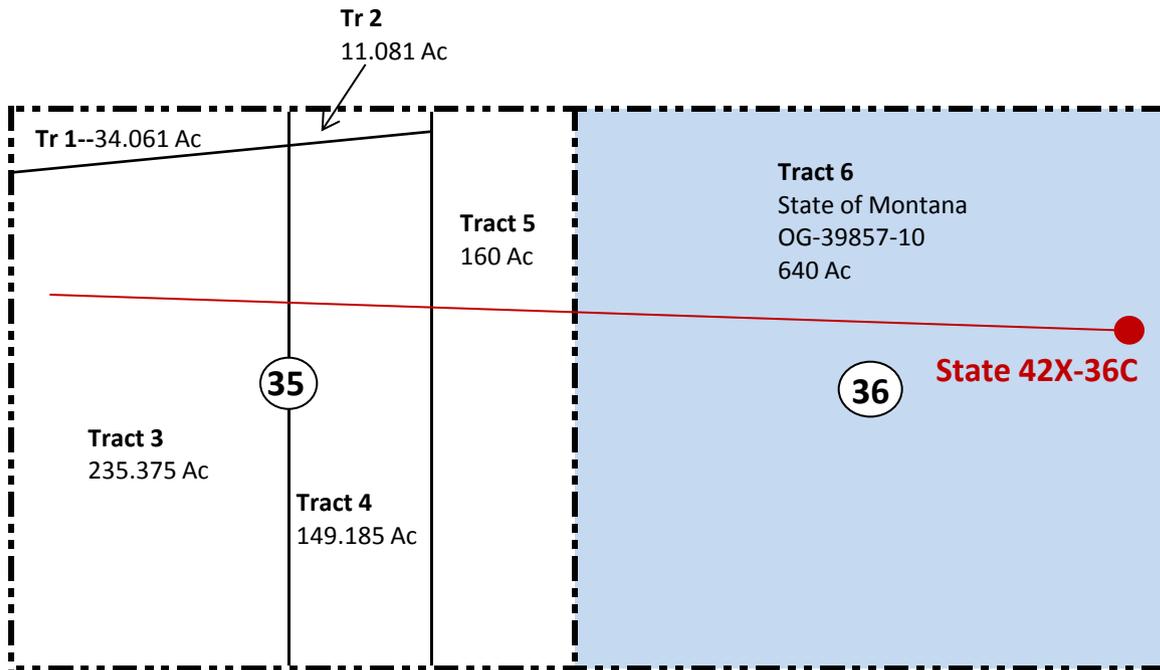
The director recommends the Land Board approve this communitization agreement.

Vicinity Map State 42X-36C Well



Township 28 North Range 57 East

Sections 35 & 36



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	Fee	34.061	2.77%	12.50%	0.003462
2	Fee	11.081	0.90%	20.00%	0.001802
3	Fee	235.375	19.14%	12.50%	0.023926
4	Fee	149.185	12.13%	various	
5	Fee	160.000	13.01%	18.75%	0.024396
6	State of Montana	640.000	52.05%	16.67%	0.086759
Total		1229.702	100.00%		

614-3

SALE OF CABIN AND HOME SITES: SET MINIMUM BID FOR SALE

- A. Flathead County – Sale 713
- B. Flathead County – Sale 714

**Land Board Agenda Item
June 16, 2014**

**614-3A Sale of Cabin and Home Site: Set Minimum Bid for Sale – Flathead County
– Sale 713**

Location: Flathead County

Trust Benefits: Montana Tech

Trust Revenue: \$ 340,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one cabin site nominated for sale in Flathead County. The sale was nominated by the lessee and is located approximately 15 miles southwest of Kalispell.

Sale #	# of Acres	Legal	Nominator	Trust
713	1.545	Lot 7, Rogers Lake, Section 30, T27N-R23W	Edward & Calina Garcia	Montana Tech

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 2 percent. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 1.97percent on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. 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. This sale of will have no effect to state owned Heritage Properties.

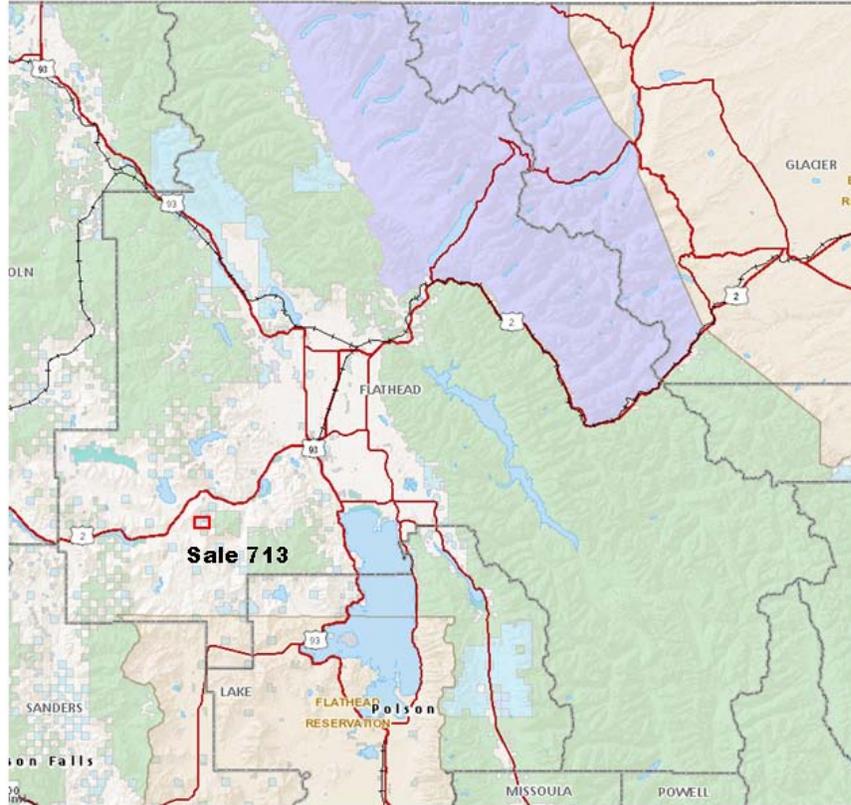
Appraised Values of Land and Improvements:

Sale #	Appraised Value of Land	Appraised Value of Improvements
713	\$340,000	\$190,000

DNRC Recommendation

The director recommends that the Land Board set the minimum bid for the cabin site lot at the appraised value and the maximum value of compensation for the improvements shown above.

Flathead County Sale Location Map



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



**Land Board Agenda Item
June 16, 2014**

**614-3B Sale of Cabin and Home Sites: Set Minimum Bids for Sale – Flathead County
– Sale 714**

Location: Flathead County

Trust Benefits: Montana Tech

Trust Revenue: \$ 460,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one cabin site nominated for sale in Flathead County. The sale was nominated by the lessee and is located approximately 13 miles southeast of Kalispell.

Sale #	# of Acres	Legal	Nominator	Trust
714	1.331	Lot 21, Echo Lake, Section 5, T27N-R19W	Jake & Margaret Van Seters	Montana Tech

The parcel is currently leased as cabin site and produces an average income for residential leases statewide.

The parcel will be sold with the access that is currently provided under the lease agreement.

Economic Analysis:

Short term – The average rate of return on the sale parcel is 1.99%. The parcel would continue to receive this return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. 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:

A Class I level of cultural resource inventory was conducted for the proposed sale. 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. This sale of will have no effect to state owned Heritage Properties.

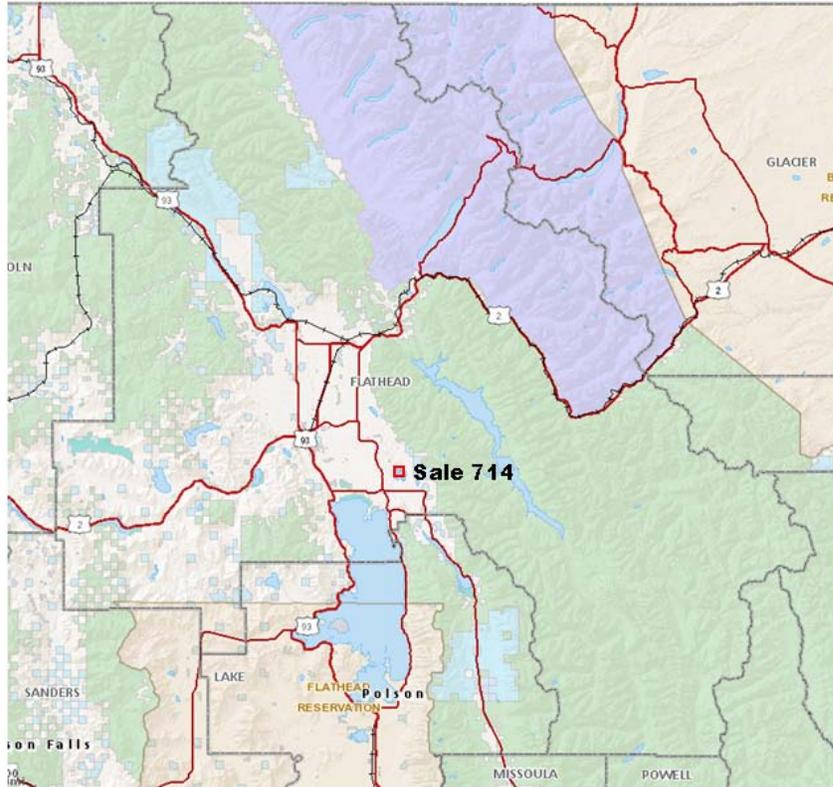
Appraised Values of Land and Improvements:

Sale #	Appraised Value of Land	Appraised Value of Improvements
714	\$460,000	\$240,000

DNRC Recommendation

The director recommends that the Land Board set the minimum bid for the cabin site lot at the appraised value and the maximum value of compensation for the improvements shown above.

Flathead County Sale Location Map



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



614-4

EASEMENTS

- A. DNRC Easements
- B. Reciprocal Access: Stimson 4
- C. Department of Public Health and Human Services: Easement
- D. Department of Environmental Quality: Easement

**Land Board Agenda Item
June 16, 2014**

614-4A DNRC Easements

Location: Chouteau, Custer, Deer Lodge, Fergus Counties

Trust Benefits: Common Schools, MSU Morrill, Pine Hills, Veterans Home

Trust Revenue: Common Schools= \$14,478.00

MSU Morrill=\$1,581.00

Pine Hills= \$7,705.00

Veterans Home= \$9,564.00

Item Table of Contents

Applicant	Right-of-Way Purpose	Page(s)
Fergus County	Historic County Road	1-10
IX Ranch Company	Historic Private Access Road	11-15
North Western Corporation	New Electric Utility	16-17
Fergus County	Historic County Road	18-24
Custer County Water and Sewer District No. 2	New Water Line Utility	25-26
Triangle Telephone Cooperative Association, Inc.	Amendment of Existing Telecommunication Cables	27, 29
Hill County Electric Cooperative, Inc.	Amendment of Existing Electric Utility	28-29

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Fergus County 712 W Main Street, Suite 210 Lewistown MT 59457
Application No.:	16533
R/W Purpose:	a public county road known as Meehan Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.72
Compensation:	\$837.00
Legal Description:	60-foot strip through S2SW4, Sec. 36, Twp. 19N, Rge. 18E, Fergus County
Trust Beneficiary:	Common Schools

Item Summary

Fergus 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 Fergus County.

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16534
R/W Purpose: a public county road known as Maruska Road
Lessee Agreement: N/A (Historic)
Acreage: 0.55
Compensation: \$124.00
Legal Description: 60-foot strip through SW4SW4, Sec. 16, Twp. 19N, Rge. 23E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16535
R/W Purpose: a public county road known as Ming Coulee Road
Lessee Agreement: N/A (Historic)
Acreage: 2.62
Compensation: \$590.00
Legal Description: 60-foot strip through N2NE4, Sec. 36, Twp. 19N, Rge. 16E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16536
R/W Purpose: a public county road known as Musselshell Trail
Lessee Agreement: N/A (Historic)
Acreage: 1.77
Compensation: \$398.00
Legal Description: 60-foot strip through NE4NE4, Sec. 16, Twp. 20N, Rge. 26E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16537
R/W Purpose: a public county road known as Pownal Road
Lessee Agreement: N/A (Historic)
Acreage: 3.91
Compensation: \$880.00
Legal Description: 60-foot strip through SW4NW4, N2SW4, NW4SE4,
Sec. 16, Twp. 19N, Rge. 12E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16538
R/W Purpose: a public county road known as Rocky Point Road
Lessee Agreement: N/A (Historic)
Acreage: 6.61
Compensation: \$1487.00
Legal Description: 60-foot strip through NE4NW4, S2NW4, NW4NE4, NW4SW4,
Sec. 16, Twp. 19N, Rge. 23E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16539
R/W Purpose: a public county road known as Tesarek Road
Lessee Agreement: N/A (Historic)
Acreage: 1.58
Compensation: \$553.00
Legal Description: 60-foot strip through NW4NW4, Sec. 36, Twp. 19N, Rge. 13E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

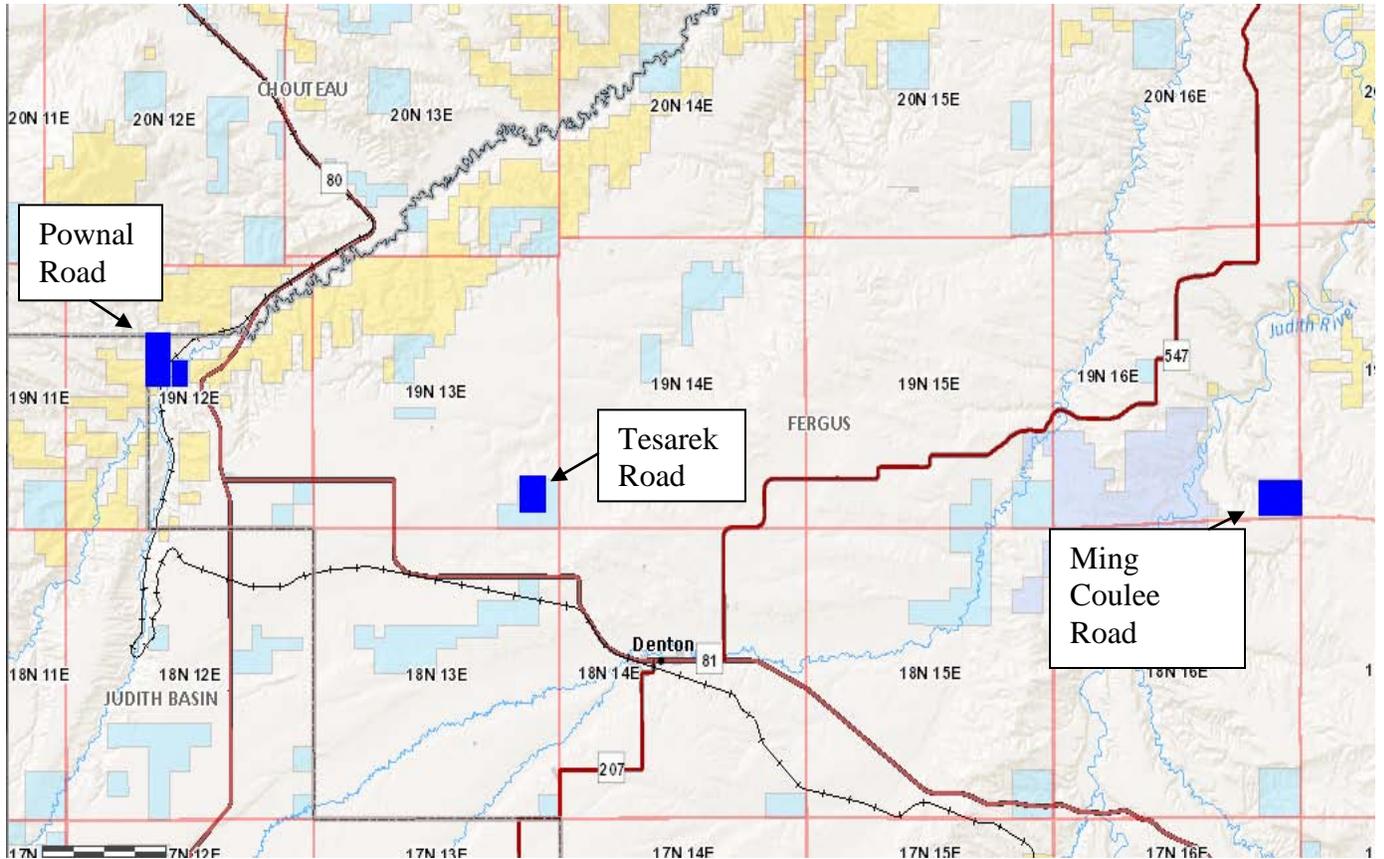
See page 1

DNRC Recommendation

See page 1

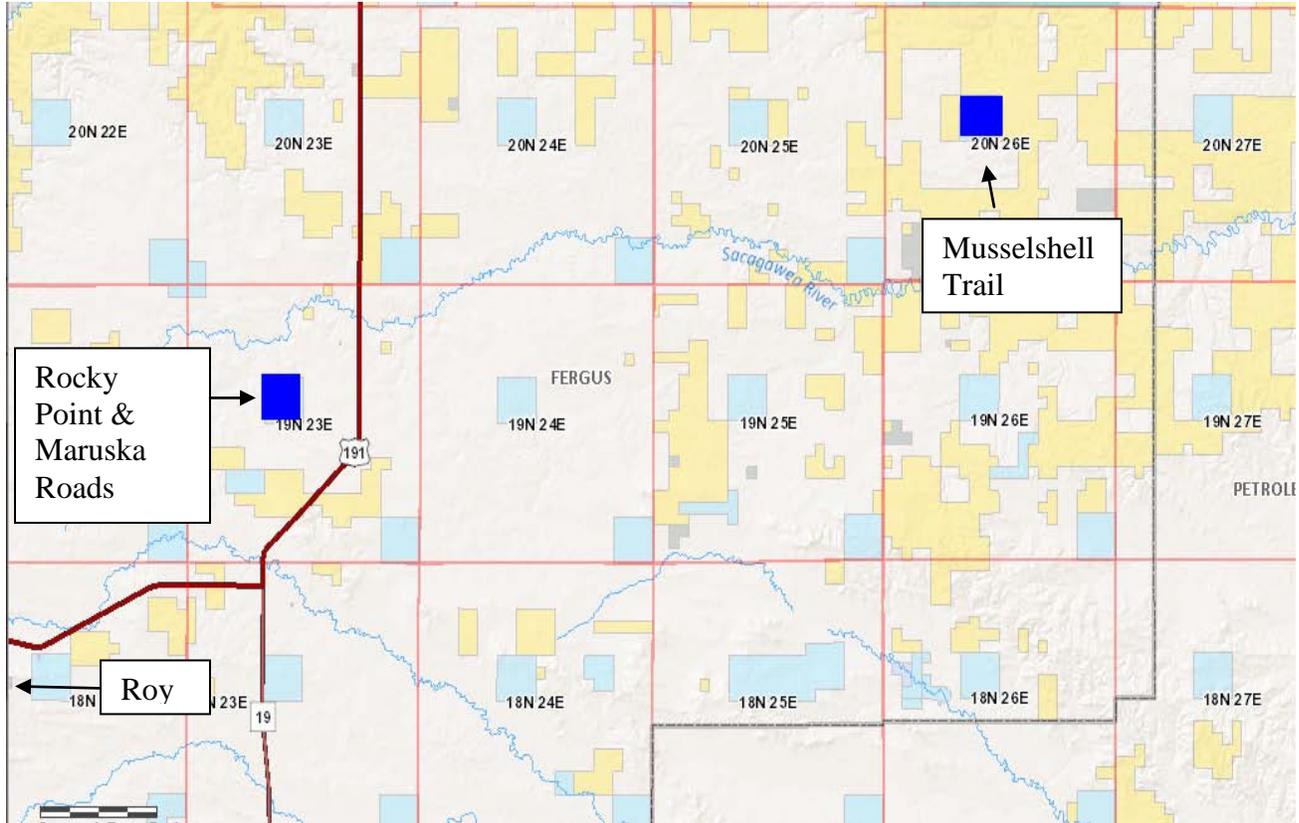
Rights of Way Applications

June 16, 2014



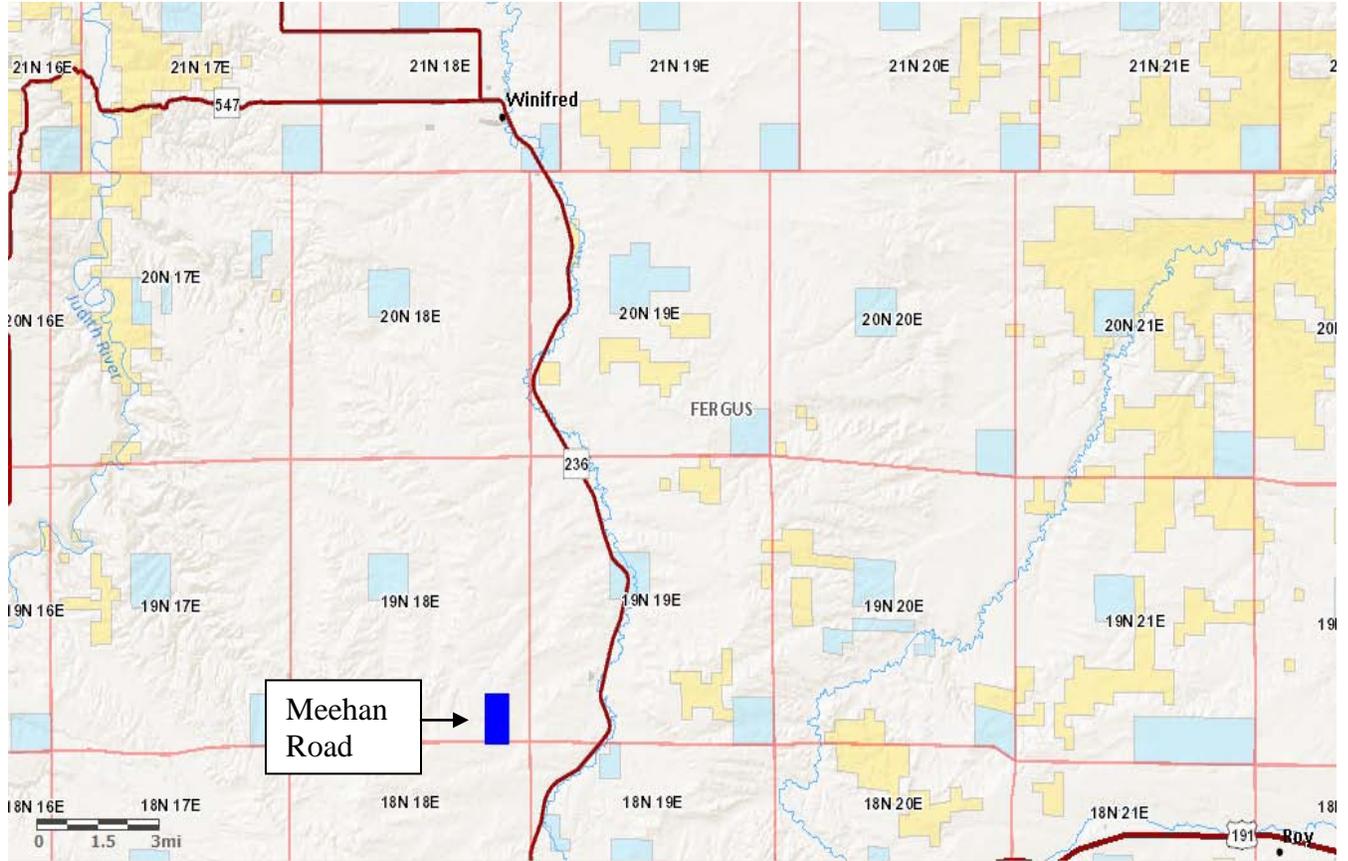
Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	I X Ranch Company PO Box 489 Big Sandy MT 59520
Application No.:	16565
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	3.3
Compensation:	\$1485.00
Legal Description:	30-foot strip through NW4NW4 Sec. 16 & SE4NW4, SW4NE4, NE4NE4 Sec. 17, Twp. 27N, Rge. 14E, Chouteau County
Trust Beneficiary:	Common Schools & MSU Morrill

Item Summary

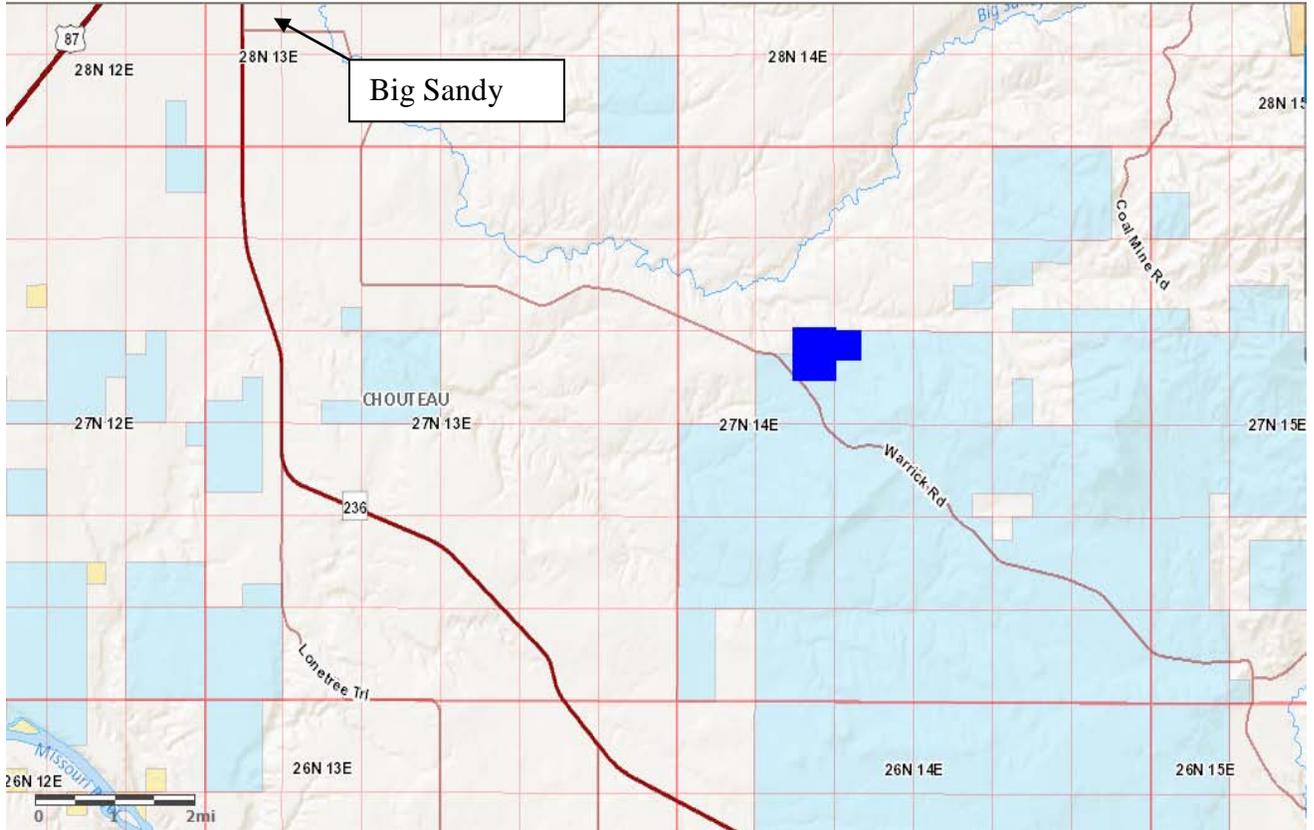
Applicant is requesting approval for the use of an existing road to access their private lands for the purpose of conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for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

DNRC Recommendation

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

Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: I X Ranch Company
PO Box 489
Big Sandy MT 59520

Application No.: 16566
R/W Purpose: a private access road for the purpose of conducting normal farming and ranching operations

Lessee Agreement: N/A (Historic)
Acreage: 6.2
Compensation: \$1860.00
Legal Description: 30-foot strip through SE4SE4 Sec. 35 & S2NE4, NE4SW4, SW4SW4, N2SE4 Sec. 36, Twp. 26N, Rge. 14E, Chouteau County

Trust Beneficiary: Common Schools & MSU Morrill

Item Summary

See page 11

DNRC Recommendation

See page 11

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	I X Ranch Company PO Box 489 Big Sandy MT 59520
Application No.:	16567
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	8.27
Compensation:	\$2481.00
Legal Description:	30-foot strip through SW4NE4, SE4SW4, W2SE4 Sec. 26 & E2NW4, E2SW4, SW4SE4 Sec. 35, Twp. 26N, Rge. 16E, Chouteau County
Trust Beneficiary:	Common Schools

Item Summary

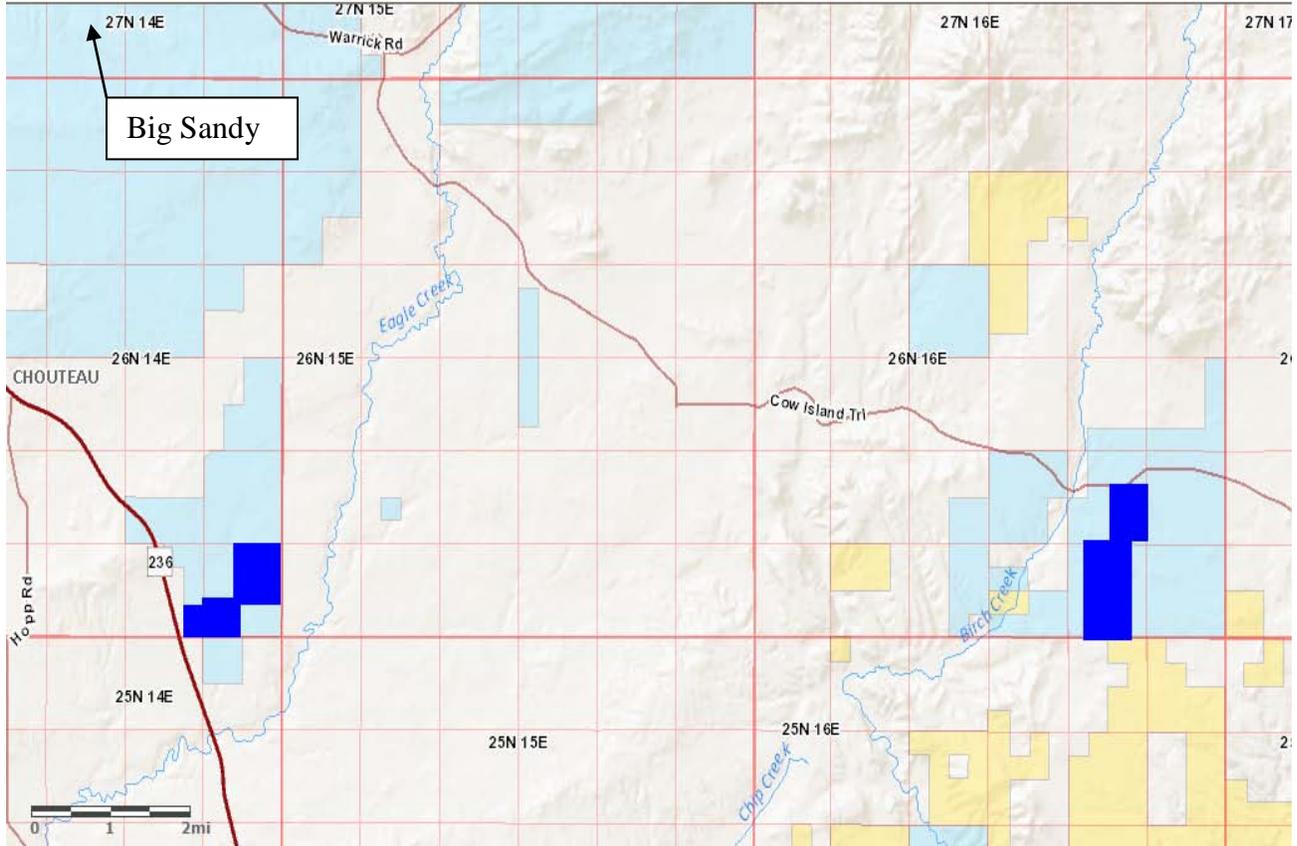
See page 11

DNRC Recommendation

See page 11

Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation
40 East Broadway Street
Butte MT 59701

Application No.: 16569
R/W Purpose: an overhead power distribution line
Lessee Agreement: ok
Acreage: 1.97
Compensation: \$640.00
Legal Description: 30-foot strip through W2NW4, Sec. 28, Twp. 6N, Rge. 9W,
Deer Lodge County
Trust Beneficiary: Common Schools

Item Summary

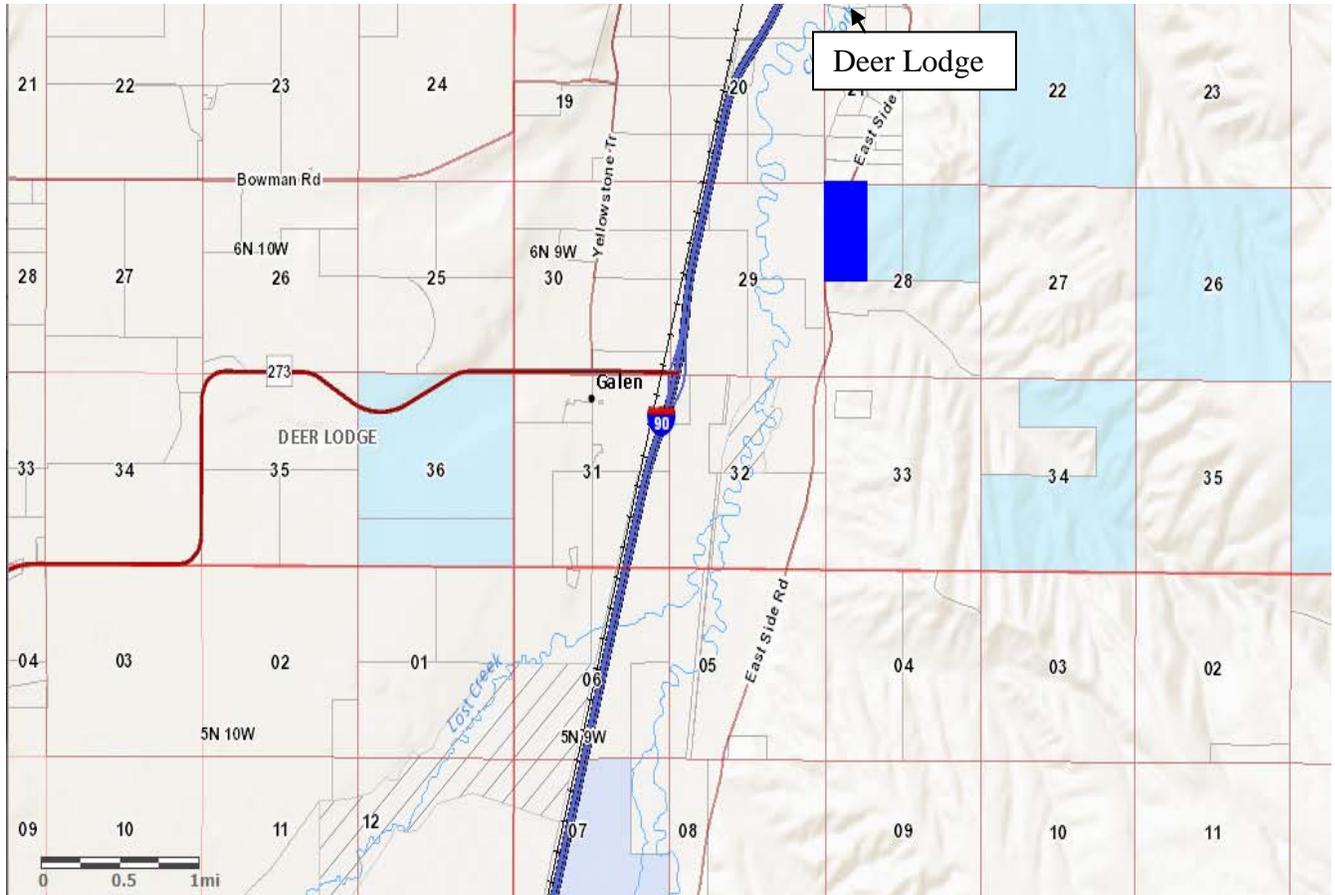
NorthWestern Corporation has requested an easement to relocate an existing power line so that it is closer to the existing county road. This is to facilitate future maintenance work. The existing line traverses very rough terrain making maintenance almost impossible. This rebuild will be done with minimal ground and vegetation disturbance. The existing line is without authorization. The relocated portion will be removed, concurrently, under land use license.

DNRC Recommendation

The director recommends approval of this relocation request.

Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16572
R/W Purpose: a public county road known as Collar Gulch Road
Lessee Agreement: N/A (Historic)
Acreage: 10.81
Compensation: \$4865.00
Legal Description: 60-foot strip through E2NW4, E2SW4, SW4SE4 Sec. 35,
Twp. 17N, Rge. 20E & N2NE4 Sec. 1, Twp. 16N, Rge. 20E,
Fergus County

Trust Beneficiary: Veterans Home

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16575
R/W Purpose: a public county road known as Davis Road
Lessee Agreement: N/A (Historic)
Acreage: 7.11
Compensation: \$1600.00
Legal Description: 60-foot strip through S2S2, Sec. 16, Twp. 18N, Rge. 22E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16576
R/W Purpose: a public county road known as Denton Cutoff
Lessee Agreement: N/A (Historic)
Acreage: 2.27
Compensation: \$1022.00
Legal Description: 60-foot strip through SW4NW4, NW4SW4, Sec. 16, Twp. 16N,
Rge. 18E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Fergus County 712 W Main Street, Suite 210 Lewistown MT 59457
Application No.:	16577
R/W Purpose:	a public county road known as Fort Maginnis Road
Lessee Agreement:	N/A (Historic)
Acreage:	10.44
Compensation:	\$4699.00
Legal Description:	60-foot strip through NW4NE4, SE4NE4, E2SE4 Sec. 1, Twp. 16N, Rge. 20E & SE4NE4, E2SE4 Sec. 35, Twp. 17N, Rge. 20E, Fergus County
Trust Beneficiary:	Veterans Home

Item Summary

See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Fergus County
712 W Main Street, Suite 210
Lewistown MT 59457

Application No.: 16578
R/W Purpose: a public county road known as Harwood Bench Road
Lessee Agreement: N/A (Historic)
Acreage: 5.7
Compensation: \$1283.00
Legal Description: 60-foot strip through N2NW4, SW4NW4, N2NE4, Sec. 30,
Twp. 17N, Rge. 16E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

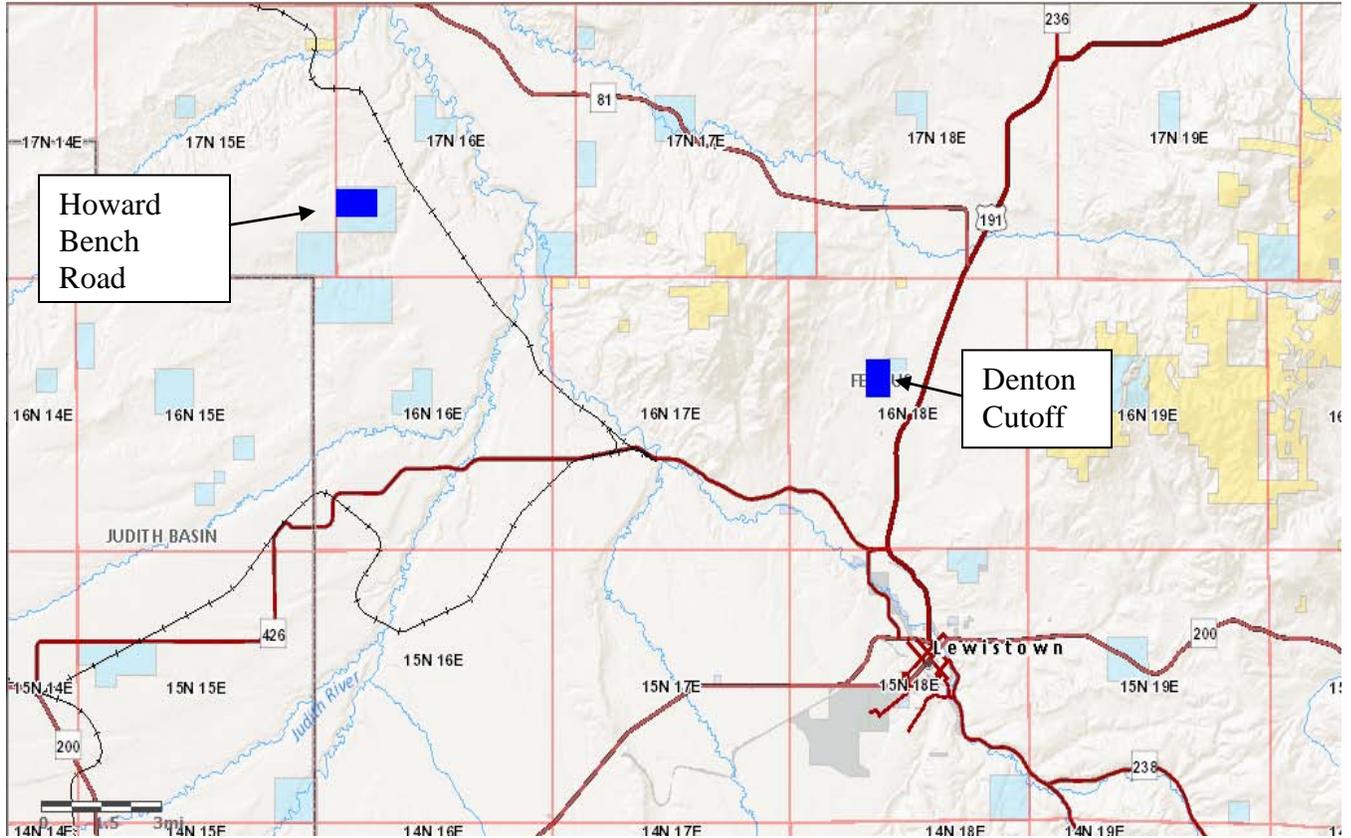
See page 1

DNRC Recommendation

See page 1

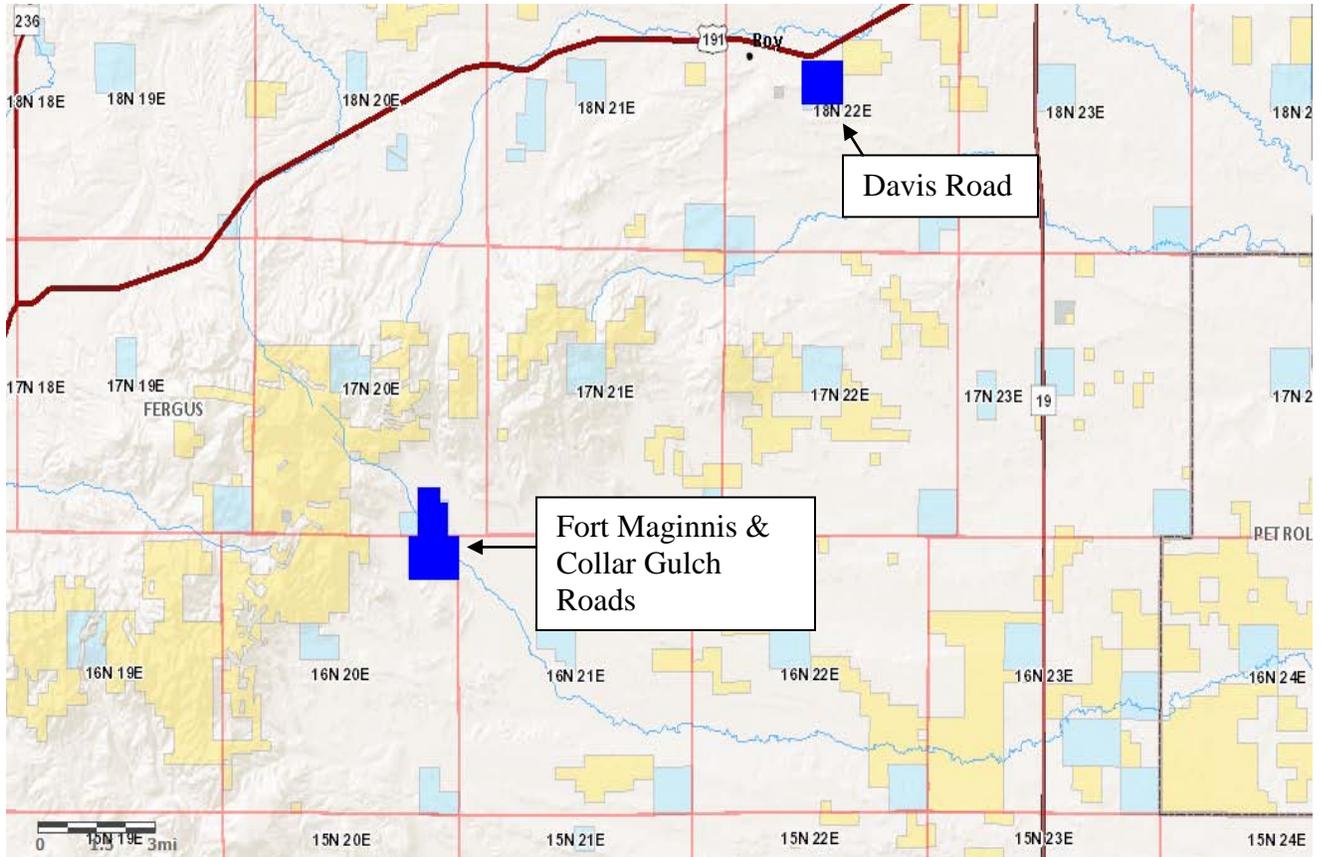
Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014



Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Custer County Water and Sewer District No. 2 P O Box 967 Miles City MT 59301
Application No.:	16580
R/W Purpose:	a buried 10" municipal water line
Lessee Agreement:	ok
Acreage:	0.67
Compensation:	\$7,705.00
Legal Description:	30-foot strip through NW4SE4, Sec. 26, Twp. 8N, Rge. 47E, Custer County
Trust Beneficiary:	Pine Hills School

Item Summary

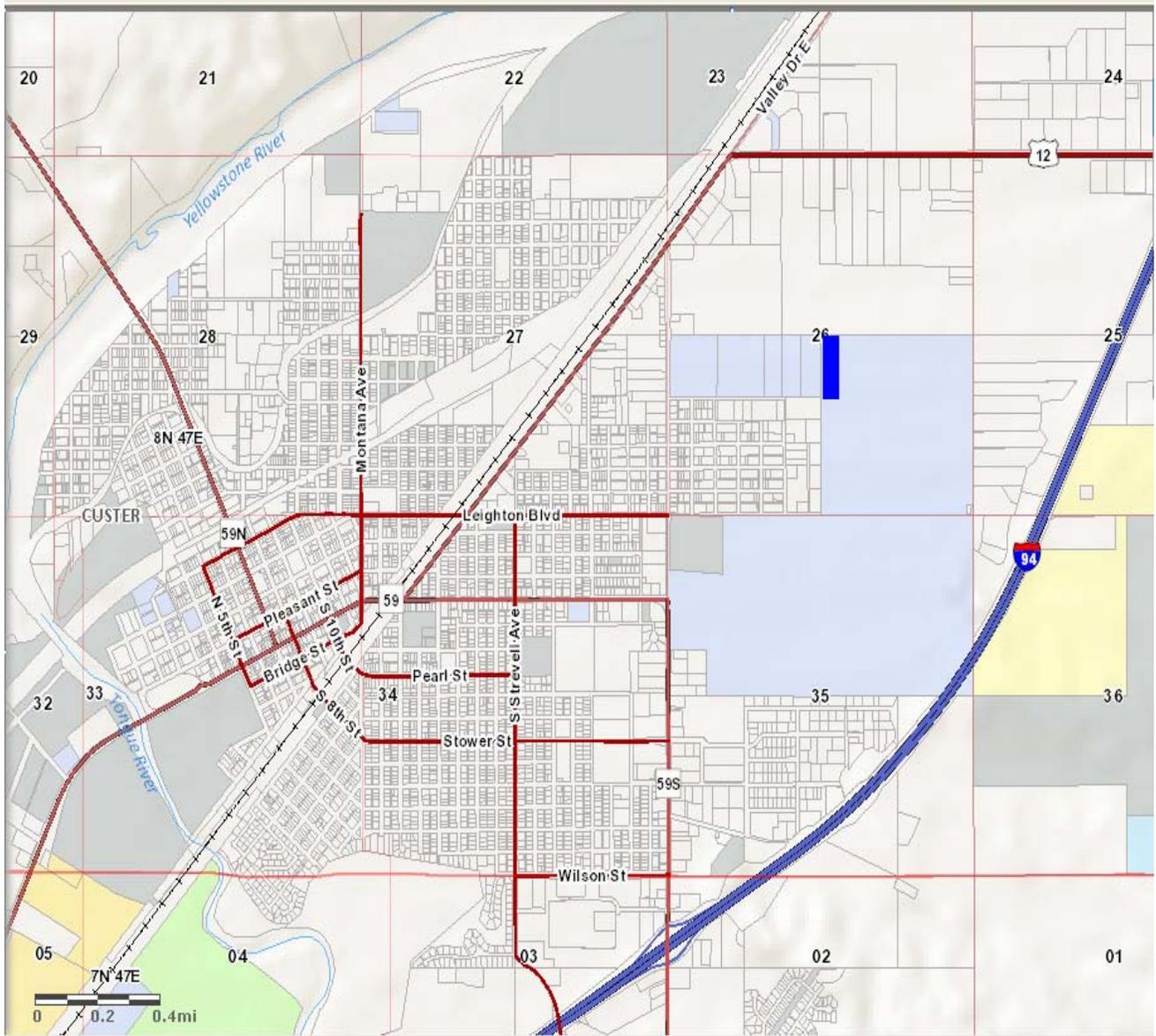
Applicant has requested an easement for the purpose of constructing and maintaining a 10" water main pipeline for the purpose of providing city water to outlying areas around Miles City. This proposed water main is an economic development project by Custer County that will loop and connect with the existing water main on North Haynes Avenue. The project will utilize part of an existing utility corridor dedicated to the public on the state's Bull Pasture Minor Subdivision and traverse a portion of undeveloped state trust land immediately adjacent to the east of Bull Pasture. There were several alternate options proposed, including one that would have bisected the available lease lots in Bull Pasture Minor Subdivision, which would have severely limited the state's ability to lease these lands for commercial use. The Department of Natural Resources and Conservation (DNRC) suggested an alternative alignment, which is the basis for this easement request. The other alternatives involved requiring right of way from private landowners, all of whom rejected the location of the water line on their property. DNRC feels the proposed project and route will cause the least environmental impact and yet provide city services to potential commercial lessees of Bull Pasture Minor Subdivision.

DNRC Recommendation

The director recommends approval of this request.

Rights of Way Applications

June 16, 2014



26

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre MT 59501
Application No.:	11656A
R/W Purpose:	3 buried telecommunications cables
Lessee Agreement:	ok
Acreage:	3.19
Compensation:	\$639.00
Legal Description:	20-foot strip through Government Lot 1 & E2NW4, Sec. 30, Twp. 33N, Rge. 16E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

Triangle Telephone Cooperative Association, Inc., has requested an amendment to their existing easement granted by the Land Board on September 30, 2002. This request is due to the Montana Department of Transportation's plans to complete a safety improvement project for Highway 232 north of Havre. This project was approved at the April 21, 2014, Land Board meeting. The proposed safety improvements and geometry modifications to Highway 232 conflict with the location of the existing buried fiber optic and telecommunications cable and the associated easement. This realignment of the fiber optic and telecommunications cable must coordinate with the start of the highway project.

DNRC Recommendation

The director recommends approval of this fiber optic and telecommunications cable relocation amendment.

Rights of Way Applications

June 16, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hill County Electric Cooperative, Inc. PO Box 2330 Havre MT 59501
Application No.:	8951A
R/W Purpose:	a buried power distribution line
Lessee Agreement:	ok
Acreage:	2.7
Compensation:	\$180.00
Legal Description:	20-foot strip through E2NW4, Sec. 30, Twp. 33N, Rge. 16E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

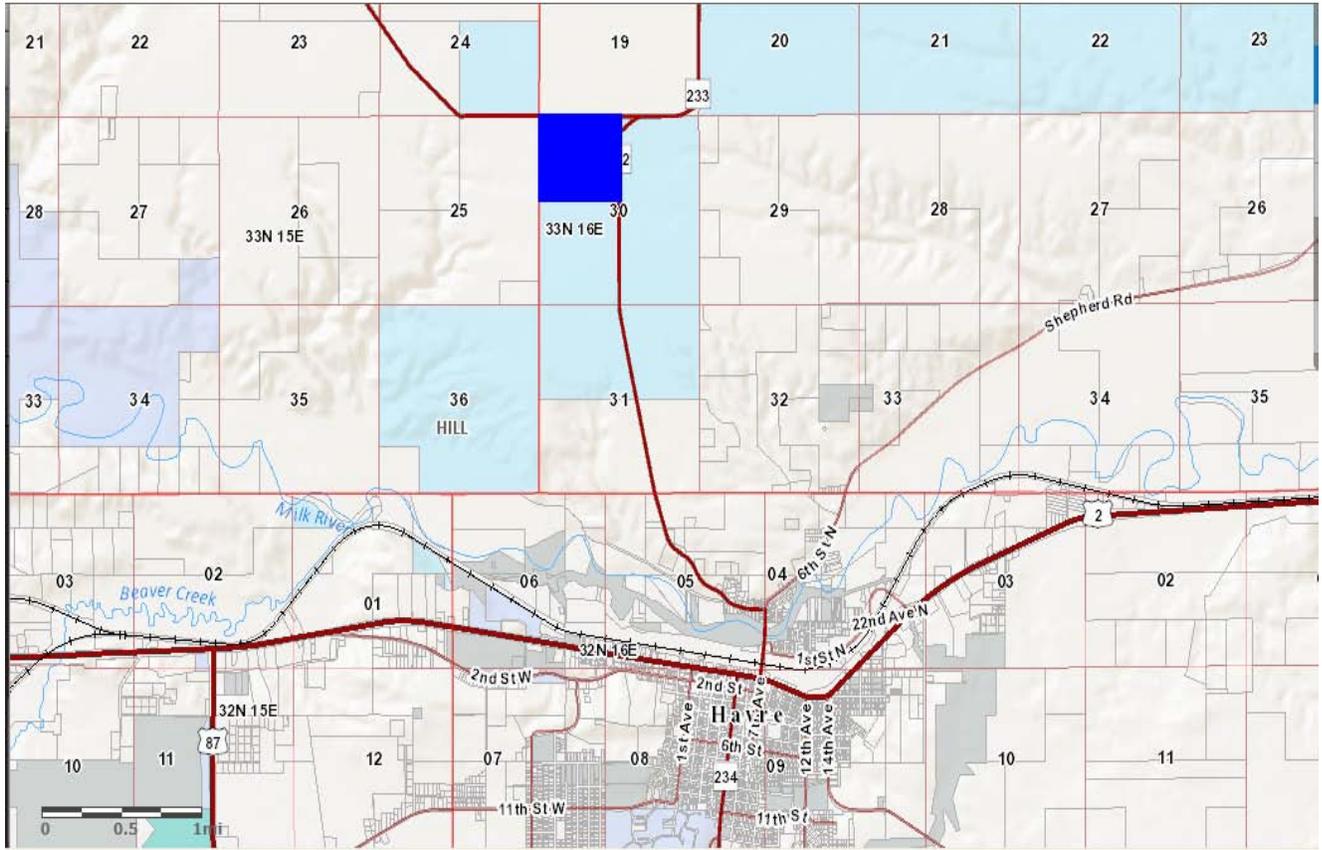
Hill County Electric Cooperative, Inc., has requested an amendment to their existing easement granted by the Land Board on June 30, 1983. This request is due to the Montana Department of Transportation's plans to complete a safety improvement project for Highway 232 north of Havre. This project was approved at the April 21, 2014, Land Board meeting. The proposed safety improvements and geometry modifications to Highway 232 conflict with the location of the existing buried power distribution line and the associated easement. This realignment of the power distribution line must coordinate with the start of the highway project.

DNRC Recommendation

The director recommends approval of this power distribution line relocation amendment.

Rights of Way Applications

June 16, 2014



**Land Board Agenda Item
June 16, 2014**

614-4B Reciprocal Access Agreement: Stimson 4

Location: Granite, Lewis and Clark, Lincoln, Mineral, Powell, Sanders Counties

Trust Benefits: Common Schools, Public Buildings, Montana Tech

Trust Revenue: \$ 269

Item Summary

State land is intermingled with Stimson Lumber Company property. In order for both parties to gain legal access, they have proposed to exchange easements as part of this reciprocal access agreement. Each party will grant perpetual non-exclusive easements for the purpose of constructing, reconstructing, maintaining, repairing, and using a road or road segment for all lawful purposes, including utilities.

Applicant

Stimson Lumber Company
520 S.W. Yamhill, Portland, Oregon 97204

Legal Description (R/W)

Granite County:

State land burdened -	Sec. 36, T12N, R13W – 1.82 acres (C.S.)
State land benefited -	none
Stimson land burdened -	none
Stimson land benefited -	Sec. 25, T12N, R13W

Lewis and Clark County:

State land burdened -	none
State land benefited -	Sec. 36, T15N, R7W (C.S.)
Stimson land burdened -	Sec. 1, T14N, R7W – 1.75 acres Sec. 36, T15N, R7W – 5.51 acres
Stimson land benefited -	none

Lincoln County:

State land burdened -	Sec. 32, T31N, R33W – 1.02 acres (S.M.)
State land benefited -	Sec. 32, T31N, R33W (S.M.)
Stimson land burdened -	Sec. 5, T30N, R33W – 1.09 acres Sec. 31, 32, T31N, R33W – 15.27 acres
Stimson land benefited -	Sec. 29, 30, 31, 32, T31N, R33W

Mineral County:

State land burdened -	Sec. 10, T17N, R26W – 2.98 acres (P.B.) Sec. 14, T17N, R26W – 12.36 acres (P.B.) Sec. 15, T17N, R26W – 0.07 acres (P.B.)
State land benefited -	Sec. 10, T17N, R26W (P.B.) Sec. 14, T17N, R26W (P.B.) Sec. 15, T17N, R26W (P.B.)

Stimson land burdened - Sec. 14, T17N, R26W – 11.85 acres
 Sec. 15, T17N, R26W – 2.76 acres
 Stimson land benefited - Sec. 14, T17N, R26W
 Sec. 15, T17N, R26W

Powell County:

State land burdened - Sec. 36, T12N, R13W – 1.09 acres (C.S.)
 State land benefited - none
 Stimson land burdened - none
 Stimson land benefited - Sec. 25, T12N, R13W

Sanders County:

State land burdened - Sec. 16, T25N, R27W – 2.04 acres (C.S.)
 Sec. 20, T25N, R27W – 1.38 acres (C.S.)
 State land benefited - Sec. 16, T26N, R34W (C.S.)
 Stimson land burdened - Sec. 15, T26N, R34W – 14.26 acres
 Stimson land benefited - Sec. 32, T25N, R27W

Total R/W Acres:

State grant to Stimson: 22.76 acres
 Stimson grants to State: 52.49 acres

Total R/W Miles:

State grant to Stimson: 3.13 miles
 Stimson grants to State: 7.22 miles

General Information

Land Offices: NWLO and SWLO
 Unit Offices: Anaconda, Clearwater, Libby, Missoula, and Plains
 Counties: Granite, Lewis and Clark, Lincoln, Mineral, Powell, and Sanders
 Affected Trusts: Common Schools (CS), Public Buildings (PB), and Montana Tech (SM)
 Land Classification: Forest

Costs to be Borne by Each Party

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

	EXCESS COSTS	
	State owes Stimson	Stimson owes State
Land Value	\$ 20,371	\$ 20,268
Road Costs	\$ 22,138	\$ 22,510
Total Value/Costs	\$ 42,509	\$ 42,778

NET BALANCE

Land Value	\$ 103	\$ 0
Road Costs	\$ 0	\$ 272
Subtotals	\$ 103	\$ 272

NET EXCESS TOTAL FOR LAND AND ROAD * \$ 269

* The remaining Net Balance of \$269 that Stimson owes State will be paid in cash at the time of conveyance.

Results of MEPA Analysis

No significant impacts are expected and no further analysis required

Benefits to State

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

Provides full/staged permanent access for all lawful purposes, including utilities, to state trust lands in:

Sec. 36, T15N, R7W (C.S.)	480 acres
Sec. 16, T26N, R34W (C.S.)	160 acres
TOTAL:	640 acres

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

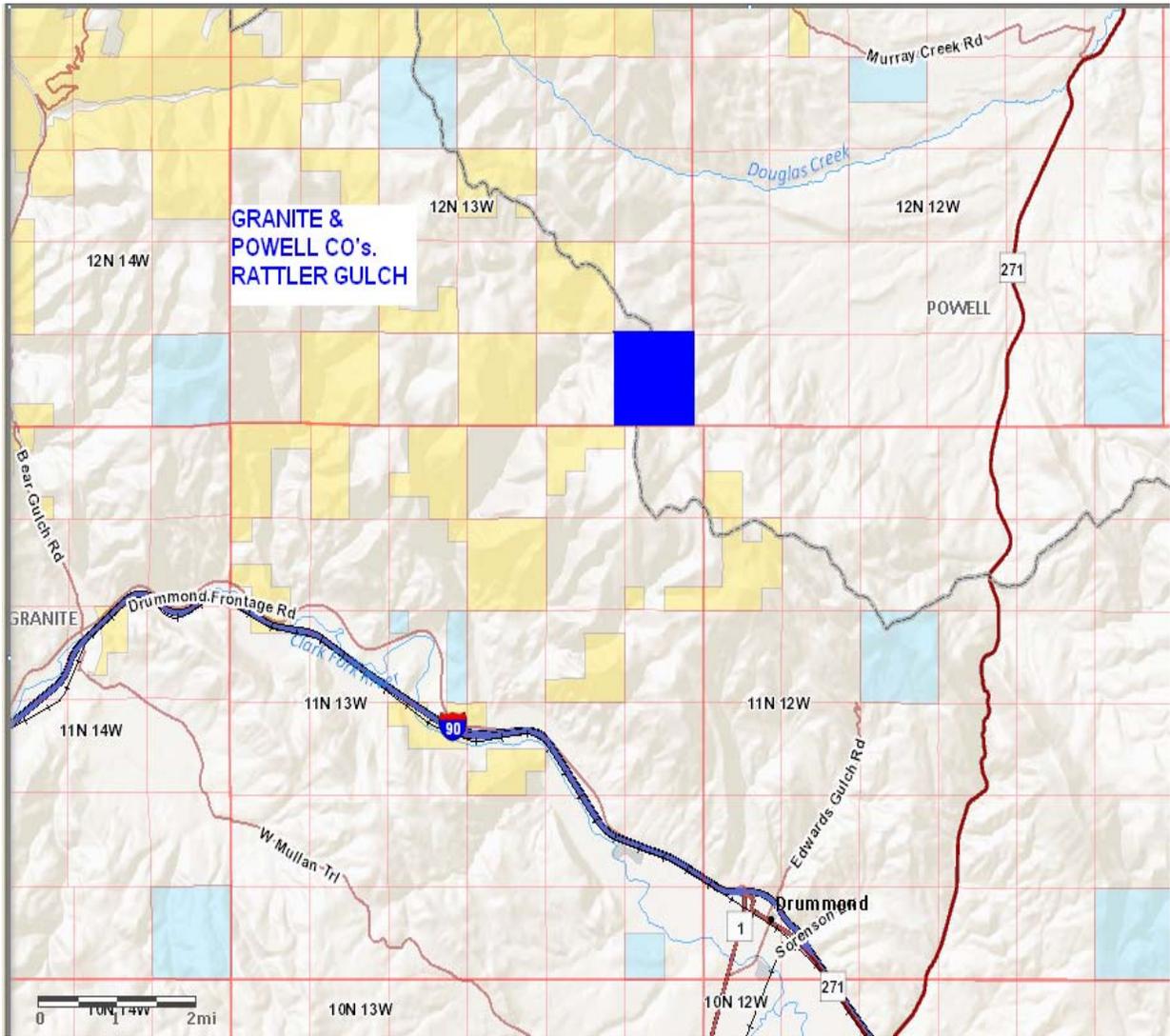
- The public currently has access to state trust lands being accessed in this agreement:
 - Sec. 36, T15N, R7W (Whiskey Gulch) – via adjacent Forest Service land
 - Sec. 14 and 15, T17N, R26W (Flat-Pardee) – via cost share easement
 - Sec. 16, T26N, R34W (Elk-Heron) – via adjacent Forest Service land
 - Sec. 32, T31N, R33W (Freeman) – via Stimson conservation easement

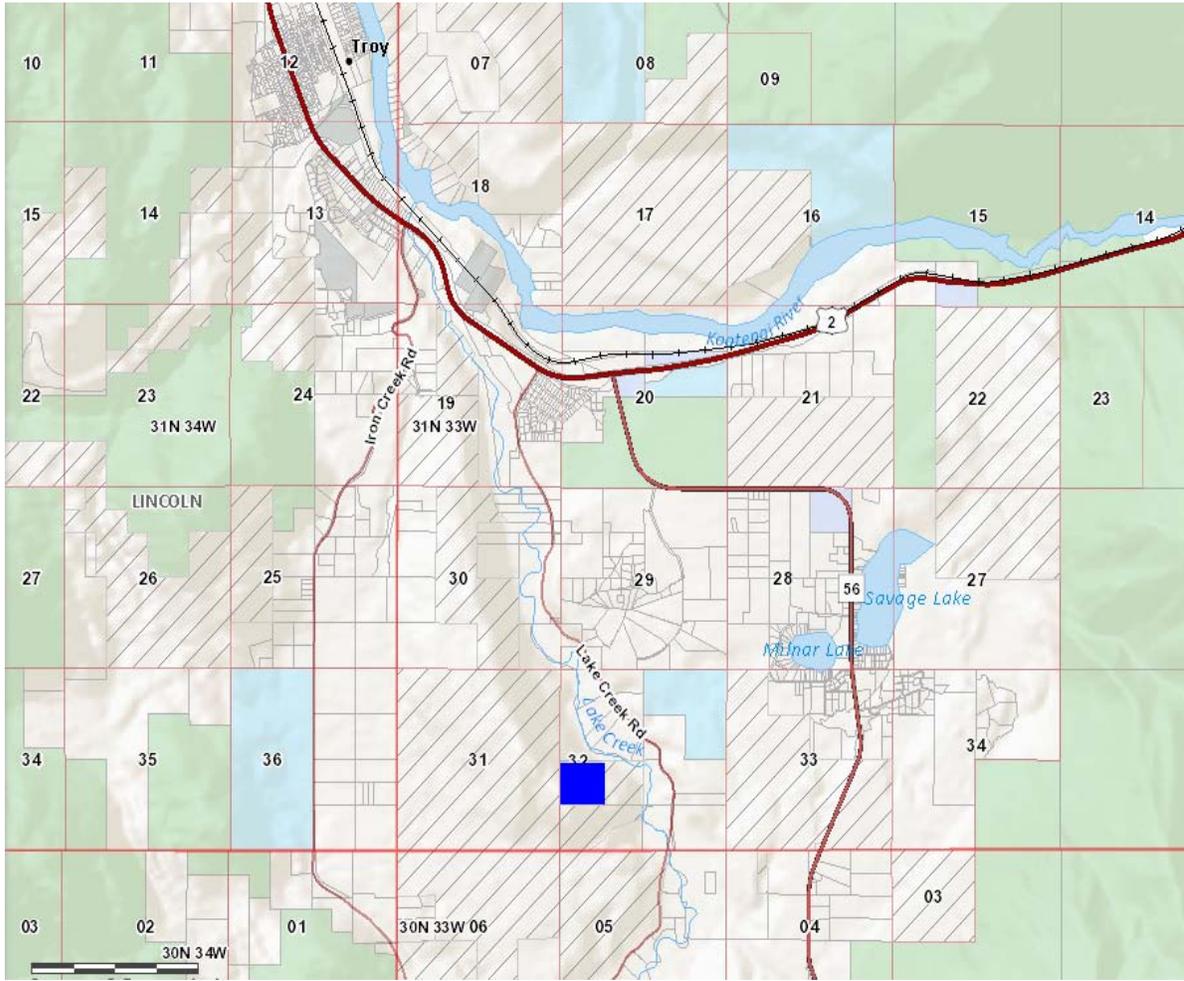
3. *Describe other benefits associated with completing the agreement.*

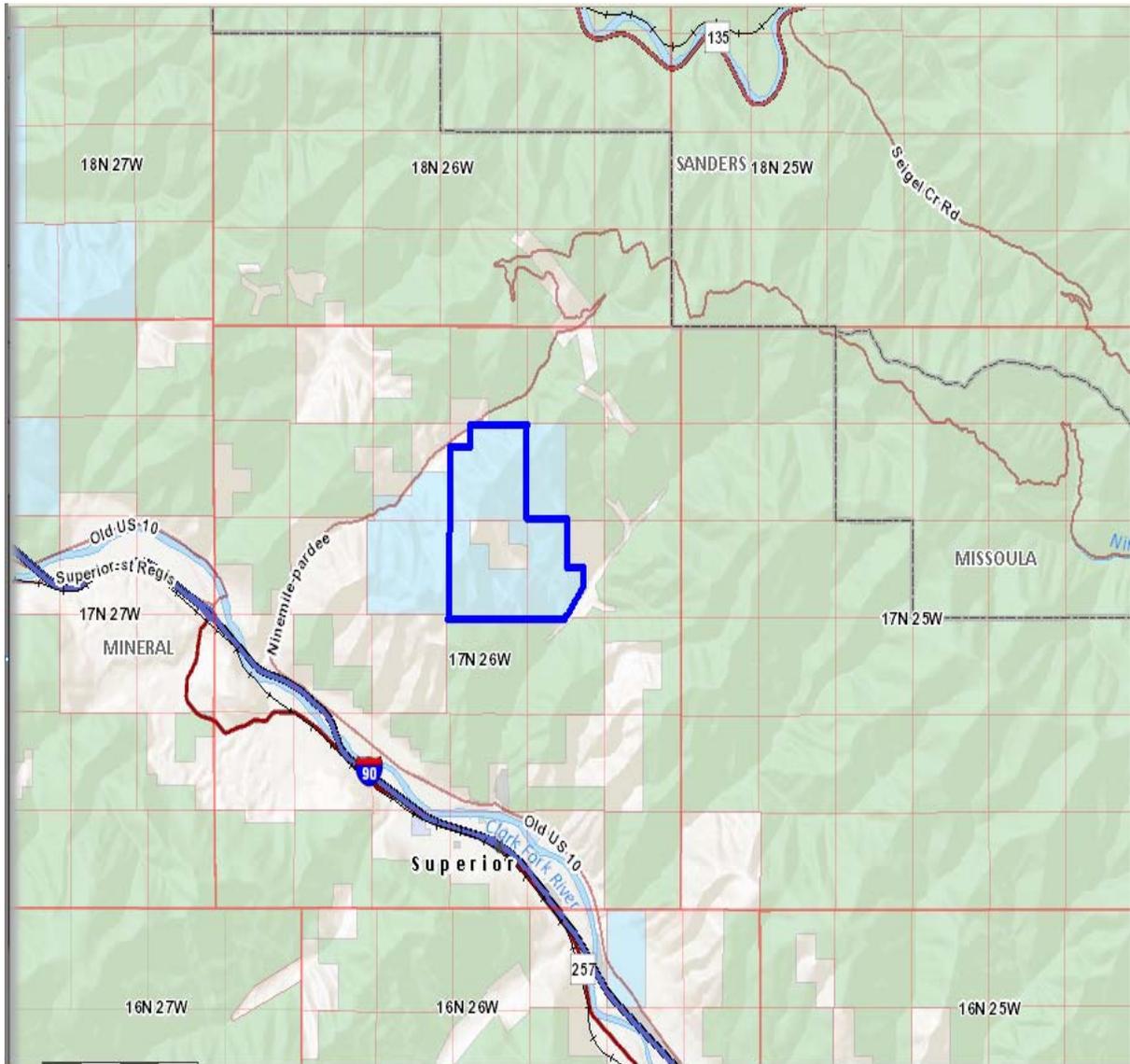
- Provides for an integrated transportation system which reduces road densities and potential resource impacts to water quality and wildlife habitat.
- Provides for acquisition costs to be shared and thereby reduces access acquisition costs, shared financial obligations for road maintenance, resurfacing, weed management, and road reconstruction, if need be, to current road standards.
- In Whiskey Gulch sub-unit, this is the final step in the staged acquisition of access. In the Elk-Heron sub-unit, this is initial step in the staged acquisition of access. (Additional acquisitions are needed from a small private landowner, who is willing to grant an easement, and also through Forest Service land by our cost share process.) The state also acquired a cost share easement from the Forest Service in the Flat-Pardee sub-unit, and therefore all access needs are met.
- Provides for legal access for forest management opportunities, including utilities for other uses if need be.

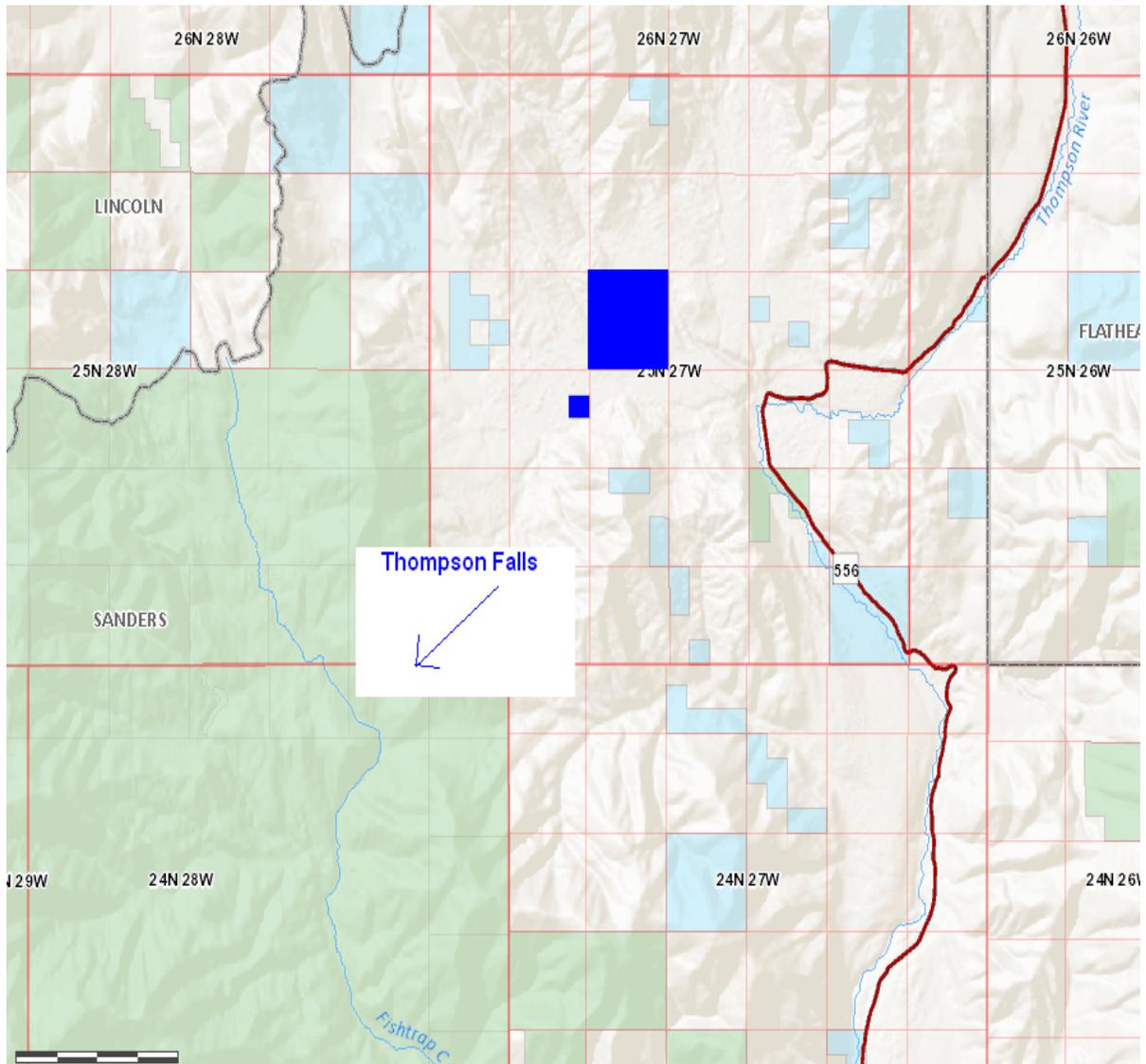
DNRC Recommendation

After review of the documents, exhibits, and benefits to the state, the director recommends approval of this proposed reciprocal access agreement with Stimson Lumber Company.









**Land Board Agenda Item
June 16, 2014**

614-4C Department of Public Health and Human Services: Easement

**Location: Jefferson County
Sec. 33, Twp. 6N, Rge. 4W**

**Trust Benefits: N/A (non-trust land), Department of Public Health and
Human Services**

Revenue Consideration: services in-kind – no cash payment

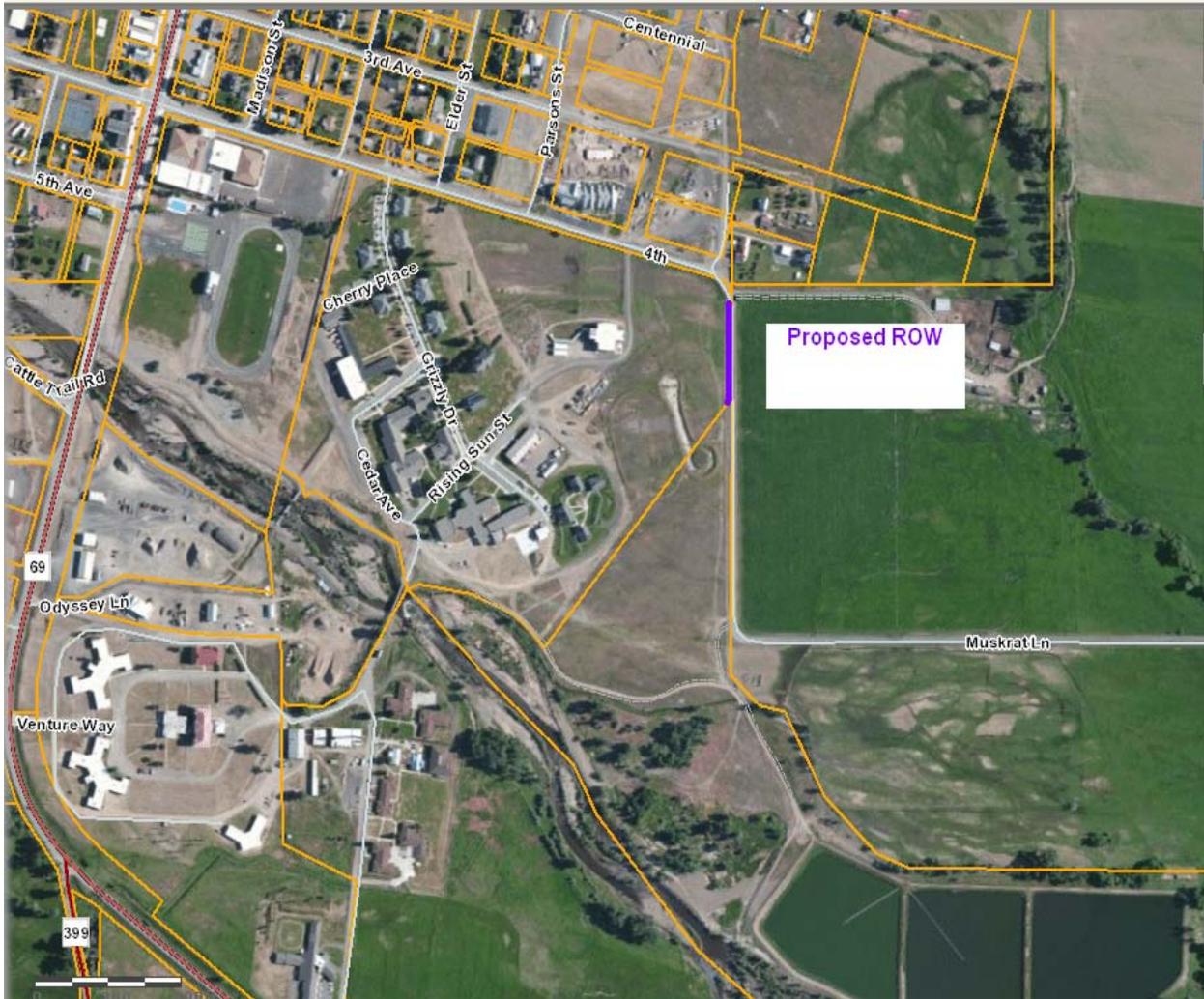
Item Summary

The City of Boulder is requesting a twenty-foot wide easement to install a new six-inch city water main from the existing water system to the new wastewater treatment facility. The proposed alignment would need to cross approximately 400 feet of land owned by the Montana Developmental Center, Department of Public Health and Human Services (DPHHS). The route was chosen due to existing connection locations to support a six-inch water main. An alternate route was considered along Muskrat Lane, however existing utilities already placed in the narrow corridor did not make it feasible. There are no environmental concerns or issues with the proposed easement request.

DPHHS has agreed to the grant of the easement and in lieu of receiving a nominal monetary payment has negotiated in-kind services to be performed. The city will reconstruct and build-up to grade an existing walking path along the easement corridor and in addition the city will terminate assessments for water usage associated with maintenance of the portion of cemetery on DPHHS property.

DNRC Recommendation

On behalf of DPHHS, the director of DNRC recommends approval of this easement grant.



**Land Board Agenda Item
June 16, 2014**

614-4D Department of Environmental Quality: Easement

**Location: Lewis & Clark County
Sec. 35, Twp. 15N, Rge. 7W**

Trust Benefits: N/A (non-trust land), Department of Environmental Quality

Revenue Consideration: donation

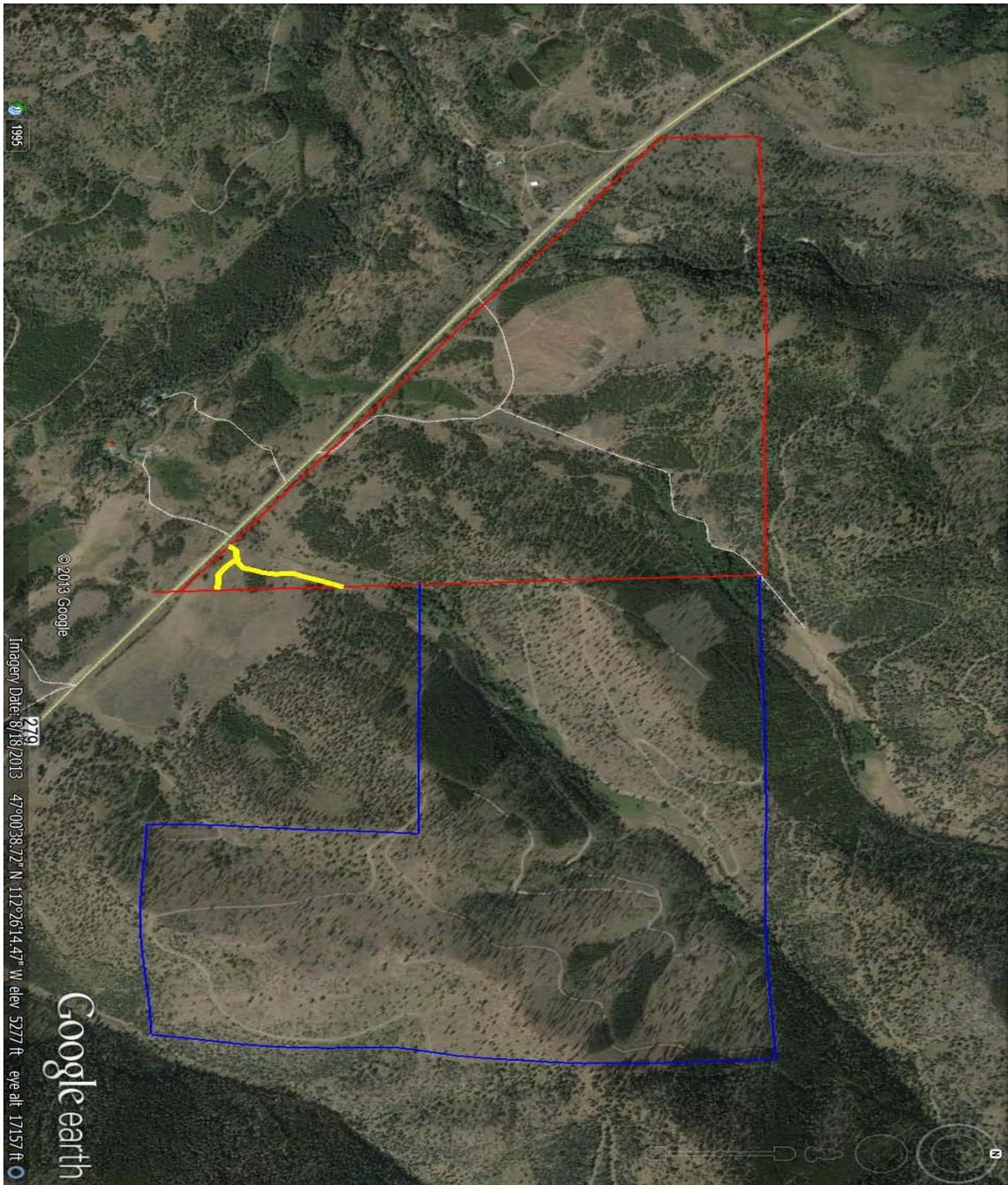
Item Summary

The Department of Natural Resources and Conservation (DNRC), on behalf of the State of Montana, is requesting an all-lawful purposes easement across lands owned by the Department of Environmental Quality (DEQ). In 2012 DEQ purchased a parcel of land from Stimson Lumber Company for the purpose of impoundment of tailings associated with the Mike Horse Dam. DNRC had previously been in contact with Stimson to reciprocate easements for this same access; however, the property was for sale and eventually purchased by DEQ. DNRC has worked with DEQ to grant this access easement to the state so as to complete a staged acquisition of access to the Whiskey Gulch area. This acquisition request is being presented to the Land Board for approval pursuant to §77-2-302(2), MCA, which directs that disposition of land acquired for remedial action may be disposed of by the Land Board after consultation with DEQ.

DEQ does not have any concerns or issues with granting DNRC access across this parcel of land and agrees to do so without compensation. DEQ similarly granted Stimson Lumber access on this same road system as title was transferred without reservation of an easement to the remaining Stimson lands. There are no legal or environmental concerns associated with the grant of this easement.

Recommendation

DEQ recommends the Land Board approve the grant of an all-lawful purpose access easement to DNRC.



Access Road

DEQ Lands

State Trust Land

614-5

THE DNRC ECONOMY:
A REPORT FOR MONTANA 2014

Land Board Agenda Item
June 16, 2014

614-5 **The DNRC Economy: A Report for Montana 2014**

Location: State of Montana

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

Overview of report recently published by the Department of Natural Resources and Conservation – *The DNRC Economy: A Report for Montana 2014*.