

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, July 28, 2014, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

- 714-1 **Timber Sales**
A. North Spencer
*Benefits: Common Schools, MSU 2nd, Montana Tech, School for the Deaf and Blind,
Eastern College – MSU/Western College – UM*
Location: Flathead County
APPROVED 5-0
- B. Odell Creek Salvage (Limited Access)**
Benefits: Common Schools
Location: Beaverhead County
APPROVED 5-0
- 714-2 **Disclaimer of Interest: Landmark Land Company, LLC**
Benefits: N/A
Location: Custer County
APPROVED 5-0
- 714-3 **Communitization Agreements**
A. Sundheim Federal 24-35-1H Well
B. Kittleson Federal 34-23-1H Well
C. Dave T 2958 13-25H Well
Benefits: Common Schools
Location: Richland, Roosevelt Counties
APPROVED 5-0
- 714-4 **Land Banking Parcels: Set Minimum Bid for Sale**
Benefits: Common Schools
Location: Jefferson County
APPROVED 5-0
- 714-5 **Land Banking Parcels: Final Approval for Sale**
Benefits: Common Schools
Location: Gallatin County
APPROVED 5-0
- 714-6 **Sale of Cabin and Home Sites: Set Minimum Bid for Sale**
A. Gallatin County – Sale 710
Benefits: Montana Tech, Eastern College – MSU/Western College – UM
Location: Gallatin County
APPROVED 5-0
- B. Missoula County – Sale 712**
Benefits: MSU 2nd
Location: Missoula County
APPROVED 5-0
- 714-7 **Stip v. State of Montana DNRC, DV-11-110**
Benefits: Common Schools, Public Land
Location: Richland County
APPROVED 5-0

714-8

Easements

Benefits: Public Buildings, Common Schools, Public Land

Location: Beaverhead, Cascade, Daniels, Fergus, Jefferson, Pondera, Richland, Roosevelt, Rosebud, Sanders, Stillwater, Toole Counties

APPROVED 5-0

INFORMATION ITEM

714-9

Montana Insect and Disease Condition Update

Benefits: N/A

Location: State of Montana

PUBLIC COMMENT

714-1

TIMBER SALES

- A. North Spencer
- B. Odell Creek Salvage (Limited Access)

**Land Board Agenda Item
July 28, 2014**

714-1A Timber Sale: North Spencer

**Location: Flathead County
Sections 4, 5, 9, & 16, T30N-R22W
Section 33, T31N-R22W**

Trust Benefits: Common Schools, MSU 2nd Grant, Montana Tech, School for Deaf and Blind, and Eastern College-MSU/Western College-UM

Trust Revenue: \$ 798,743 (minimum bid)

Item Summary

The North Spencer timber sale is located approximately four miles west of downtown Whitefish, Montana. The sale includes six harvest units totaling 938 acres with an estimated volume of 28,673 tons (4,532 MBF) of sawlogs. The minimum bid value is \$27.85 per ton, which would generate approximately \$47,925 for Common Schools, \$87,862 for MSU 2nd Grant, \$343,459 for Montana Tech, \$ 199,686 for the School for Deaf and Blind, \$119,811 for Eastern College-MSU/Western College-UM, and \$113,832 in total forest improvement fees.

A commercial thin prescription will be applied to the entire project area and leave approximately 75 trees per acre. This will maintain the aesthetics of the area for recreation and allow for the improved health and growth of residual trees. The risk of wildfire to adjacent private land will also be reduced. The sale area contains no old growth and is not within the Habitat Conservation Plan (HCP) project area.

Approximately 10.8 miles of road will be used to access the sale area, which includes 6.8 miles of new construction. All roads will be closed to motorized use but available for non-motorized recreation.

This timber sale was analyzed in the Spencer Lake timber sale Environmental Assessment (EA). This EA also included the Spencer Lake South and Twin Bridges timber sales. Initial public scoping occurred in October 2009 and was extended until December 2009, with scoping notices sent out to adjacent landowners and interested parties. A notice was also placed in the Whitefish Pilot and Kalispell Daily Interlake newspapers. Forty-five people commented on the initial scoping.

Extensive public participation took place during the development of this project:

- An open house was held in March 2010. Maps showing the project area and tentative silvicultural prescriptions were presented and comments taken. Thirty-six people attended the open house.
- A field tour of the project area was held in June 2010. Examples of prescriptions and recreational use of project area were shown and discussed. Twenty-two people attended the field tour.
- The Draft EA was released and the comment period extended from a thirty day to forty-five day comment period. Sixty-five people commented on the Draft EA. The Final EA incorporated several additional timber sale mitigations based on public comment.

Most of the concerns expressed by the public were in regards to recreational activities within the sale area. The Department of Natural Resources and Conservation (DNRC) worked with a diversity of interested groups and issued a Special Recreation Use License (SRUL) to the City of Whitefish which legally permits recreation in the project area while still allowing for timber harvest activities. Timber sale mitigations to reduce impacts to recreation include timing restrictions, signage, visual screening along roads and trails, slash placement on skid trails, and location of log landings and slash piles away from trails where possible.

DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the North Spencer timber sale.

NORTH SPENCER VICINITY MAP KALISPELL UNIT

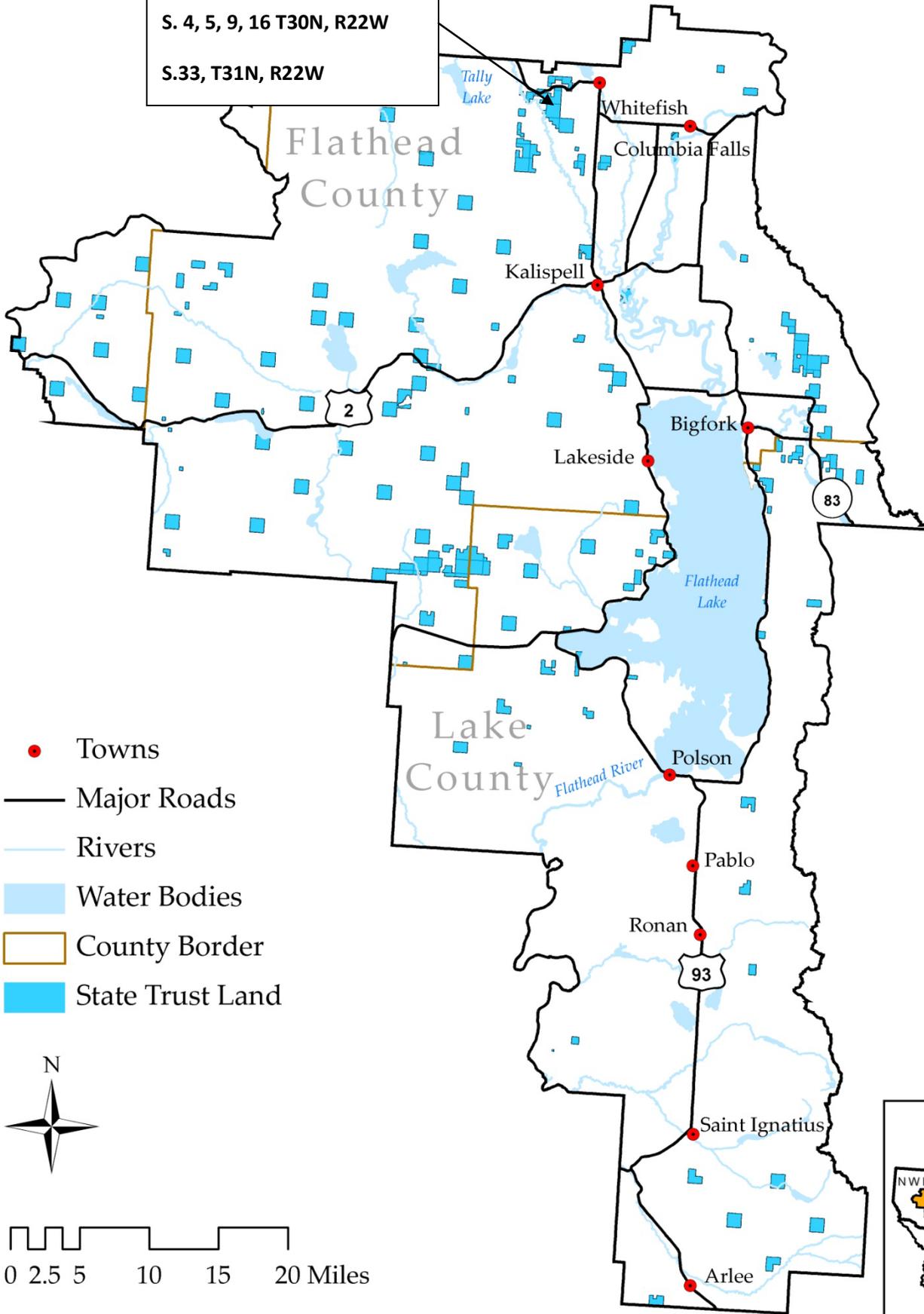
714-1A



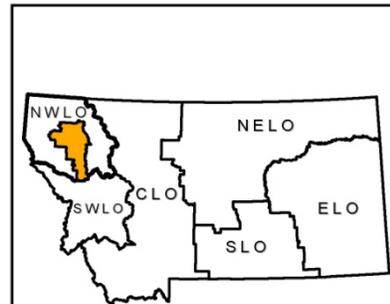
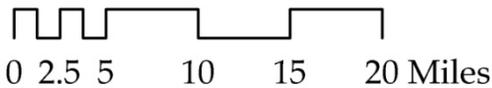
Project Location

S. 4, 5, 9, 16 T30N, R22W

S.33, T31N, R22W



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



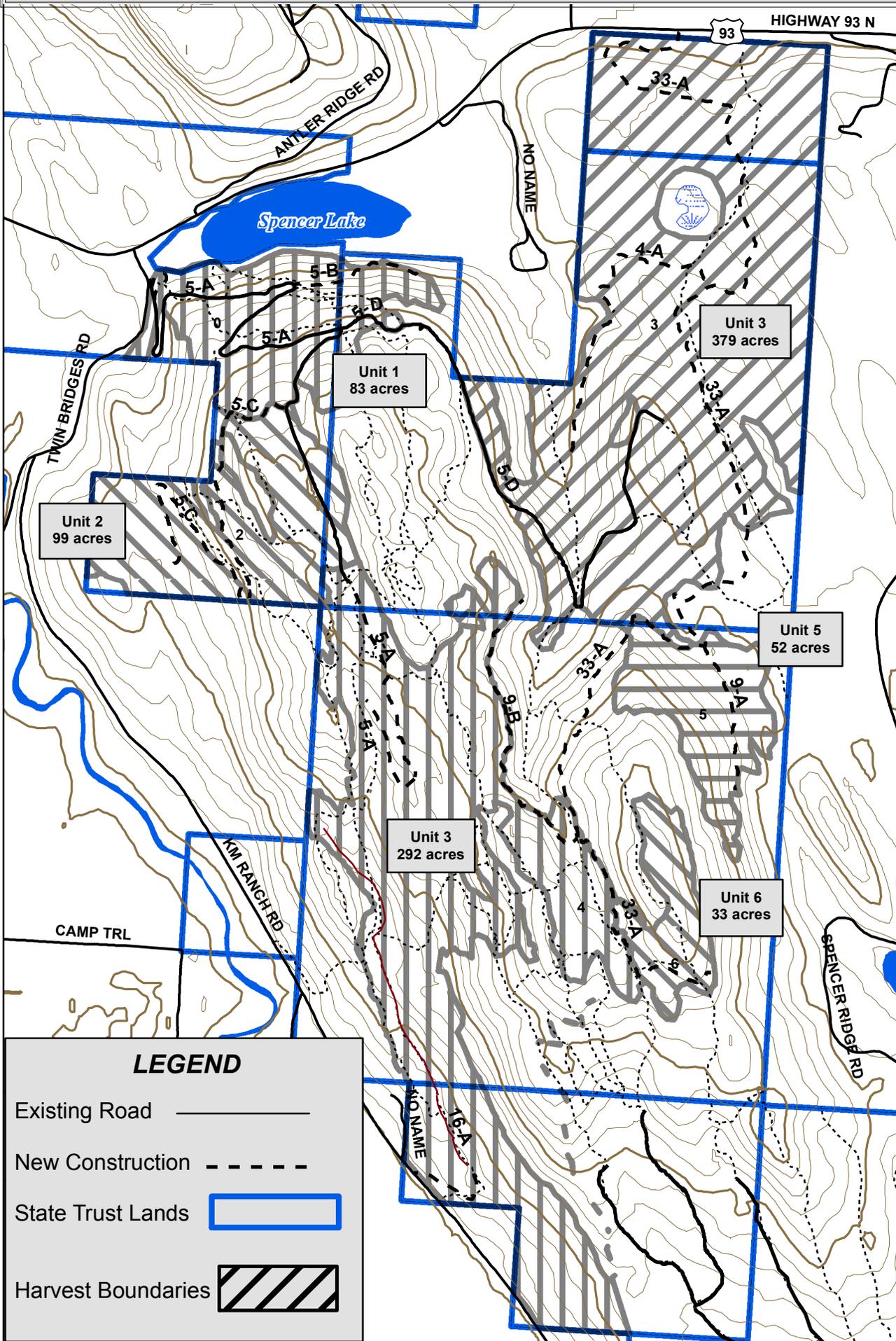
North Spencer Timber Sale Harvest Unit Map



Attachment A



714-1A



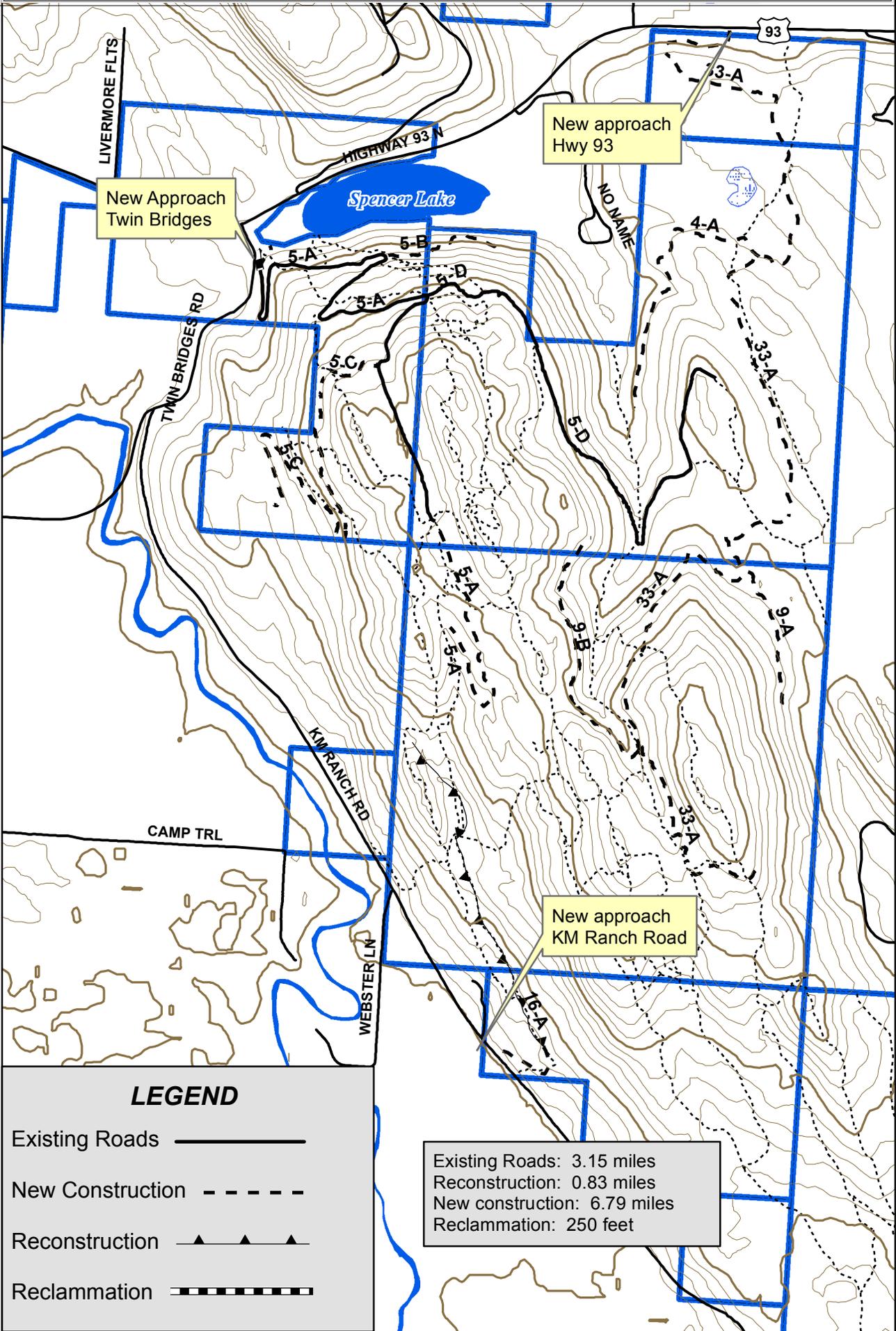
LEGEND

Existing Road ———

New Construction - - - - -

State Trust Lands

Harvest Boundaries



New Approach
Twin Bridges

New approach
Hwy 93

New approach
KM Ranch Road

LEGEND

- Existing Roads ———
- New Construction - - - - -
- Reconstruction ▲▲▲
- Reclamation ▬▬▬▬▬

Existing Roads: 3.15 miles
 Reconstruction: 0.83 miles
 New construction: 6.79 miles
 Reclamation: 250 feet

**Land Board Agenda Item
July 28, 2014**

714-1B Timber Sale: Odell Creek Salvage (Limited Access)

**Location: Beaverhead County
Section 36, T14S-R2W**

Trust Benefits: Common Schools

Trust Revenue: \$ 32,775

Item Summary

The Odell Creek Salvage Limited Access timber sale is approximately 28 miles east of Monida, Montana, in the southeast end of the Centennial Mountains. The sale is a limited access sale (77-5-201(b), MCA) and includes three harvest units totaling 145 acres with an estimated sale volume of 3,750 tons (625 MBF) of sawlogs. At a negotiated stumpage rate of \$8.74 per ton, this sale will generate approximately \$32,775 for common schools trust and \$4,725 in forest improvement fees.

Prescriptions consist of harvesting Douglas-fir, lodgepole pine, spruce and sub-alpine fir using individual selective harvest and group selection methods on all 145 acres. The sale area is not within the Habitat Conservation Plan (HCP) project area.

Treatments are designed to harvest dead and dying timber in overstocked stands that are currently infested with spruce budworm and mountain pine beetle. Treatment objectives are designed to:

- reduce forest fuels adjacent to private land holdings;
- retain healthy trees that show vigor and resistance to spruce budworm attacks; and
- maintain important wildlife habitat.

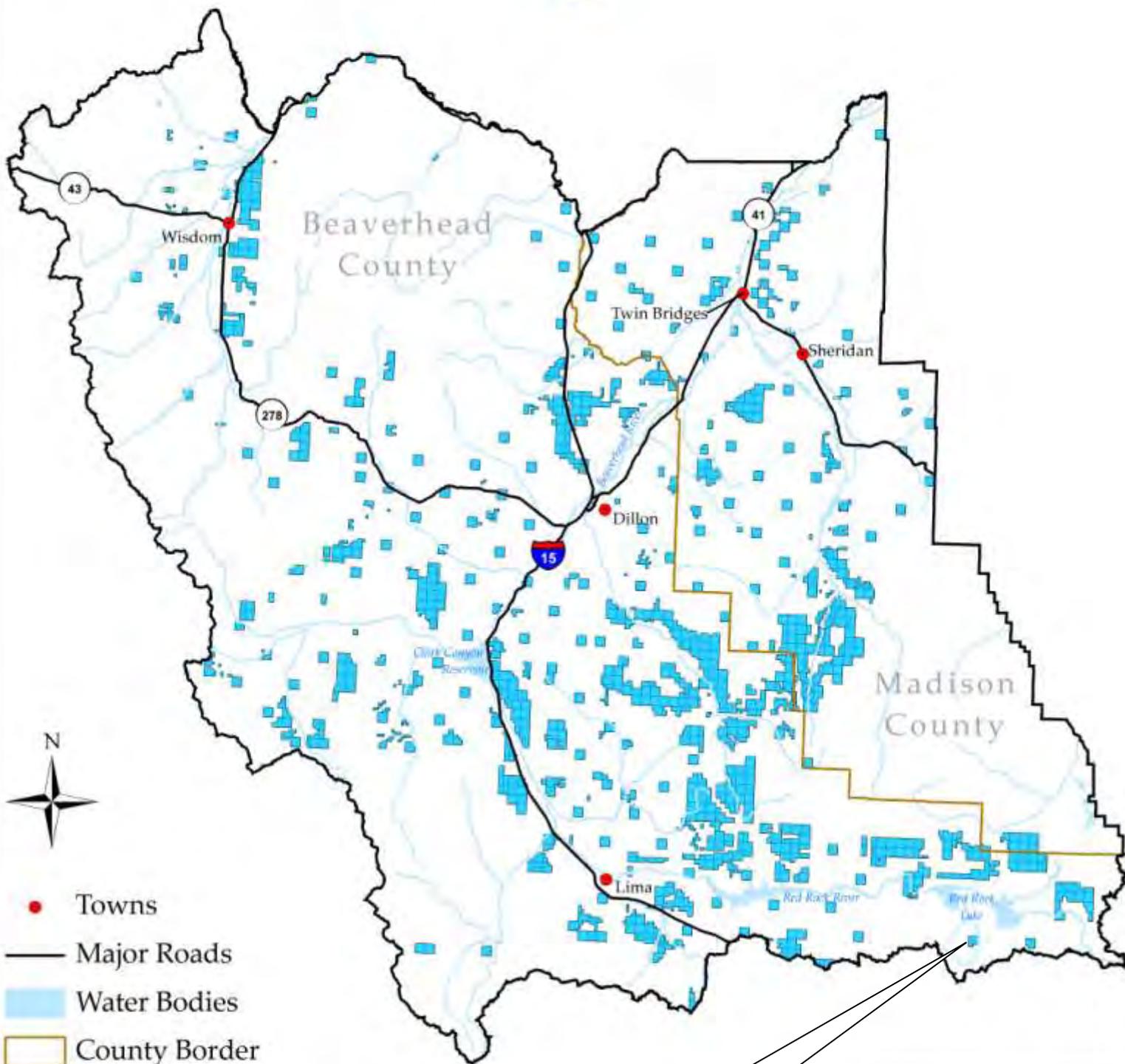
This isolated state trust section does not have legal access. The proponent (purchaser) has obtained a temporary and limited access agreement to use existing private ranch roads to access the trust section. Approximately 0.7 miles of existing haul road on state trust lands will be used and maintained, approximately 0.5 miles of temporary road will be constructed, and three 124 stream crossing permits from the Montana Department of Fish, Wildlife and Parks (FWP) will be used to access the harvest units. Postharvest, all new temporary roads will be physically closed and stabilized with slash, grass-seed, and erosion control features.

Scoping for this project was conducted through legal publications in the Dillon Tribune and the Montana Standard and through letters to members of the statewide and local timber sale scoping lists. Through phone calls and personal meetings, representatives of the Nature Conservancy, Greater Yellowstone Coalition, Bureau of Land Management, US Fish and Wildlife Service (Red Rock Lakes Wildlife Refuge), Beaverhead County Officials, FWP, John Taft (an adjacent access provider), Mel Montgomery (a hunting outfitter/section lessee), and Evan Huntsman (a local rancher in the Lakeview area) have all voiced support for this proactive fuels reduction and forest health project. No letters were received. Department of Natural Resources and Conservation (DNRC) specialists have reviewed the proposal and identified the issues to be analyzed and identified harvest mitigation measures to reduce potential impacts.

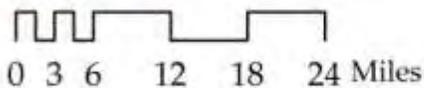
DNRC Recommendation

The director recommends the Land Board direct DNRC to proceed with the Odell Creek Salvage Limited Access timber sale.

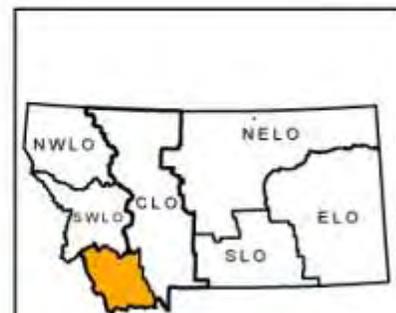
DILLON UNIT

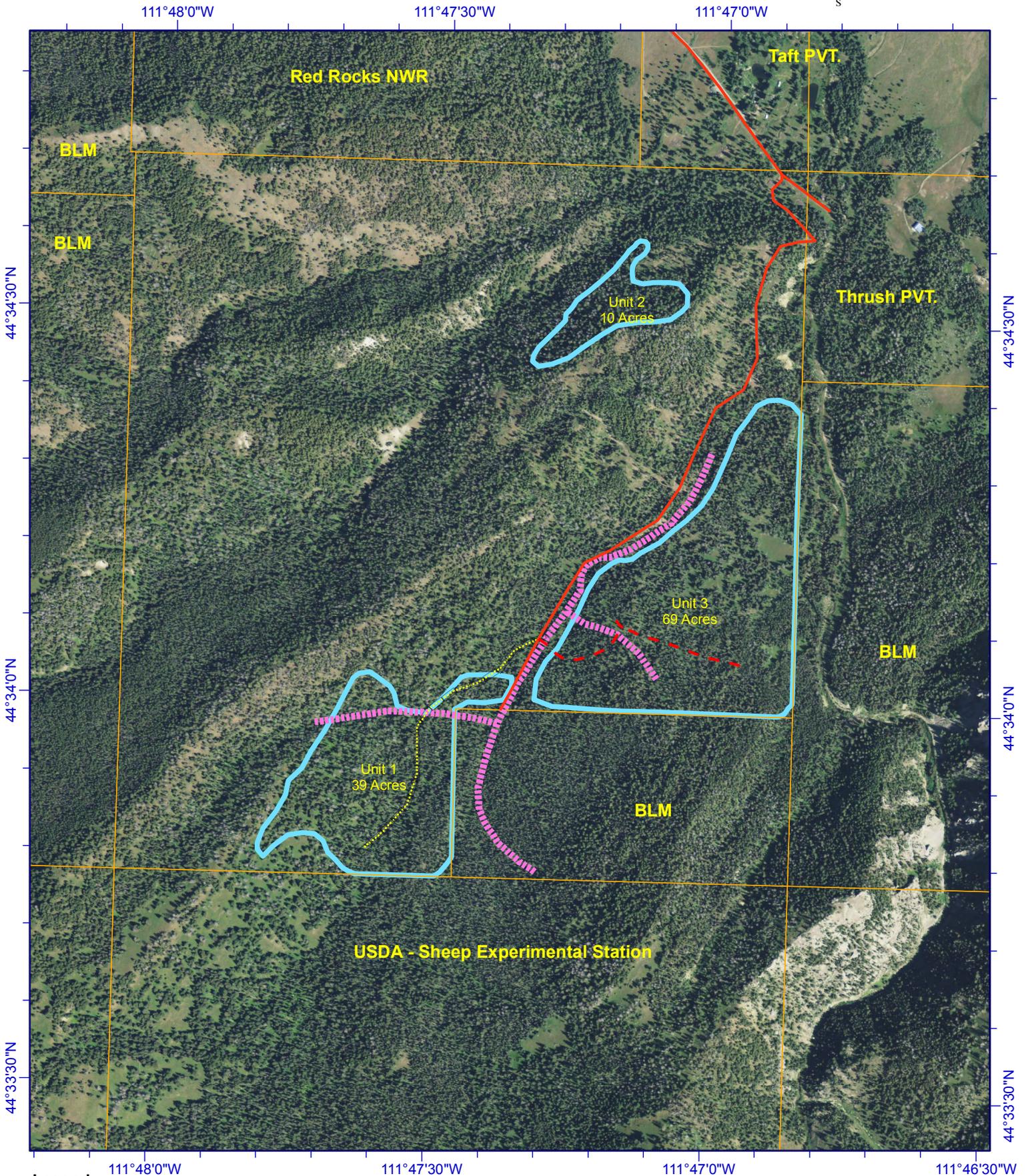


- Towns
- Major Roads
- Water Bodies
- County Border
- Rivers
- State Trust Land



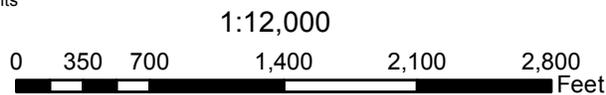
**Odell Creek Salvage
Limited Access T.S.**





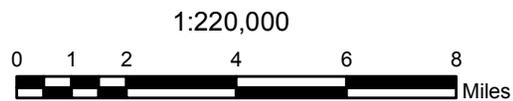
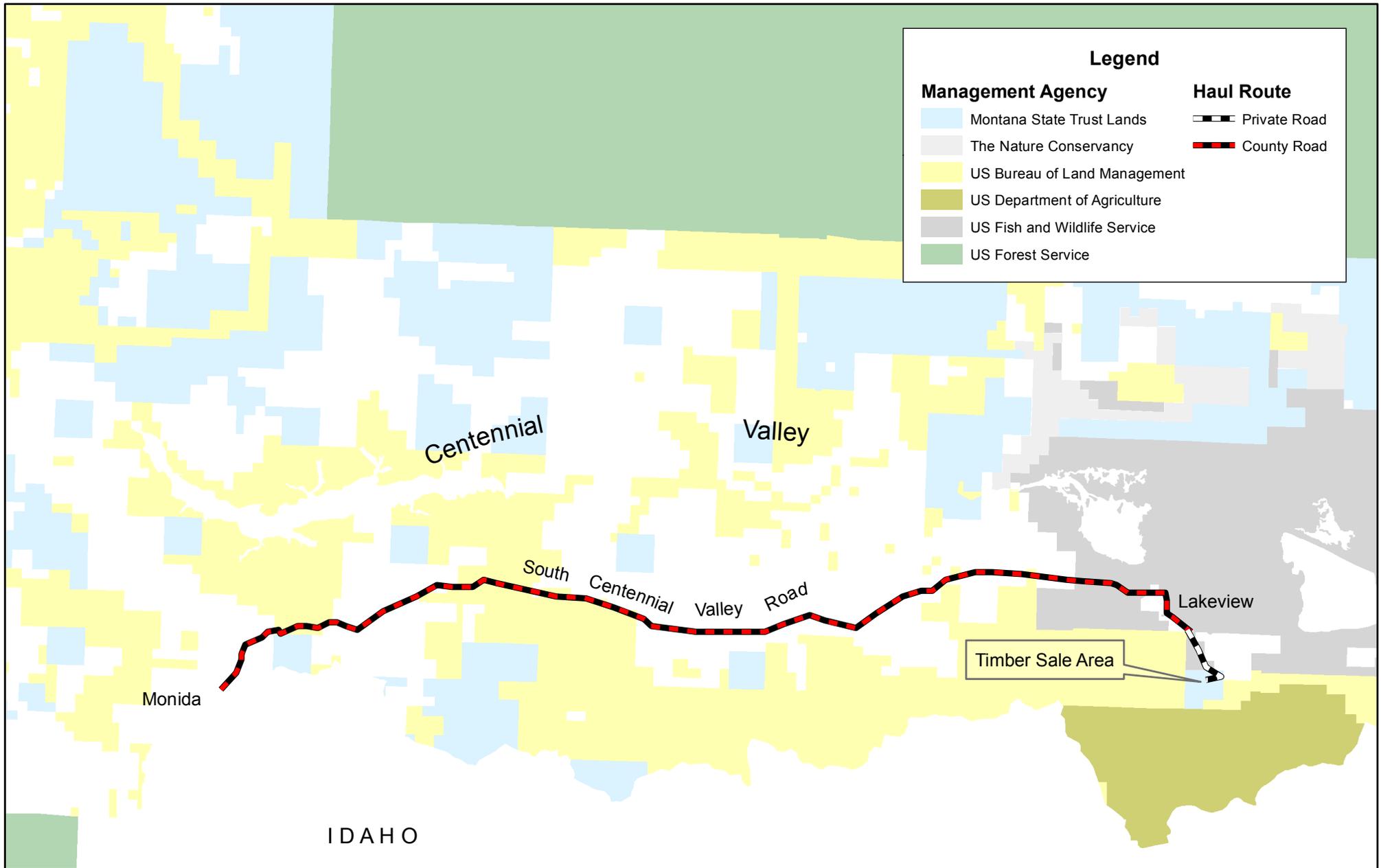
Legend

- Roads**
- Existing Road
 - - - Temporary Road
 - - - Skid Trails
 - - - Odell SMZs
 - Harvest Units



Odell Creek Salvage L.A. Haul Routes

Section 36, T14S, R2W



714-2

DISCLAIMER OF INTEREST:
LANDMARK LAND COMPANY, LLC

**Land Board Agenda Item
July 28, 2014**

714-2 Disclaimer of Interest: Landmark Land Company, LLC

**Location: Custer County
Part of Sections 29 and 32, Township 8 North, Range 47**

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

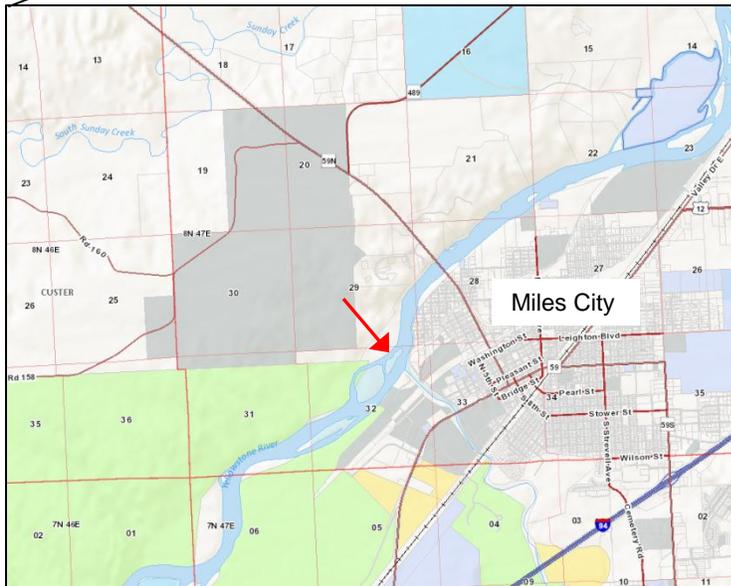
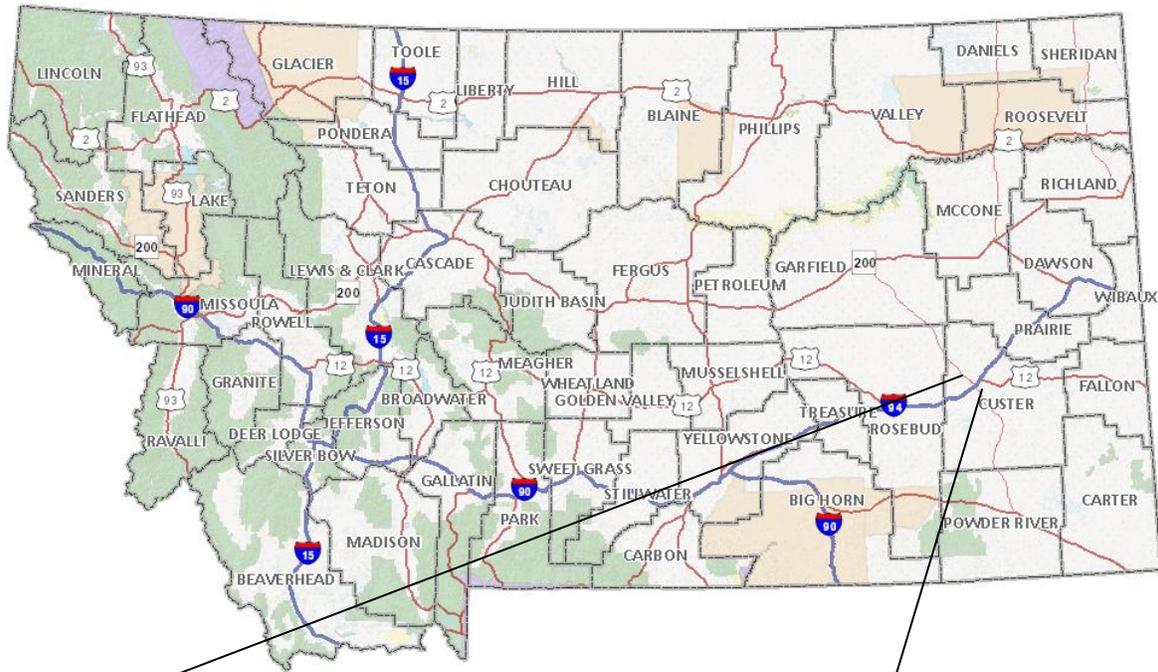
The Department of Natural Resources and Conservation (DNRC) received a request from Landmark Land Company, LLC, to review a parcel of land adjacent to the navigable Yellowstone River near Miles City, Montana, for any state ownership claim (See attached air photo and survey).

DNRC's review determined that the area proposed for disclaimer of interest consists of land formed by a composite of pre-statehood and post-statehood accreted sediment and attached bars. The State of Montana owns the beds of navigable rivers, including island landforms forming vertically up out of the river after statehood. However, lateral accretions belong to the riparian landowner, and the state would not have an ownership claim to the 34.86 acre surveyed area.

DNRC prepared the attached disclaimer of interest to clarify the state's ownership position regarding the subject parcel of land. Rivers are dynamic and could erode and return to the surveyed area in the future. The disclaimer therefore is expressly subject to future changes in the reserved interest due to movement of the river.

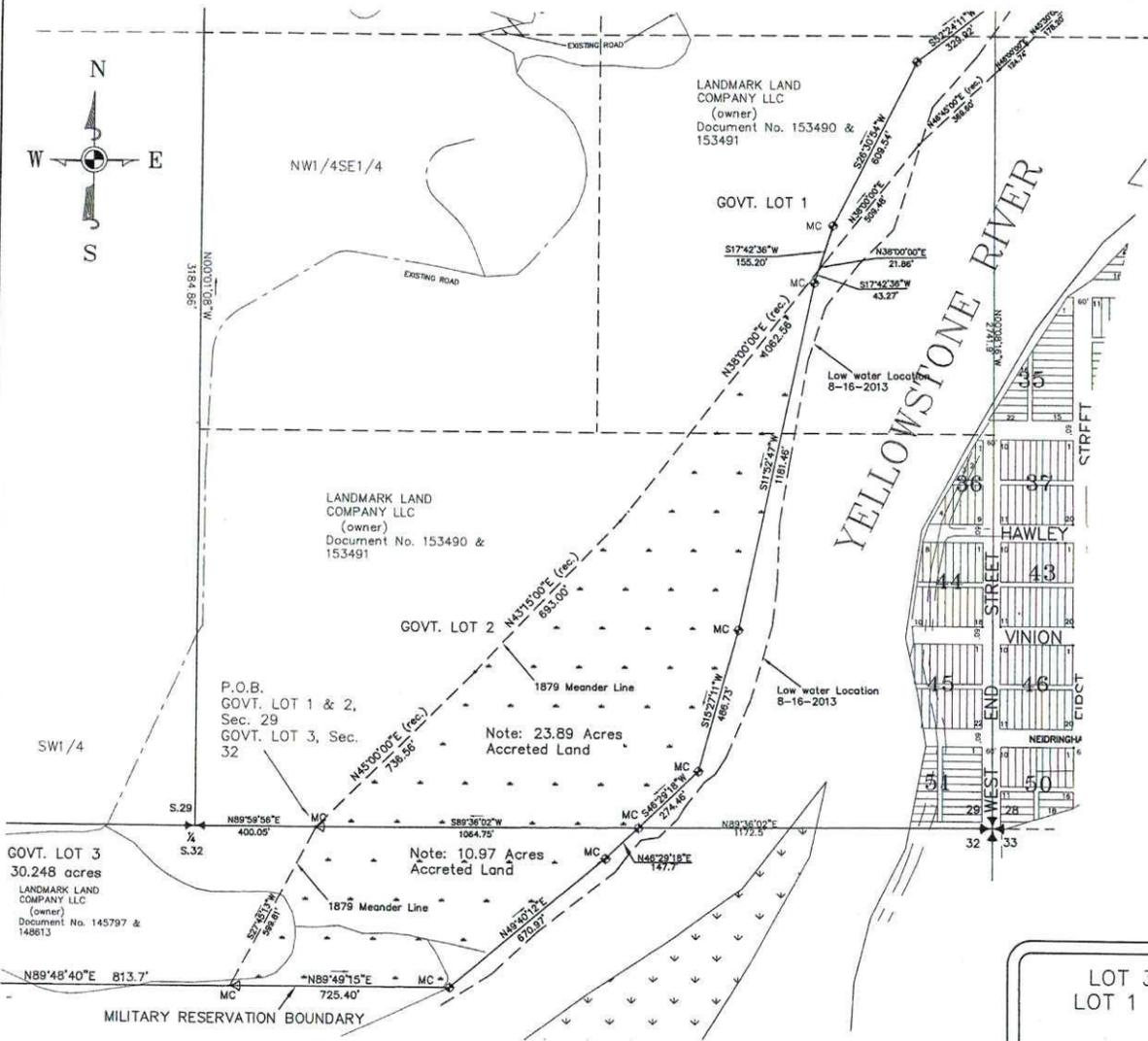
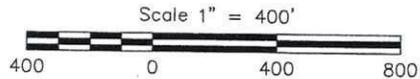
DNRC Recommendation

The director recommends the Land Board approve the attached disclaimer of interest covering the subject parcel of land.



Location Map

METES & BOUNDS



GOVT. LOT 3, S. 32, T.8N., R.47E., P.M.M. ACCRETED LANDS
 The accreted portion of Lot 3, Section 32, Township 8 North, Range 47 East, P.M.M., Custer County, Montana more particularly described as follows;

Commencing at the quarter corner common to Section 29 & 32; thence North 89°59'56" East, a distance of 400.05' to a found GLO Meander Corner. Said point being the Point of Beginning. Thence South 27°45'13" West, a distance of 599.81' to a found GLO Meander Corner on the Fort Keogh Military Reservation Boundary; Thence North 89°49'15" East along said Fort Keogh boundary, a distance of 725.40' to a meander corner set on the left bank of the Yellowstone River; thence North 49°40'12" East along the left bank of the Yellowstone River, a distance of 670.97' to a meander corner; thence North 46°29'18" East along the left bank of the Yellowstone River, a distance of 147.70' to a meander corner on the section line between Sections 29 & 32; thence South 89°36'02" West along the said section line, a distance of 1064.75' to the Point of Beginning. Said accreted land containing 10.97 acres more or less.

GOVT. LOT 1 & 2, S. 29, T.8N., R.47E., P.M.M. ACCRETED LANDS

The accreted portion of Lot 1 & 2, Section 29, Township 8 North, Range 47 East, P.M.M., Custer County, Montana more particularly described as follows;

Commencing at the quarter corner common to Section 29 & 32; thence North 89°59'56" East, a distance of 400.05' to a found GLO Meander Corner. Said point being the Point of Beginning; thence North 45° 00' East along the 1879 Meander Line, a distance of 736.56'; thence North 43° 15' East along the 1879 Meander Line, a distance of 693.00'; thence North 38° 00' East along the 1879 Meander Line, a distance of 1062.56' to the intersection of the 1879 Meander Line and the present left bank of the Yellowstone River; thence South 17°42'36" West along left bank of the Yellowstone River, a distance of 43.27' to a meander corner; thence South 11°52'47" West along left bank of the Yellowstone River, a distance of 1181.46'; thence South 15°27'11" West along left bank of the Yellowstone River, a distance of 486.73' to a meander corner; thence South 46°29'18" West along left bank of the Yellowstone River, a distance of 274.46' to a meander corner on the section line between Sections 29 & 32; thence South 89°36'02" West along the said section line, a distance of 1064.75' to the Point of Beginning. Said accreted land containing 23.89 acres more or less.



4-25-2014

DOWL HKM
 Corp. Reg. #1265
 by Quinn W. Wright
 Montana Reg. #9334LS
 CFedS No. 1512

LOT 3, Sec. 32, T. 8 N., R.47 E., P.M.M. &
 LOT 1 & 2, Sec. 29, T 8 N., R. 47 E., P.M.M.
 ACCRETED LANDS DESCRIPTION

DRAWN BY: Quinn Wright

DOWL HKM

4127.20629.01 | 4-23-14

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Approximate Location of Disclaimer of Interest Area,
Sections 29 and 32, T8N, R47E, PMM, near Miles City,
Custer Co., Montana on July 19, 2013 Aerial Photo Base
T. Kinley, MT-DNRC, 6/4/2014.

34.86 acres,
more or less



DISCLAIMER OF INTEREST FROM THE STATE OF MONTANA

THE STATE OF MONTANA, acting by and through the State Board of Land Commissioners, whose address is P.O. Box 201601, Helena, MT, 59620-1601, hereby disclaims all interest in and to the following-described real property located in Custer County, Montana, to wit:

That laterally-accreted portion of Lot 3 in Section 32 of Township 8 North, Range 47 East, M.P.M., in Custer County, Montana more particularly described as follows;

Commencing at the quarter corner common to Section 29 & 32; thence North $89^{\circ}59'56''$ East, a distance of 400.05' to a found GLO Meander Corner. Said point being the Point of Beginning. Thence South $27^{\circ}45'13''$ West, a distance of 599.81' to a found GLO Meander Corner on the Fort Keogh Military Reservation Boundary; Thence North $89^{\circ}49'15''$ East along said Fort Keogh boundary, a distance of 725.40' to a meander corner set on the left bank of the Yellowstone River; thence North $49^{\circ}40'12''$ East along the left bank of the Yellowstone River, a distance of 670.97' to a meander corner, thence North $46^{\circ}29'18''$ East along left bank of the Yellowstone River, a distance of 147.70' to a meander corner on the section line between Sections 29 & 32; thence South $89^{\circ}36'02''$ West along the said section line, a distance of 1064.75' to the Point of Beginning, containing 10.97 acres, more or less; and,

that laterally-accreted portion of Lots 1 and 2 in Section 29 of Township 8 North, Range 47 East, M.P.M., Custer County, Montana more particularly described as follows;

Commencing at the quarter corner common to Section 29 & 32; thence North $89^{\circ}59'56''$ East, a distance of 400.05' to a found GLO Meander Corner. Said point being the Point of Beginning; thence North $45^{\circ}00'00''$ East along the 1879 Meander Line a distance of 736.56'; thence North $43^{\circ}15'00''$ East along the 1879 Meander Line a distance of 693.00'; thence North $38^{\circ}00'00''$ East along the 1879 Meander Line a distance of 1062.56' to the intersection of the 1879 Meander Line and the present left bank of the Yellowstone River; thence South $17^{\circ}42'36''$ West along left bank of the Yellowstone River, a distance of 43.27' to a meander corner; thence South $11^{\circ}52'47''$ West along left bank of the Yellowstone River, a distance of 1181.46'; thence South $15^{\circ}27'11''$ West along left bank of the Yellowstone River, a distance of 486.73' to a meander corner; thence South $46^{\circ}29'18''$ West along left bank of the Yellowstone River, a distance of 274.46' to a meander corner on the section line between Sections 29 & 32; thence South

714-3

COMMUNITIZATION AGREEMENTS

- A. Sundheim Federal 24-35-1H Well
- B. Kittleson Federal 34-23-1H Well
- B. Dave T 2958 13-25H Well

Land Board Agenda Item
July 28, 2014

714-3A Communitization Agreement: Sundheim Federal 24-35-1H Well

**Location: Richland County
T26N R57E Section 26: Lot 5, NW4NW4**

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

Whiting Oil and Gas Corporation 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.

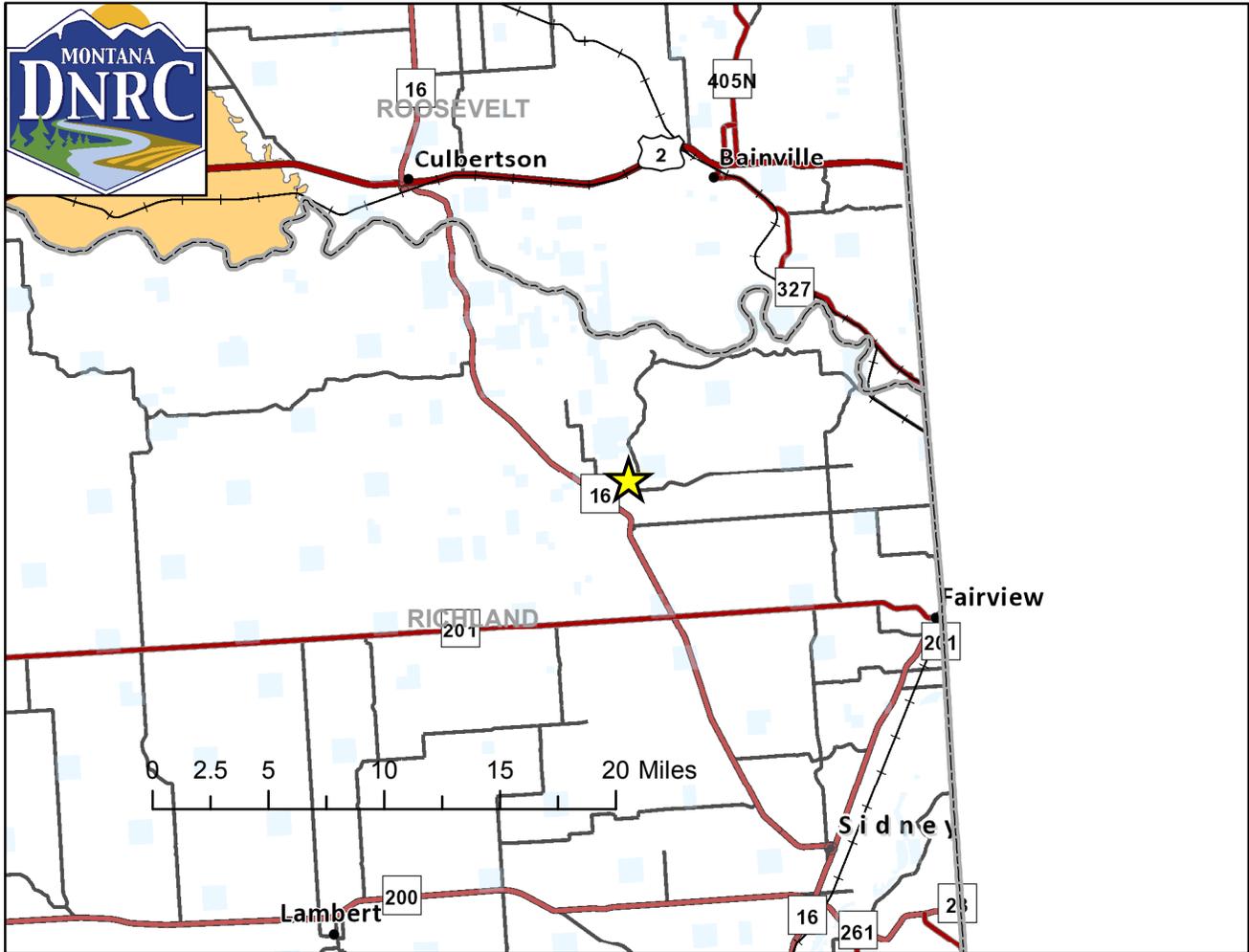
The Sundheim Federal 24-35-1H well is a horizontal Bakken/Three Forks formation oil well located approximately 15 miles northwest of Fairview, Montana, and was drilled on private land in the SE4SW4 of Section 35. DNRC owns 85.42 acres of the 1277 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks Formation in Sections 26 and 35.

DNRC's tract comprises 6.6891 percent of the communitized area. DNRC will consequently receive 1.1151 percent of all oil and gas production (16.67 percent royalty rate x 6.6891 percent tract participation).

DNRC Recommendation

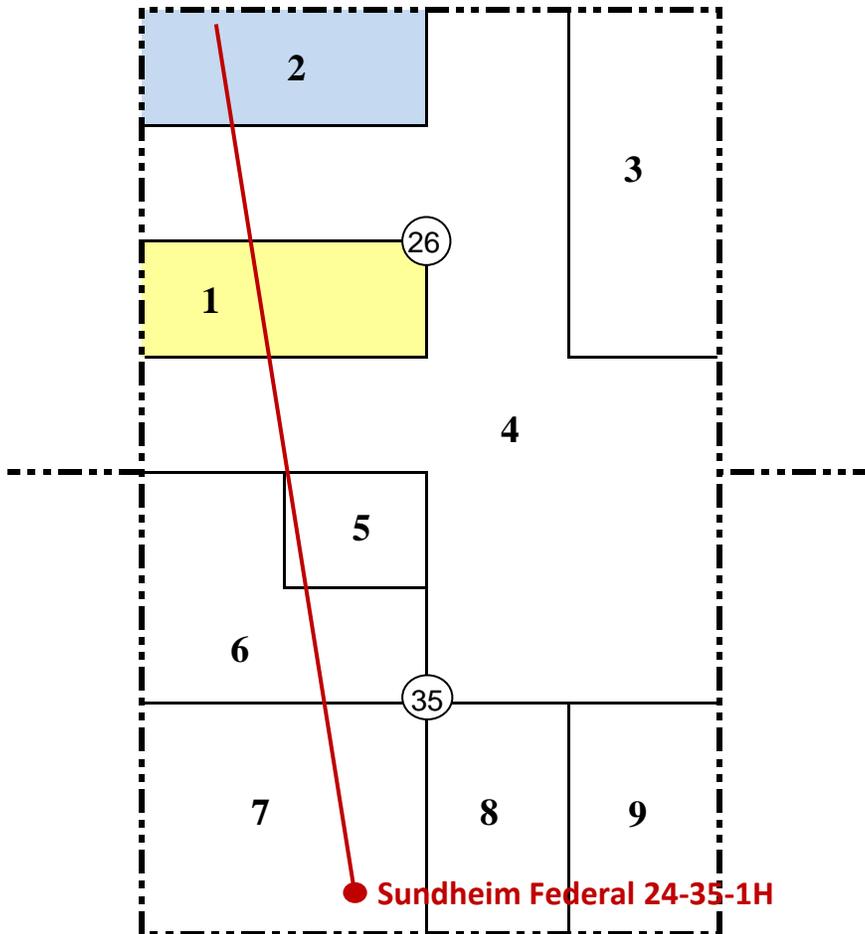
The director recommends the Land Board approve this communitization agreement.

Vicinity Map Sundheim Federal 24-35-1H Well



Township 26 North Range 57 East

Sections 26 & 35



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	Federal	86.61	6.7823%	12.50%	0.008478
2	State of Montana OG-37979-07	85.42	6.6891%	16.67%	0.011151
3	Fee	120.00	9.3970%	various	various
4	Fee	489.15	38.3046%	18.50%	0.070864
5	Fee	47.77	3.7408%	12.50%	0.004676
6	Fee	128.30	10.0470%	12.50%	0.012559
7	Fee	178.21	13.9554%	12.50%	0.017444
8	Fee	61.54	4.8191%	12.50%	0.006024
9	Fee	80.00	6.2647%	12.50%	0.007831
Total		1277.00	100.0000%		

* The Operator of the Communitized Area is Whiting Oil & Gas Corporation

Land Board Agenda Item
July 28, 2014

714-3B Communitization Agreement: Kittleson Federal 34-23-1H Well

**Location: Richland County
T26N R57E Section 23: Lots 6, 7, 8, W2SW4**

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

Whiting Oil and Gas Corporation 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.

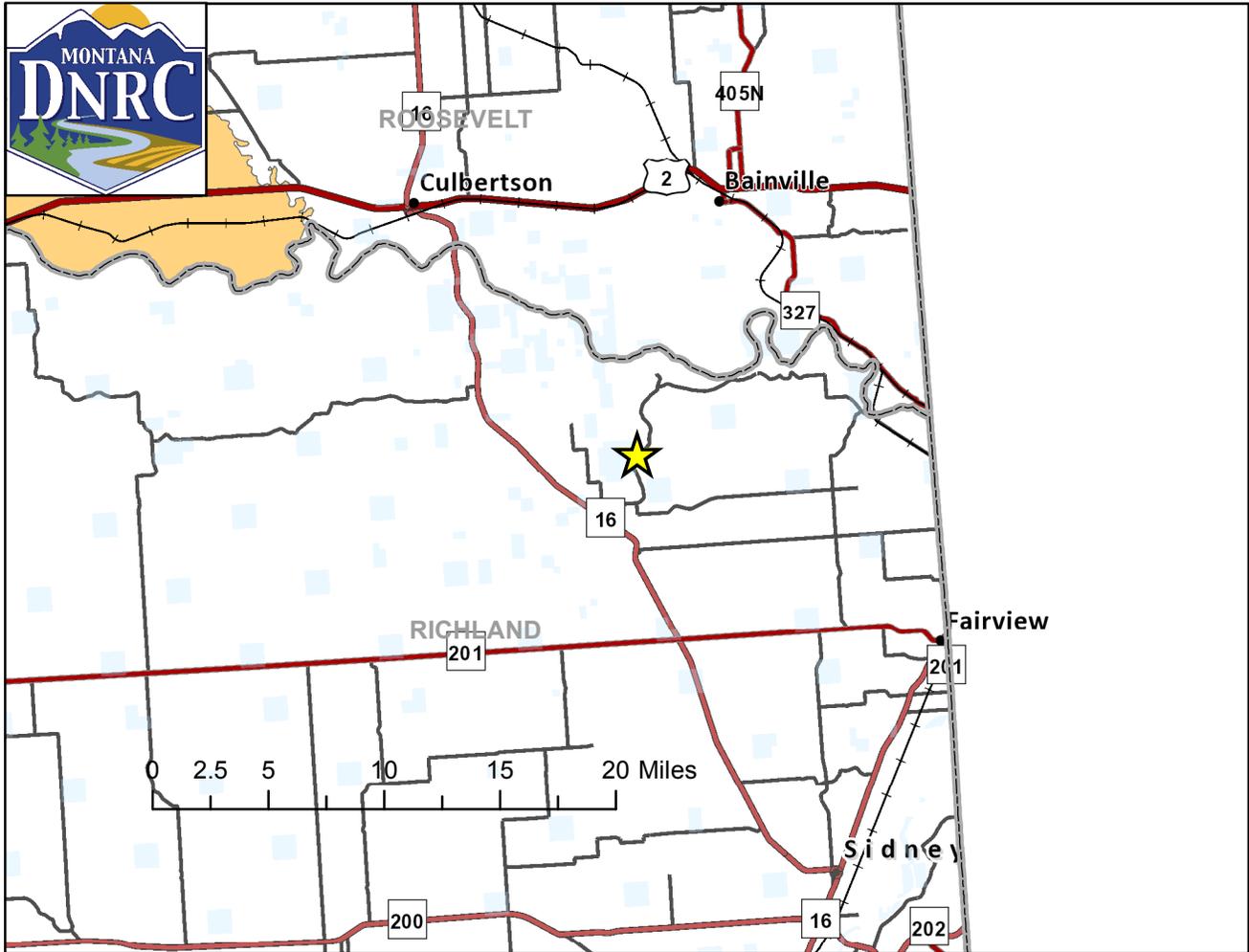
The Kittleson Federal 34-23-1H well is a horizontal Bakken/Three Forks formation oil well located approximately 12 miles southwest of Bainville, Montana, and was drilled on private land in the SW4SE4 of Section 23. DNRC owns 213.54 acres of the 1277.24 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks formation in Sections 14 and 23.

DNRC's tract comprises 16.7189 percent of the communitized area. DNRC will consequently receive 2.787 percent of all oil and gas production (16.67 percent royalty rate x 16.7189 percent tract participation).

DNRC Recommendation

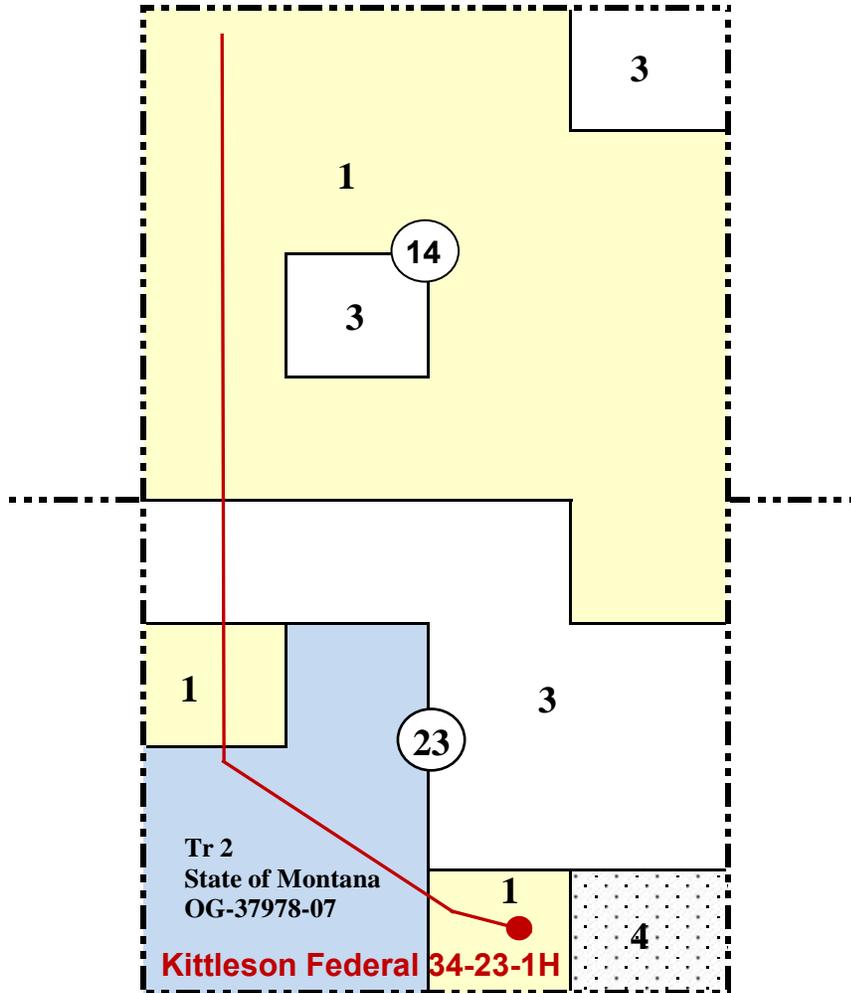
The director recommends the Land Board approve this communitization agreement.

Vicinity Map Kittleson Federal 34-23-1H Well



Township 26 North Range 57 East

Sections 14 & 23



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	BLM	670.55	52.4999%	12.50%	0.065625
2	State of Montana OG-37978-07	213.54	16.7189%	16.67%	0.027870
3	Fee	353.15	27.6495%	18.50%	0.051152
4	Fee	40.00	3.1317%	various	various
Total		1277.24	100.0000%		

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

Land Board Agenda Item
July 28, 2014

714-3C Communitization Agreement: Dave T 2958 13-25H Well

**Location: Roosevelt County
T29N R58E Sections 25 & 36**

Trust Benefits: Common Schools

Trust Revenue: Unknown

Item Summary

Oasis Petroleum 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 Dave T 2958 13-25H well is a horizontal Bakken/Three Forks formation oil well located approximately 8 miles northeast of Bainville, Montana, and was drilled on private land in the NW4NE4 of Section 25. DNRC owns 640 acres of the 1280 mineral acres in the permanent spacing unit that will be communitized. The agreement encompasses the Bakken/Three Forks formation in Sections 25 & 36 of T29N R58E.

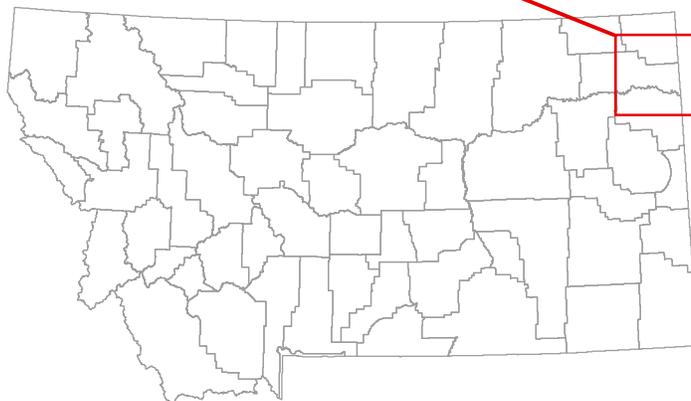
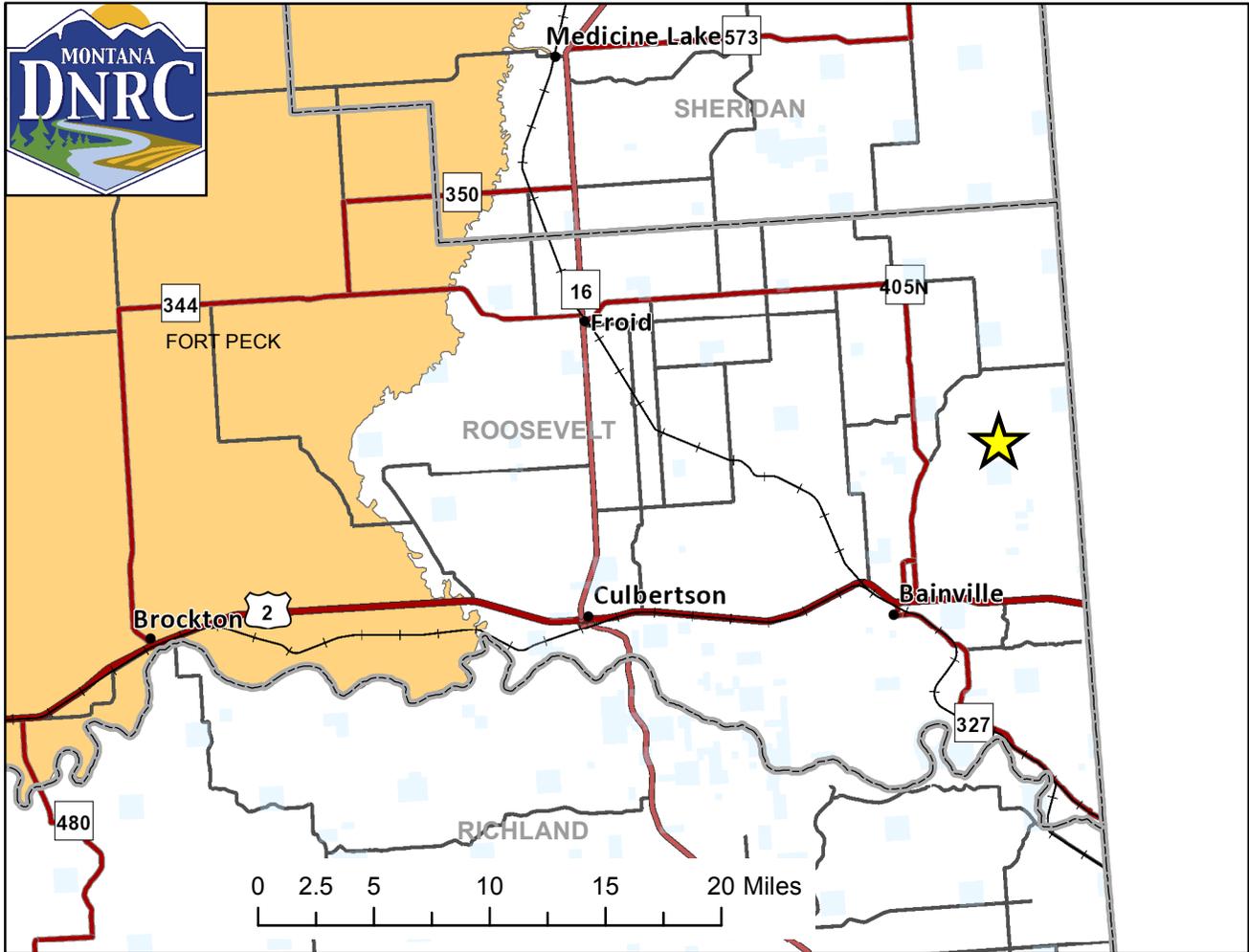
DNRC's tract comprises 50 percent of the communitized area. DNRC will consequently receive 6.5 percent of all oil production (13 percent royalty rate x 50 percent tract participation).

DNRC Recommendation

The director recommends the Land Board approve this communitization agreement.

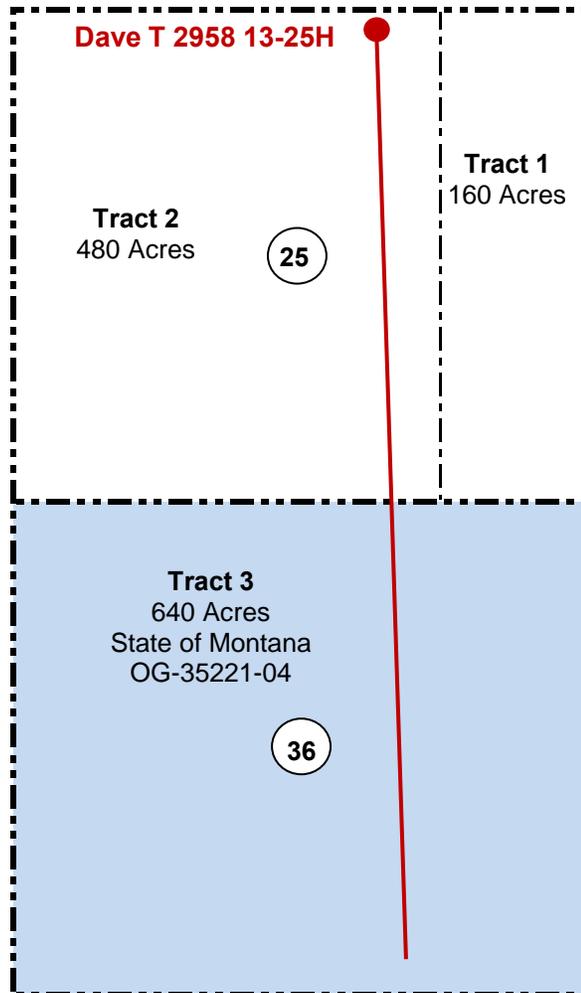
Vicinity Map

Dave T 2958 13-25H Well



Township 29 North Range 58 East

Sections 25 & 36



Recapitulation

Tract No.	Type	Acres	Tract Participation	Royalty %	Owners Interest Decimal
1	Fee	160.00	12.50%	various	0.022266
2	Fee	480.00	37.50%	various	0.065500
3	State of Montana	640.00	50.00%	13.00%	0.065000
Total		1280.00	100.00%		

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

714-4

LAND BANKING PARCELS:
SET MINIMUM BID FOR SALE

714-4 Land Banking Parcel: Set Minimum Bid for Sale

Location: Jefferson County

Trust Benefits: Common Schools

Trust Revenue: \$250,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid on one parcel totaling 160 acres which was nominated for sale in Jefferson County. The sale was nominated by DNRC's Central Land Office and is located approximately six miles south of Helena.

Sale #	# of Acres	Legal	Nominator	Trust
340	160	E½W½, Section 12, T9N-R3W	DNRC – Central Land Office	Common Schools

The parcel ranges from fairly level to sloping hillsides and drainages used primarily for livestock grazing purposes. The parcel has slightly above average productivity for grazing lands statewide.

The parcel is legally accessible from a county road and through adjoining private property. A reciprocal access agreement is in place between the state and Ash Grove Cement Company restricting access to ingress and egress for one single family residence.

No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

Economic Analysis

Short-term – The rate of return on the sale parcel is 0.28%. 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

The state parcel proposed for sale was inventoried to Class III standards for cultural and paleontological resources in April 2005. No paleontological resources were identified, but one cultural resource consisting of three low-profile cairns (rock clusters) was tested, formally recorded, evaluated, and determined not to be a heritage property. A formal report of findings has been prepared and filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

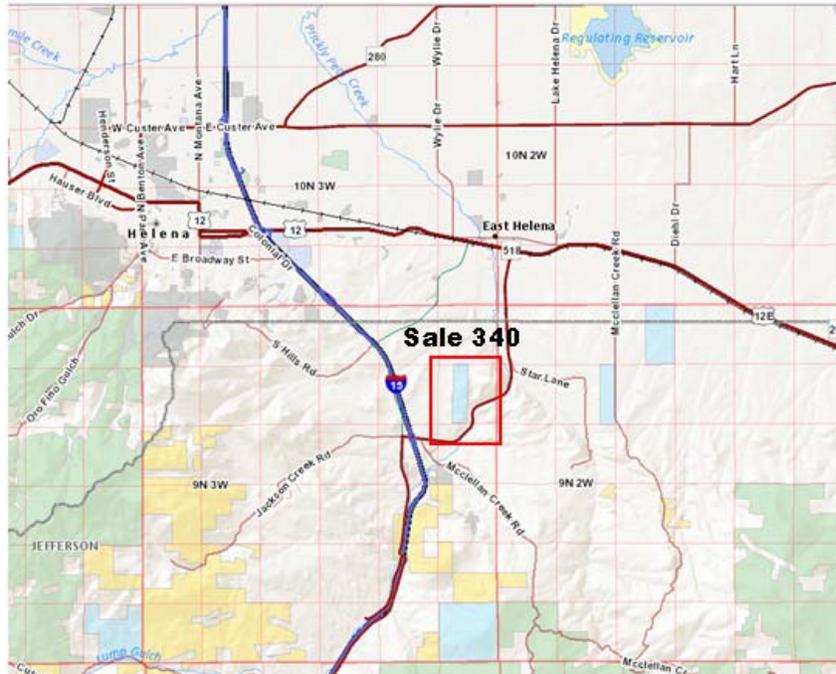
Appraised Value of Sale Parcel

Sale #	Appraised Value With Access	Appraised Value per acre	Recommended Minimum Bid
340	\$250,000	\$1,545	\$250,000

DNRC Recommendation

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

Jefferson County Sale Location Map



Sale 340
E½W½, Section 12, T9N-R3W



714-5

LAND BANKING PARCELS:
FINAL APPROVAL FOR SALE

**Land Board Agenda Item
July 28, 2014**

714-5 Land Banking Parcel: Final Approval for Sale

Location: Gallatin County

Trust Benefits: Common Schools

Trust Revenue: \$65,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on one parcel totaling 6.64 acres which was nominated for sale in Gallatin County. The sale was nominated by the lessee and is located approximately twenty miles northwest of Bozeman.

Sale #	# of Acres	Legal	Nominator	Trust
692	6.64	PT N½N½NE¼NE¼, Section 16, T1S-R3E	Dan & Nancy Bates	Common Schools

Sale parcel 692 is currently leased as a home site and produces an average income for residential leases statewide.

The parcel is legally accessible by the public by a county road.

No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of this parcel.

Economic Analysis

Short-term – The rate of return on the sale parcel is 11.57%. 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 the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

Background

In November 2013, the Land Board granted preliminary approval for this parcel to continue through the land banking sale evaluation process. In April 2014, the board set the minimum bid at the appraised value with access as follows:

Sale #	Minimum Bid
692	\$65,000

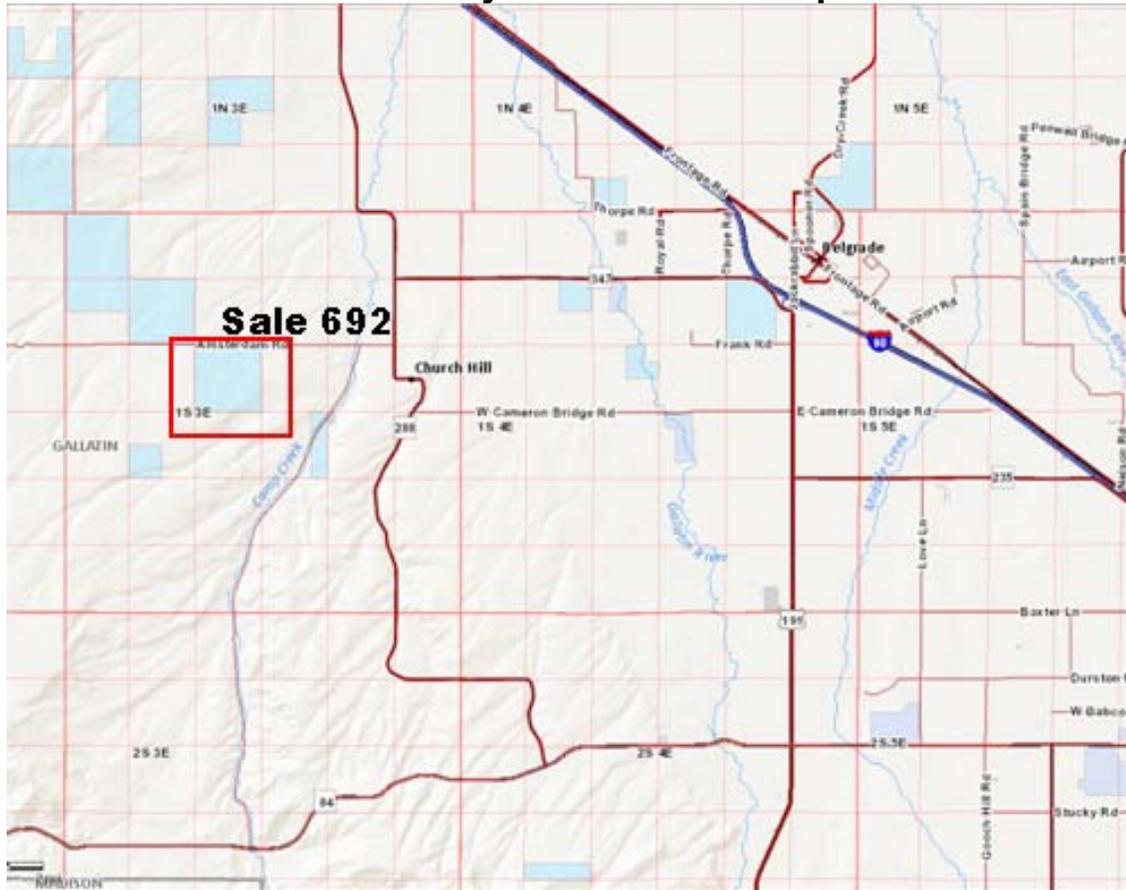
Sale Price

The parcel was sold at a public auction on June 12, 2014. The parcel had only one bidder and was sold for the minimum bid amount listed above.

DNRC Recommendation

The director recommends final approval of land banking sale 692. The sale will be closed within 30 days of final approval by the board.

Gallatin County Sale Location Map



Sale 692
PT N½N½NE¼NE¼, Section 16, T1S-R3E
Dan & Nancy Bates



714-6

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

A. Gallatin County – Sale 710

B. Missoula County – Sale 712

714-6A Sale of Cabin and Home Site: Set Minimum Bid for Sale – Sale 710

Location: Gallatin County

Trust Benefits: Montana Tech / Eastern College – MSU/Western College - UM

Trust Revenue: \$ 70,000

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 Gallatin County. The sale was nominated by the lessee and is located approximately seven miles southeast of Bozeman.

Sale #	# of Acres	Legal	Nominator	Trust
710	0.83	Lot 6 Bear Canyon Recreation Area, Section 6, T3S-R7E & Section 1, T3S-R6E	Kenny & Christina Wood	Montana Tech / Eastern-MSU & Western-UM

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 3.33%. 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 the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. This sale of will have no effect to state owned heritage properties.

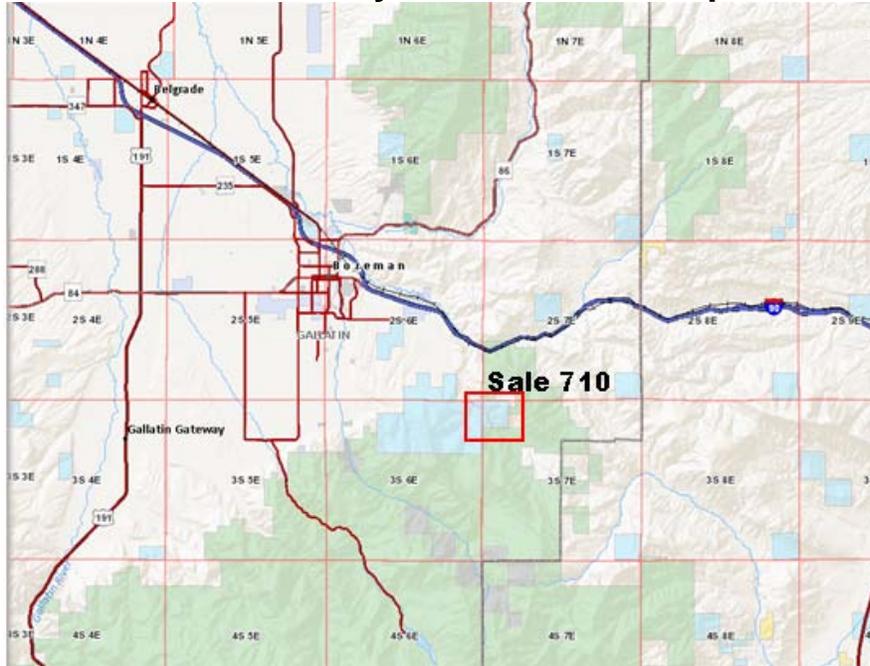
Appraised Values of Land and Improvements

Sale #	Appraised Value of Land	Appraised Value of Improvements
710	\$70,000	\$415,000

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.

Gallatin County Sale Location Map



Sale 710

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



714-6B Sale of Cabin and Home Site: Set Minimum Bid for Sale – Sale 712

Location: Missoula County

Trust Benefits: MSU 2nd

Trust Revenue: \$ 50,000

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 Missoula County. The sale was nominated by the lessee and is located approximately three miles south of Seeley Lake.

Sale #	# of Acres	Legal	Nominator	Trust
712	1.337	Lot 13, Morrell Flats, Section 14, T16N-R15W	Bruce & Kathy Graham	MSU 2 nd

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 3.65%. 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 the ground surfaces within most home sites have been 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
712	\$50,000	\$100,000

DNRC Recommendation

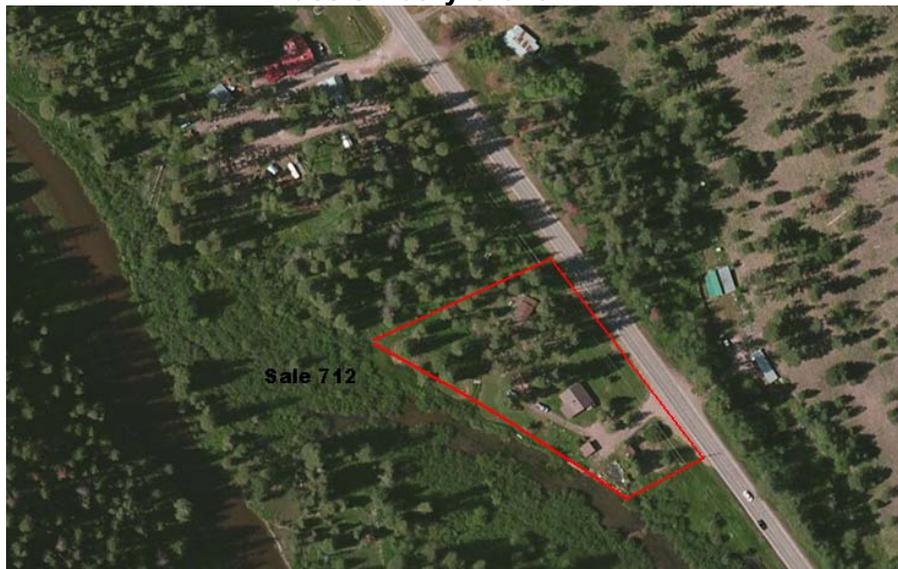
The director recommends that the Land Board set the minimum bid for the cabin site lot at the appraised value and the maximum value of compensation for the improvements shown above.

Missoula County Sale Location Map



Sale 712

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



714-7

STIP v STATE OF MONTANA DNRC,
DV-11-110

**Land Board Agenda Item
July 28, 2014**

714-7 Stip v. State of Montana DNRC, DV-11-110

Location: Richland County

Trust Benefits: Common Schools, Public Land Trust

Trust Revenue: \$2.67 million (estimated)

Item Summary

The State of Montana is currently a defendant in a quiet title action involving Sections 17 and 20, Township 22 North, Range 59 East, MPM, in Richland County, Montana, captioned as Revocable Living Trust of Henry Stip and Beverly A. Stip, et al. v. State of Montana, Department of Natural Resources and Conservation, et al., Cause No. DV-11-110, Montana Seventh Judicial District, Richland County. This quiet title action seeks to resolve the ownership of oil and gas royalties attributable to the Darlene 41X-20 and Marker 34X-20 wells, which are producing oil and gas from a 1300.65-acre drilling and spacing unit comprised of Sections 17 and 20 (Figure 1a). The spacing unit is located three miles south of Sidney, Montana.

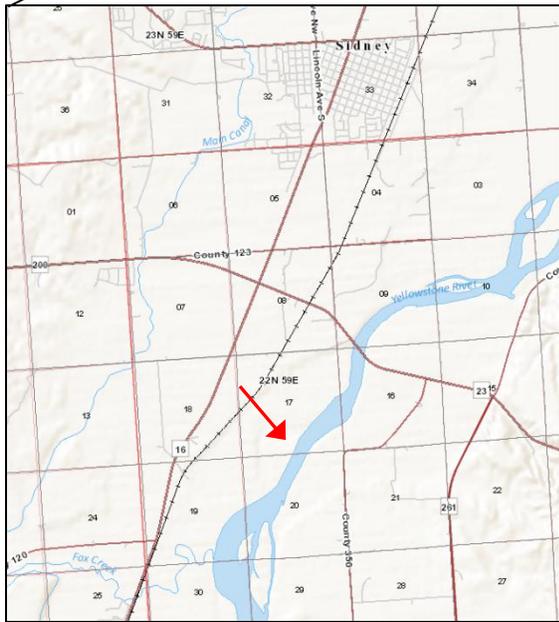
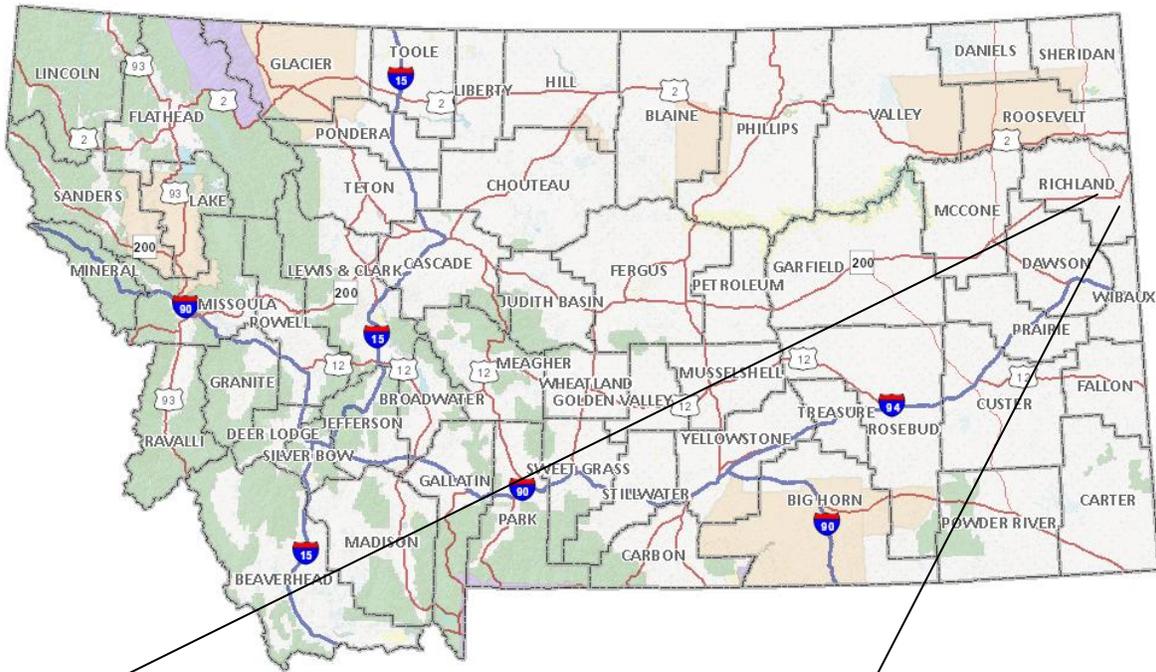
Plaintiffs are asserting ownership of lands based on out-of-date or incorrect surveys that do not accurately reflect the changes in the river and related landforms that have occurred over time since those surveys were completed (Figure 1b).

The Department of Natural Resources and Conservation has completed a technical and legal review of the mineral title within this drilling and spacing unit, and determined that the state has a claim to 330.32 acres comprised of the active bed of the Yellowstone River and three islands that vertically accreted from the bed of the river after statehood. The attached air photo overlay (Figure 2) shows the active riverbed channel in blue and state-claimed island landforms in orange.

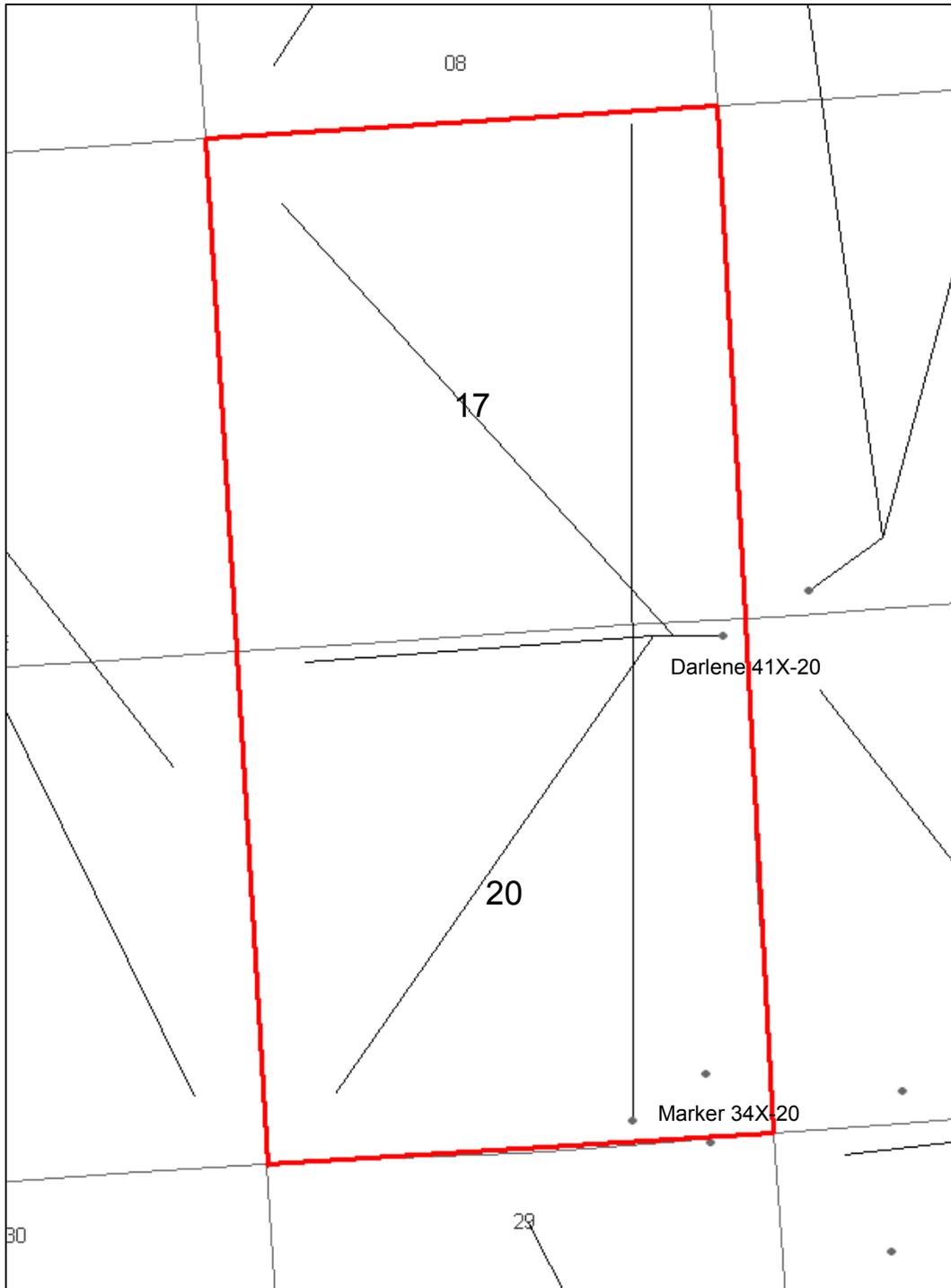
The department seeks the Land Board's approval to file the attached Counter-Claim and Third-Party Complaint to quiet title to these disputed lands and claim the islands on behalf of the State of Montana, in trust for common public schools, and the active riverbed on behalf of the State of Montana, in trust for public lands.

DNRC Recommendation

The director recommends the Land Board approve the department's request to file the attached Counter-Claim and Third-Party Complaint to Quiet Title.

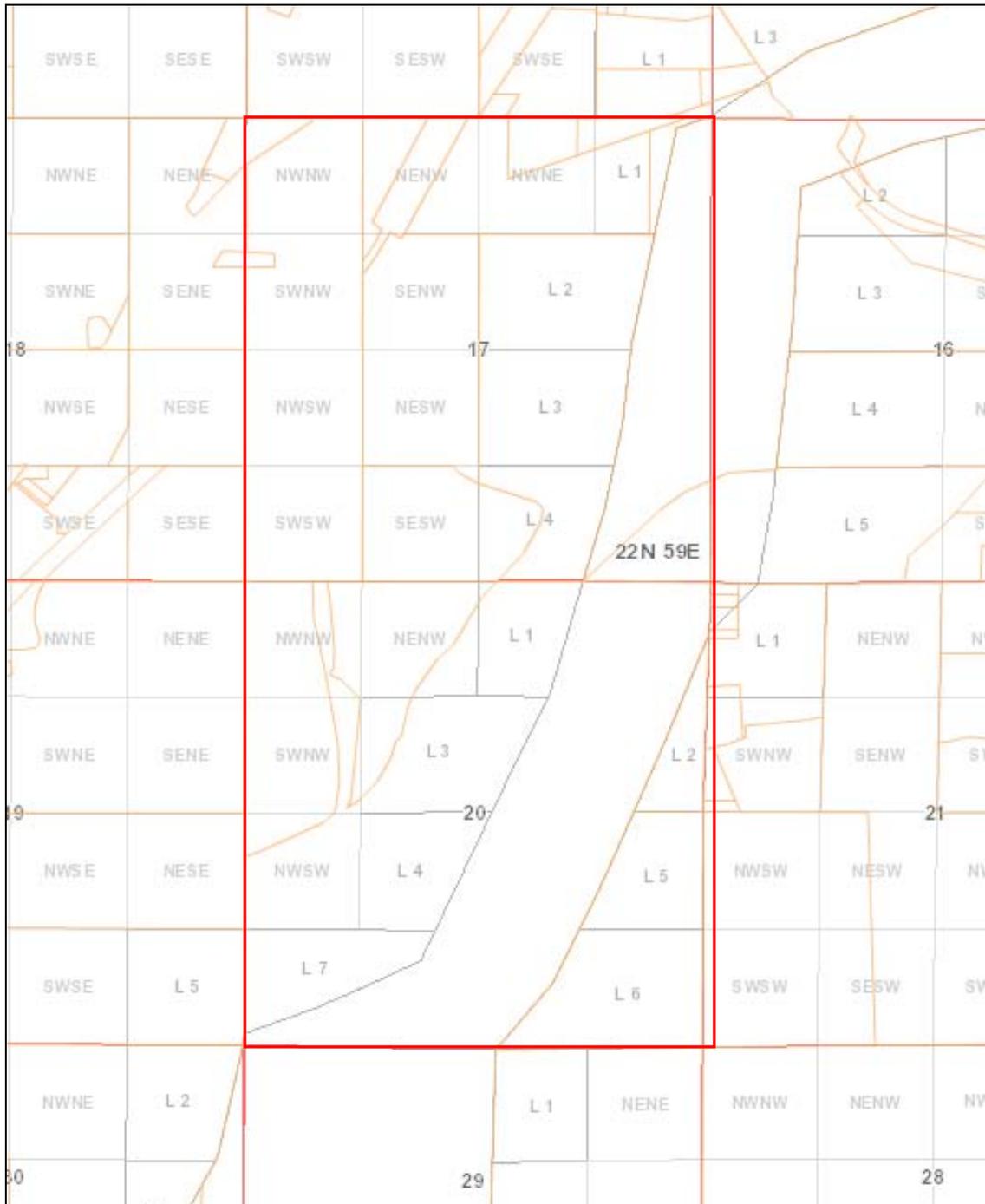


Location Map



Township 22 North, Range 59E
Sections 17 and 20
Well Locations

Figure 1a



Township 22 North, Range 59 East
Sections 17 and 20
Current Cadastral Survey

Figure 1b

Summary of new land as of 2007

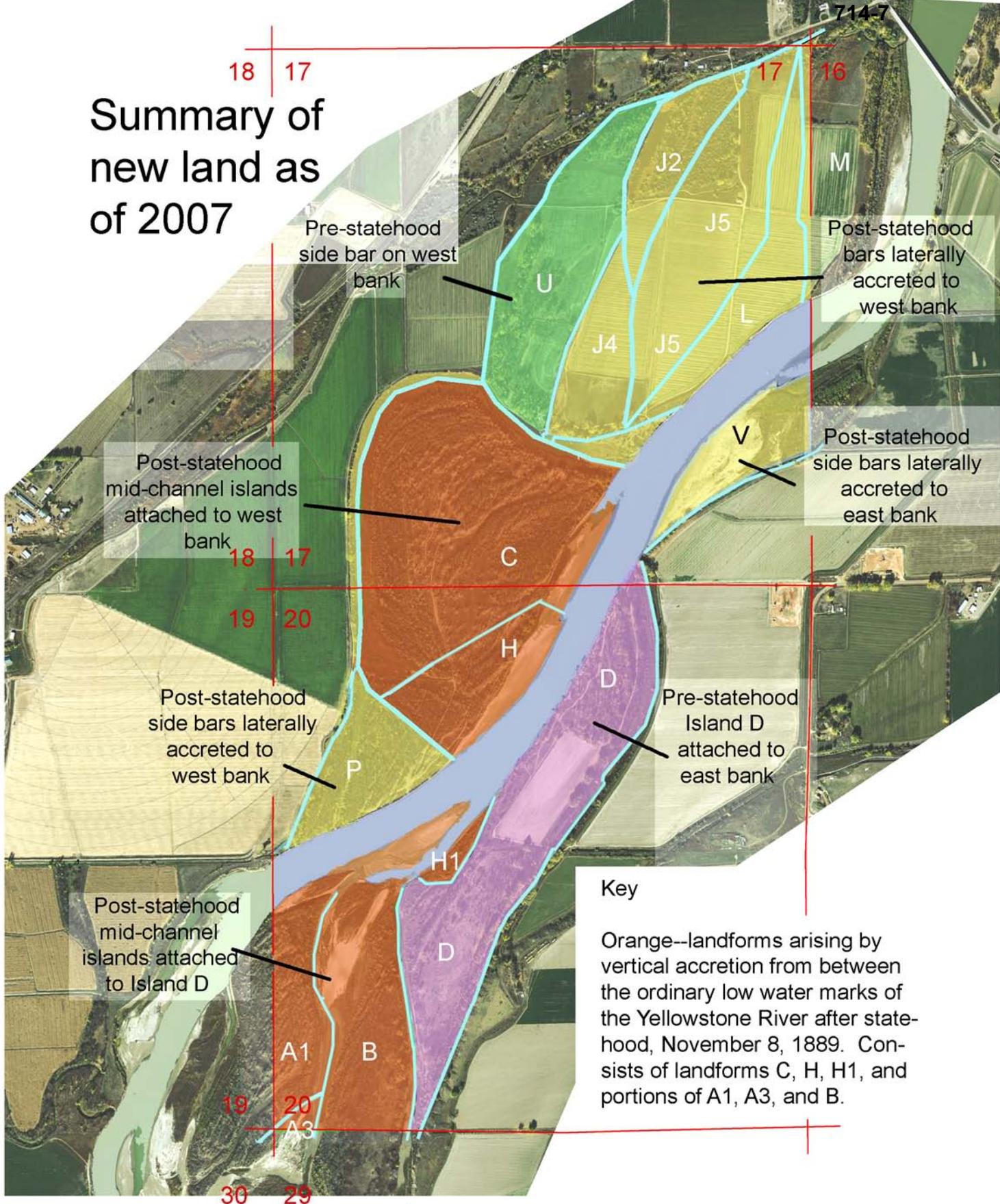


Figure 2. Origin of islands and bars, plotted on 2007 color aerial photo. This photo is one of the latest normal low-water images, taken at a discharge of about 6,000 cfs, at some time between October 15 and November 2, 2007. The river bed is in blue, between the low-water marks. The GCDB (Geographic Coordinate Data Base, U.S. Bureau of Land Management, 2012) section grid is in red. Compare Figure 23, which is the image without color overlays, and Figure 24, the 2012 image, at slightly higher discharge.

Third-party Plaintiffs)
 -vs-)
)
 BNSF RAILWAY COMPANY;)
 BLACKHAWK RESOURCES, LLC; BREHM)
 INVESTMENT GROUP; BURLINGTON)
 NORTHERN SANTA FE RAILROAD;)
 GREEN GABLE, INC.; HAROLD G.)
 HAFFNER, as TRUSTEE OF THE HAROLD G)
 HAFFNER REVOCABLE LIVING TRUST;)
 HEADINGTON OIL, LP; ROBERT KOCH)
 and VIRGINIA C . KOCH, as TRUSTEES OF)
 ROBERT AND VIRGINIA C. KOCH TRUST;)
 WILMER A. LORENZ and DARLENE R.)
 LORENZ, as TRUSTEES OF THE WILMER)
 A. LORENZ AND DARLENE R. LORENZ)
 REVOCABLE TRUST; WILMER A.)
 LORENZ and DARLENE R. LORENZ,)
 a/k/a DARLENE M. LORENZ, as TRUSTEES)
 OF THE DARLENE R. LORENZ)
 REVOCABLE TRUST DATED JUNE 29,)
 2004; M LAZY HEART RANCH;)
 NEWFIELD EXPLORATION COMPANY;)
 NEWFIELD PRODUCTION COMPANY;)
 NEWFIELD RMI, LLC; OASIS)
 PETROLEUM NORTH AMERICA, LLC;)
 PAR INVESTMENTS, LLC; HENRY)
 STIP and BEVERLY A. STIP, individually)
 and as TRUSTEES OF THE STRIP TRUST)
 DATED APRIL 12, 1996; STIP CREDIT)
 SHELTER TRUST; XTO ENERGY, INC.;)
 CASEY JOE ALBERT; KRISTINA MARIE)
 ALBERT; ESTHER ALLEN; PEGGY J.)
 ALLEN; JUDY BETHEL; RONALD H.)
 BLODGETT; ROGER D. BLODGETT;)
 BETTY ANN CAYKO; LYNN CLOUTIER;)
 PAT CORBETT; CONNIE CORBETT;)
 NANCY A. CRIGHTON; DAVID LEE)
 CRIGHTON; ROY M. DEGN; SHIRLEY)
 DEGN; NANCY DENOWH; J. MICHAEL)
 GLEASON; KAREN G. GRAGERT;)
 ALBERT H. GROSKINSKY; ANNE)
 GROSKINSKY; WILLIAM G.GROSKINSKY;)
 HAROLD G. HAFFNER; ALVINA M.)
 HELZER; SCOTT W. HELZER; WILBUR)
 HELZER; ANNA HIBNER; PATRICIA)

HONODEL; ANNA HIBNER; PATRICIA)
HONODEL; DALE IVERSEN; DEAN)
MARLOW IVERSEN; JACK IVERSEN, a/k/a)
JOHN R. IVERSEN; LEROY A. IVERSEN;)
LOUISE M. IVERSEN; MARK W. IVERSEN;)
RUTH IVERSON; STEVEN IVERSEN;)
HARLEY B. JOHNSON; KNEIL WADE)
JOHNSON; LAWRENCE L. JOHNSON;)
MARVIN D. JOHNSON; TERESA KELLY)
KAPPEL; MARY JANE KELLY; PATRICK)
KELLY; SHELDON J. KELLY; DEBRA)
D. LINDNER; DENNIS W. MARKER;)
JULIA E. MARKER; LARRY V. MARKER;)
BECKY MEITZEL, a/k/a BECKY)
MEITZEL-SKOGAS; BRYAN MEITZEL;)
ROBERTA MEITZEL; MARIAN R. MILLER;)
GERALD J. NAVRATIL; MARYELLEN)
NAVRATIL; ELAINE R. NELSON;)
SUE ANN PARKS; JACQUELINE K.)
REISENER; DONALD D.SCHEETZ;)
KENNETH L. SCHEETZ; CHARLES)
SCHILLING; IONA SCHILLING; EILLEN)
SCHILLING; SANDRA J. STIP; ALLEN TOFTE,)
a/k/a ALAN TOFTE; WANDA TOFTE;)
CASEY TOFTE; DEANN TOFTE;)
JANET K. TYLER; AND ALL OTHER PERSONS)
WHO MIGHT CLAIM ANY RIGHT, TITLE,)
ESTATE, OR INTEREST IN OR LIEN OR)
ENCUMBRANCE UPON THE REAL)
PROPERTY DESCRIBED IN THE COMPLAINT)
ADVERSE TO THE STATE’S OWNERSHIP,)
OR ANY CLOUD UPON THE STATE’S TITLE)
THERETO, WHETHER SUCH CLAIM,)
OR POSSIBLE CLAIM BE PRESENT OR)
CONTINGENT.)
))
Counter-defendants and)
Third-party Defendants)
))
_____)

The Counter-claimants and Third-party plaintiffs, the Montana Department of Natural Resources and Conservation and the Montana Board of Land Commissioners, for their cause of

action against the above-named Counter-defendants and Third-party defendants, assert and allege the following:

1. The State Board of Land Commissioners is a Board created by Art. X, Section 4 of the 1972 Montana Constitution. The State Board of Land Commissioners exercises general control over State trust lands pursuant to Section 77-1-202, MCA, and is authorized to bring and defend litigation to determine “. . . the title to the beds of lakes and other bodies of water and of streams within the state . . .”.
2. The Montana Department of Natural Resources and Conservation, is an executive agency of the State of Montana under the direction of the Montana Board of Land Commissioners. Pursuant to Section 77-1-301, MCA, the Department carries out the “. . . duties the board directs, the purpose of the department demands, or the statutes require”.
3. Pursuant to the “equal-footing” doctrine the State of Montana was vested by Congress with the title to the beds of all navigable rivers and lakes as of the date of Statehood, November 8, 1889;
4. The Yellowstone River near Sidney, Montana was a navigable River as of Statehood and continues to be navigable, in the segment found in Sections 17 and 20 in Township 22 North, Range 59 East, MPM, in Richland County, Montana, as demonstrated by the River’s susceptibility for navigation and the actual historic use of the River for commercial navigation. The Steamboat “Chippewa Falls” ascended the Yellowstone River to the Big Horn River in 1865 (See, Stuart, “Forty Years on the Frontier”, Vol. II, The Arthur H. Clark Company, Cleveland Ohio, [1925] at p. 26). The Steamboat “Key West” navigated the Yellowstone

River as far as the mouth of the Powder River in 1873 (See, Hanson, “The Conquest of the Missouri”, A.C. McClurg & Co., Chicago [1910]). In 1875, Captain Grant Marsh piloted the Steamboat the “Josephine” up the Yellowstone River to near present-day Billings, Montana. (46 miles above Pompey’s Pillar). Id. at pp. 195-221. The Yellowstone River was declared navigable in Section 15, Township 1 South, Range 26 East in Yellowstone County. Roe v. Newman, 162 Mont. 135, 509 P.2d 844 (1973). The Yellowstone River was declared navigable as far upstream as Laurel, Montana given un-refuted testimony that the river was large enough to float logs. Edwards v. Severin, 241 Mont. 168, 785 P.2d 1022 (1990)

5. Pursuant to Mont. Code Ann. § 70-1-202, the State of Montana holds title to the beds of navigable bodies of water in trust for the citizens of the State and therefore owns the bed of the Yellowstone River from low-water mark to low-water mark as it is situated in Sections 17 and 20 in Township 22 North, Range 59 East, MPM in Richland County, Montana, and shown as **Parcel 2** in Exhibit “A” attached hereto, and incorporated herein by reference, and comprising 87.58 acres, more or less.
6. Pursuant to Mont. Code Ann. §§ 77-1-102, 70-18-203, 70-18-201, Edwards v. Severin, 241 Mont. 235, 785 P.2d 1022 (1990); Montana Department of State Lands v. Armstrong, 251 Mont. 235, 824 P.2d 255 (1992), and Montana Dep’t of Natural Res. & Conservation v. Abbco Investments, LLC, 366 Mont. 120, 126, 285 P.3d 532, 536 (2012), the State of Montana holds title to islands emerging from below the low-water mark after Statehood, even though they are no longer

totally surrounded by water at all times. Such islands are held in trust by the State of Montana for the financial benefit of common public schools pursuant to Section 77-1-102(1)(b), MCA.

7. The State of Montana is the fee simple owner of three islands as identified in survey exhibit “A”, attached hereto and incorporated herein by reference, and existing in: a portion of the S $\frac{1}{2}$ of Section 17 (**Parcel 1** comprising 146.37 acres, more or less); and 2 parcels within of the West $\frac{1}{2}$ of Section 20 (**Parcel 3** comprising 16.47 acres, more or less; and **Parcel 4** comprising 79.90 acres, more or less) all within Township 22 North, Range 59 East, MPM, in Richland County, Montana. These three islands have arisen by vertical deposition of sediment from the bed of the Yellowstone River between the low-water marks of the River after statehood, as evidenced by a chronological series of surveys and aerial photographs.
8. The 1883 U.S. Army Corps of Engineers Sounding Survey of the Yellowstone River (attached hereto as exhibit “B”) shows the River flowing through Sections 17 and 20 in Township 22 North, Range 59 East, MPM, in Richland County, Montana. Although mid-channel sand bars appear on the River, only one island (Island “D”) was documented in this survey which pre-dated November 8, 1889, the date of Montana’s statehood;
9. The 1903-1906 Lignite Outcrop Map by the U.S. Geological Survey (attached hereto as exhibit “C”) showed an erosion of a portion of the west bank of the River in both Sections 17 and 20. This erosion of the western bank of the

Yellowstone River is corroborated by the 1906 – 1907 U.S. Geological Survey map of the same area.

10. The 1910 U.S. Army Corps of Engineers Sounding Survey of the Yellowstone River (attached hereto as exhibit “D”) shows the expansion of the pre-statehood island (Island “D”), which was documented at that time to be covered with vegetation, and the coalescence and stabilization of mid-channel bars to form a post-statehood island (Island “B”) in Section 20. An examination of the sequence of the 1903-1906 U.S. Geological Survey map with the 1910 U.S. Army Corps of Engineers Sounding Survey, shows erosion of the east bank of the Yellowstone River in Section 17 and enlargement of the channel existing between the pre-statehood island “D” and the east bank of the Yellowstone River in Section 20.
11. The 1930 Channel Map by County Surveyor M.L. Hoffstot (attached hereto as exhibit “E”) indicates that the channel of the Yellowstone River in 1921 in Section 17 widened and a mid-channel sand bar (Bar J5) emerged. This is corroborated by the 1924 Map of Richland County by F.G. Meisenbach. The 1929 County Plat prepared by County Surveyor M.L. Hoffstot (attached hereto as exhibit “F”) shows the emergence of mid-channel sand bars (Bars J2 and J3) in Section 17, the emergence of another mid-channel sand bar (Bar H) in Section 20, and lateral accretions forming on the west bank of the Yellowstone River in Section 19, Township 22 North, Range 59 East, MPM, in Richland County, Montana.
12. The September 2, 1938 USDA aerial photograph (attached hereto as exhibit “G”), and taken when the Yellowstone River was flowing at a rate of 5,350 cubic feet

per second, shows the emergence of additional mid-channel bars in Section 17 and 20 (Bars “C” and “G”) between the low water marks of the Yellowstone River, the total erosion of Bar “J3”, and the merger of island “B” with mid-channel island “H1” in Section 20.

13. The September 1, 1949 aerial photograph (attached hereto as exhibit “H”), and taken when the Yellowstone River was flowing at a rate of 2,680 cubic feet per second, shows the near total erosion of Bars “F” and “G”, the vegetation of Bars “C”, “L”, and “M”, and the emergence of Bar “S”. Mid-channel Bar “C” at this point had stabilized as an island due to the emergence of vegetation.
14. The September 16, 1952 aerial photograph (attached hereto as exhibit “I”), and taken when the Yellowstone River was flowing at a rate of 6,120 cubic feet per second, shows a narrow active channel between island “C” and island “H”, the total erosion of Bars “G” and “S”.
15. The September 20, 1956 aerial photograph (attached hereto as exhibit “J”), and taken when the Yellowstone River was flowing at a rate of 5,880 cubic feet per second, shows the core of island “C” stabilized by a variety of vegetation.
16. The September 30, 1965 aerial photograph (attached hereto as exhibit “K”) and taken when the Yellowstone River was flowing at a rate of 12,700 cubic feet per second, shows the merger of islands “C” and “H”, and active channels between islands “H”, “H1”, and “B”. Bar “A1” expanded into Section 20. Bar “P” accreted eastward.
17. The October 6, 1974 aerial photograph (attached hereto as exhibit “L”), and taken when the Yellowstone River was flowing at a rate of 8,920 cubic feet per second,

shows the near total erosion of island “H1” and the eastward expansion of bar “P”. Bar “A1” was stabilized as an island by vegetation, and Islands “C” and “H” enlarged to the north and west.

18. The October 28, 1977 Montana Department of Transportation aerial photographs (attached hereto as exhibit “M”), and taken when the Yellowstone River was flowing at a rate of 5,800 cubic feet per second, shows islands “C” and “H” enlarging westward. Bar “V” expanded westward. Island “A1” expanded further into Section 20 with more vegetation. Islands “B” and “H1” merged with island “D”.
19. The August 24, 1980 color infrared aerial photograph (attached hereto as exhibit “N”), and taken when the Yellowstone River was flowing at a rate of 7,900 cubic feet per second, shows island “A1” continued to expand and merged with island “A3”. Bar “V” continued to expand westward. Vegetation on merged islands “C” and “H” continued to mature.
20. The August 13, 1992 aerial photograph (attached hereto as exhibit “O”), and taken when the Yellowstone River was flowing at a rate of 5,800 cubic feet per second, shows little change from the August 24, 1980 aerial photograph.
21. The August 5, 2001 color infrared aerial photograph (attached hereto as exhibit “P”), and taken when the Yellowstone River was flowing at a rate of 3,430 cubic feet per second, shows little change from the August 13, 1992 aerial photograph.
22. The October 15 – November 2, 2007 aerial photograph (attached hereto as exhibit “Q”), and taken when the Yellowstone River was flowing at a rate of about 6,000 cubic feet per second, shows islands “A1”, “A3”, “B”, “H1” as post-statehood

mid-channel islands. Island “D” and bar “U” are a pre-statehood island and bar. Bars “V”, “J2”, “J4”, “J5”, “L”, “M” and “P” are lateral accretions to lands on the bank of the Yellowstone River.

23. The April 23, 2012 satellite image (attached hereto as exhibit “R”), and taken when the Yellowstone River was flowing at a rate of 8,270 cubic feet per second, shows little change from the October 15 – November 2, 2007 aerial photograph.
24. The State of Montana is the fee simple owner, in trust for the general public, of the existing bed of the Yellowstone River from low-water mark to low-water mark as it presently exists within portions of: Sections 17 and 20 within Township 22 North, Range 59 East, MPM, in Richland County, Montana, described as **Parcel 2** totaling 87.58 acres, more or less in the attached survey exhibit “A”.
25. The State of Montana is the fee simple owner, in trust for common public schools, to those post-statehood islands formed by the vertical accretion of sediment between the low-water marks of the Yellowstone River within portions of Sections 17 and 20 within Township 22 North, Range 59 East, MPM, in Richland County, Montana, described as: **Parcel 1** (Islands “C” and “H”) totaling 146.37 acres, more or less in the attached survey exhibit “A”; **Parcel 3** (Island “H1”) totaling 16.47 acres, more or less, in the attached survey exhibit “A”; and **Parcel 4** (Islands “A1”, “A3”, and “B”) totaling 79.90 acres, more or less, in the attached survey exhibit “A”.
26. The low-water mark for the lands described above is established when the Yellowstone River is flowing at 5,640 cubic feet per second at Sidney, Montana.

27. That the State of Montana's title to the above-described islands and active river bed, within the above-described real property, is superior to that of the above-described Counter-defendants and Third-party defendants and all other persons or legal entities.

NOW, THEREFORE, the Third-party plaintiffs, the Montana Department of Natural Resources and Conservation and the Montana Board of Land Commissioners, request judgment as follows:

1. That the Court quiet title to the State of Montana, in trust for the general public, the active riverbed of the Yellowstone River (shown as **Parcel 2** in the attached survey exhibit "A" incorporated herein by reference) and, in trust for common public schools, the post-statehood islands (shown as **Parcels 1, 3, and 4** on the attached survey exhibit "A", and incorporated herein by reference) located within Sections 17 and 20 of Township 22 North, Range 59 East, MPM, in Richland County, Montana, subject to any existing oil and gas leases, or ratifications of communitized areas, issued by the State of Montana, cumulatively comprising 330.32 acres.
2. for the State's costs and expenses of quieting title to State trust lands pursuant to Section 25-10-101(5), MCA and Section 25-10-201(3),(6), and (8), MCA.
3. for such other and further relief as the Court deems just and reasonable.

DATED this ____ day of July, 2014,

By: _____
 Tommy H. Butler
 Special Assistant Attorney General
 Attorney for the Montana Department of
 Natural Resources and Conservation, and
 the Montana Board of Land Commissioners

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the fore-going STATE'S COUNTER-CLAIM AND THIRD-PARTY COMPLAINT TO QUIET TITLE was served by mail, postage prepaid, upon the following on the _____ day of July, 2014:

Loren J. O'Toole II
O'Toole Law Firm
209 North Main
P.O. Box 529
Plentywood, MT 59254

Christopher C. Voigt
Crowley Fleck PLLP
P. O. Box 2529
Billings, MT 59103-2529

Ms. Arlene Riggs
Clerk of District Court
201 W. Main Street
Sidney, MT 59270

The Honorable Richard A. Simonton
District Judge
P.O. Box 1249
Glendive, MT 59330

CERTIFICATE OF SURVEY
DEPENDENT RESURVEY AND ACCRETION OF ISLANDS
AND THE BED OF THE YELLOWSTONE RIVER
Lying in Portions of Township 22 North, Range 50 East of the P.M.M.
Richland County, State of Montana

SURVEYOR'S CERTIFICATION

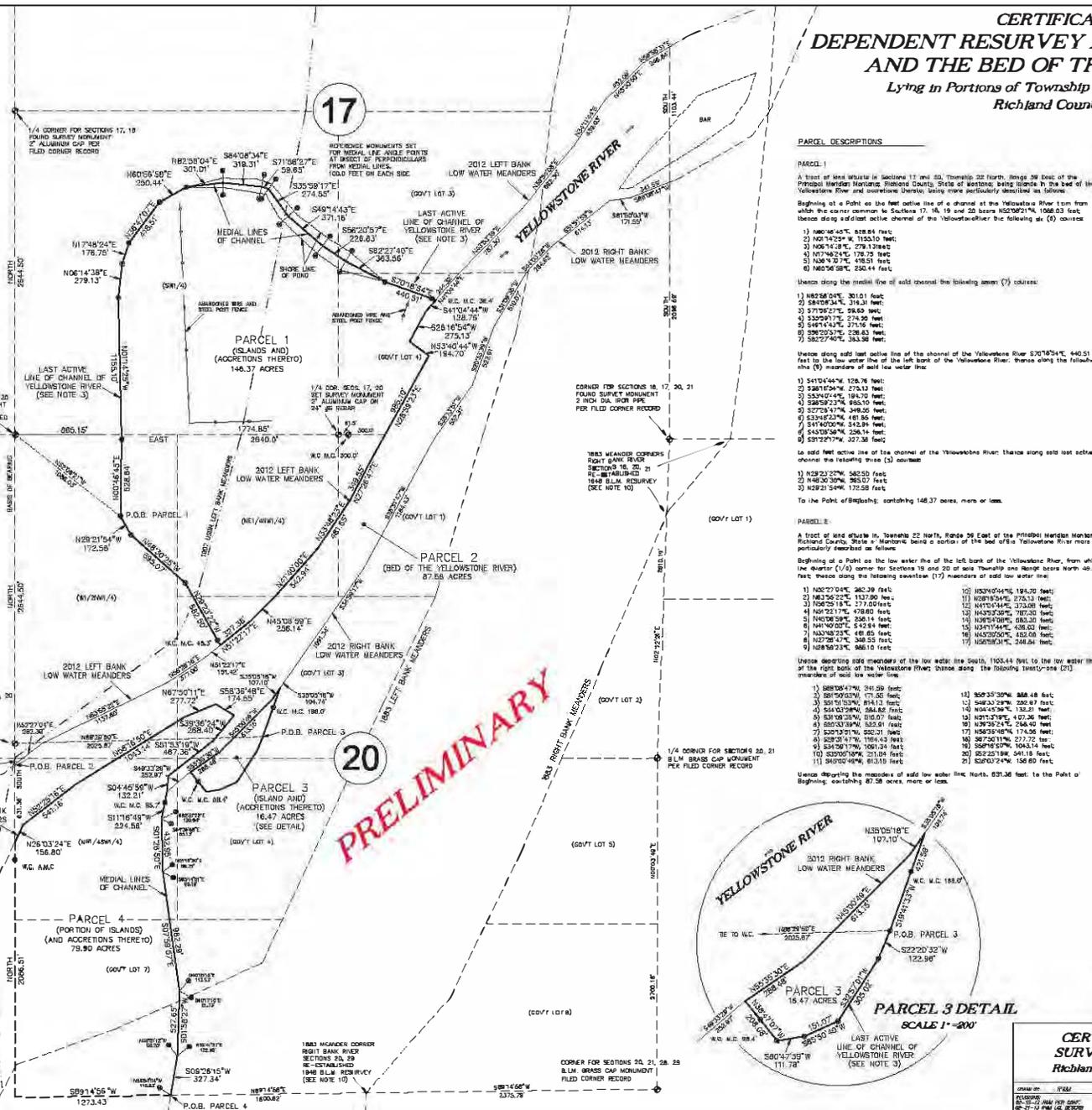
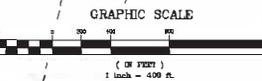
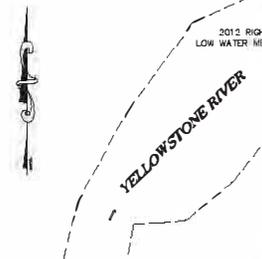
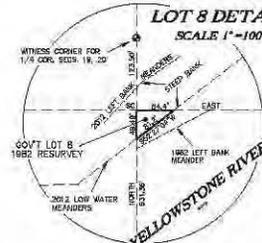
I, Roger W. Meyer, do hereby certify that I am a registered land surveyor licensed under the laws of the State of Montana; that this certificate is a true, correct and complete representation of a survey performed by me or under my direct supervision; that this certificate of survey meets the requirements of the Uniform Standards for Certificates of Survey, ARM 24.183.1104.

Executed this _____ day of _____, 20____.

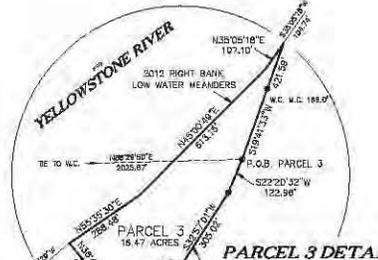
Roger W. Meyer
Registered Land Surveyor
State of Montana No. 9419LS

MONUMENT LEGEND

- SET ALUMINUM CAP ON 16" x 36 REBAR STAMPED "MEYER - 9419LS"



PRELIMINARY



- PARCEL 1: A tract of land situated in Sections 17 and 20, Township 22 North, Range 50 East of the Principal Meridian Montana, Richland County, State of Montana, being islands in the bed of the Yellowstone River and accretions thereto, being more particularly described as follows:
PARCEL 2: A tract of land situated in Sections 17 and 20, Township 22 North, Range 50 East of the Principal Meridian Montana, Richland County, State of Montana, being a portion of islands in the bed of the Yellowstone River and accretions thereto, being more particularly described as follows:
PARCEL 3: A parcel of land situated in Sections 17 and 20, Township 22 North, Range 50 East of the Principal Meridian Montana, Richland County, State of Montana, being a portion of islands in the bed of the Yellowstone River and accretions thereto, being more particularly described as follows:
PARCEL 4: A parcel of land situated in Sections 17 and 20, Township 22 North, Range 50 East of the Principal Meridian Montana, Richland County, State of Montana, being a portion of islands in the bed of the Yellowstone River and accretions thereto, being more particularly described as follows:

- SURVEY NOTES
1) Survey Dates: September 1, 2012 thru _____, 2013.
2) Survey commissioned by: State of Montana Department of Natural Resources and Conservation, Trust Land Mine Approval Division.
3) Purpose of Survey: This plat represents a re-survey of portions of the subdivision lines of Sections 17 and 20 along with islands that have grown from the bed of the Yellowstone River, as they accreted to the ground, as per H. Brundage, P.L.D., Professional Geologist at the time of the 1883 U.S.G.L.D. Original Subdivision and Meanders of Sections 17 and 20.
4) Accretion Provisions: Low water meanders are permanent and are applied for informational purposes only as their location may be useful, with the understanding that the accretion of islands from the bed of the Yellowstone River is not permanent, either by accumulation of material or by the recession of the stream, and that islands in the bed of the river, subject to any existing right-of-way on the bank, are therefrom, pursuant to MCA 76-2-20. Elevation for or on islands of land - free for accumulation of islands. (10) is created by order or any court of record in the case or by operation of law or - 11, the lands depicted on this Certificate of Survey are exempt from subdivision review under such Act.
5) Bound of Section: NORTH is between the witness corner monument for the 1/4 corner common to Sections 18 and 20 and the monument found marking the 1/4 corner common to Sections 17 and 18, as shown herein.
6) Lower Water: The meanders of the left and right low water meanders of the Yellowstone River were determined by the field of survey on November 3, 2012. On that date the river channels were an average of 5000 feet of the USGS gaging station No. 0382500 near Helena, Montana approximately 1.5 mile downstream of this survey.
7) Meander Lines: A meander line was computed to locate select points at water edge along the left and right banks of the Yellowstone River, and the location of the meander line was determined by the field of survey on November 3, 2012. On that date the river channels were an average of 5000 feet of the USGS gaging station No. 0382500 near Helena, Montana approximately 1.5 mile downstream of this survey.
8) Station of Section: The 1883 U.S.G.L.D. Original Subdivision and Meanders of Sections 17 and 20, as shown herein, were found to be erroneous. The field notes and plat thereof indicate an error in the location of certain section line, meanders and monument locations.
History of Application Survey:
- 1883 - U.S.G.L.D. Original Subdivision and Meanders of Sections 17 and 20, as shown herein (not resurveyed 1894).
- 1907 - United States Bureau of Reclamation's Lower Yellowstone Impoundment Project, Decade II Resurvey and Subdivision of Sections 17 and 20, R50E (1907 plat).
- 1948 - U.S.G.L.D. Dependent Resurvey of a portion of the subdivision lines in Section 17, R50E, 1/4th east of the subdivision line by William Barlow (1948 plat).
- 1983 - U.S.G.L.D. Dependent Resurvey and Subdivision of Sections 17 and 20, R50E (1983 plat) (copy by 1984).

FOR USE OF FILING BY CLERK AND RECORDER
CERTIFICATE OF SURVEY NO.
Richland County, Montana
Montana Land Surveys
22 N. Main Street
Lambert, Montana 59243
(406) 774-3368
surveys@mtland.com

1883 Sounding Survey

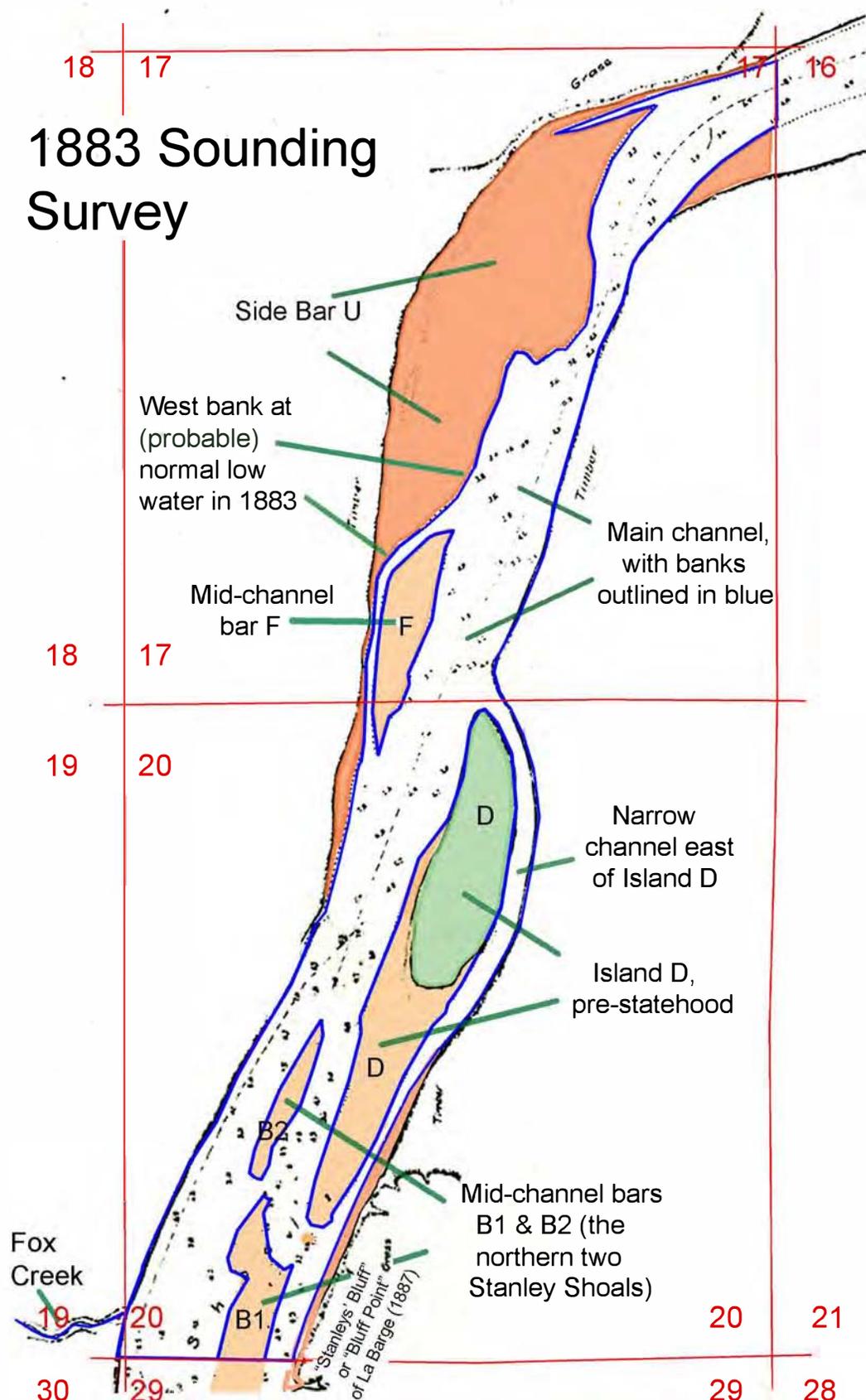


Figure 5. The 1883 Sounding Survey, with color overlays added to identify islands, bars, and banks of the active channel. This map documents that Island D pre-dated statehood (which was in 1889), and that B1 and B2 were bars, not islands, before statehood. Discharge is not known, but was probably in the normal low-flow range because of the extensive exposure of bars (shown in light and dark orange). The north half of Island D is interpreted as vegetated and stabilized, while its south half is interpreted as a bar extending up-river (see text for analysis, and Figure 3a). See Figure 3a for uninterpreted map.

1903-1906 Lignite Map (Black), with 1883 Sounding Survey Overlay (Magenta)

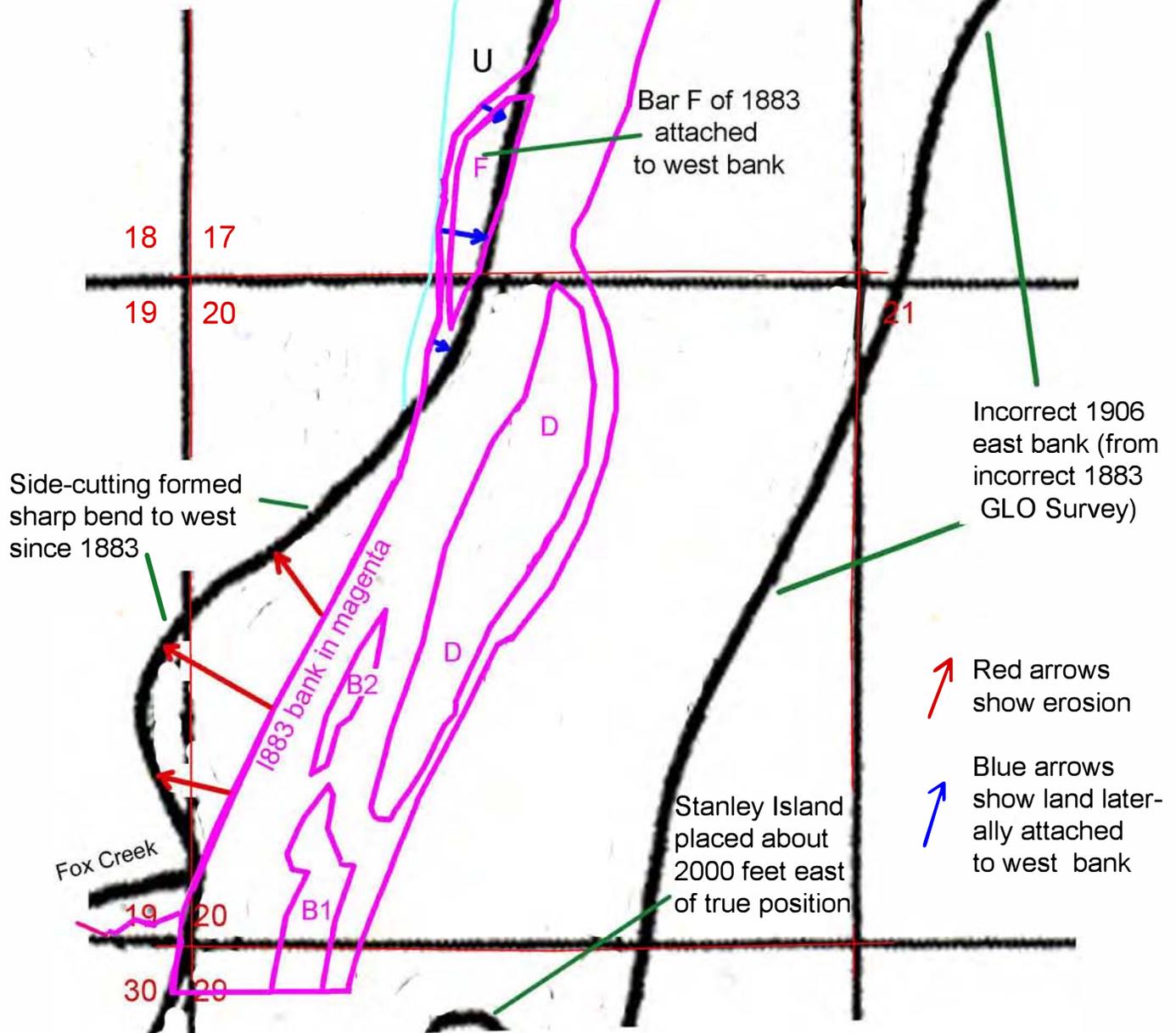


Figure 6. The 1903-1906 Lignite Map (U.S. Geological Survey, 1906b). After 1883 (compare Figure 5), the west bank in SW 1/4 Section 17 eroded far to the west. Bar F was attached to the west bank, next to Bar U. Note: the east bank is incorrect; see figures 3b, E1,E4; Appendix E). This small-scale 1903-1906 map omitted Island D and bars B1 and B2 (or B, as merged B1 and B2), but they surely were present (see 1910 Sounding Survey, figures 8a, b). Using Photoshop Elements, the 1906 map was georeferenced to conform to the GCDB (red section lines). For uninterpreted map, see Figure 3b.

1910 Sounding Survey

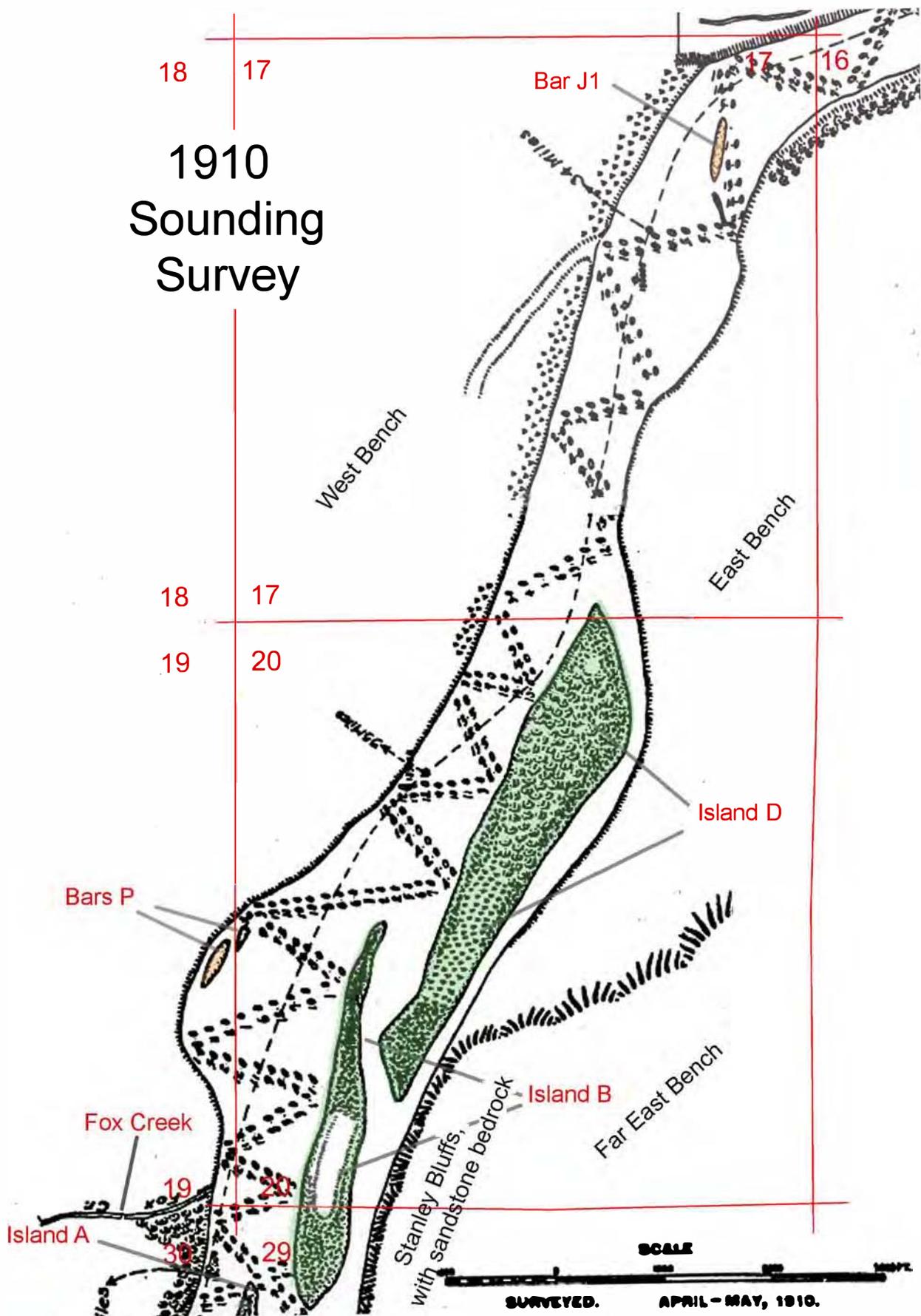


Figure 8a. The 1910 Sounding Survey shows Bars B1 and B2 (of 1883, Figure 5), merged and stabilized as Island B, most likely after statehood in 1889 (see text discussion, page 8). Vegetation (green overlay and stippling) on A (north tip is shown at south edge of map) and B was mostly young: bushes and willows. Note J1, a tiny, new, mid-channel bar in the NE 1/4 Section 17. Figure 3d is the uninterpreted map; see also Figure 8b. Dashed line is deepest line of channel.

1930 Channel in Blue, with 1929 Plat Map Overlay in Magenta

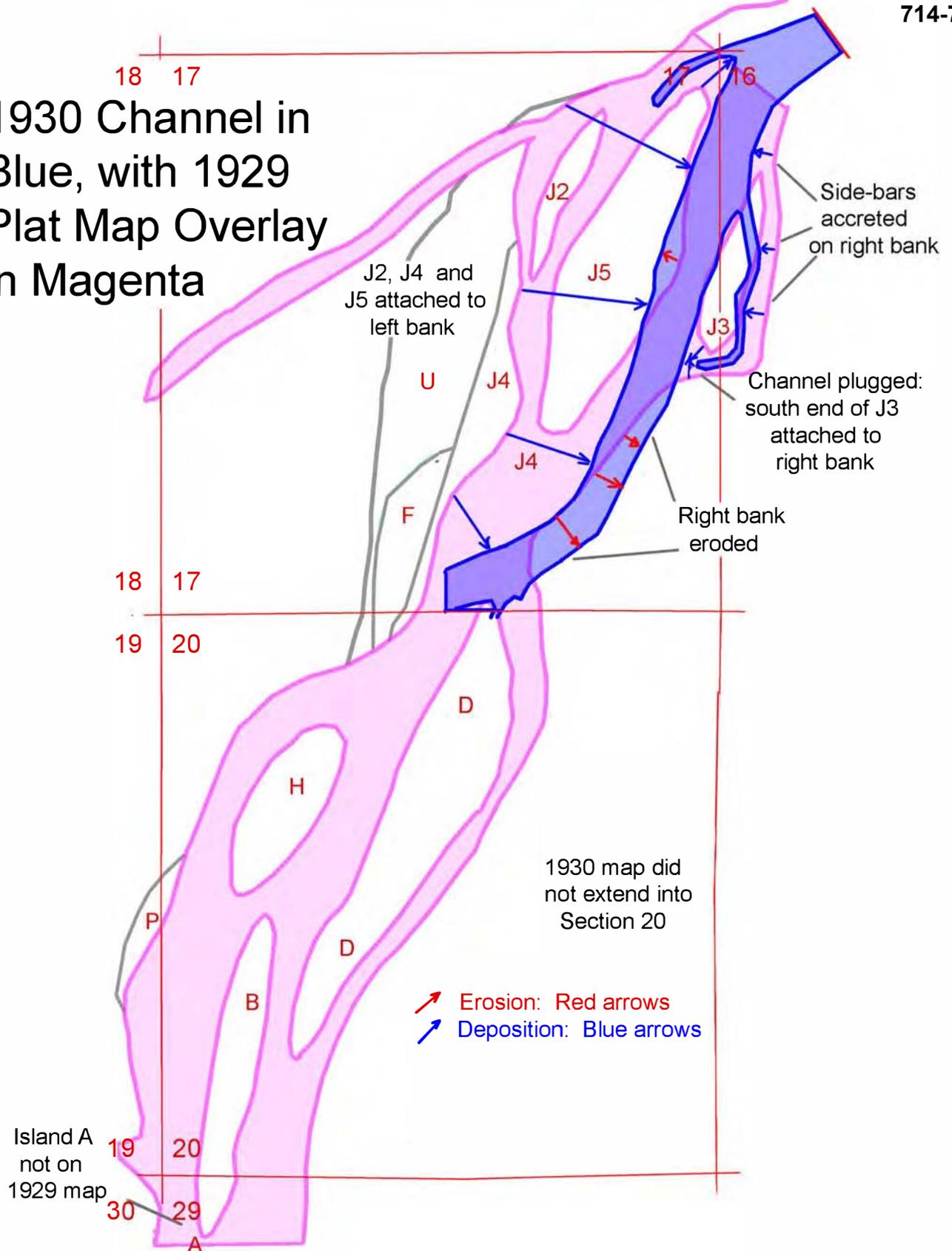


Figure 11. The 1930 channel in Section 17, as shown in County Surveyor M.L. Hoffstot's February 1, 1930, map of the proposed bridge site in Sections 9 and 16 (Hoffstot, 1930; see Figure 3h for uninterpreted map). The 1930 active channel is outlined in blue, with a magenta overlay of the 1929 channel (from Figure 10). The major change between 1929 and 1930 was the abandonment of the channels west of J5 and J2, attaching J5 and J2 to the west bank. The 1930 contours are omitted, and map coverage does not extend into Section 20.

1929 Plat Map (Blue) with 1910 (Gray) & 1921 (Magenta) Overlays

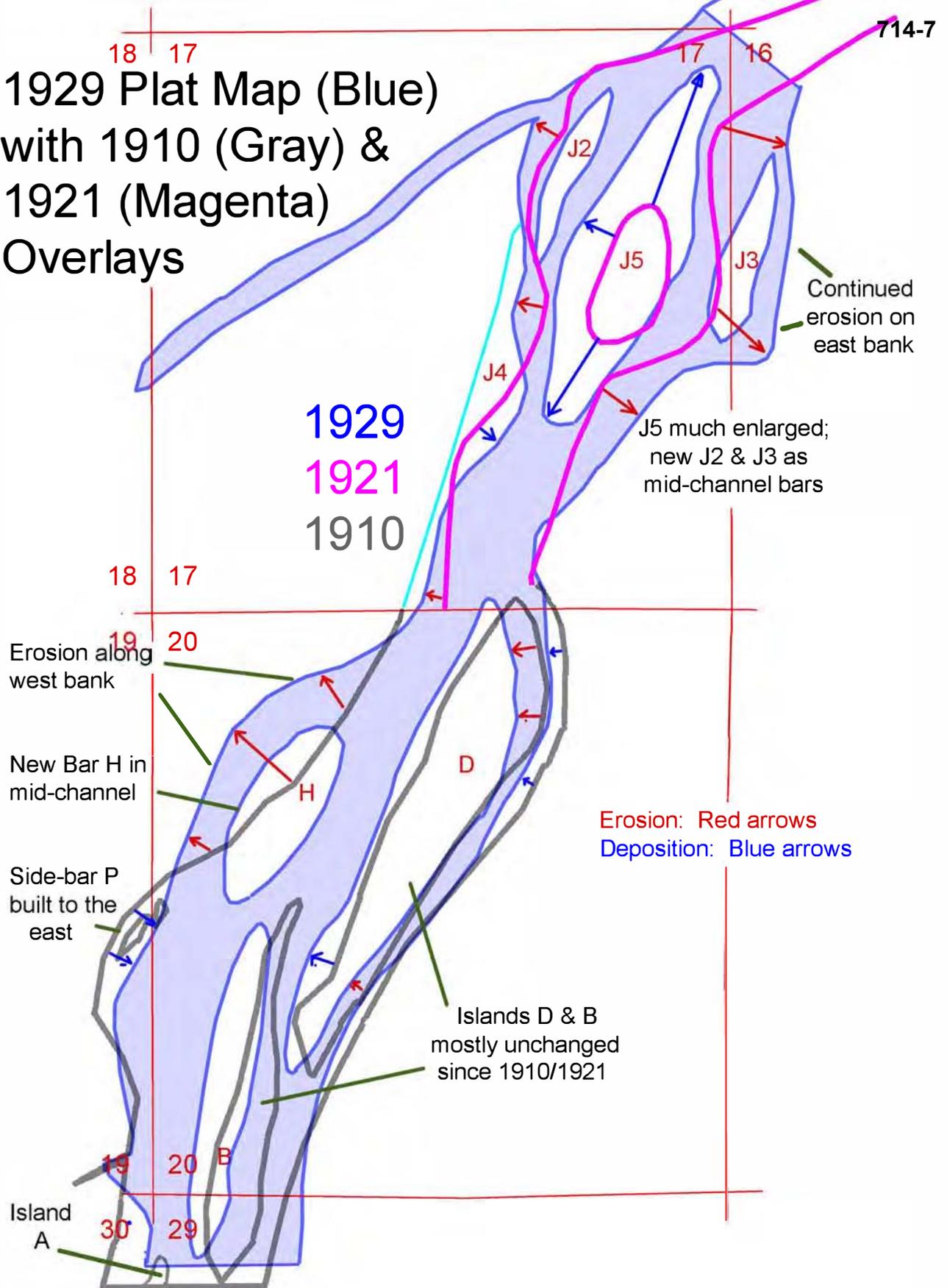


Figure 10. 1929 Plat Map compiled by County Surveyor M.L. Hoffstot (Hoffstot, 1930). Bar J5 was greatly enlarged, and possibly an island—convincing evidence to distinguish it as a bar or island in 1929 (and 1930) is lacking. Hoffstot mapped J2, J3, J5, B, D, and H as islands but did not survey them). New Bar (or Island) H built up in mid-channel, as the river widened by erosion along the west bank to accommodate it. Island B is mis-mapped (see Appendix E) several hundred feet to the west of its true position. The 1921 channel (magenta) is from Figure 9a; the 1910 channel (gray) is from Figure 8a. For uninterpreted 1929 map, see Figure 3g.



Figure 13a. The Sept. 2, 1938 aerial photo, taken at 5,350 cfs, a normal low flow. This key image documents new mid-channel Bar C, downstream of Bar G (compare Figure 12, with no Bar C). Also, compare 1883 positions of bars F and U (cyan lines, from figures 8a, b). In 1938, C and G had bare, unvegetated surfaces not far above water level, with no evidence of avulsion. Island A (vegetated to south in Section 29) expanded into Section 20; side bars P and L built eastward; and Island D attached to the east bank. Island B expanded north, merging with H1, the newly cut-off south end of Island H. Bank erosion removed Bar J3. See Figure 3j for uninterpreted photo.

1949 Aerial Photo at Very Low Flow, with 1938 Channel in Magenta

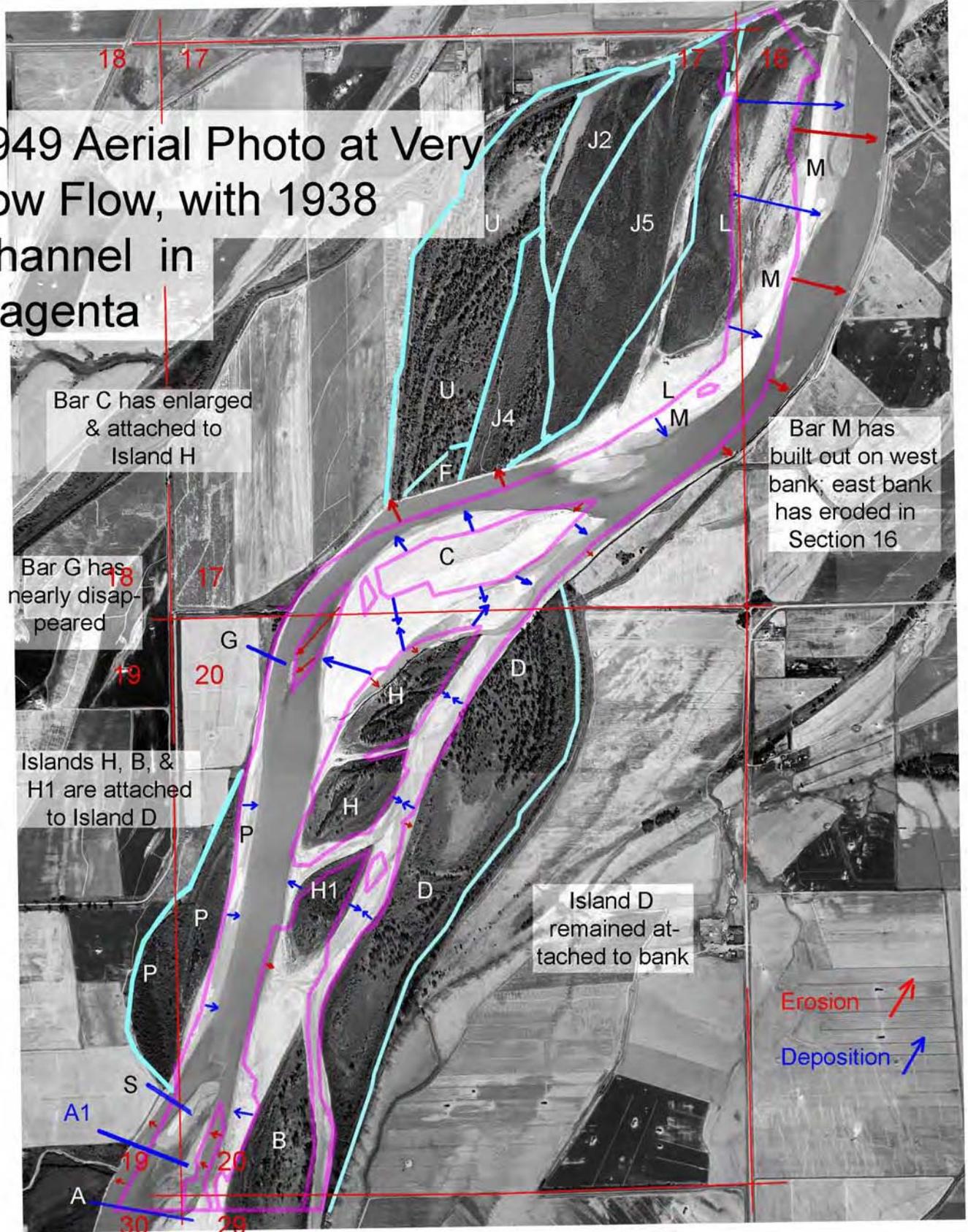


Figure 14a. The September 1, 1949, aerial photo, at very low flow of 2,680 cfs. The magenta overlay is the 1938 channel, for comparison. Bars F and G have nearly eroded away. Bars L and M were partially vegetated (compare 1938, Figure 13a). Sediment clogged the nearly dry channels between islands C, H, D, B, H1, and A. Tiny mid-channel Bar S formed next to Bar A1 (which is the cut-off north end of A). A thin cover of vegetation near and east of letter 'C' (see Figure 14b) stabilized C as an island. Figure 3k is the uninterpreted photo.

1952 Aerial Photo with 1949 Chan- nel in Magenta

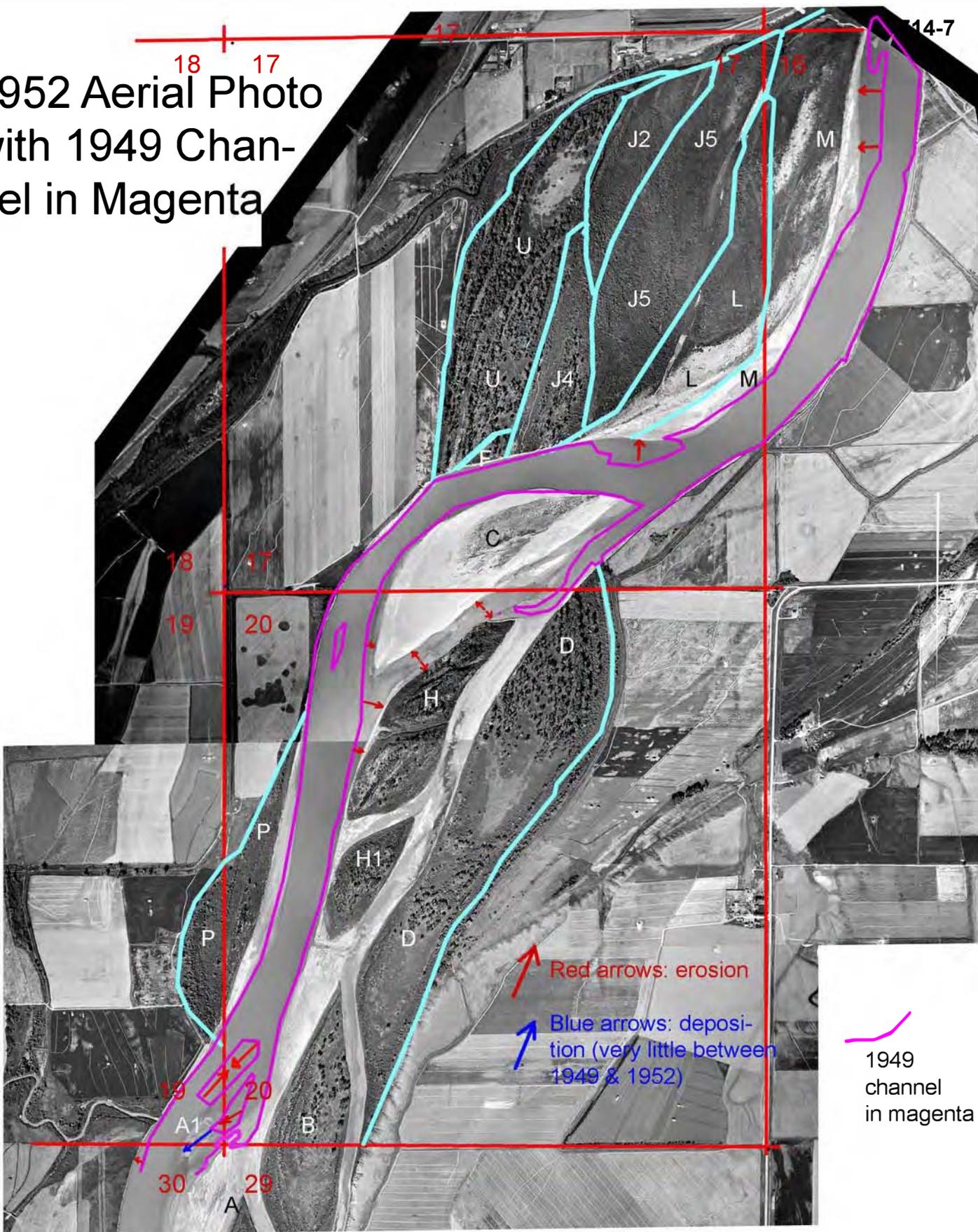


Figure 15. The September 16, 1952 aerial photo, taken at a normal low flow of 6,120 cfs, with the 1949 channel overlain in magenta for comparison. Vegetation was better established on Island C than in 1949 (medium-gray tones; compare figures 14a, b), with a narrow, active channel between C and H (and D). Sediment-clogged channels (with perhaps some discontinuous flow) separated islands A and B, and islands H, H1, and B from Island D, which was attached to the former east bank. Bars G and S were eroded away, and Bar A1 shifted slightly southwest, mostly into Section 19. For uninterpreted photo see Figure 31.

1956 Aerial Photo with 1952 Channel in Magenta

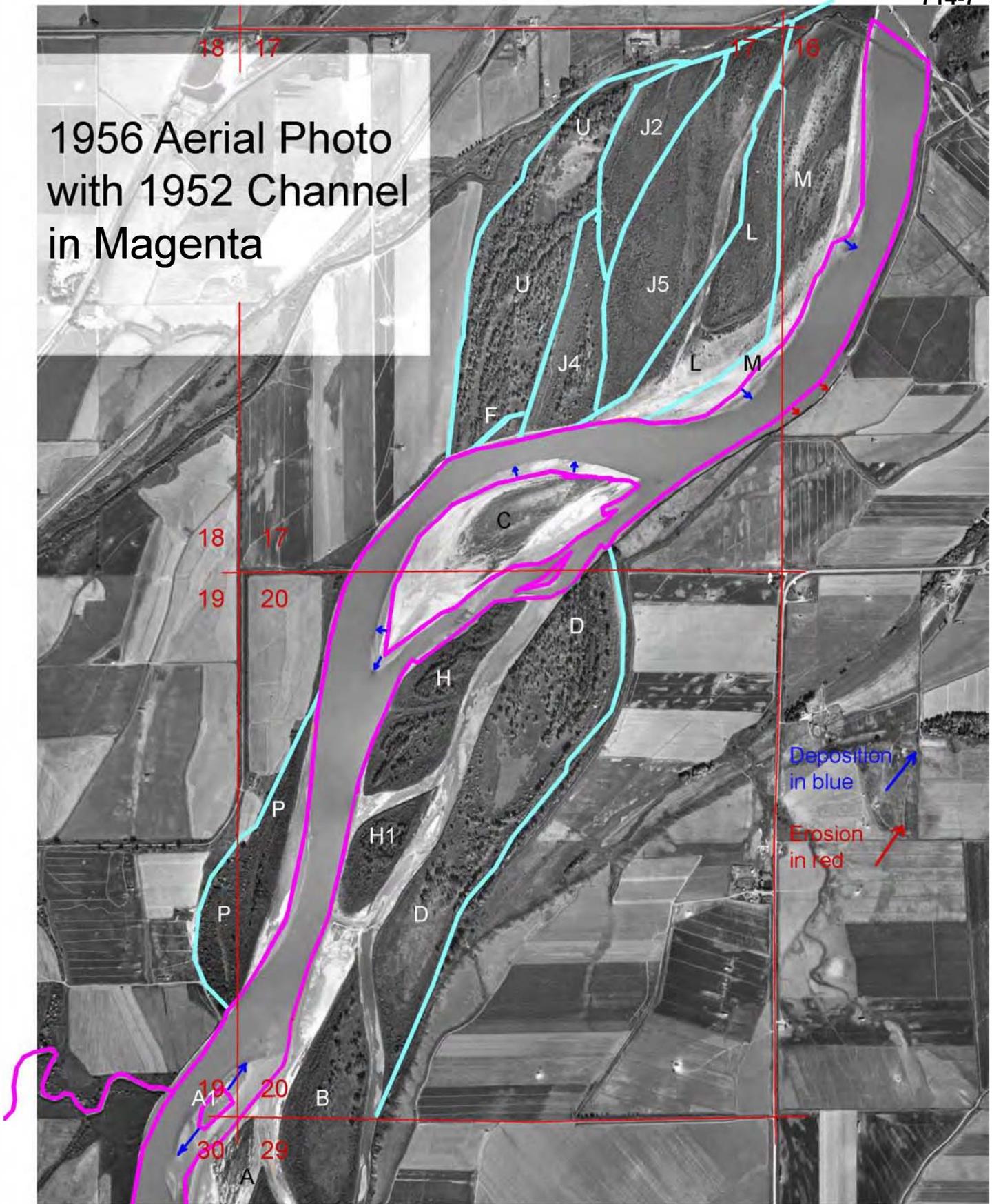


Figure 16. The September 20, 1956 aerial photo, taken at a normal low flow of 5,880 cfs. The core of Island C was stabilized by grass, bushes and perhaps small trees. Laterally-accreted, low, bare bars surrounded the core of C. Bar F was nearly eroded away. Mid-channel islands B, H1, and H were attached (or nearly so) to pre-statehood Island D (still attached to the former east bank). Bar A1 was expanded slightly. Island A was more vegetated.

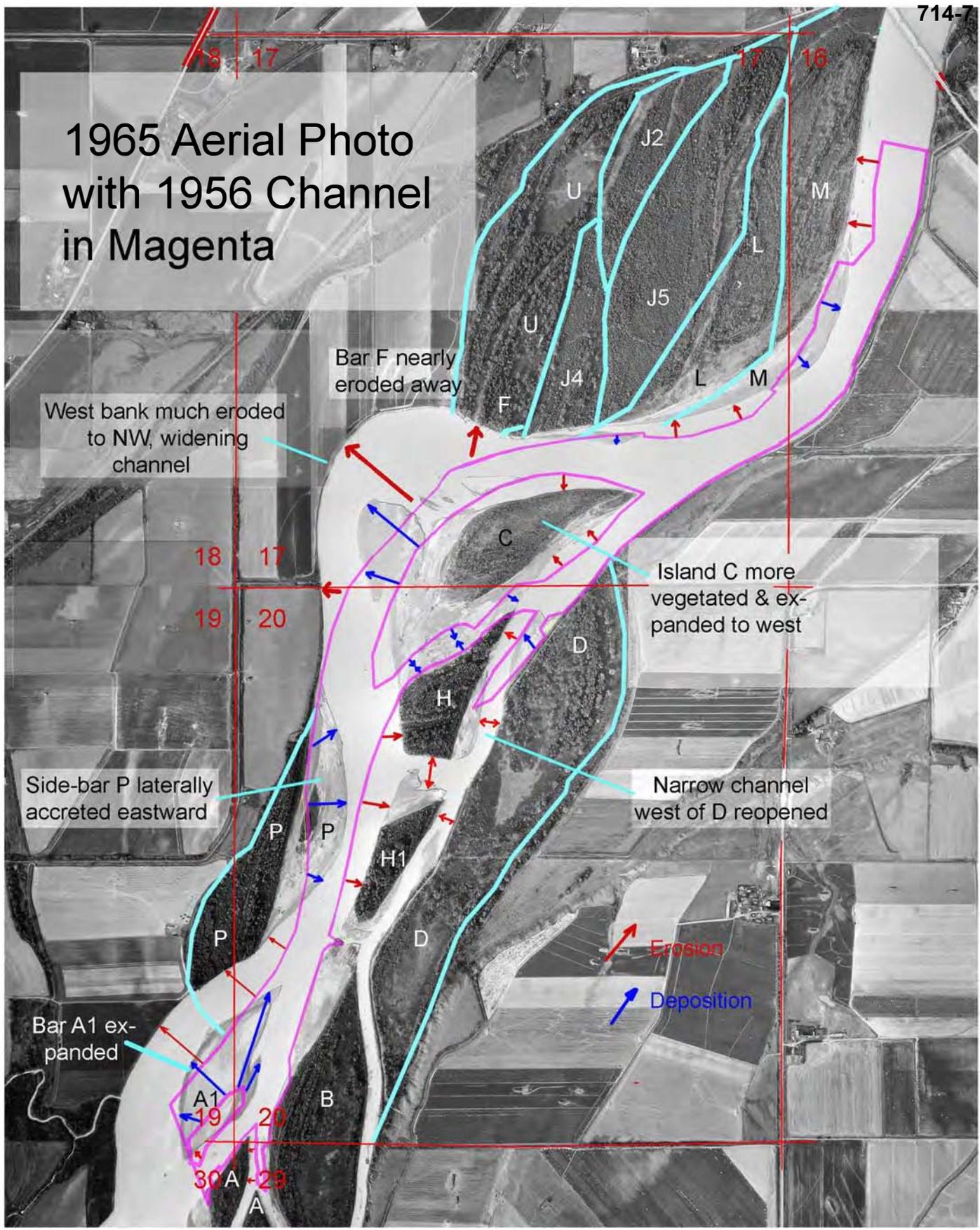


Figure 17a. The September 30, 1965 aerial photo, taken at a moderate 12,700 cfs. Island C remerged with Island H, and expanded west. The west bank side-cut northwest, leaving a bit of Bar F. Channels between Islands H, H1, and B reopened. Bar A1 enlarged into Section 20. The narrow channel west of Island D reactivated. Bar P expanded northeast, while side-cutting removed its south end. The north tip of Island A still joined the main A core to the south in sections 29 and 30. Figure 3n is the uninterpreted photo.

1974 Photo with 1965 Channel in Magenta

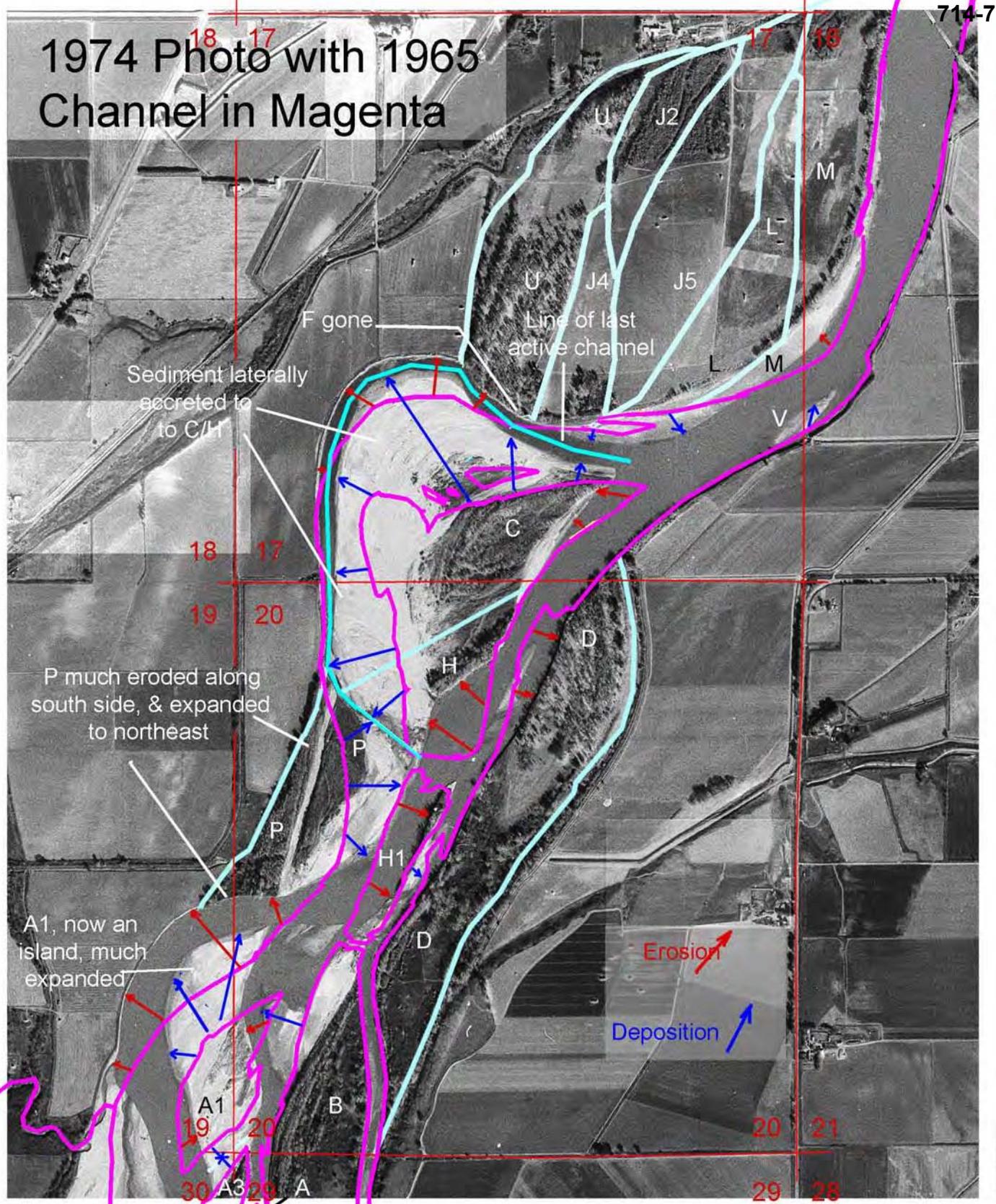


Figure 18. The October 6, 1974 aerial photo, taken at low moderate flow, 8,920 cfs. Islands C and H expanded west and north, narrowing the channel to the west. The bright cyan line overlay marks the last active line of the west channel (compare blocked channel in 1977 image, Figure 19). Tiny Bar V formed on the east bank in sections 16 and 17. Erosion narrowed Island H1 to a sliver; Bar P widened eastward, and was side cut on its south side. New vegetation (light gray tones in center of A1) stabilized A1 as an island. Island A1 expanded northward, and also attached to Island A3 (cut off from A) at the SW corner of Section 20. For uninterpreted image see Figure 30.

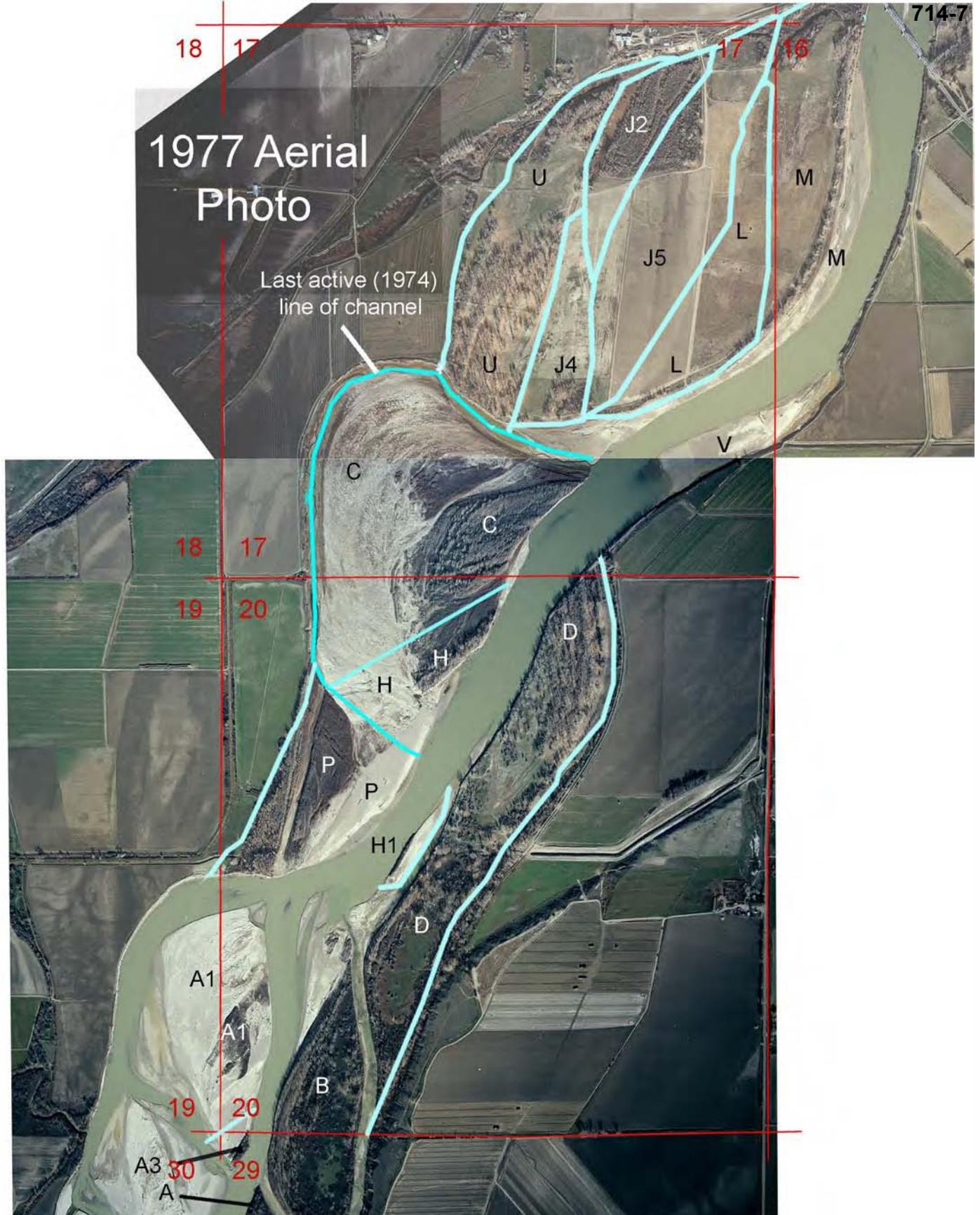


Figure 19. The 1977 aerial photos, taken at a normal low flow of 5,800 cfs. Islands C and H enlarged to the west and north by lateral accretion, attaching this composite island to the west bank of the river. The last active line of the west channel is shown by the bright cyan line, transferred from the 1974 image (Figure 18). In Section 17, side-bar V expanded on the east bank. In Section 20, Island A1 expanded and further stabilized with more vegetation; it remained attached to tiny Island A3. Islands B and H1 attached to Island D. The south side of Bar P eroded. For uninterpreted map, see Figure 3p.

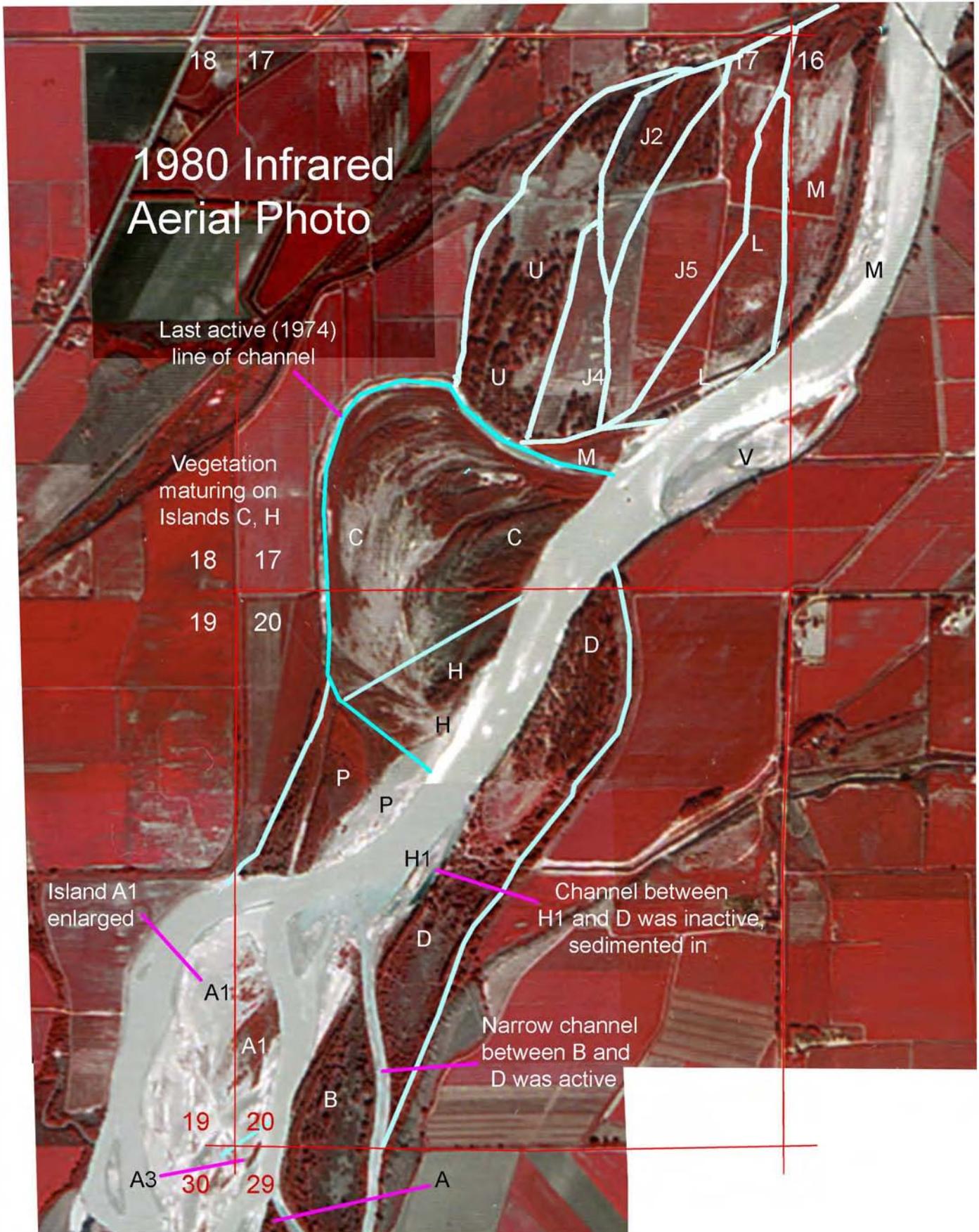


Figure 20. The August 24, 1980 color infrared photos, at a low flow (verging on moderate) of 7,900 cfs. The red color, indicating vegetation, is characteristic of infrared images. The overall channel changed very little. Island A1 continued to expand, while remaining merged with a tiny triangle of Island A3. Bar V continued to enlarge. Vegetation matured on merged islands C and H, and elsewhere. Figure 3q is the uninterpreted (composite) image.

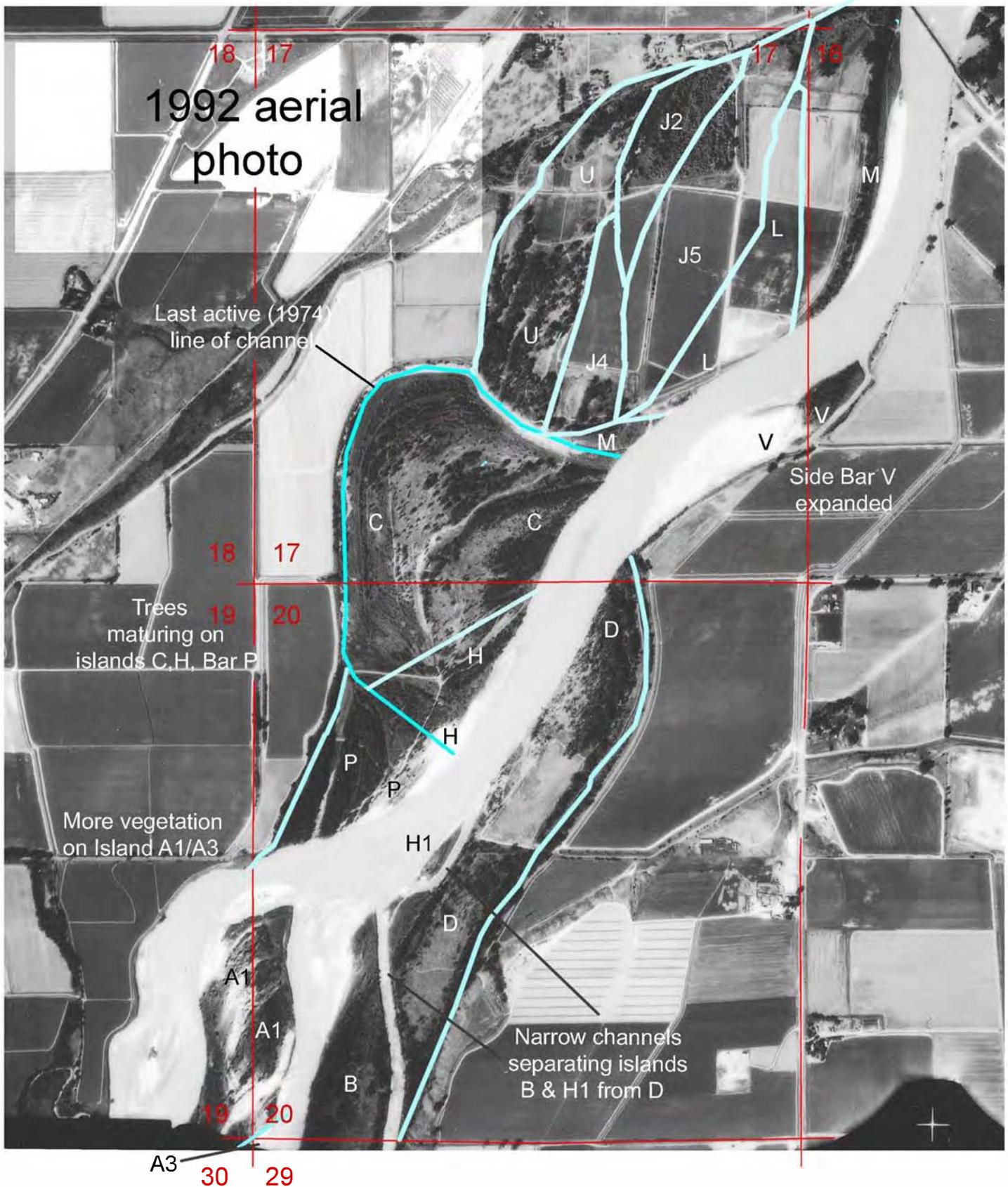


Figure 21. The August 13, 1992 aerial photo, taken at a normal low flow of 5,800 cfs. The last active (1974) line of the channel west of Island C/H is drawn in cyan. Bar V enlarged. Island A1/A3 was mostly vegetated and stabilized. Trees continued to mature on B, D, P, and C. There was local erosion along the west bank (not shown above with arrows). Otherwise, there was little change from 1980 to 1992. Note: black areas at image bottom lie along edge of original photo negative. Figure 3r is the uninterpreted photo.

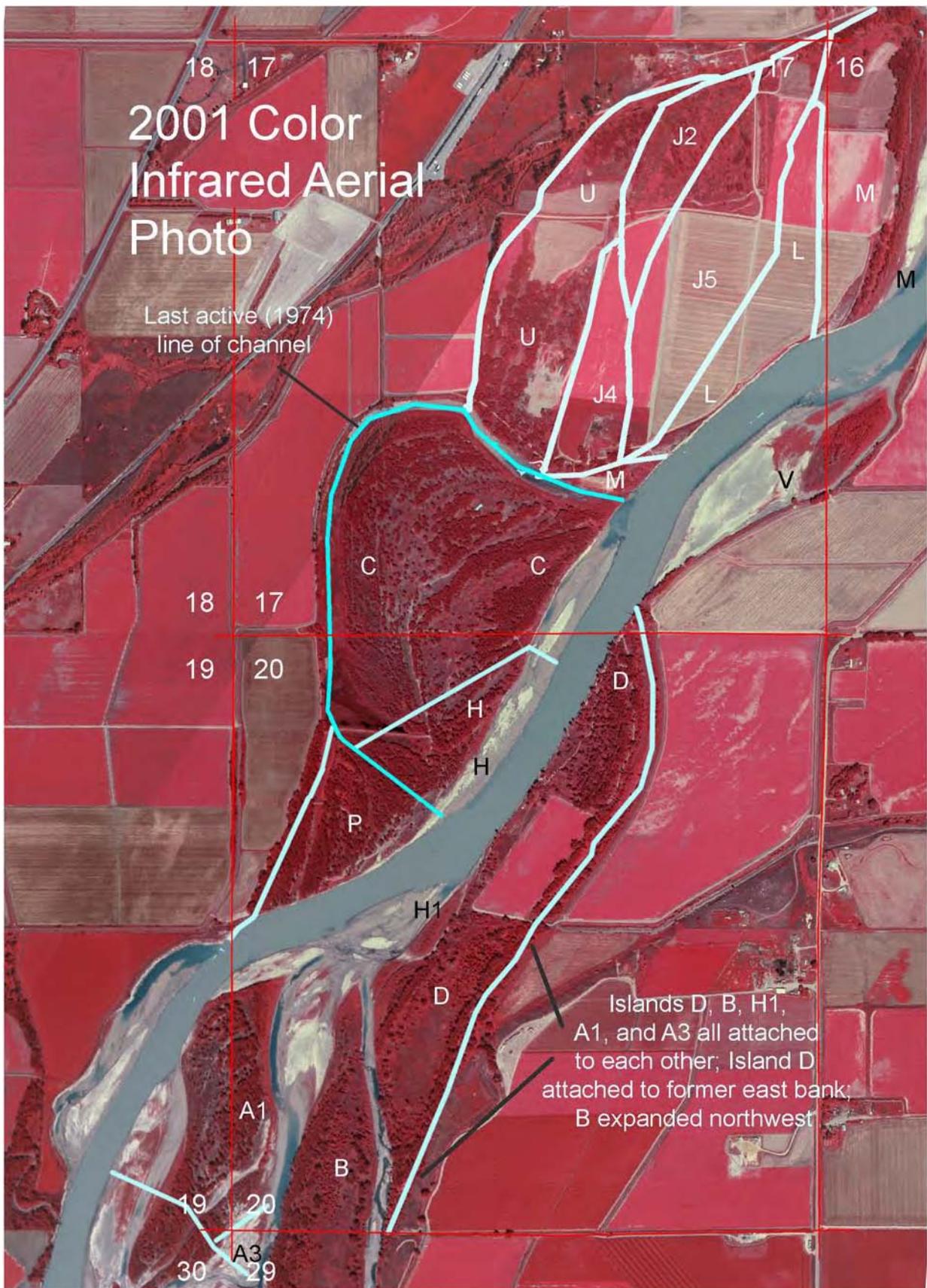


Figure 22. The 2001 aerial photograph, taken at a very low flow of 3,430 cfs, below the normal low flow range. The image shows little change in the channel since 1992. The low water exposes low, normally-submerged bars, so the river bed area is less than at a normal low flow. The photo is a color infrared image, in which green vegetation appears red. This image was used to measure areas owned by the state and private parties, for the existing communitization agreement for the Well Spacing Unit Consisting of Sections 17/20. Figure 3s is the uninterpreted photo.

2007 Aerial Photo

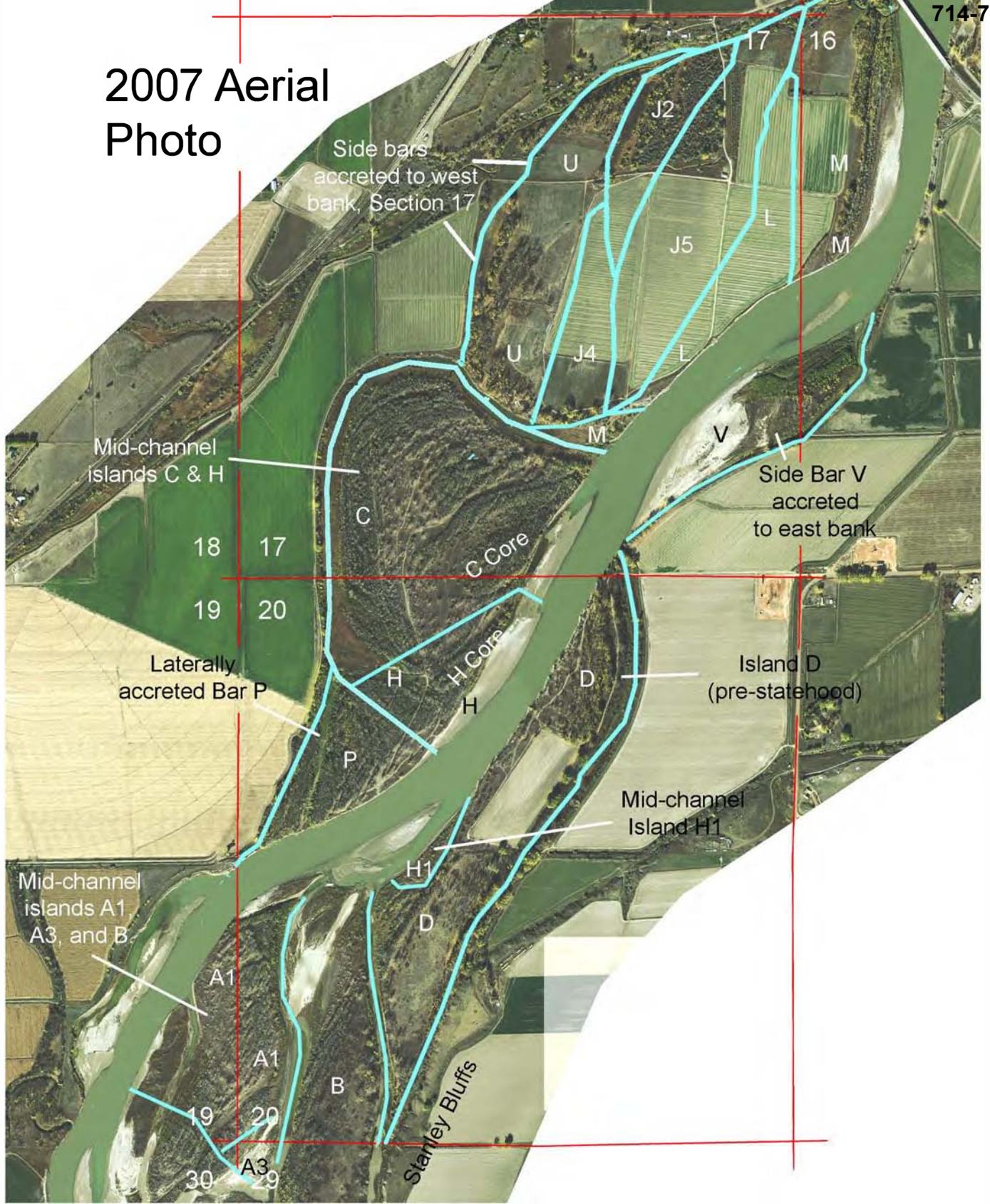


Figure 23. The 2007 color aerial photo is one of the latest high-resolution normal low-water images, taken at about 6,000 cfs at some time between October 15 and November 2. Islands C and H, with lateral accretions, are attached to Bar P and the west bank. A1, A3, B, and H1 are post-statehood, mid-channel islands. They merged with Island D and through it attach to the east bank. Bars V, J2, J4, J5, L, M, and P are post-statehood accretions to the river's banks. Island D and Bar U are pre-statehood island and bar, respectively. Coverage is missing at northwest and southeast corners of the image. For unedited photo, see Figure 3t. For simplified interpretation, see Figure 2.

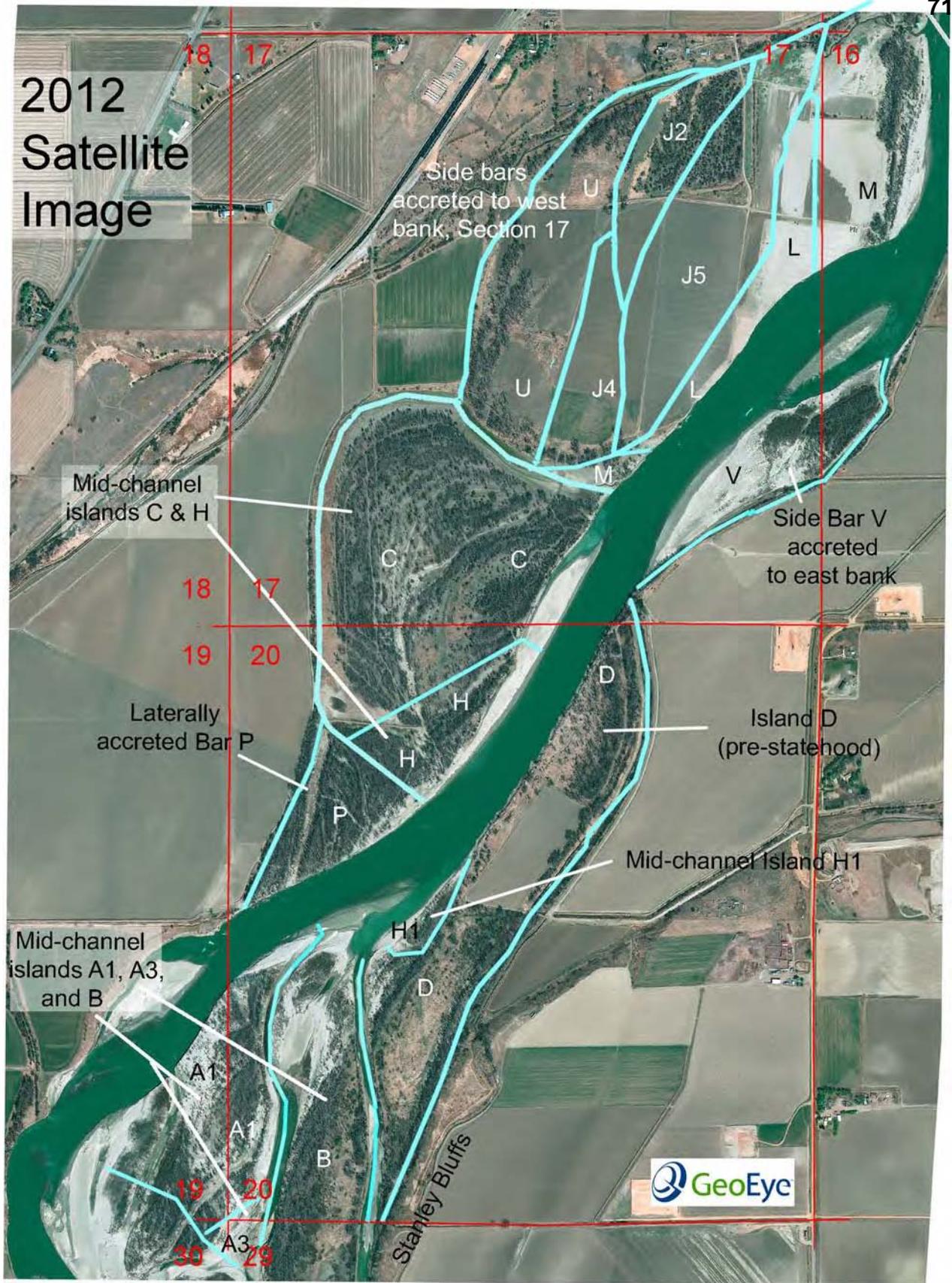


Figure 24. The recent, April 23, 2012 satellite image, taken at a low moderate discharge of 8,270 cfs. Light cyan lines outline bars and islands examined in this study. Figure 3u is the uninterpreted image. Image data is owned by GeoEye, Inc. All rights are reserved by GeoEye, Inc.

714-8

EASEMENTS

**Land Board Agenda Item
July 28, 2014**

714-8 Easements

Location: Beaverhead, Cascade, Daniels, Fergus, Jefferson, Pondera, Richland, Roosevelt, Rosebud, Sanders, Stillwater, Toole

Trust Benefits: Public Buildings, Common Schools, Public Land

**Trust Revenue: Public Buildings= \$893.00
Common Schools= \$987,875.00
Public Land= \$500.00**

Item Table of Contents

Applicant	Right-of-Way Purpose	Page(s)
Nemont Telephone Cooperative, Inc.	New Telecommunications Utility	1-2
Montana Fish, Wildlife and Parks	New Public State Park	3-4
Montana Department of Transportation	New Highway Construction	5-6
Pondera County	Historic County Road	7-8
Fergus County	Historic County Road	9-30
NorthWestern Corporation d/b/a NorthWestern Energy	New Electric Utility	31-34
Hiland Operating, LLC	New Gas Utility	35-36
Hagenbarth Land Montana LP	New Private Access Road	37-38
Buhler Land and Cattle Company, Inc.	Historic Private Access Road	39-40
Marias River Electric Cooperative, Inc.	Historic Electric Utility	41-57
BNSF Railway Company	New Private Access Road	57-59
Montana Fish, Wildlife and Parks	New Public State Park	60-61
Hiland Operating, LLC	New Gas and Crude Oil Utility	62-63
Marias River Electric Cooperative, Inc.	Amendment of Existing Electric Utility	64-65

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Nemont Telephone Cooperative, Inc.
PO Box 600
Scobey, MT 59263

Application No.: 16395
R/W Purpose: a buried telecommunications fiber optic cable
Lessee Agreement: ok
Acreage: 0.14
Compensation: \$100.00
Legal Description: 20-foot strip through SE4SE4, Sec. 1, Twp. 35N, Rge. 44E,
Daniels County
Trust Beneficiary: Common Schools

Item Summary

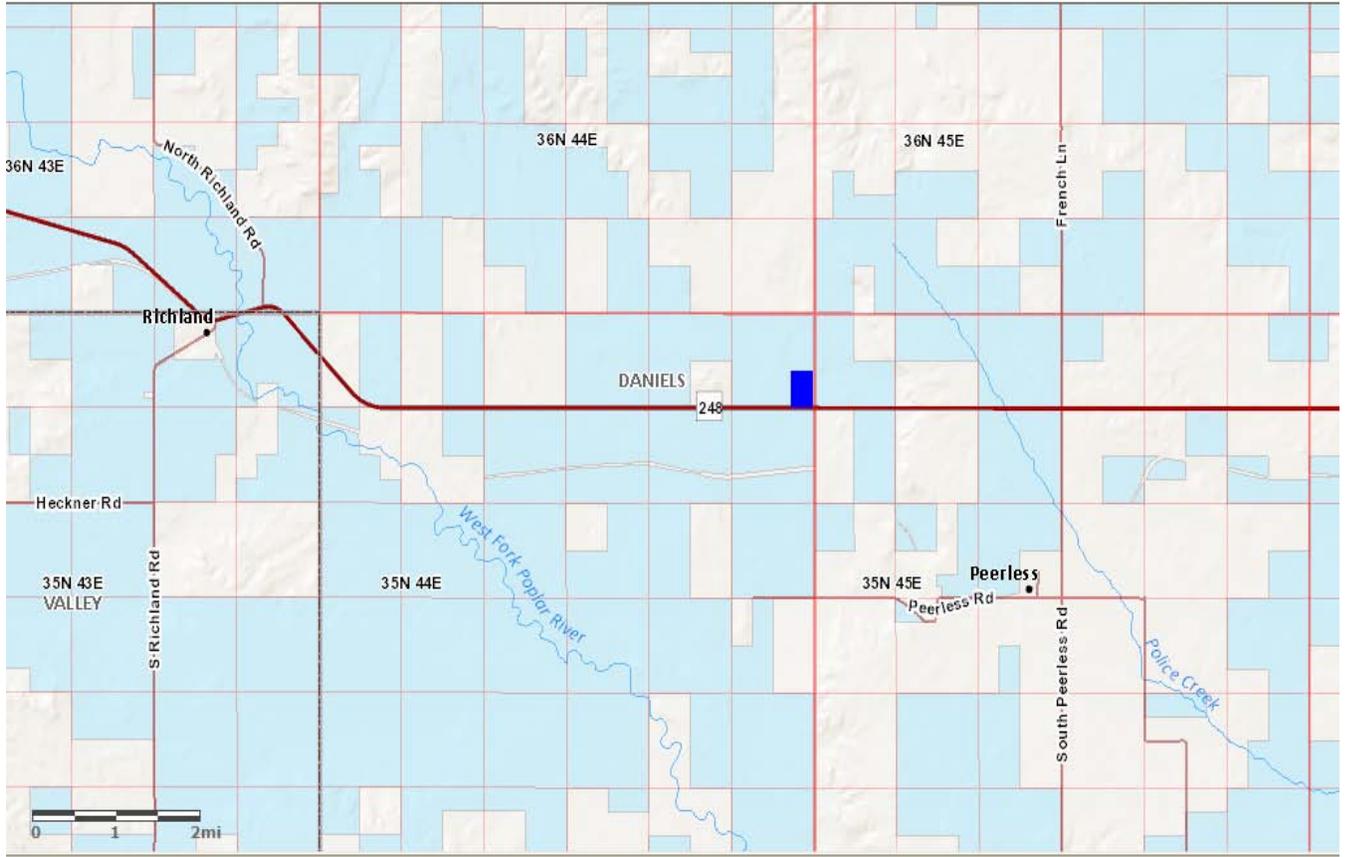
Nemont Telephone Cooperative, Inc., has made application for the purpose of installing a new underground telecommunications fiber optic cable to enhance telecommunications for NorVal Electric. Their substation is located in the Peerless telephone exchange. The proposed route will provide accessibility for construction and maintenance as it is located primarily along the existing roadways.

DNRC Recommendation

The director recommends approval of this telecommunications request.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Montana Fish, Wildlife and Parks
Lewis and Clark Caverns
PO Box 200701
Helena, MT 59620

Application No.: 16518
R/W Purpose: a public state park known as Lewis and Clark Caverns
State Park

Lessee Agreement: ok
Acreage: 640.0
Compensation: \$640,000.00
Legal Description: All, Sec. 16, Twp. 1N, Rge. 2W,
Jefferson County
Trust Beneficiary: Common Schools

Item Summary

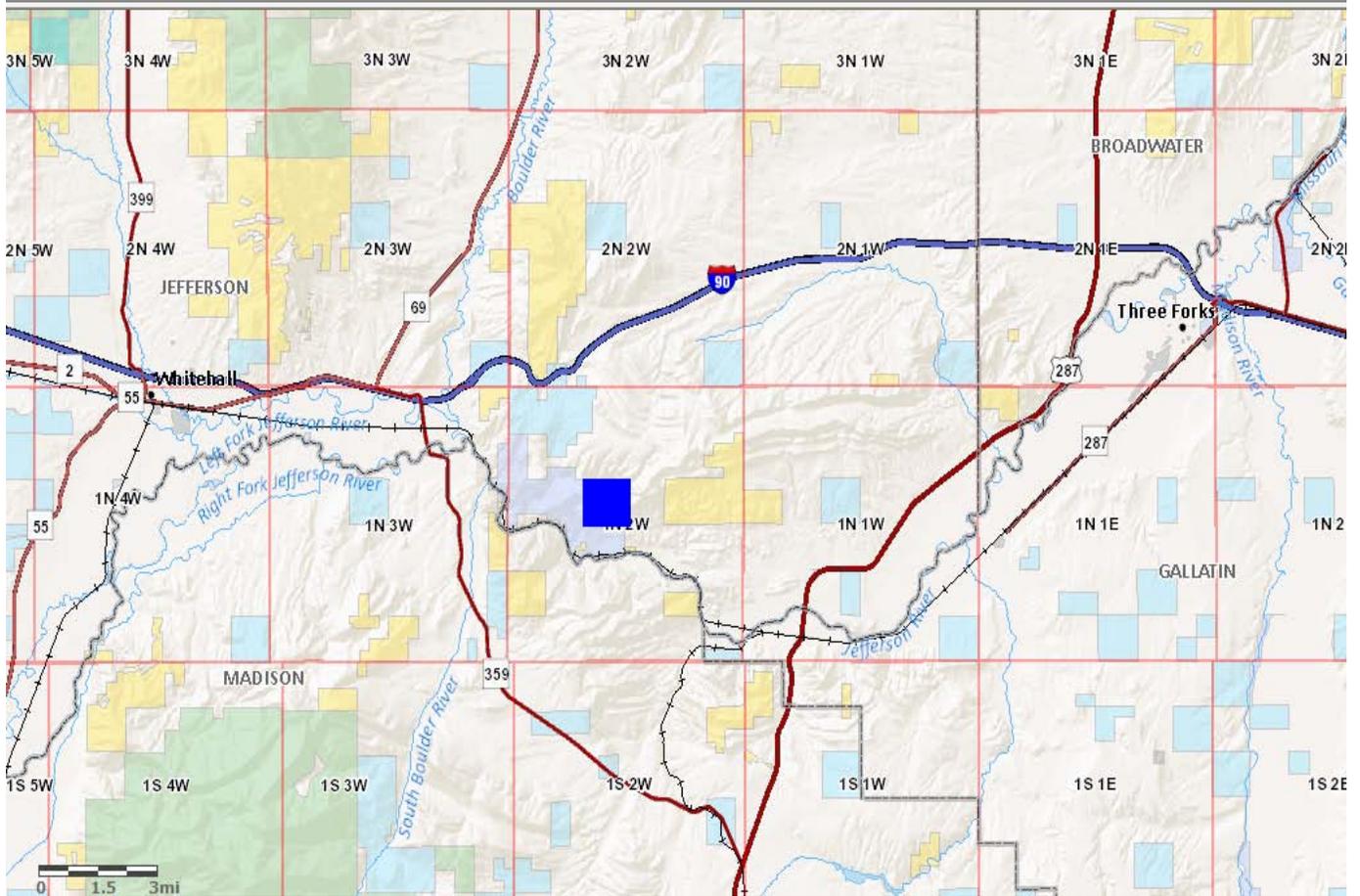
The Montana Department of Fish, Wildlife and Parks (FWP) has made application for a permanent easement for the entirety of the above-described state trust land section that is incorporated into the Lewis and Clark Caverns State Park. The caverns were designated as Montana's first state park in 1941. Facility infrastructure related to operation of the park is in place on this parcel and is currently authorized under a land use license. In order to provide long-term stability in management, as well as protect the capital investments associated with the park, FWP has requested a permanent easement be granted for the entirety of the section. The Montana State Parks and Recreation Board approved the request to pursue a permanent easement and expenditure of funds to obtain it. An appraisal was conducted by a certified general land appraiser and valued at \$1,000 per acre.

DNRC Recommendation

The director recommends approval of this easement request.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16568
R/W Purpose: highway construction and maintenance including occupancy
by public utilities

Lessee Agreement: ok
Acreage: 0.46
Compensation: \$500.00
Legal Description: part of U.S. Government Lot 3, Sec. 1, Twp. 17N, Rge. 2E,
Cascade County
Trust Beneficiary: Public Land

Item Summary

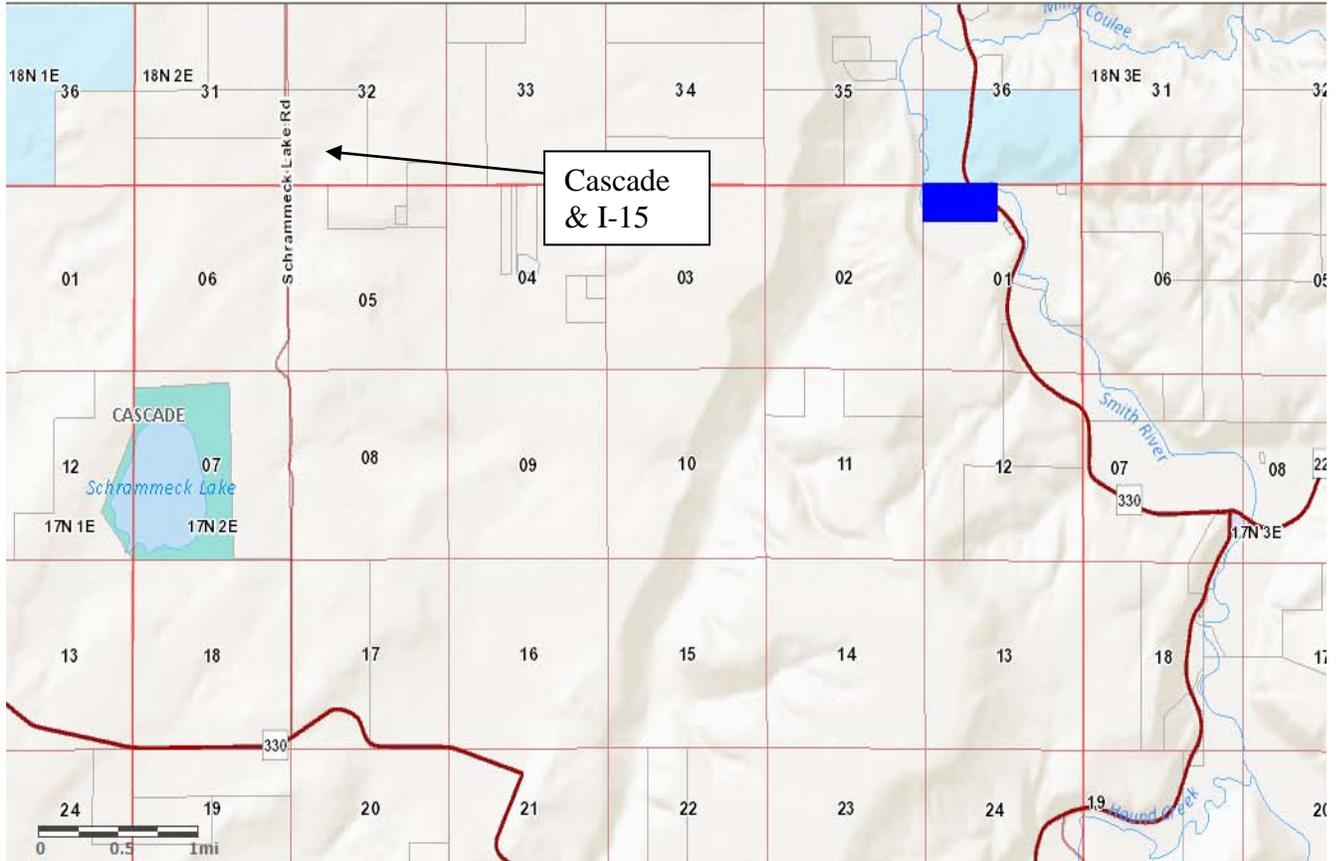
Montana Department of Transportation has made application for highway construction and maintenance including occupancy by public utilities for a project known as Smith River Scour Repair. The scope of this project is to place fill material (rip rap) along the northeasterly side of Secondary Highway 330, locally known as Milligan Road, to protect the existing roadway and adjacent bridge from scour and erosion associated with the Smith River. Since the flood events of 2011, the channel of the Smith River has moved closer to the roadway by as much as 130 feet and is now causing concern for the safety and stability of the existing roadway.

DNRC Recommendation

The director recommends approval of this highway construction project.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Pondera County 20 4th Ave South Conrad, MT 59425
Application No.:	16589
R/W Purpose:	a public county road known as Willow Rounds Road
Lessee Agreement:	N/A (Historic)
Acreage:	2.16
Compensation:	\$486.00
Legal Description:	30-foot strip through NE4SW4, W2SW4, Sec. 16, Twp. 31N, Rge. 4W, Pondera County
Trust Beneficiary:	Common Schools

Item Summary

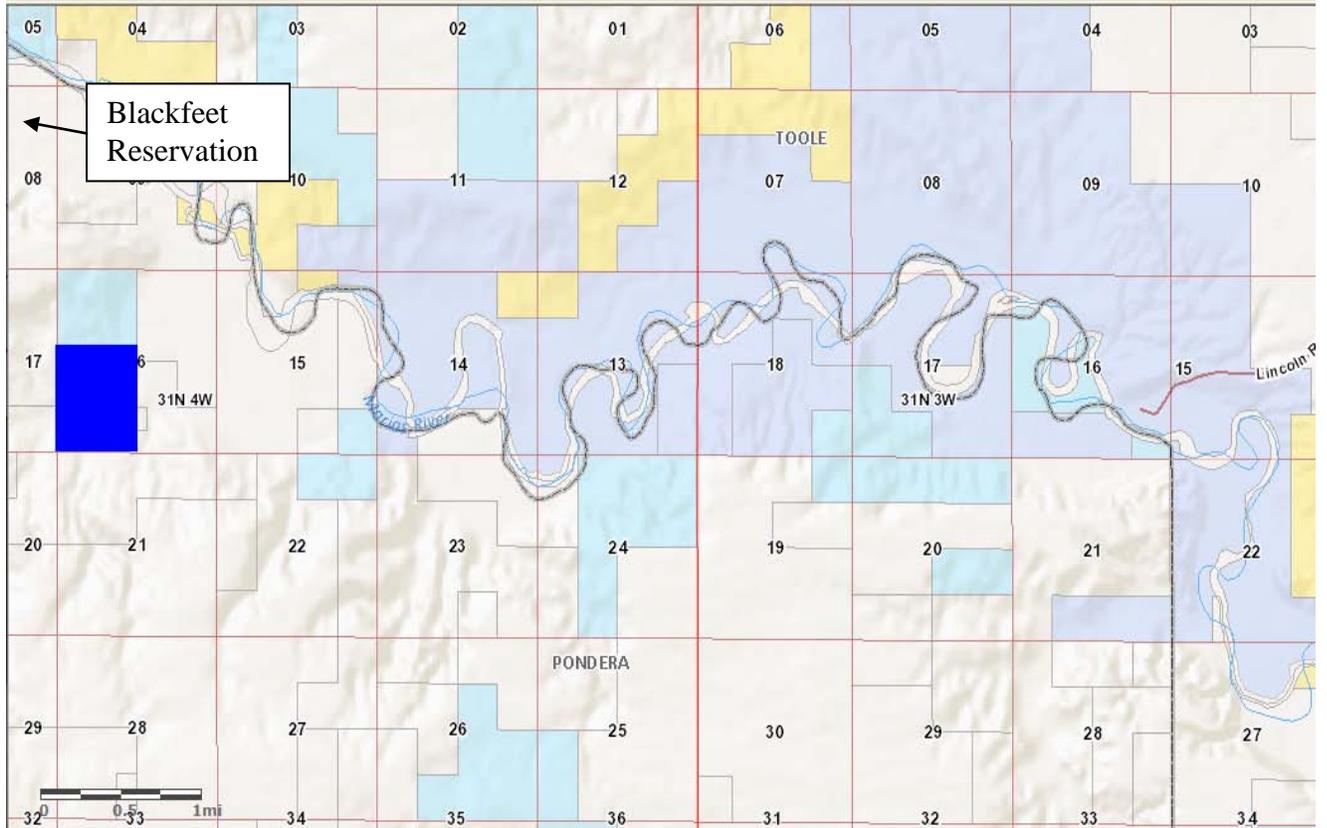
Pondera County has made application for this county road that was constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA, the county is requesting recognition of this road as a historic right of way.

DNRC Recommendation

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

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16590
R/W Purpose: a public county road known as Plum Creek Road
Lessee Agreement: N/A (Historic)
Acreage: 2.07
Compensation: \$932.00
Legal Description: 60-foot strip through W2NW4, E2NW4,
Sec. 16, Twp. 17N, Rge. 17E,
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 a historic right of way.

DNRC Recommendation

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

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16592
R/W Purpose: a public county road known as Rumunstad Road
Lessee Agreement: N/A (Historic)
Acreage: 10.1
Compensation: \$4546.00
Legal Description: 60-foot strip through W2SW4, Sec. 17 and
W2W2, Sec. 20, Twp. 18N, Rge. 21E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

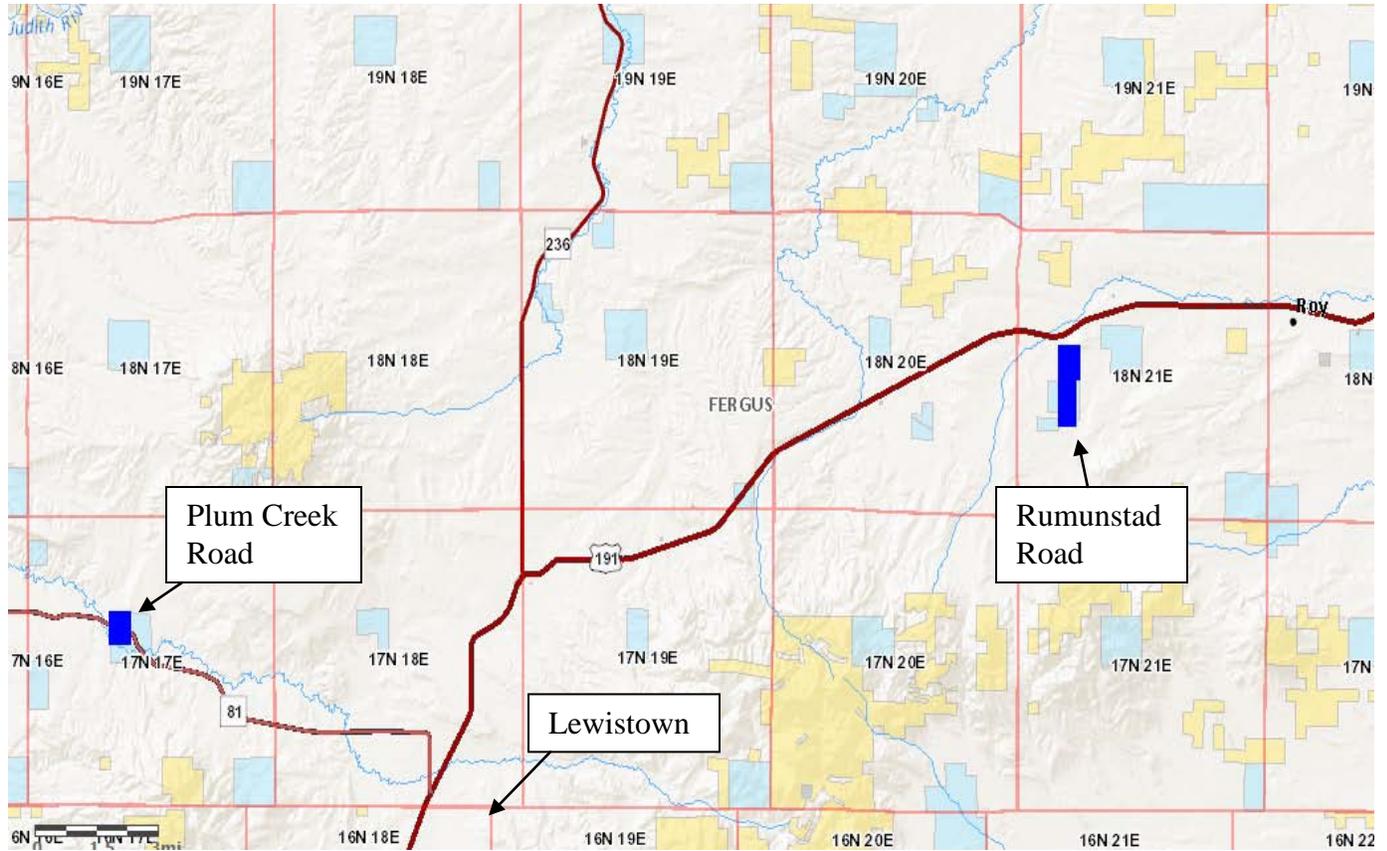
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16594
R/W Purpose: a public county road known as South Coffee Creek Road
Lessee Agreement: N/A (Historic)
Acreage: 7.22
Compensation: \$2528.00
Legal Description: 30-foot strip through W2W2, Sec. 16 and
E2E2 Sec. 17, Twp. 18N, Rge. 13E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

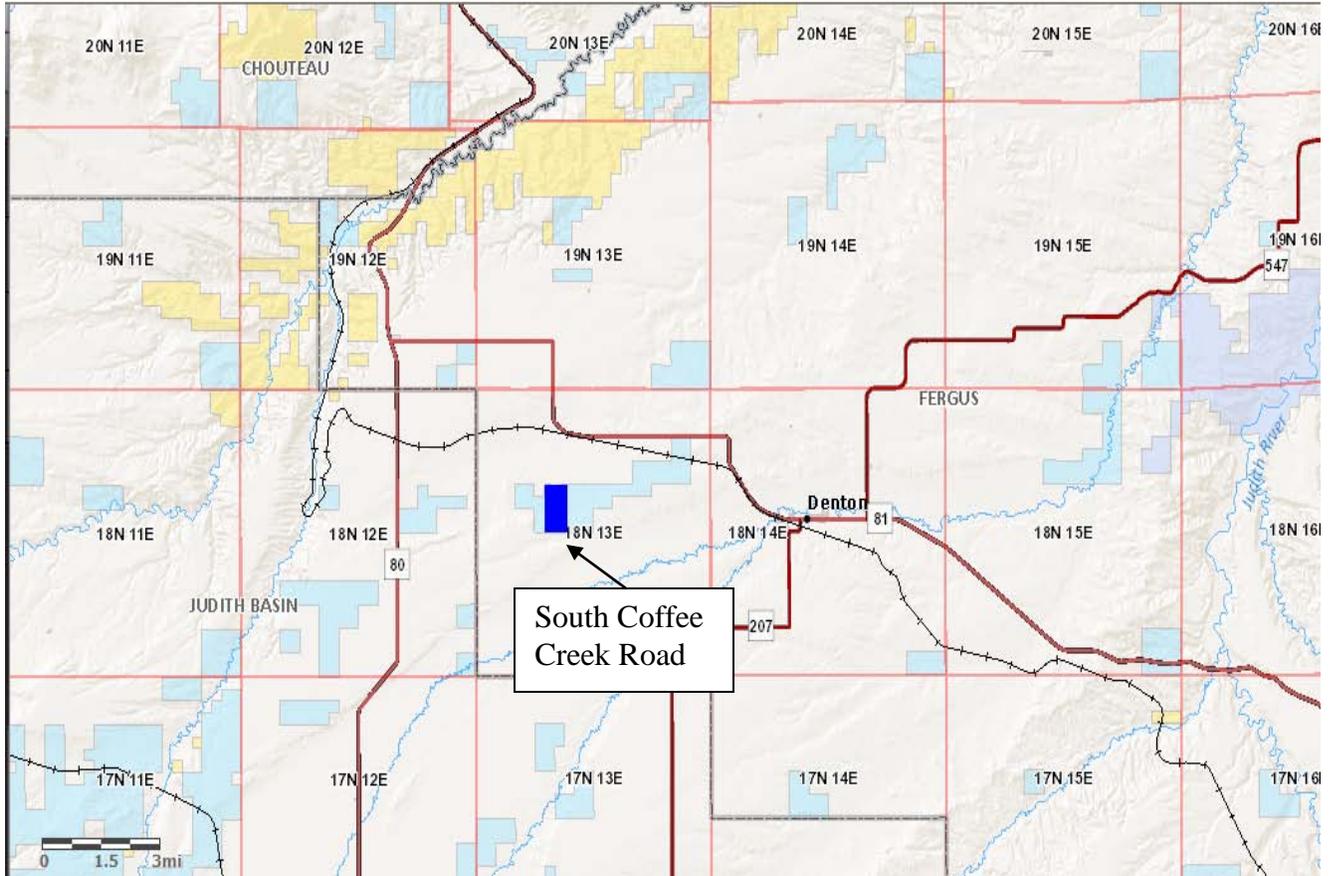
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16595
R/W Purpose: a public country road known as Sumac Road
Lessee Agreement: N/A (Historic)
Acreage: 15.3
Compensation: \$6886.00
Legal Description: 60-foot strip through N2N2, SE4NE4, Sec. 16, Twp. 16N,
Rge. 22E and N2S2, SE4SE4, Sec. 16, Twp. 16N, Rge.
23E, Fergus County

Trust Beneficiary: Common Schools

Item Summary

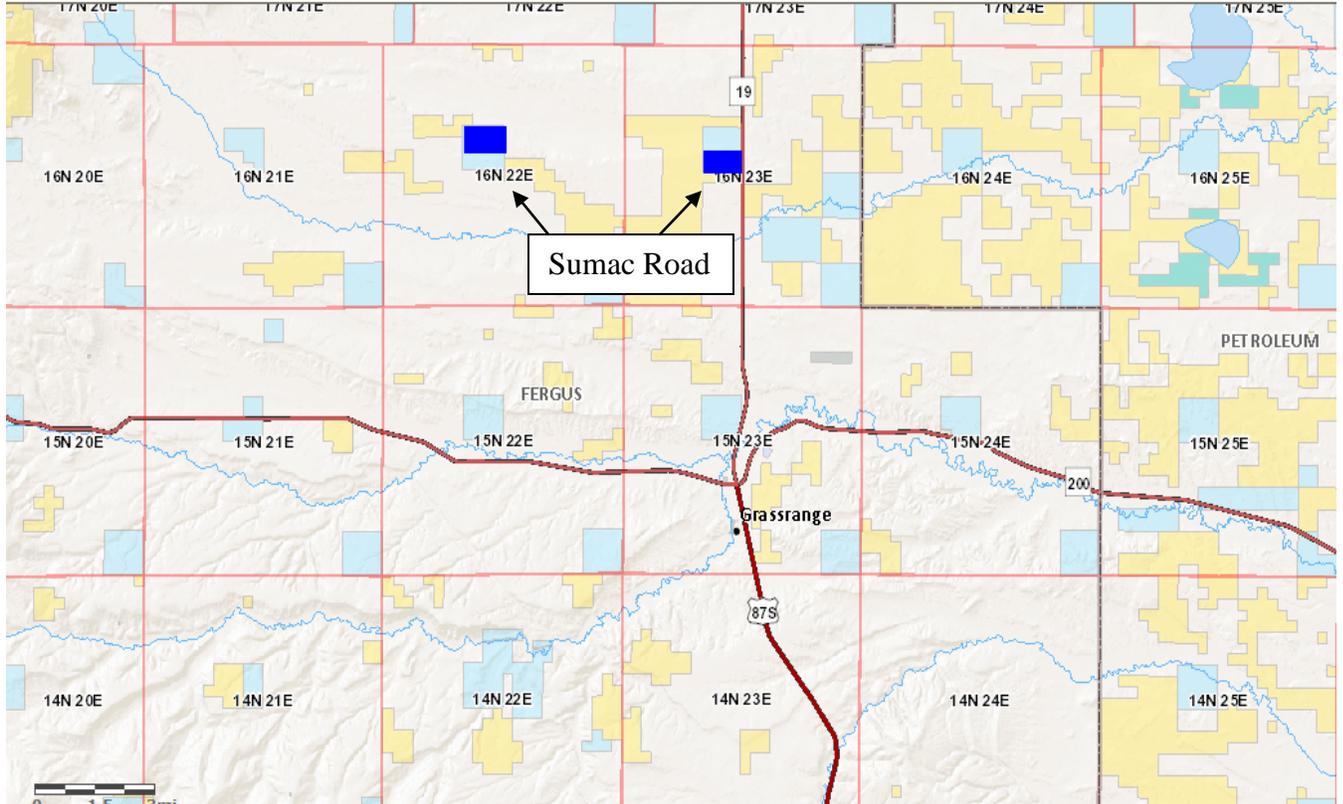
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16597
R/W Purpose: a public county road known as Kjorlein Road
Lessee Agreement: N/A (Historic)
Acreage: 5.51
Compensation: \$1240.00
Legal Description: 30-foot strip through N2SE4 & 60-foot strip through E2SW4,
SW4SW4, Sec. 27, Twp. 22N, Rge. 19E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16598
R/W Purpose: a public county road known as Old Pine Bridge Road
Lessee Agreement: N/A (Historic)
Acreage: 0.72
Compensation: \$162.00
Legal Description: 60-foot strip through NW4SE4, Sec. 35, Twp. 23N, Rge.16E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16599
R/W Purpose: a public county road known as Stafford Ferry Road
Lessee Agreement: N/A (Historic)
Acreage: 12.19
Compensation: \$2743.00
Legal Description: 60-foot strip through W2W2, Sec. 18 & E2NW4, SE4SW4,
SW4SE4, Sec. 19, Twp. 22N, Rge. 19E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16600
R/W Purpose: a public county road known as Whiskey Ridge Road
Lessee Agreement: N/A (Historic)
Acreage: 6.6
Compensation: \$1486.00
Legal Description: 60-foot strip through SE4NW4, NW4SE4, Sec. 8 &
N2SE4 Sec. 11, Twp. 22N, Rge. 18E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

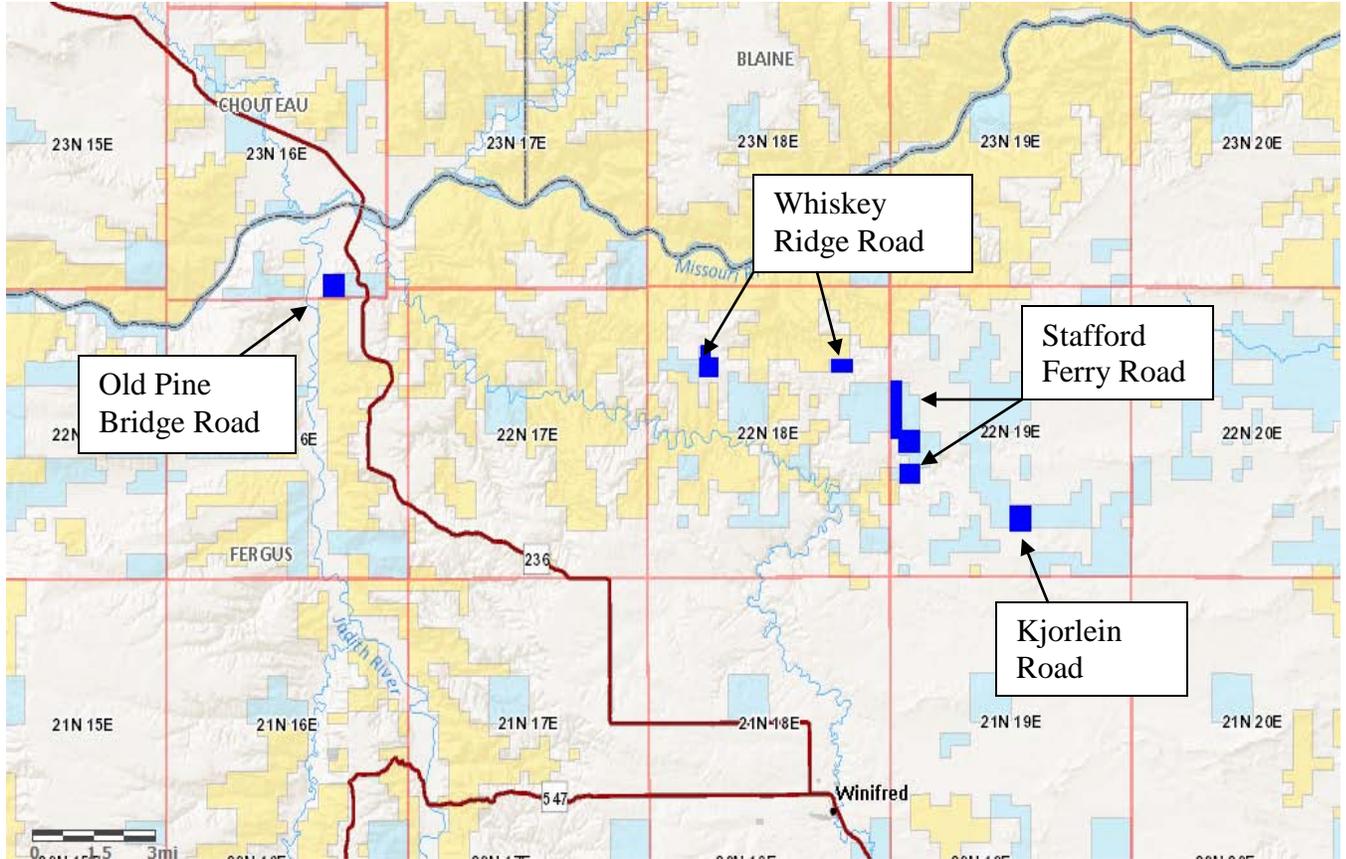
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16601
R/W Purpose: a public county road known as Briggs Coulee Road
Lessee Agreement: N/A (Historic)
Acreage: 2.93
Compensation: \$660.00
Legal Description: 60-foot strip through E2SE4, SW4SE4,
Sec. 16, Twp. 15N, Rge. 24E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

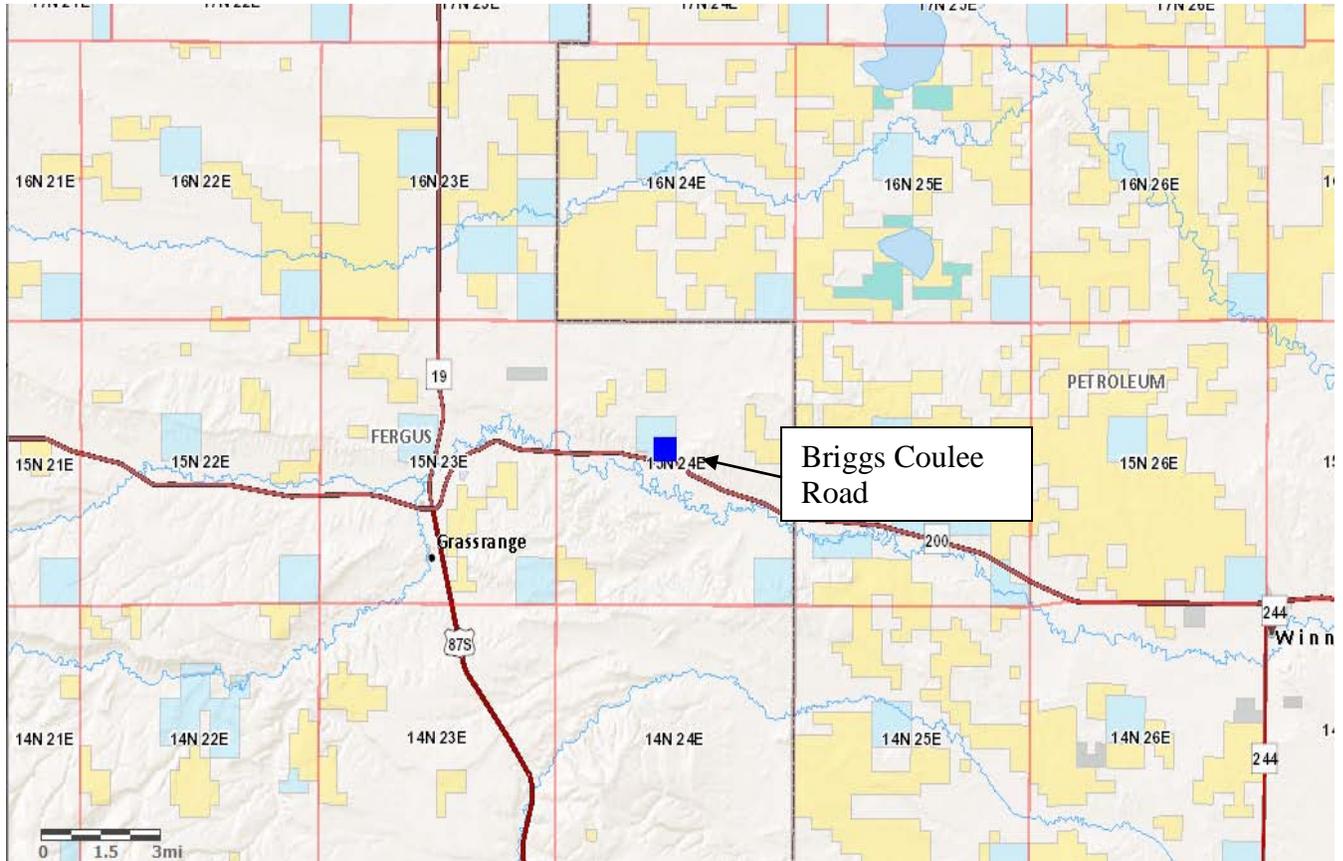
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16603
R/W Purpose: a public county road known as Crystal Lake Road
Lessee Agreement: N/A (Historic)
Acreage: 0.57
Compensation: \$257.00
Legal Description: 60-foot strip through SW4NW4, Sec. 16, Twp. 13N,
Rge. 17E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

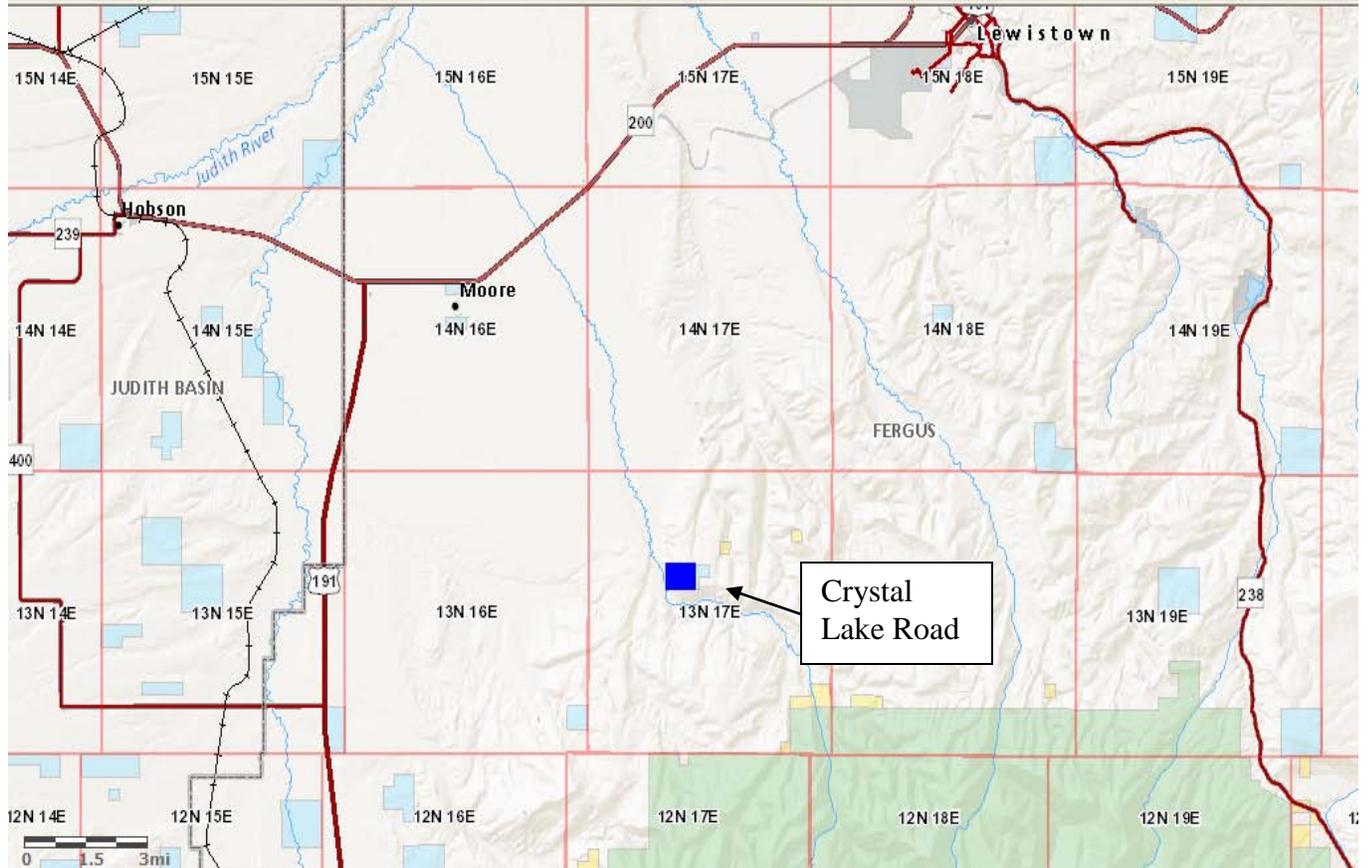
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16604
R/W Purpose: a public county road known as Divide Road
Lessee Agreement: N/A (Historic)
Acreage: 5.32
Compensation: \$2394.00
Legal Description: 60-foot strip through N2SW4, NW4SE4,
Sec. 16, Twp. 15N, Rge. 20E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16605
R/W Purpose: a public county road known as Dixon Road
Lessee Agreement: N/A (Historic)
Acreage: 10.02
Compensation: \$2256.00
Legal Description: 60-foot strip through SE4NW4, W2SW4, Sec. 10; NW4NW4,
Sec. 15; E2E2, Sec. 16, Twp. 14N, Rge. 22E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16607
R/W Purpose: a public county road known as Stillman Road
Lessee Agreement: N/A (Historic)
Acreage: 3.34
Compensation: \$1503.00
Legal Description: 60-foot strip through W2NE4, Sec. 16, Twp. 15N, Rge. 20E,
Fergus County
Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16608
R/W Purpose: a public county road known as Tyler Cutoff
Lessee Agreement: N/A (Historic)
Acreage: 7.25
Compensation: \$3263.00
Legal Description: 60-foot strip through E2NW4, W2NE4, E2SW4, NW4SE4,
Sec. 36, Twp. 13N, Rge. 22E,
Fergus County

Trust Beneficiary: Common Schools

Item Summary

See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 16609
R/W Purpose: a public county road known as Upper Flatwillow Road
Lessee Agreement: N/A (Historic)
Acreage: 0.18
Compensation: \$100.00
Legal Description: 60-foot strip through SW4SW4, Sec. 36, Twp. 13N, Rge. 22E, Fergus County
Trust Beneficiary: Common Schools

Item Summary

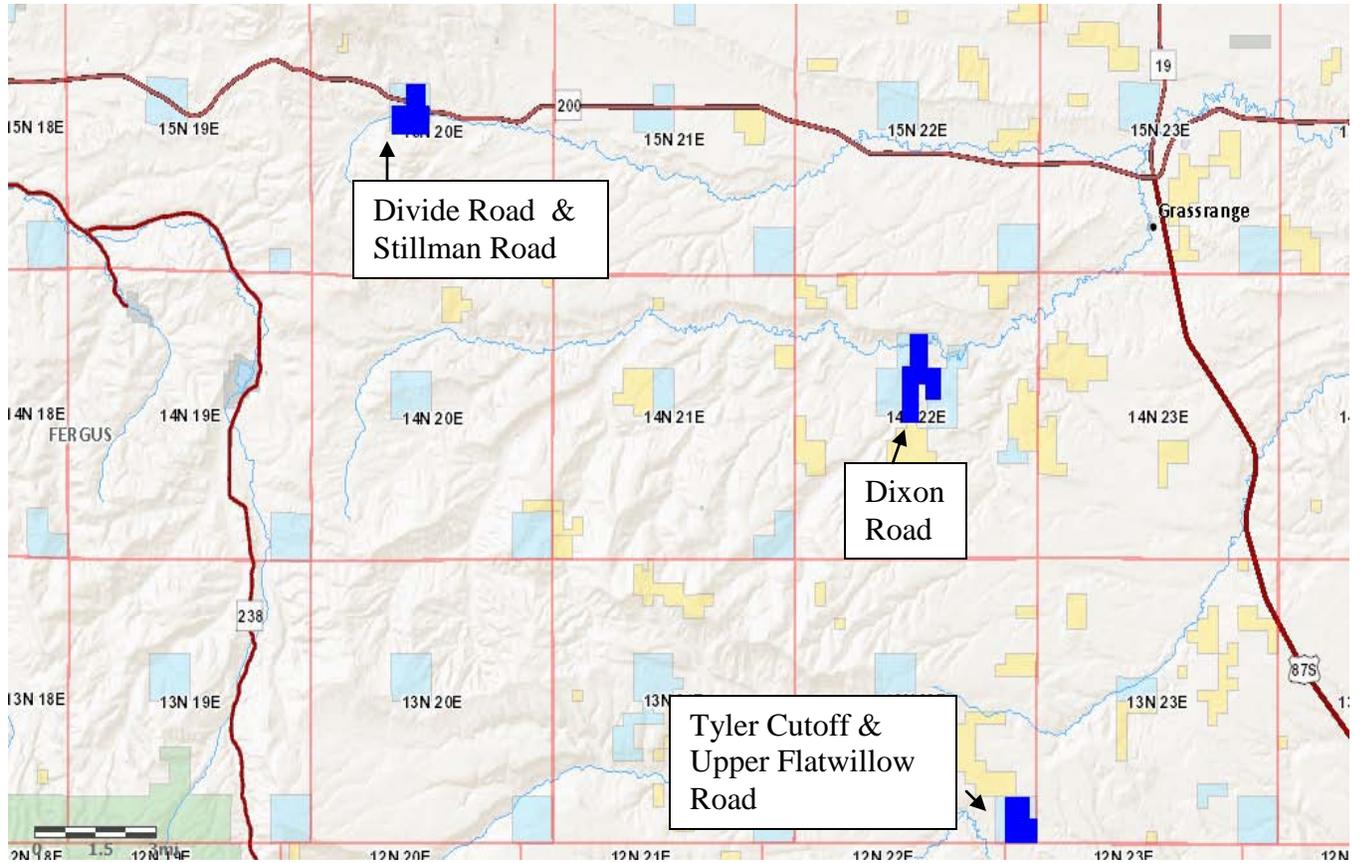
See page 9

DNRC Recommendation

See page 9

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation d/b/a NorthWestern Energy
40 East Broadway Street
Butte, MT 59701

Application No.: 16612
R/W Purpose: a 100kV overhead power transmission line
Lessee Agreement: ok
Acreage: 7.58
Compensation: \$3790.00
Legal Description: 60-foot strip through N2N2, Sec. 8, Twp. 1N, Rge. 19E,
Stillwater County
Trust Beneficiary: Common Schools

Item Summary

NorthWestern Corporation has made application for the purpose of installing a new overhead electric transmission line. This is part of a larger project that will start fifteen miles north of Columbus, Montana, at the Columbus-Rapelje substation, then head west/southwest to a crossing of the Yellowstone River west of Reed Point, and then continue south to its termination at a proposed new substation, Chrome Junction, located approximately five miles south of Nye, Montana. This line will be the first phase of a multi-year five phase system upgrade in Carbon and Stillwater Counties.

DNRC Recommendation

The director recommends approval of this overhead power transmission request.

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation d/b/a NorthWestern Energy
40 East Broadway Street
Butte, MT 59701

Application No.: 16613
R/W Purpose: a 100kV overhead power transmission line
Lessee Agreement: ok
Acreage: 3.62
Compensation: \$1810.00
Legal Description: 60-foot strip through N2NE4, Sec. 12, Twp. 1N, Rge. 18E,
Stillwater County
Trust Beneficiary: Common Schools

Item Summary

See page 31

DNRC Recommendation

See page 31

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: NorthWestern Corporation d/b/a NorthWestern Energy
40 East Broadway Street
Butte, MT 59701

Application No.: 16614
R/W Purpose: a 100 kV overhead power transmission line
Lessee Agreement: ok
Acreage: 7.28
Compensation: \$3640.00
Legal Description: 60-foot strip through N2N2, Sec. 10, Twp. 1N, Rge. 19E,
Stillwater County
Trust Beneficiary: Common Schools

Item Summary

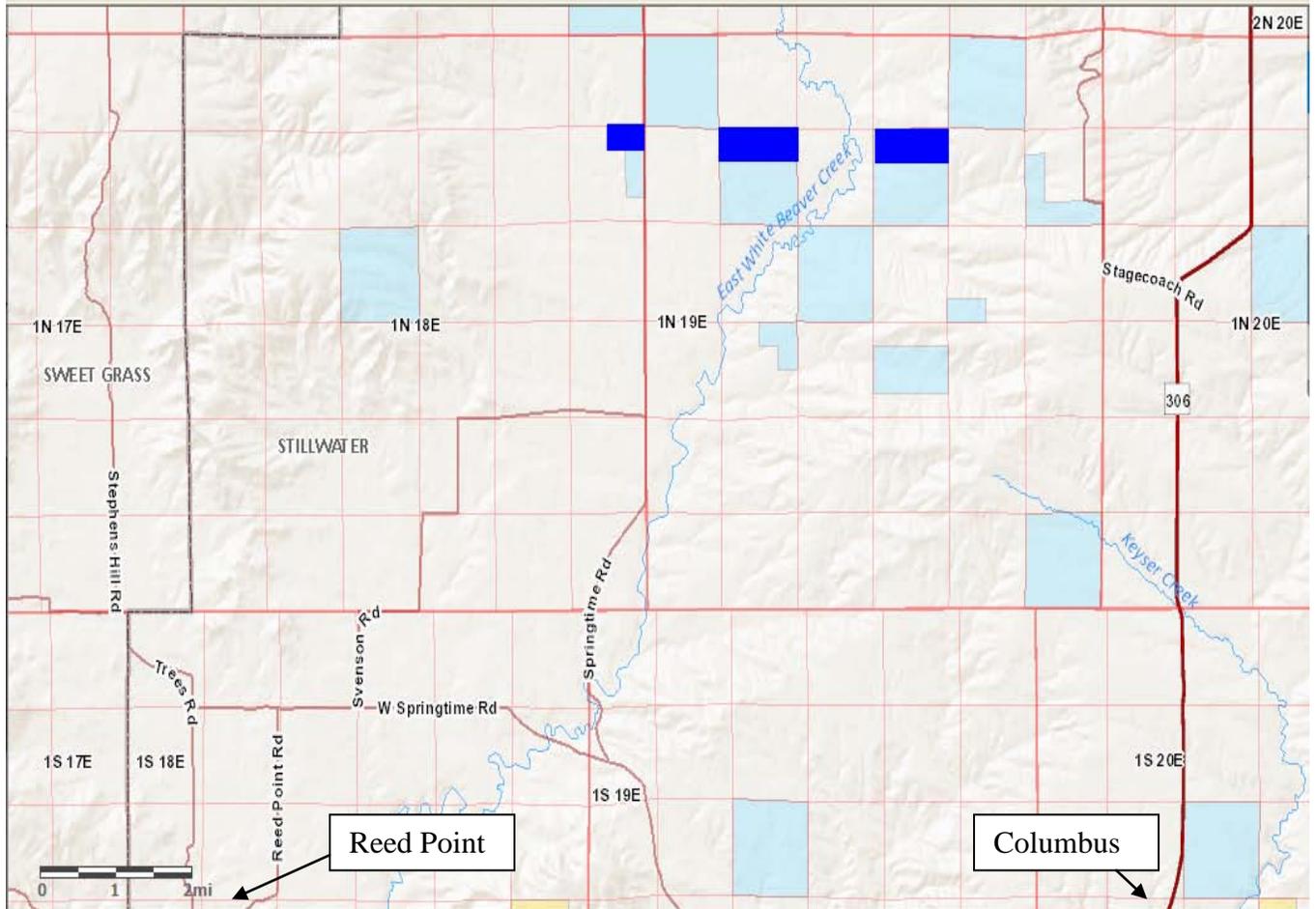
See page 31

DNRC Recommendation

See page 31

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hiland Operating, LLC

Application No.: 16615

R/W Purpose: a buried eight-inch natural gas pipeline

Lessee Agreement: ok

Acreage: 0.51

Compensation: \$3296.00

Legal Description: 33-foot strip through SE4SE4, Sec. 36, Twp. 27N, Rge. 52E, Richland County

Trust Beneficiary: Common Schools

Item Summary

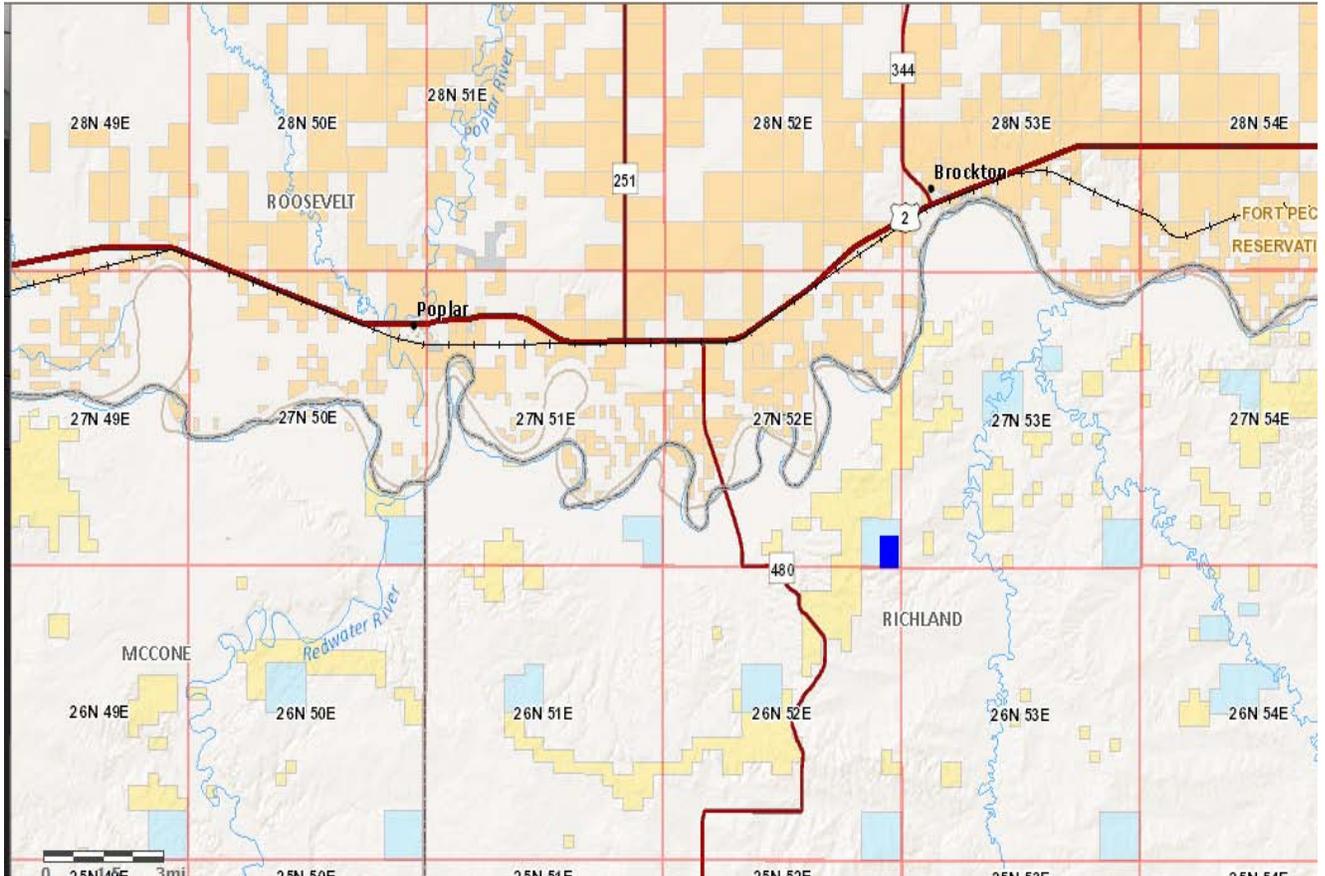
Hiland Operating, LLC, has made application for the purpose installing an eight-inch natural gas line. Hiland has been dedicated by Continental Resources, Inc., for the collection of gas produced from the Dodger 1-36H well site that is located in the SE4 of Sec. 36, Twp. 27N, Rge. 52E. In order for Hiland to transfer the product, it requires running a single gas line from the Dodger 1-36H to the Revere 1-31H that is located in the SW4 of Sec. 31, Twp. 27N, Rge. 53E, where Hiland has an existing pipeline in place. Hiland Operating, LLC, has offered compensation in the amount of \$80/rod.

DNRC Recommendation

The director recommends approval for a 30-year term easement for this natural gas pipeline.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Hagenbarth Land Montana LP
PO Box 1128
Dillon, MT 59725

Application No.: 16616
R/W Purpose: a private access road to a single family residence and associated outbuildings and to conduct normal farming and ranching operations

Lessee Agreement: ok
Acreage: 0.46
Compensation: \$690.00
Legal Description: 30-foot strip through NE4NE4, Sec. 16, Twp. 4S, Rge. 9W, Beaverhead County
Trust Beneficiary: Common Schools

Item Summary

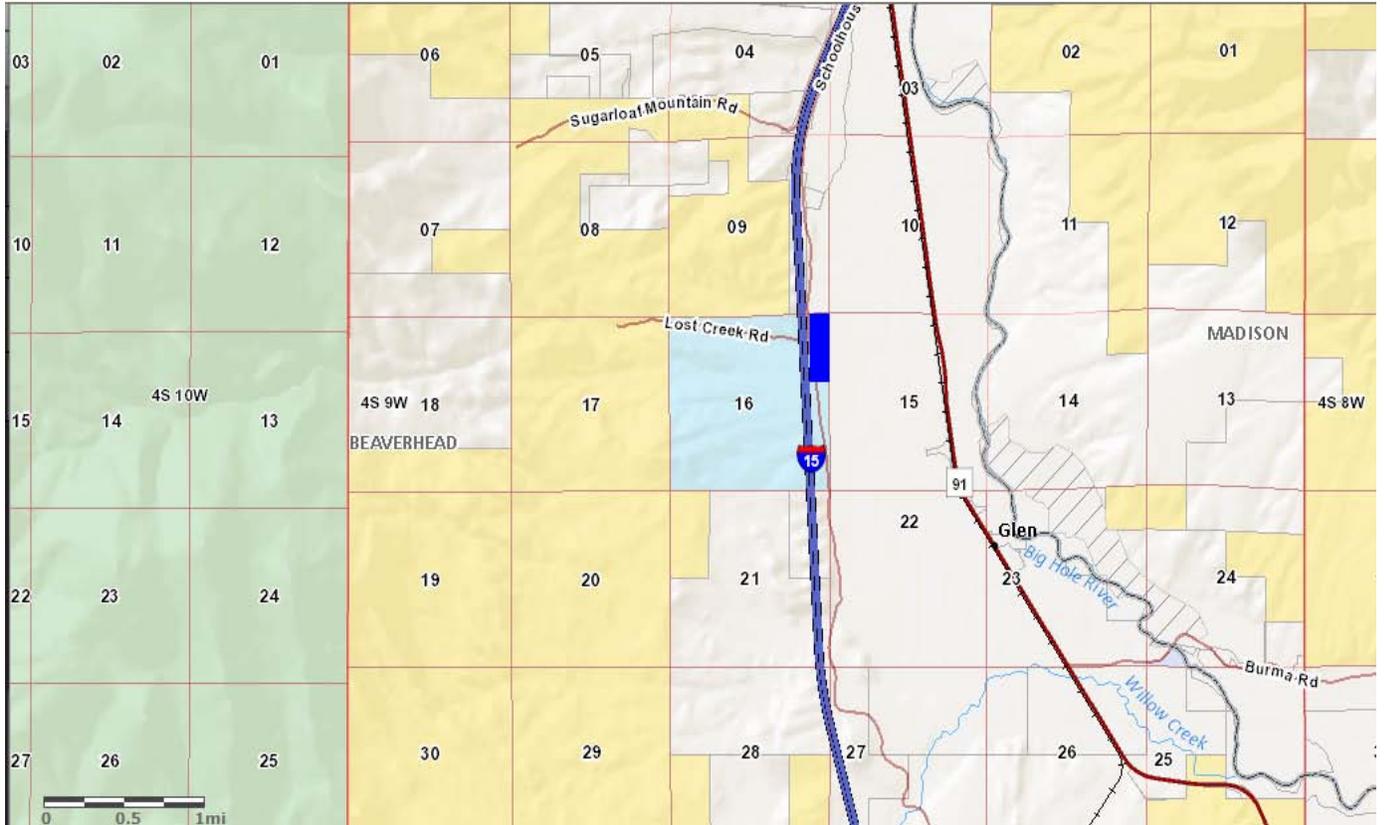
Applicant is requesting approval for the use of an existing road to access their private lands where the ranch buildings, a bunkhouse, and grazing and agriculture land are owned by the applicant. This road was modified after 1997 to allow for access by large trucks to reach livestock loading facilities on deeded property; therefore, this road does not qualify for a historic easement. The application was reviewed pursuant to the Land Board's Access Road Policy and meets the criteria.

DNRC Recommendation

The director recommends approval of this private access road.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Buhler Land and Cattle Company, Inc.
PO Box 204
Lima, MT 59739

Application No.: 16617
R/W Purpose: a private access road for the purpose of conducting normal farming and ranching operations

Lessee Agreement: N/A (Historic)
Acreage: 1.46
Compensation: \$1460.00
Legal Description: 15-foot strip through S2NE4, NW4SE4,
Sec. 27, Twp. 13S, Rge. 6W,
Beaverhead County

Trust Beneficiary: Common Schools

Item Summary

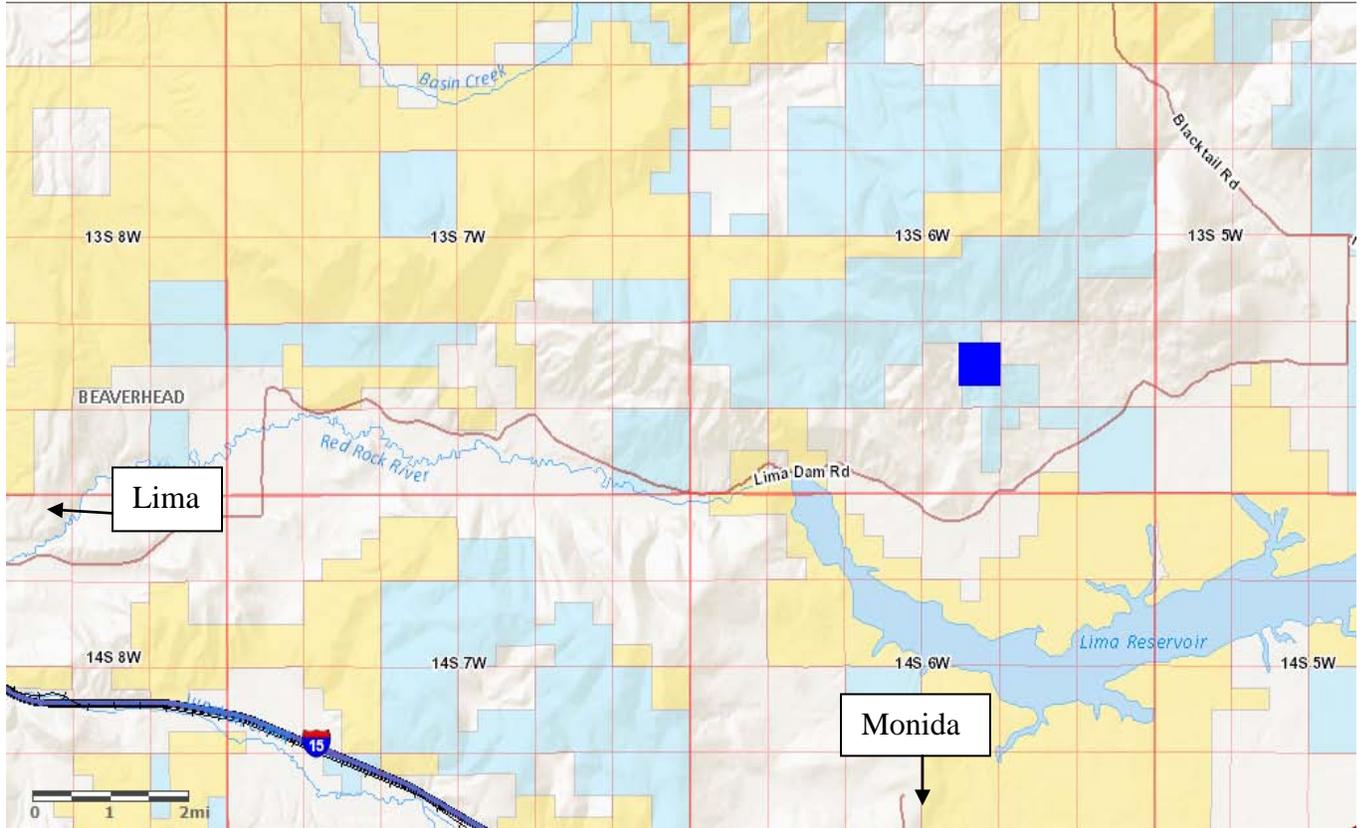
Applicant is requesting approval for the use of an existing road to access their private lands for the purpose of conduction normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for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

DNRC Recommendation

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

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16618
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.33
Compensation: \$399.00
Legal Description: 20-foot strip through N2NE4, SW4NE4,
Sec. 25, Twp. 31N, Rge. 3W,
Toole County

Trust Beneficiary: Public Buildings

Item Summary

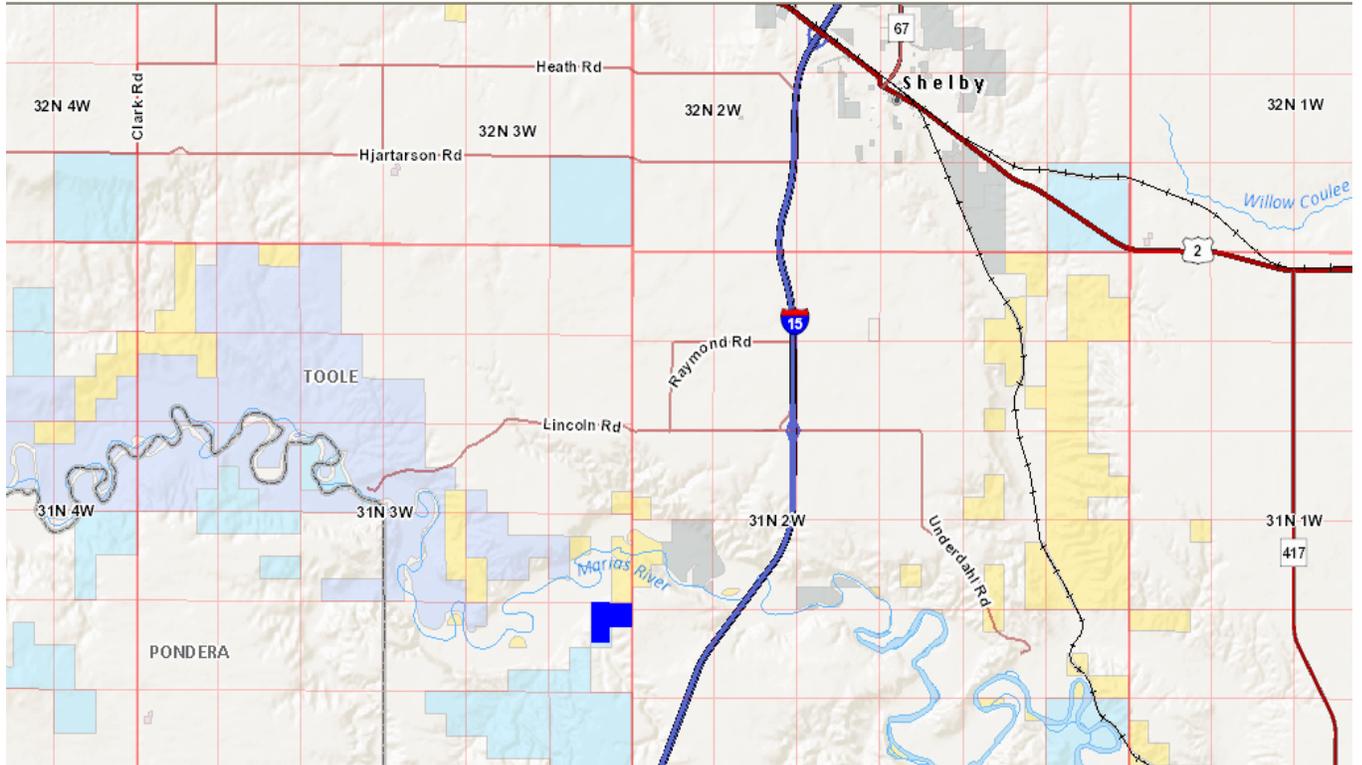
Marias River Electric Cooperative, Inc., is requesting approval for a right of way of an existing 7.2kV overhead power distribution line. This application is made pursuant to §77-1-130, MCA, Historic Rights of Way.

DNRC Recommendation

The director recommends approval of this historic utility request.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16619
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.99
Compensation: \$796.00
Legal Description: 20-foot strip through N2N2, Sec. 16, Twp. 36N, Rge. 1E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16620
R/W Purpose: a 7.2kV overhead power distribution line, a 69kV overhead power transmission line & a 7.2kV buried power distribution line

Lessee Agreement: N/A (Historic)
Acreage: 1.21
Compensation: \$242.00
Legal Description: 20-foot strip through S2SSE4, Sec. 32, Twp. 35N, Rge. 1E, Toole County
Trust Beneficiary: Common Schools

Item Summary

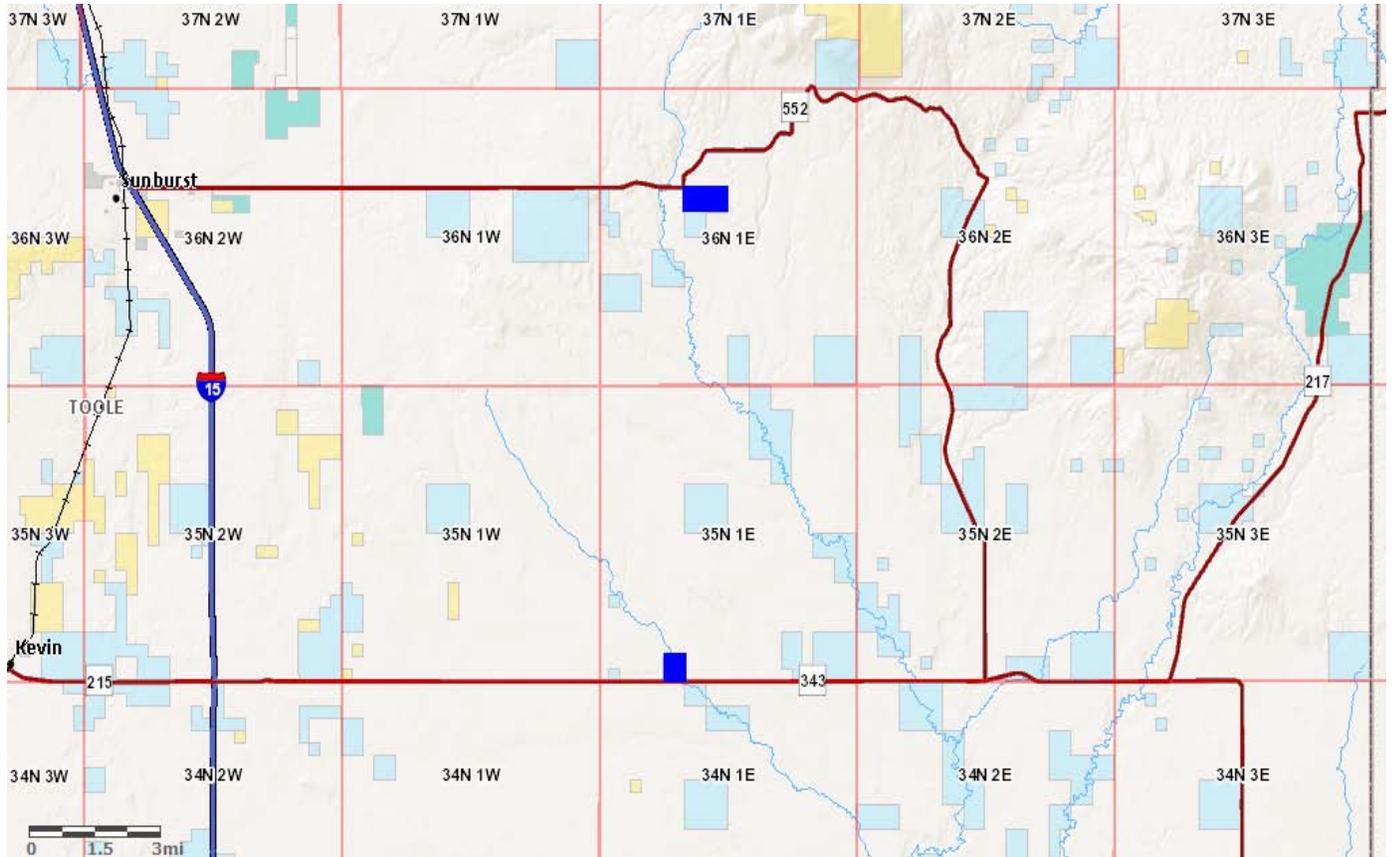
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16621
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.61
Compensation: \$122.00
Legal Description: 20-foot strip through NE4NE4, Sec. 32, Twp. 34N, Rge. 3E,
Toole County
Trust Beneficiary: Public Buildings

Item Summary

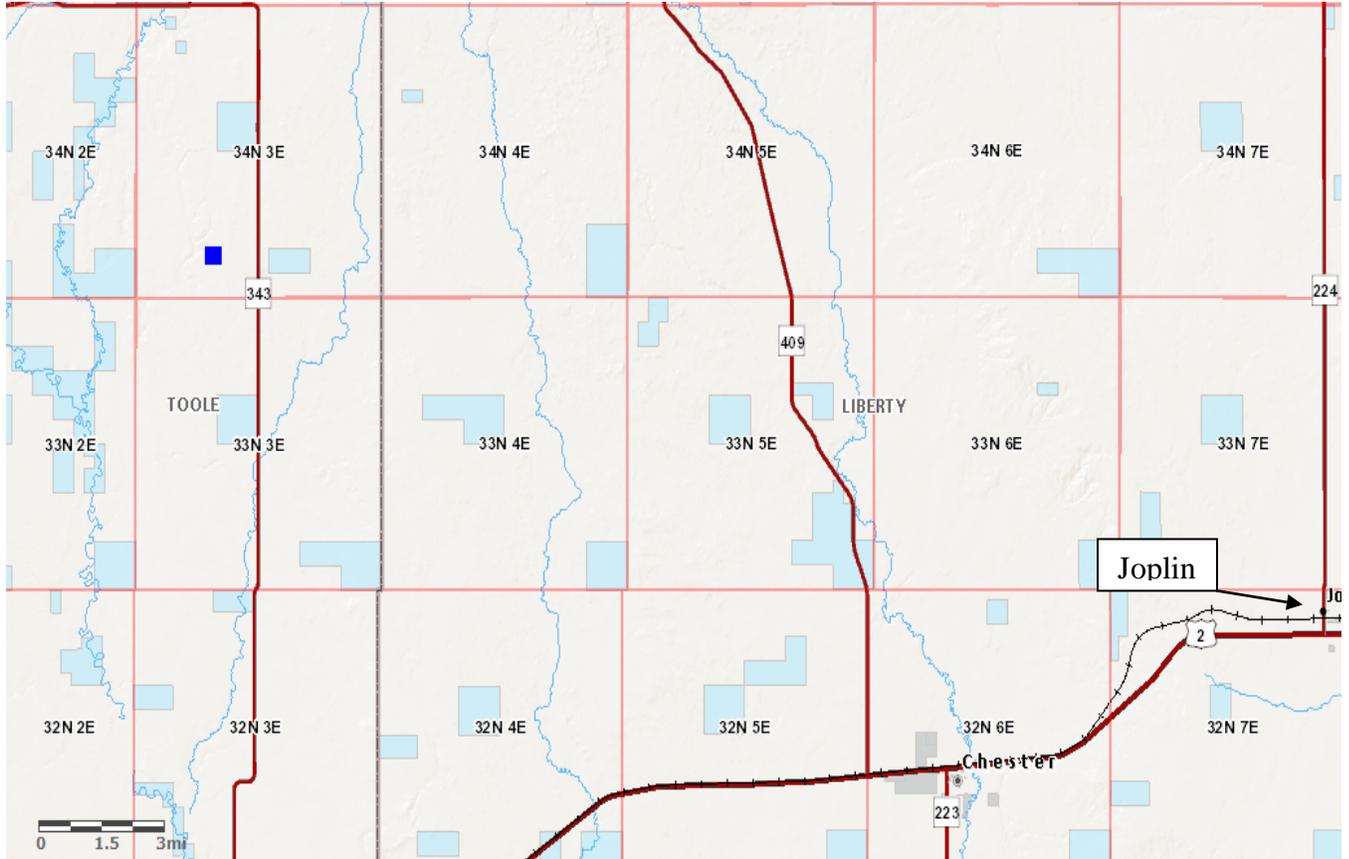
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16622
R/W Purpose: a 7.2kV & 12.47kV overhead power distribution line and a
69kV overhead power transmission line

Lessee Agreement: N/A (Historic)
Acreage: 1.86
Compensation: \$372.00
Legal Description: 20-foot strip through W2NW4, Sec. 3, Twp. 34N, Rge. 2W,
Toole County
Trust Beneficiary: Public Buildings

Item Summary

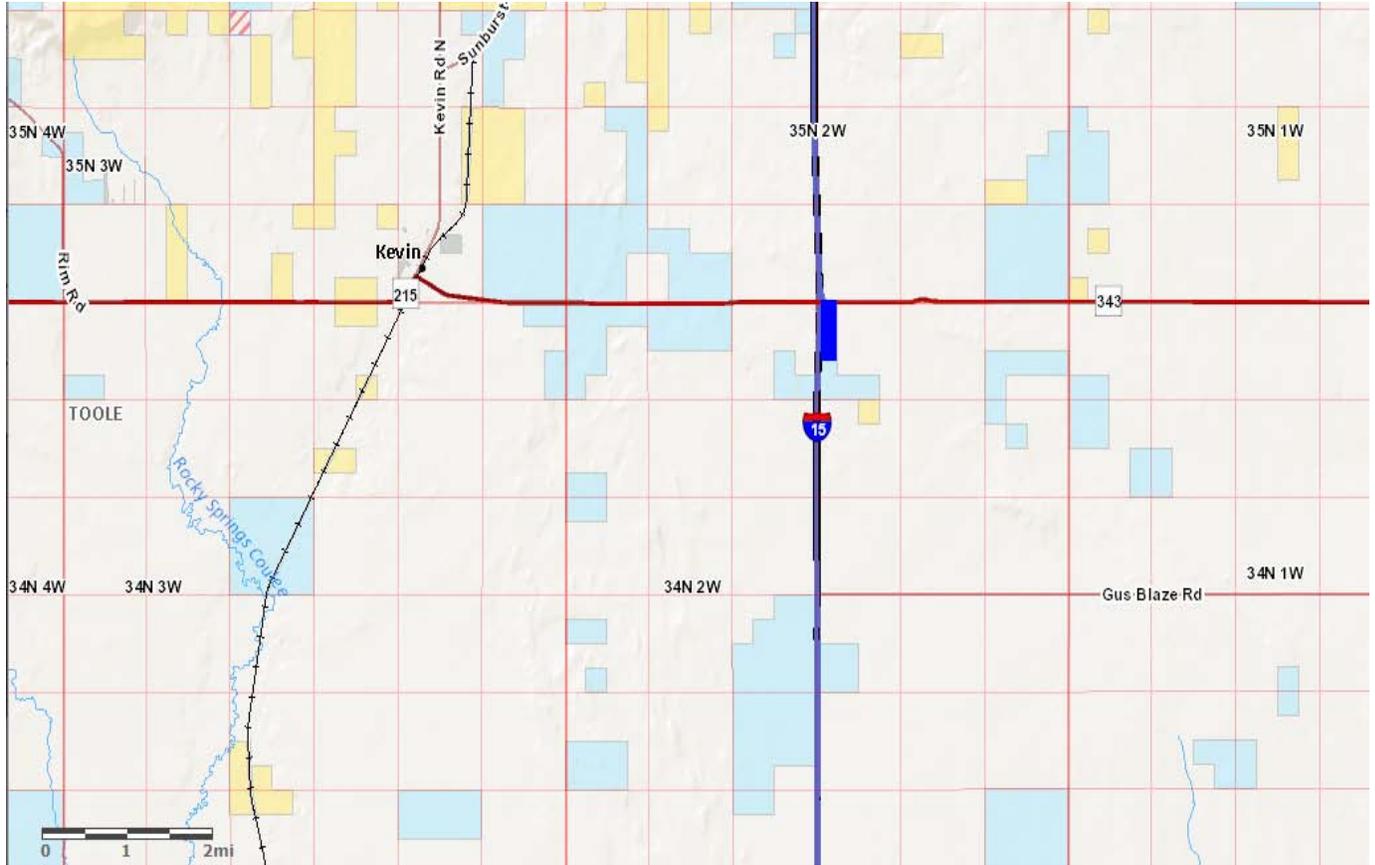
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16623
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.21
Compensation: \$100.00
Legal Description: 20-foot strip through SW4SW4, Sec. 11, Twp. 33N, Rge. 2E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

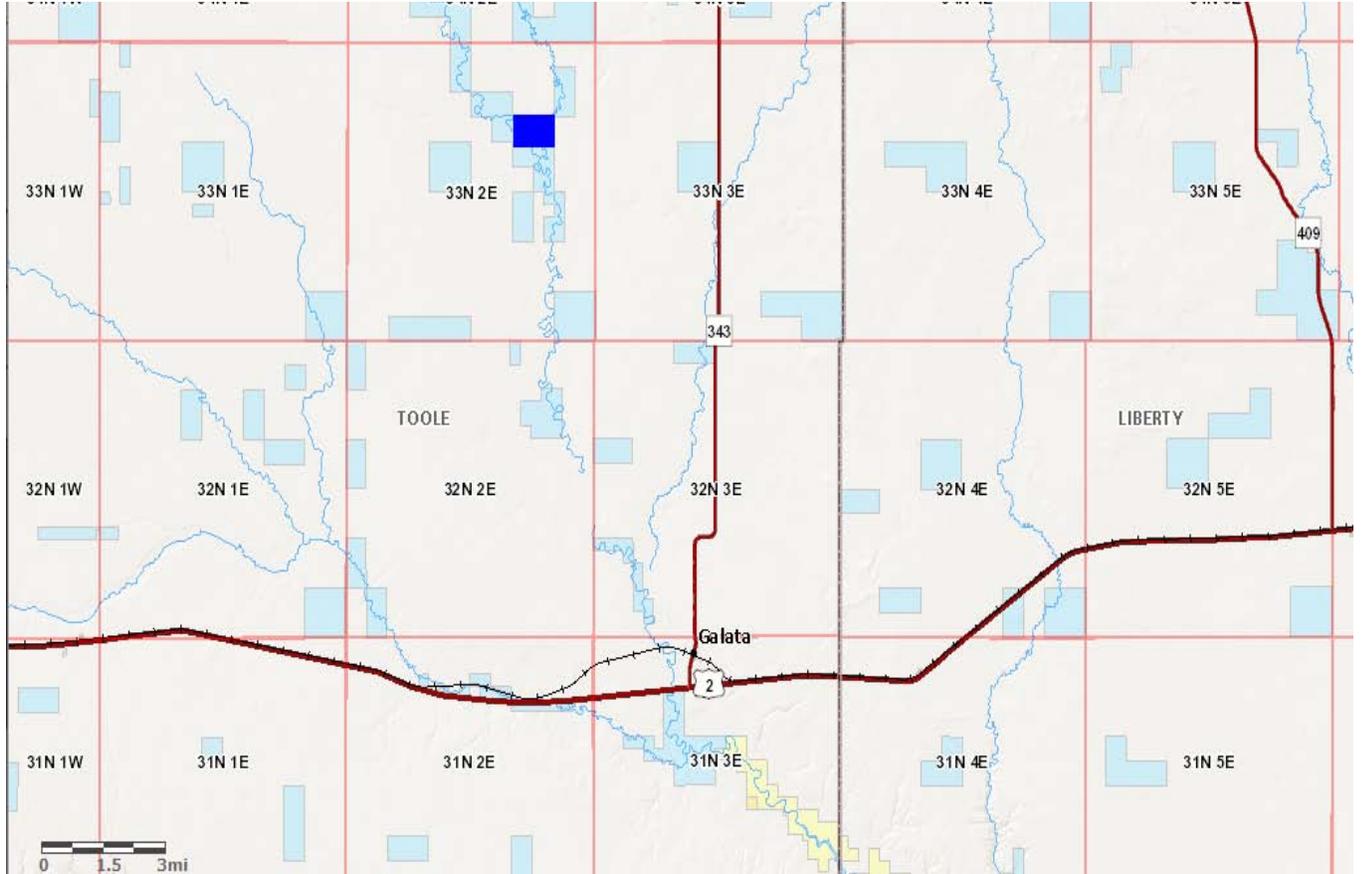
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16624
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.46
Compensation: \$1107.00
Legal Description: 20-foot strip through S2S2, Sec. 16, Twp. 33N, Rge. 1E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

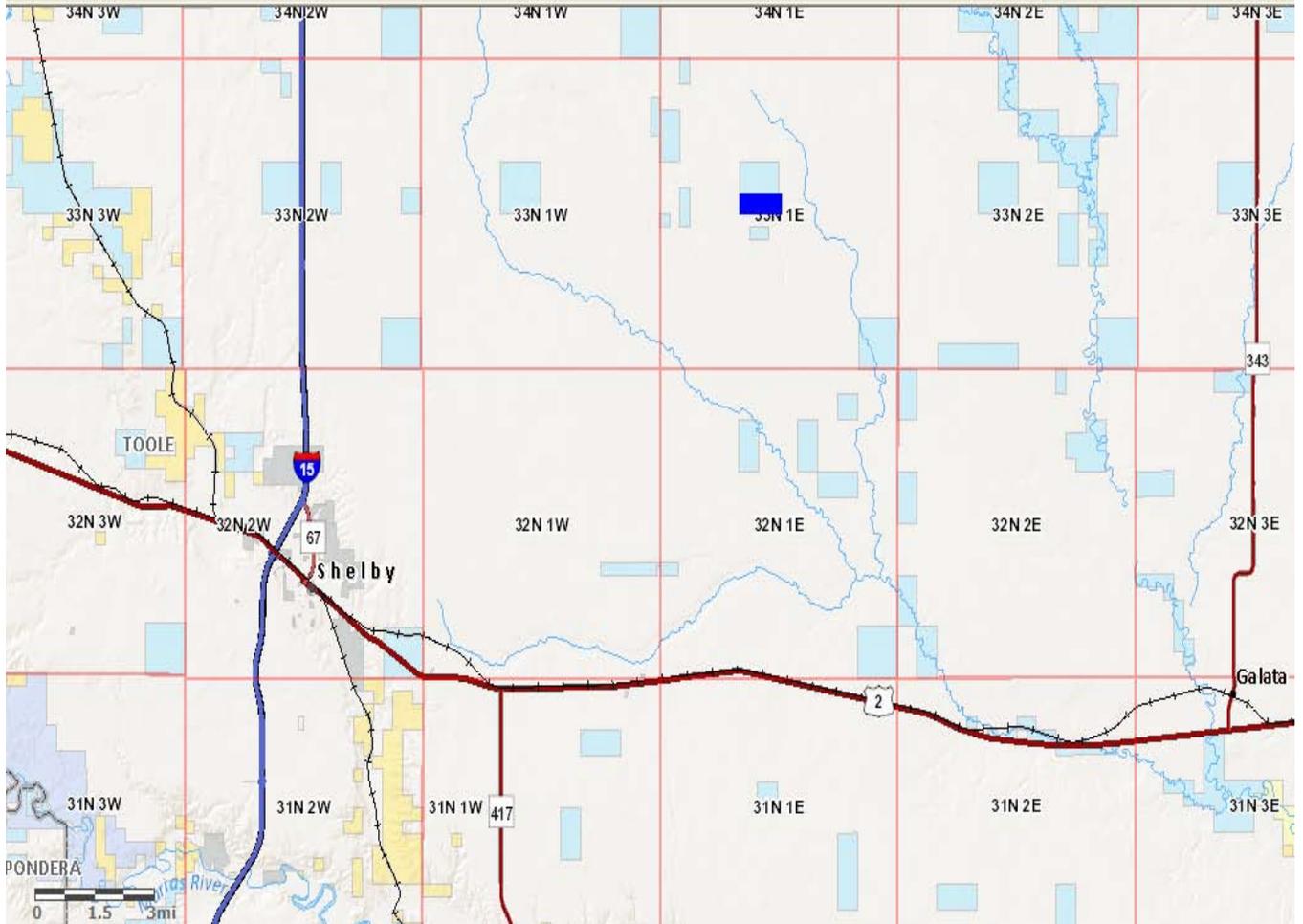
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16625
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.21
Compensation: \$545.00
Legal Description: 20-foot strip through W2NW4, Sec. 29, Twp. 31N, Rge. 2E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

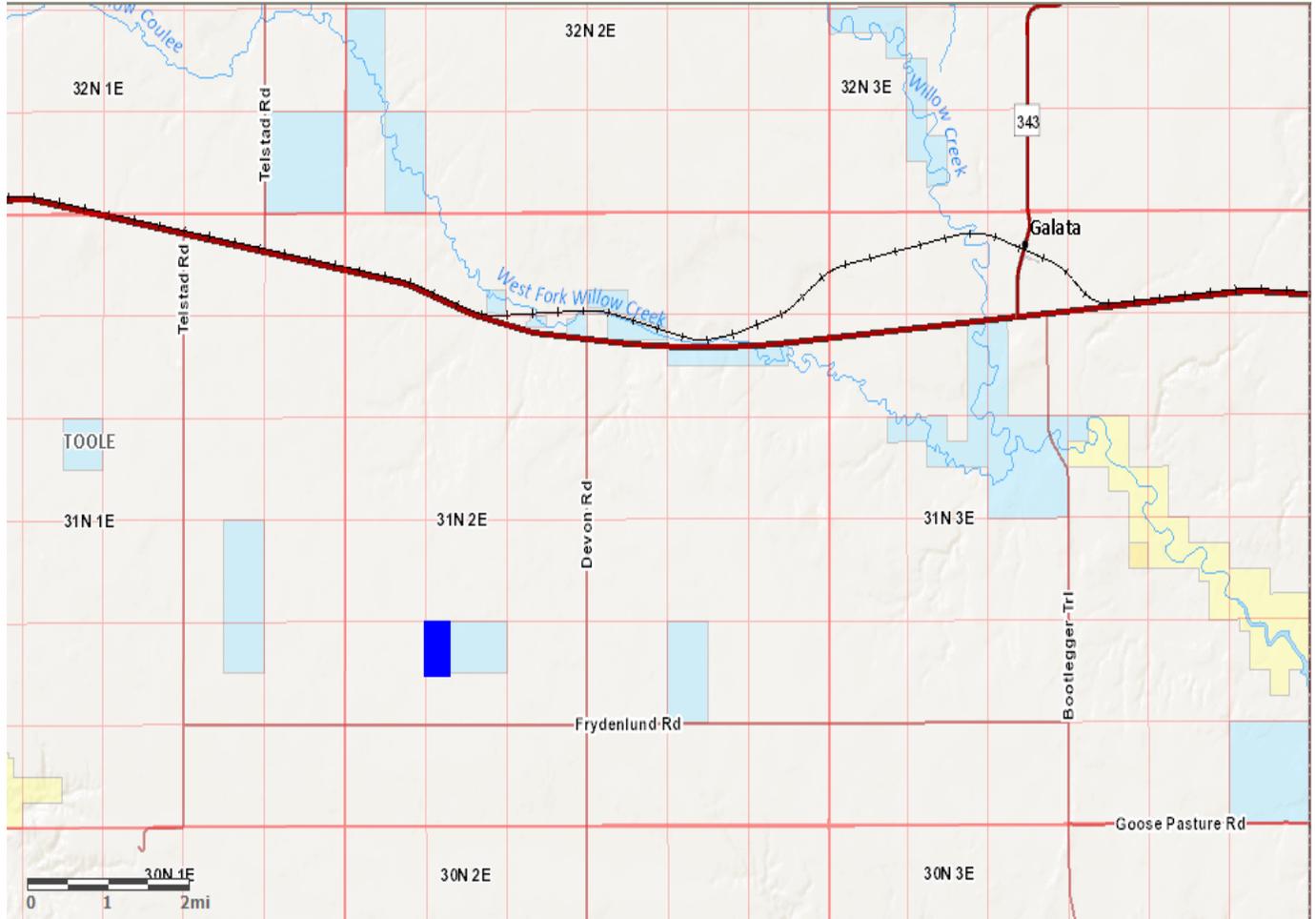
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 16626
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.21
Compensation: \$545.00
Legal Description: 20-foot strip through N2NE4, Sec. 16, Twp. 31N, Rge. 1E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

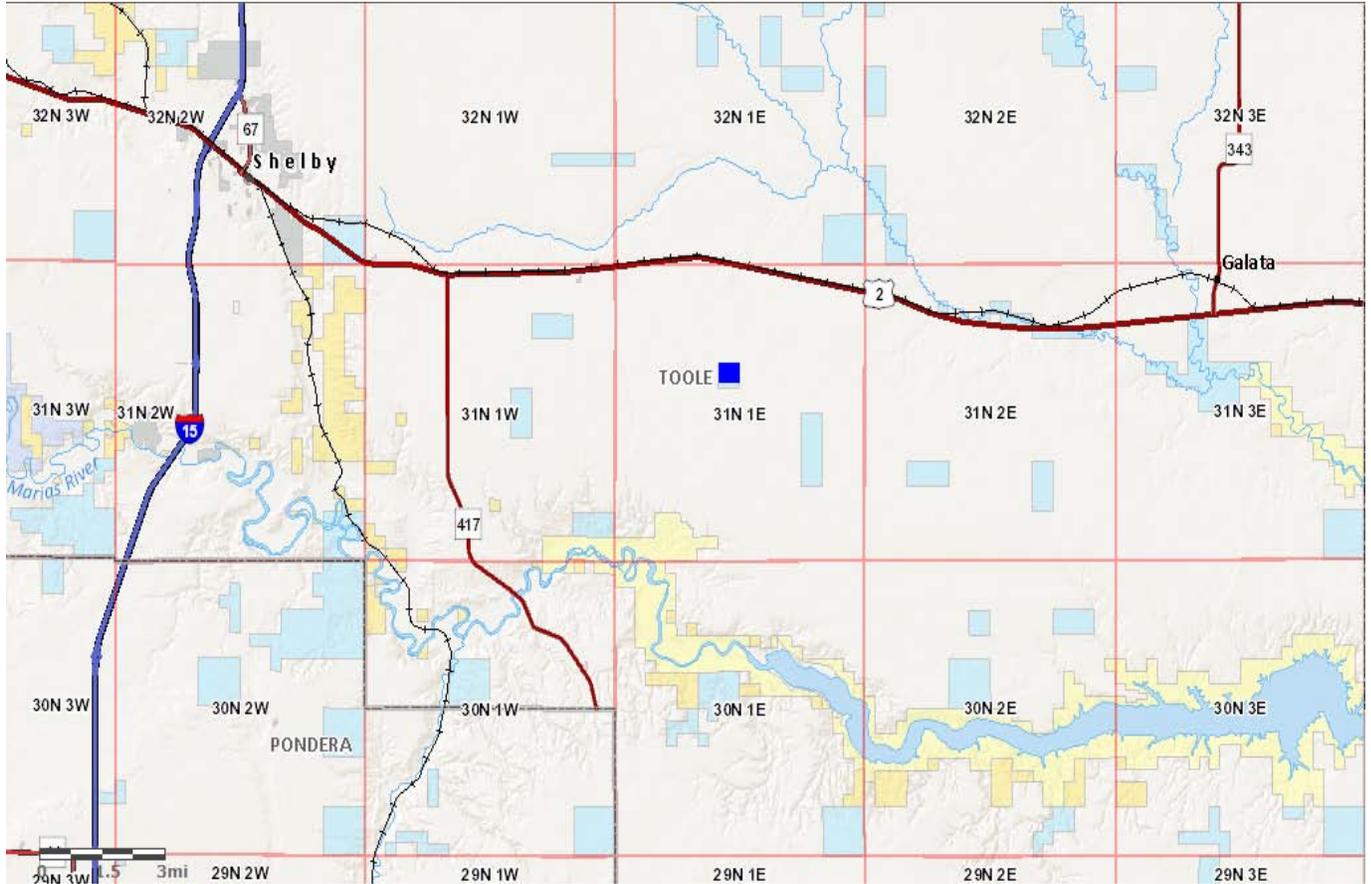
See page 41

DNRC Recommendation

See page 41

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: BNSF Railway Company
2500 Lue Menk Drive, AOB #3
Fort Worth, TX 76137

Application No.: 16627
R/W Purpose: a private access road for the purpose of BNSF track
maintenance

Lessee Agreement: ok
Acreage: 1.11
Compensation: \$6016.00
Legal Description: 20-foot strip through W2SW4 & Government Lot 6,
Sec. 16, Twp. 6N, Rge. 43E,
Rosebud County

Trust Beneficiary: Common Schools

Item Summary

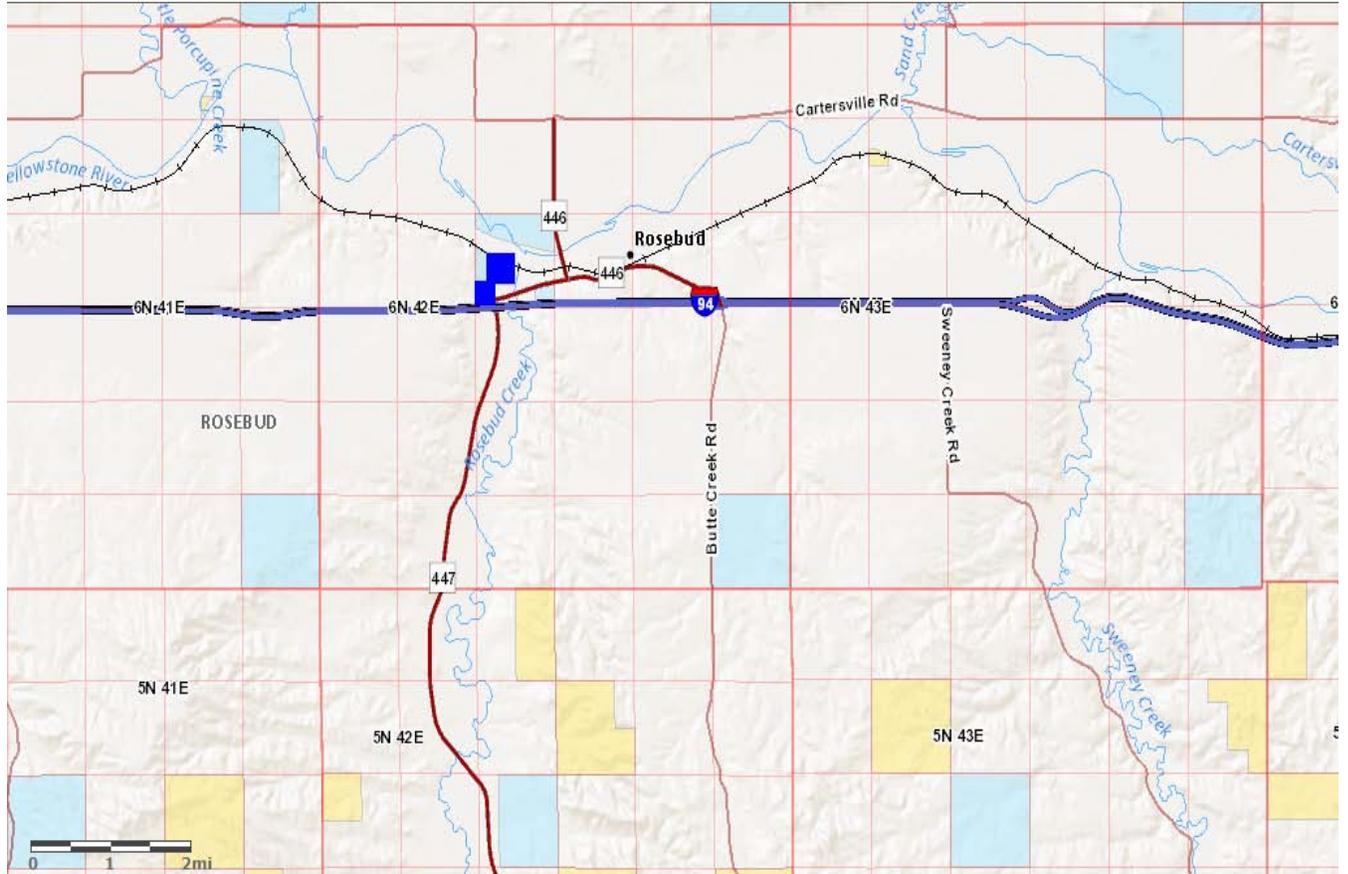
BNSF Railway Company has made application for the purpose of building a road to provide access to a railroad signal being installed on the north side of the railway. The road will be used to gain access for maintenance purposes of this new signal. The location of this new signal cannot be accessed from current access points because of a creek that separates the two plots of land.

DNRC Recommendation

The director recommends approval of this access road request.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Department of Fish, Wildlife and Parks
Thompson Falls State Park
PO Box 200701
Helena, MT 59620

Application No.: 16628
R/W Purpose: a public state park known as Thompson Falls State Park
Lessee Agreement: ok
Acreage: 33.86
Compensation: \$275,000.00
Legal Description: Government Lots 4 & 5, Sec. 36, Twp. 22N, Rge. 30W,
Sanders County
Trust Beneficiary: Common Schools

Item Summary

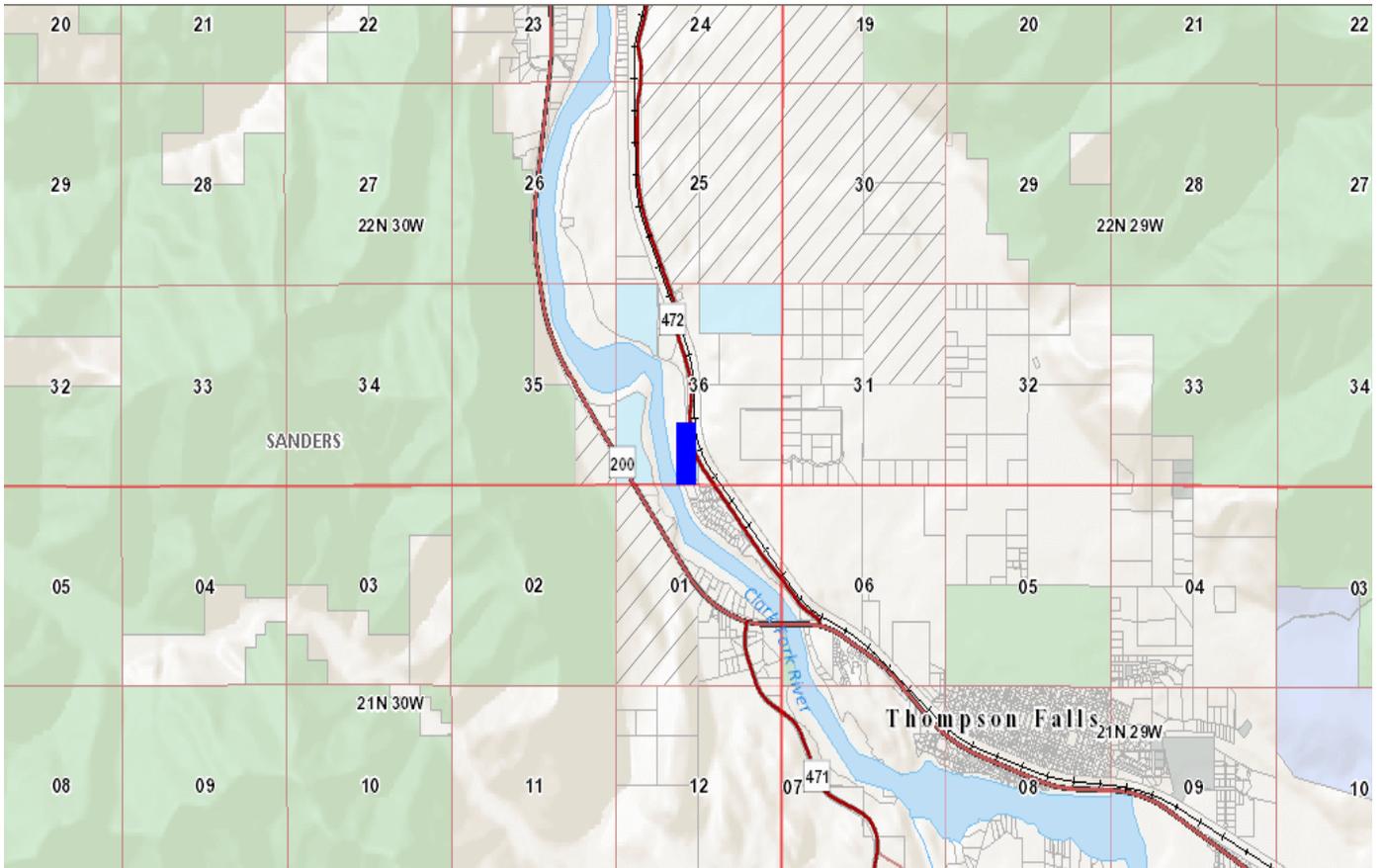
The Montana Department of Fish, Wildlife and Parks (FWP) has made application for a permanent easement for the Thompson Falls State Park. Facility infrastructure related to operation of the park is in place on this parcel and is currently authorized under a special lease agreement. In order to provide long-term stability in management, as well as protect the capital investments associated with the park, FWP has requested a permanent easement be granted. The Montana State Parks and Recreation Board approved the request to pursue a permanent easement and expenditure of funds to obtain it. An appraisal was conducted by a certified general land appraiser and valued at \$275,000 for the 33.86 acre parcel.

DNRC Recommendation

The director recommends approval of this easement request.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Hiland Operating, LLC
Application No.:	16629
R/W Purpose:	a buried 10" gas line and a 4" crude oil line
Lessee Agreement:	needed
Acreage:	1.29
Compensation:	\$16,938.00
Legal Description:	30-foot strip through NE4NW4, NW4NE4, Sec. 16, Twp. 27N, Rge. 59E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

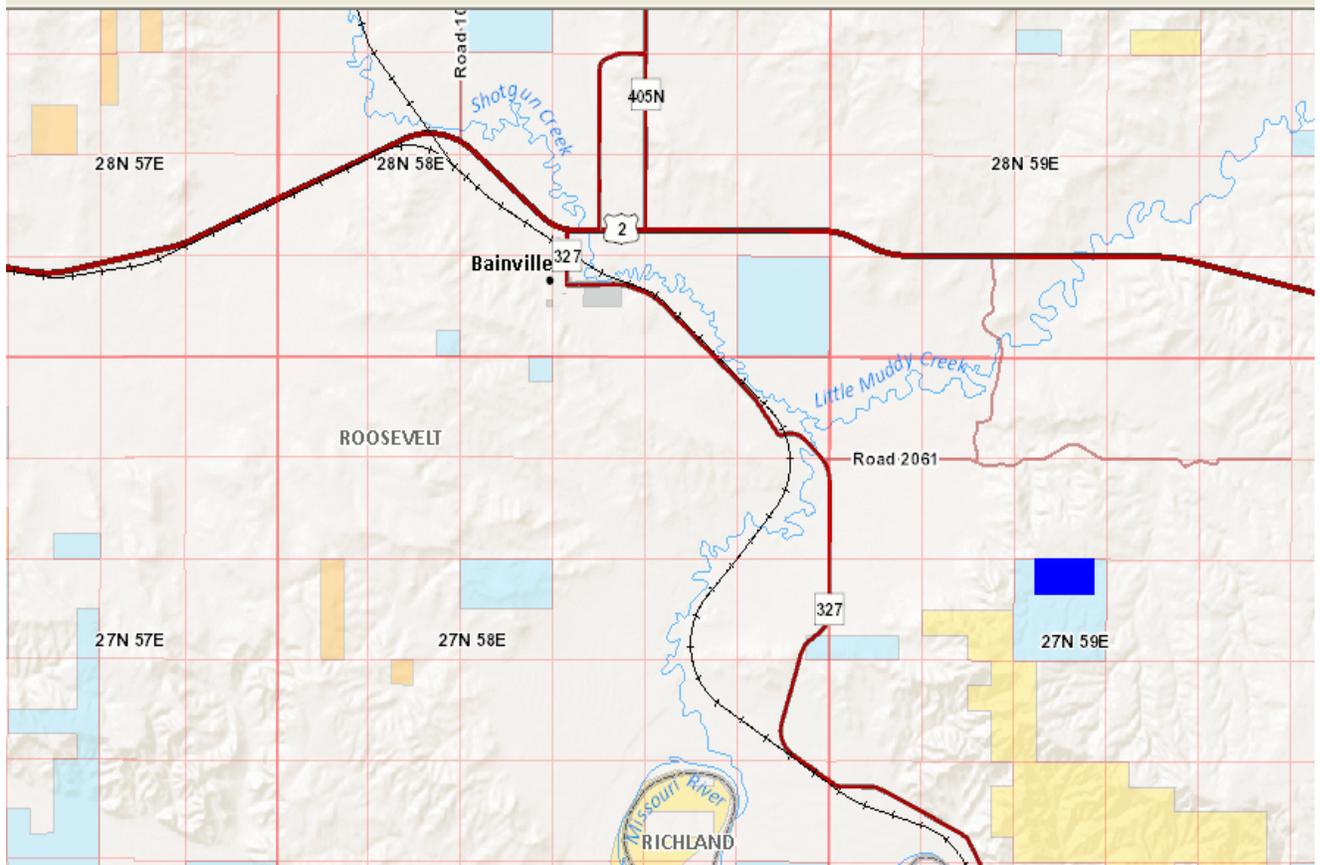
Hiland Operating, LLC, has made application for the purpose of placing two pipelines (one oil pipeline and one gas pipeline) in a single corridor. Gas and crude oil product from the Falcon Federal Brewer 2759 44-9 5B well has been dedicated to Hiland Operating. This well is located north of the state section described above. In order for Hiland to transfer the product from this well to their existing infrastructure, they require two new pipelines to be located over the Falcon Federal pad that is located on the state section. These new lines will connect to Hiland's existing lines located on a private parcel north of the state section. Hiland has made an offer to the state of \$150/rod as compensation for this easement.

DNRC Recommendation

The director recommends approval of a 30-year term easement for these natural gas and crude oil pipelines.

Rights of Way Applications

July 28, 2014



Rights of Way Applications

July 28, 2014

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Marias River Electric Cooperative, Inc.
PO Box 729
Shelby, MT 59474

Application No.: 13541A
R/W Purpose: a 7.2kV overhead power distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.29
Compensation: \$358.00
Legal Description: 20-foot strip through N2N2, Sec. 14, Twp. 33N, Rge. 2E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

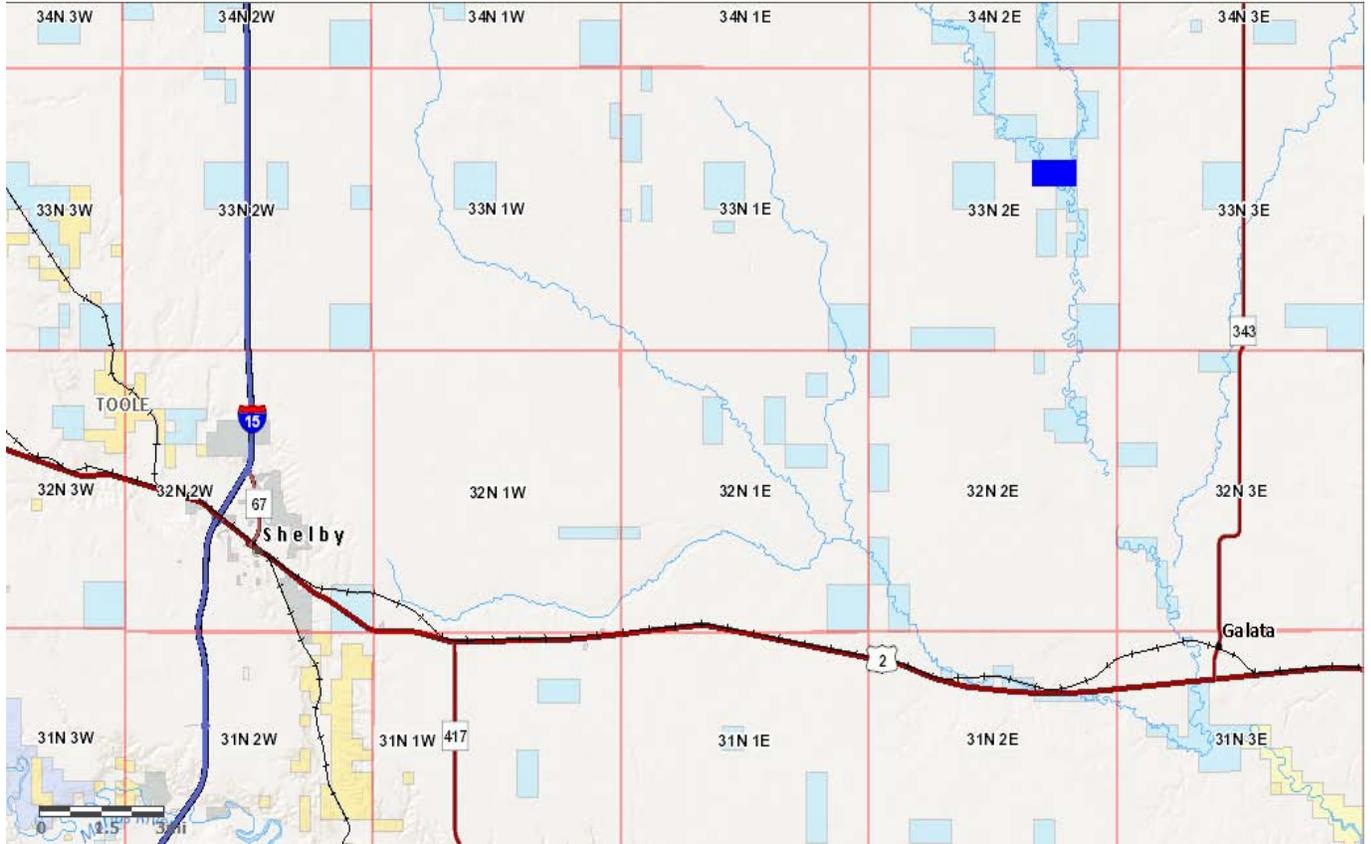
Marias River Electric has requested an amendment to their existing easement granted by the Land Board July 17, 2006. The existing easement was granted for a one-foot strip. Amendment is being requested to expand the width to a 20-foot strip to be consistent with all other overhead distribution lines in the name of Marias River Electric. The expansion of width also accommodates maintenance needs.

DNRC Recommendation

The director recommends approval of this amendment request.

Rights of Way Applications

July 28, 2014



714-9

MONTANA INSECT AND DISEASE
CONDITION UPDATE

Land Board Agenda Item
July 28, 2014

714-9 **Montana Insect and Disease Condition Update**

Location: State of Montana

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

Update on insect and disease activity in Montana forests from DNRC's Forest Entomologist and Pest Management Program Manager Amy Gannon.