

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

Please note: *The Land Board has adopted the audio recording of its meetings as the official record, as allowed by [2-3-212, MCA](#). These minutes provide an abbreviated summary of the Land Board discussion, public testimony, action taken, and other activities. The time designations listed are approximate and may be used to locate the referenced discussion on the audio recording of this meeting. Access to an electronic copy of these minutes and the audio recording is provided from the Land Board webpage at <http://dnrc.mt.gov/LandBoard>. The written minutes summary, along with the audio recordings, are listed by meeting date on the Land Board Archive webpage.*

Members Present

Governor Steve Bullock
Attorney General Tim Fox
Commissioner of Securities and Insurance Monica Lindeen
Secretary of State Linda McCulloch
Superintendent of Public Instruction Denise Juneau

Members Absent

None

Testifying Staff

John Tubbs, DNRC Director

Attachments

Related Materials, Attachment 1 – Sign-in Sheet
Related Materials, Attachment 2 – Invitation to *Energy Open Conference and Golf Tournament*
– submitted by Jim Atchison during public comment period for item 614-4A
Related Materials, Attachment 3 – The DNRC Economy
– submitted by John Tubbs to accompany item 614-5

Call to Order

00:00:00 Governor Bullock called the meeting to order.
00:00:14 Ms. Juneau moved to approve the May 19, 2014, minutes. The motion was seconded by Ms. Lindeen and carried unanimously.

Business Considered

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

00:00:23 Mr. Tubbs gave an overview of the item.
00:01:08 Mr. Fox moved to approve item 614-1. The motion was seconded by Ms. McCulloch and carried unanimously.

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

00:01:26 Mr. Tubbs gave an overview of the item.
00:01:52 Ms. Lindeen moved to approve item 614-2. The motion was seconded by Ms. Juneau and carried unanimously.

614-3 Sale of Cabin and Home Sites: Set Minimum Bid for Sale

A. Flathead County – Sale 713

B. Flathead County – Sale 714

00:02:09 Mr. Tubbs gave an overview of items 614-3A and 614-3B.

00:03:35 Ms. McCulloch moved to approve items 614-3A and 614-3B. The motion was seconded by Mr. Fox and carried unanimously.

614-4 Easements

00:04:02 Governor Bullock

00:04:08 Mr. Tubbs

00:04:15 Governor Bullock

A. DNRC Easements

00:04:18 Mr. Tubbs gave an overview of the item.

Public Comment

00:05:23 Jim Atchison, Southeastern Montana Development Corporation Executive Director

Board Discussion/Comments

00:07:32 Ms. Lindeen moved to approve item 614-4A. The motion was seconded by Ms. Juneau.

00:07:40 Ms. Lindeen

00:07:50 Mr. Atchison

00:08:00 Governor Bullock

00:08:03 Ms. Lindeen

00:08:11 Mr. Atchison

00:08:13 Ms. Lindeen

00:08:17 Governor Bullock

00:08:28 Mr. Fox

00:08:40 The motion to approve item 614-4A carried unanimously.

B. Reciprocal Access: Stimson 4

00:08:47 Mr. Tubbs gave an overview of the item.

00:09:37 Ms. McCulloch moved to approve item 614-4B. The motion was seconded by Mr. Fox and carried unanimously.

C. Department of Public Health and Human Services: Easement

00:09:57 Mr. Tubbs gave an overview of the item.

00:11:04 Ms. Juneau moved to approve item 614-4C. The motion was seconded by Ms. McCulloch and carried unanimously.

D. Department of Environmental Quality: Easement

00:11:20 Mr. Tubbs gave an overview of the item.

00:12:00 Ms. Lindeen moved to approve item 614-4D. The motion was seconded by Ms. Juneau and carried unanimously.

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

00:12:19 Mr. Tubbs gave an overview of the item.

00:17:59 Governor Bullock

00:18:01 Mr. Tubbs

00:20:23 Ms. Lindeen

00:20:25 Mr. Tubbs

00:25:34 Governor Bullock
00:25:40 Mr. Tubbs
00:27:34 Mr. Fox
00:27:44 Mr. Tubbs
00:28:04 Mr. Fox
00:28:28 Governor Bullock

General Public Comment

00:28:57 Vicki Hamilton, Custer County Commissioner

Board Discussion/Comments

00:30:05 Governor Bullock
00:30:31 Ms. McCulloch
00:31:00 Ms. Lindeen
00:31:16 Mr. Tubbs

Adjournment

00:31:41 Adjournment

PRESIDENT

ATTEST

/s/ Steve Bullock
Steve Bullock, Governor

/s/ John E. Tubbs
John E. Tubbs, DNRC Director



ENERGY OPEN
2014
COLSTRIP

11th Annual
ENERGY OPEN

*Showcasing the Economic
Benefits of Responsible
Energy Development*

SouthEastern Montana
Development Corporation
PO Box 1935
6200 Main Street
Colstrip, MT 59323
Ph/Fax: (406) 748-2990
Email: jatchison@semdc.org

**Southeastern Montana Development Corporation (SEMDC)
and
Montanans for Responsible Energy Development (MRED)
Cordially Invite You to Participate in the**

**Eleventh Annual
Energy Open Conference and Golf Tournament
August 14th and 15th, 2014**

**This event “*Showcasing the Economic Benefits of Responsible Energy Development*”
will take place in Colstrip, the "Energy Capital of Montana."**

**To request your sponsorship packet or general information, please contact us at
(406) 748-2990, or reply by email to: Jim Atchison at jatchison@semdc.org or
register at www.semdc.org**

Network with Energy Leaders, Elected Officials and Decision Makers
Golf one of Montana's Most Challenging Public Courses
Attend Presentations and Gather Information on Energy Issues / Opportunities
Tour Unique Energy Facilities



ENERGY OPEN CONFERENCE

2013
Showcasing Economic Benefits of Responsible Energy Development"
August 16th
Colstrip, MT



Governor Steve Bullock and Denbury CEO Phil Rykhoek "Cut the Ribbon" on the Belle Creek Facility.



Jack Collins, Director of Investor Relations for Denbury, officially commissions the Belle Creek CO2 Enhanced Oil Recovery Facility.



One of Denbury's compressor buildings at Belle Creek



Bus Tour attendees pose for a break in Broadus.



Jim Atchison, Governor Steve Bullock and Representative Duane Ankney



Powder River County Commissioners Les Thompson and Darold Zimmer touring the Denbury facility.



ENERGY OPEN

Showcasing Economic Benefits of Responsible Energy Development

Montanans for Responsible Energy Development
MRED
The GrassRoots Energizing Montana

COAL SPONSORS

MT Energy Promotion & Development Div. MT Department of Commerce PPL Montana
Count on Coal Western Energy / Westmoreland
First Interstate Bank of Colstrip Governor's Office of Economic Development
Kadmas, Lee & Jackson City of Colstrip Rosebud County Colstrip School District

OIL & GAS SPONSORS

Montana-Dakota Utilities Resources Colstrip Chamber of Commerce Colstrip Medical Center Burlington Northern Santa Fe Rail Road
Rosebud Power Plant CEI Electrical Contractors Super 8 Motel - Colstrip NorthWestern Energy Heberle Ford
Big Sky EDA Boilermakers Local 11 Tongue River Electric Cooperative Billings Chamber of Commerce
MT Rail Link Rail Road Denbury Montana Association of Oil, Gas & Coal Counties TransCanada

Thank You Sponsors

ENERGY OPEN GOLF TOURNAMENT

2013

*Ponderosa Butte
Golf Course
Colstrip, Montana
August 15th*



The 2013 Coal Cup Trophy went to Team Rosebud County (L to R) Ron Devlin, Jason Rittal, Doug Martens & Janelle Martens



John Williams sponsored the Long Putt Contest for scholarship fund raising



Coal 4 Kids Team posing (L to R) Joe Novasio, Jim Lewis, Duane Ankney and Travis Lusk



COAL CUP TROPHY

Sizing up a putt



Setting up for Registration



Team CPRD (L to R) Alex Rootes, Tanner Aberle, Dan Rootes and Tritan Aberle



A Mulligan ?



(L to R) Treavor Hendrickson, Jim Shroyer, Rob Hayes and Duane McPherson of Team PPL MT



Western Energy Sponsored Hole #6



Introducing



Documents the positive economic impacts DNRC makes in Montana



Department Organization

- Director's Office
- Conservation and Resource Development
- Forestry
- Trust Lands Management
- Water Resources

Boards and Commissions

- Board of Land Commissioners*
- Board of Oil and Gas Conservation*
- Board of Water Well Drillers*
- Drought and Water Supply Committee
- Flathead Basin Commission*
- Montana Grass Conservation Commission*
- Rangeland Resources Executive Committee
- Reserved Water Rights Compact Commission*
- Resource Conservation Advisory Council

* Attached for administrative purposes

Montana Dept. of Natural Resources and Conservation

- DNRC employs more than 565 full time staff
- We employ as many as 800 seasonal firefighters each summer
- Our employees work in more than 22 counties
- DNRC offices are located in 27 communities
- Each year \$40-50 million paid in salaries

Profiles the people, communities and businesses we serve



DNRC supports private sector innovation and job creation

In Western Montana, FY13 grants enabled two new wood products businesses to meet payroll and expand



In Eastern Montana, a \$863,000 grant is funding a 5-year feasibility study of enhanced oil recovery methods by MT Tech



**\$2.25
BILLION**

Value of Montana's
oil production
in 2012



20 DNRC-owned water storage projects are economic drivers



Tongue River Reservoir

- 40,000 acre-feet contracted for irrigation
- Agriculture in valley produces \$22 million / yr
- Irrigated crops 40% of total income
- Irrigated land just 1/6 total acreage



20 water projects delivered 311,000 acre-feet of contract water for irrigation in 2013. That's enough water to irrigate 194 square miles

Reservoirs and Recreation

In 2012, seven DNRC reservoirs combined to generate \$6M in angler-related spending.



Cooney Reservoir

Maintenance and Rehabilitation



Since 1995, contracts for repairs and upgrades to DNRC water projects have totaled more than \$70M, creating thousands of jobs for Montana construction and engineering firms.

Ruby Dam rehabilitation. Scheduled for completion May 2014. Project cost: \$13.5M. Work by Johnson-Wilson Construction, Helena

Wildfire suppression economics



Cost to
suppress
a 10-acre
wildfire

\$4,500

Cost to
suppress
a 5,000-
acre
wildfire

\$2.3M

DNRC Initial Attack 2013

- 293 of 298 wildfires suppressed before they reached 10 acres in size
- Potential costs averted: Loss of homes, property, businesses, infrastructure, crops



State Trust Lands 2013 revenues

Agriculture
& Grazing



\$30M

Timber



\$11M

Minerals

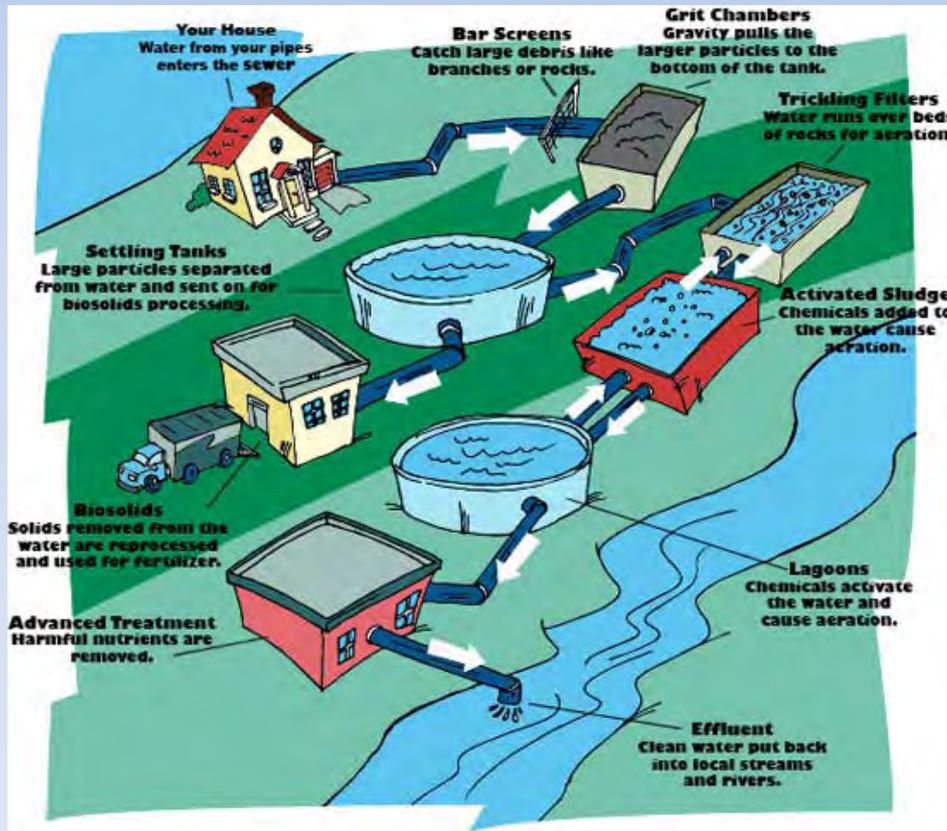


\$40M

\$100M per year in base aid for K-12 education is only one part of the Trust Lands story



State Revolving Fund loan programs



Provide at- or below-market rate loans to cities and towns for modernizing wastewater and drinking water systems

**In FY
2013**

\$27.1M

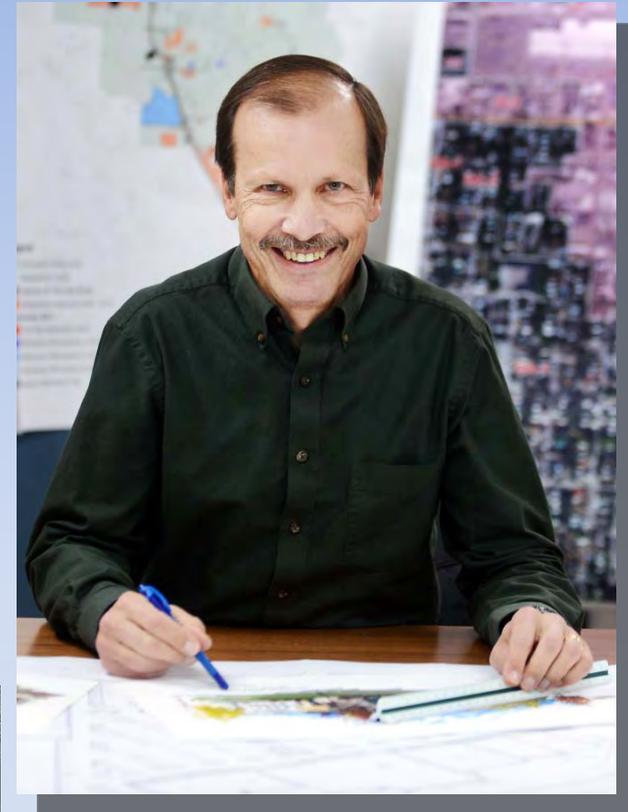
drinking water project
loans authorized

\$34.1M

wastewater project
loans authorized



“Economic development is very time-sensitive. If we can’t accommodate a developer, he’ll go someplace else... They want it now, and if you don’t have it, they won’t come again.”



Tom Jentz, Planner,
City of Kalispell,
on the importance of
having sufficient sewer
& water capacity

Pulling It All Together

Section 36 Kalispell

- Commercial Development since 1997 has generated 17.2 million to the Trust
- The Development would not be possible if it were not for the SRF financing of the wastewater infrastructure improvements.
- DNRC constructed new office space for its employees located next to a state of the art dispatch center for fire.



You can find more

- Stories
- Analysis
- Facts & Figures in

Copies available in print or online
dnrc.mt.gov

Contact your [area DNRC office](#)
for details on obtaining a copy!

