

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, May 16, 2016, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

- 516-1** **FWP: Land Acquisitions:**
A. Beartooth, Sun River, and Blackleaf Wildlife Management Area's – Additions – DNRC Holdings
Benefits: N/A
Location: Cascade, Lewis & Clark, Teton Counties
B. Threemile Wildlife Management Area – Antrim Addition Donation
Benefits: N/A
Location: Ravalli Counties
Approve 5-0
- 516-2** **Timber Sales:**
A. Antice South
Benefits: Common Schools
Location: Flathead County
B. Cilly Napa
Benefits: Common Schools
Location: Lake County
C. Little Rock Sears
Benefits: Common Schools, Public Buildings
Location: Sanders County
Approve 5-0
- 516-3** **Agricultural and Grazing Lease: Competitive Bid Hearing**
Lease No. 705 – Donald R. Beck (Lessee)/John Rusin (Bidder)
Benefits: Common Schools
Location: Powell County
Approve 5-0
- 516-4** **Sale of Cabin and Home Sites: Preliminary Approval for Sale**
Benefits: Common Schools, Montana Tech, MSU 2nd Grant
Location: Flathead, Lincoln, Missoula, Sanders Counties
Approve 5-0
- 516-5** **Sale of Cabin and Home Sites: Set Minimum Bid for Sale - Sale 783**
Benefits: MSU 2nd Grant
Location: Missoula County
Approve 5-0
- 516-6** **Sale of Cabin and Home Sites: Final Approval for Sale – Sale 766 & 768**
Benefits: MSU 2nd Grant
Location: Missoula County
Approve 5-0
- 516-7** **Land Banking Parcel: Preliminary Approval for Sale**
Benefits: Common Schools
Location: Teton County
Approve 5-0
- 516-8** **Administrative Rule Adoption – DNRC Cabin Site (MAR 36-22-184)**
Benefits: Common Schools, School for Deaf & Blind, Montana State University, Montana Tech, Pine Hills School, Public Buildings, University of Montana, Veterans Home, Eastern College – MSU/Western College - UM
Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Dawson, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis & Clark, Liberty, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder river, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Sweet Grass, Toole, Valley, Wheatland, Wibaux, Yellowstone Counties
Approve 4-1 (Mr. Fox dissenting).

516-9 Easements

Benefits: Common Schools, Public Lands, University of Montana (UM)

Location: Carter, Choteau, Fallon, Fergus, Hill, Judith Basin, Missoula, Park, Ravalli, Richland, Roosevelt, Sheridan

Approve 5-0

PUBLIC COMMENT

516-1

FWP: LAND ACQUISITIONS

- A. DNRC Holdings – Beartooth, Blackleaf, Sun River Wildlife Management Areas
- B. Threemile Wildlife Management Area – Antrim Addition Donation

**Land Board Agenda Item
May 16, 2016**

516-1A FWP Land Acquisition: DNRC holdings - Beartooth, Blackleaf, Sun River Wildlife Management Areas

Location: Cascade, Lewis & Clark, Teton Counties

Trust Benefits: N/A

Trust Revenue: \$ N/A

Item Summary

Montana Fish, Wildlife & Parks (FWP) proposes to purchase by fee title 9,488.26 acres of trust lands managed by the Department of Natural Resources and Conservation (DNRC) identified as inholdings on three FWP Wildlife Management Areas (WMAs). These three WMAs are known as the Sun River, Beartooth and Blackleaf and are located in Lewis & Clark, Cascade/Lewis & Clark, and Teton counties, respectively. The acres to be purchased in each WMA, respectively, are 3,410.35; 5,438.43 and 639.48 acres. Total combined appraised value for these acres is \$11,146,000. FWP proposes to use a combination of FWP Habitat Montana Program (1/4) and U.S. Fish and Wildlife Service Pittman Robertson (3/4) dollars to fund the purchase.

Rationale for Land Board Action

These properties contain important intermountain/foothill grassland habitats of great value to wildlife, their habitats and additional public recreational values.

WMAs are purchased and managed for the long-term purposes of providing productive wildlife habitat and to support compatible recreational opportunities. DNRC's primary mission for trust lands is to generate revenue for trusts. Public expectations are different for both types of state-owned land, and in some circumstances this can be cause for conflict. FWP has been collaborating with DNRC on identifying priority DNRC lands that occur within WMAs. These specific parcels have a higher likelihood of conflicts because of their values for wildlife, the limited income they generate for the trust, and their potential for achieving higher income that would be in direct conflict with habitat values.

The long term solution is for FWP to own these priority parcels. FWP ownership would avert any future risk of potential revenue-generating proposals that DNRC might be directed to consider such as cabin leases, substantially elevated lease or land use license fees, or changes in land use. Blocking FWP ownership assures consistent management and secures habitat conservation into the foreseeable future.

Public Process

Public Scoping was released May 19, 2015 for one month. Environmental Assessments were available for public review on Montana FWP's website from March 4, 2016 through April 8, 2016. Multiple FWP statewide news releases were issued during the established public comment period. A public informational meeting was held in Great Falls on March 29. Seventy-two comments were received; 67 in support of the project and five opposed.

FWP Recommendation

FWP recommends approval by the Board of Land Commissioners to proceed with purchase of the land through the DNRC Land Banking Program.



Montana Fish, Wildlife & Parks

4600 Giant Springs Rd.
Great Falls, MT 59405
406-454-5840
April 2016

Dear Interested Party:

This letter is to notify you that I have made a decision regarding Montana Fish, Wildlife, and Parks' (MFWP) Proposal to acquire in fee title 9,488.26 acres of Department of Natural Resources and Conservation lands known as 'inholdings', cumulatively, on the Sun River, Beartooth and Blackleaf Wildlife Management Areas (WMAs). My decision is to move forward with the proposed action as described in the attendant Environmental Assessment. This acquisition will further secure and maintain wildlife habitat and compatible recreational opportunities for the long-term on those WMAs.

Seventy-two (72) public comments were submitted regarding this Proposal and its intended products. Public comment identified no omissions or deficiencies in the Environmental Assessment. Attached is the Decision Notice with a summary of public comment. As a result, no modifications have been made to the Draft EA. Please consider your previous copy of the EA along with this Decision Notice as final.

It is my recommendation to move forward with the proposed Acquisition on the Sun River, Beartooth and Blackleaf WMAs. The final Department decision will be made at the Fish and Wildlife Commission Meeting, scheduled in May 2016. Completion of this Proposal will also require action by the Montana Land Board.

Thank you for your interest and involvement.

Sincerely,

A handwritten signature in blue ink that reads "Gary Bertellotti". The signature is fluid and cursive, with the first name being the most prominent.

Gary Bertellotti
Region 4 Supervisor
Montana Fish, Wildlife, & Parks
4600 Giant Springs Rd.
Great Falls, MT 59405
(406) 454-5840
gbertellotti@mt.gov



Montana Fish, Wildlife & Parks

DECISION NOTICE

Acquisition of DNRC Inholdings on Sun River, Beartooth, and Blackleaf Wildlife Management Areas

Region 4 Headquarters
4600 Giant Springs Rd.
Great Falls, MT 59405
(406) 454-5840

DESCRIPTION OF PROPOSED ACTION:

Montana Fish, Wildlife & Parks (FWP) proposes to purchase by fee title 9,488.26 acres of Trust Lands managed by the Montana Department of Natural Resources and Conservation (hereafter, DNRC) identified as inholdings on three FWP Wildlife Management Areas (WMAs). These three WMAs are known as the Sun River, Beartooth and Blackleaf and are located in Lewis & Clark, Cascade/Lewis & Clark, and Teton counties, respectively. Those acres to be purchased in each WMA, respectively, are 3,410.35; 5,438.43 and 639.48. Total appraised value for these acres combined is \$11,146,000.

MONTANA ENVIRONMENTAL POLICY ACT (MEPA) PUBLIC PROCESS AND COMMENT:

Montana Fish, Wildlife, and Parks is required by MEPA to assess potential impacts of its proposed actions to the human and physical environments, evaluate those impacts through an interdisciplinary approach, including public input, and make a decision based on this information. Montana Fish, Wildlife, and Parks released a Draft Environmental Assessment (EA) for public review of this proposal on March 4, 2016 and accepted public comment until 5:00 P.M. on April 8, 2016.

A public notice: "Proposal to Sell DNRC Trust lands within the Beartooth, Blackleaf, and Sun River WMA's" was initially offered the public to achieve scoping comments beginning May 19, 2015 for one month. Subsequently, notice of the Proposal and availability of the Draft EA was published in the Great Falls Tribune and various local papers throughout MFWP Region 4 in March, 2016. Copies of the Draft EA were distributed to neighboring landowners and interested individuals, groups, and agencies to ensure their knowledge of the proposed project. The EA was available for public review on MFWP's website (<http://fwp.mt.gov/>, "Public Notices") from March 4, 2016 through April 8, 2016. Multiple MFWP statewide news releases were issued during the established public comment period and simultaneously posted on MFWP's website. An advertised public informational meeting was held in Great Falls on March 29 for the same purpose.

SUMMARY OF PUBLIC COMMENT:

Montana Fish, Wildlife, and Parks received 72 total comments (vast majority online). Those comments were considered as representing 67 in support of the Proposal and 5 in opposition. Following is a summation and, where necessary, response to comments received.

Those favoring the Proposal cited the following factors in their consideration. The Proposal would:

- Provide long term habitat protection for acres involved and those adjacent acres presently managed on the WMAs;
- Preclude future potential for habitat fragmentation given differing management direction on the lands;
- Provide singular management direction for like-kind acres/lands; eliminate management conflicts between two state agencies (FWP & DNRC) who manage according to two differing missions;
- An appropriate use of Habitat Montana license dollars;
- An appropriate use of matching Pittman Robertson (PR) federal funds; the ¼ to ¾ match in funding is “a good return on investment” for state dollars;
- A unique opportunity for the sake of timing with availability of PR funds;
- Eliminate present and increased future lease payments to DNRC;
- DNRC will be able to more effectively use these resulting dollars thru their Land Banking program to generate increased income on a per acre basis for the Trusts they manage;
- Further promote outdoor recreational uses as the writer has experienced in the past on these same three WMAs.

Those opposing the Proposal cited the following factors in their consideration. The Proposal would:

- Reduce income generating capacity of Trust lands managed by DNRC;
- Be a poor use of State taxpayer dollars;
- Favor acquisition, when these lands should be traded between the two agencies, not sold; State agency should give acres to the other state agency;
- Use excessive/inflated appraisal values;
- Implies the federal government (by use of PR funds) will own these acres – opposition to any federal land ownership;
- Continue the “failure of FWP on many fronts of Wildlife Management” . . .”dysfunctional and unaccountable manner in which FWP operates”;

One comment called for extension of the public comment period until after May 15 – the date on which these WMAs open to public use after winter closure for wildlife benefit.

RESPONSE TO PUBLIC COMMENT:

Comment: Will reduce income generating capacity of Trust lands managed by DNRC

MFWP Response: Since 2005, DNRC has sold 68,060 acres via its Land Banking Program that generated an annual income of \$201,571 and then purchased 67,193 acres that produces an annual income of \$467,568. That is an increase in Trust revenue of 132%. All the lands acquired through the Program have legal public access. The Land Banking Acquisition program is required to only purchase lands that produce an equal or greater income to the Trust. It is anticipated that sale of these WMA acres would produce similar results.

Comment: Be a poor use of State taxpayer dollars

MFWP Response: No Montana general fund taxpayer dollars will be used to fund this effort. FWP would use a combination of FWP Habitat Montana Program (1/4) and U.S. Fish and Wildlife Service Pittman Robertson Act (3/4) dollars to fund the purchase.

Comment: Unnecessarily favors acquisition, when these lands should be traded between the two agencies, not sold.

MFWP Response: This response was originally contained within the draft EA, reference pages 24 and 25 of said document. The DNRC is provided direction for the sale of lands and leasing of lands in the Montana Constitution. Specifically, Article 10, Section 11 of the Montana Constitution states: “public land Trust, disposition ... (2) No such land or any estate or interest therein shall ever be disposed of except in pursuance of general laws providing for such disposition, or until the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the state ...”. An exchange of lands was deemed not a viable option.

Comment: Use excessive/inflated appraisal values

MFWP Response: Under land banking the estimated value of sale parcels must be determined by a Montana Licensed and Montana-Certified General Appraiser. The appraisal must be completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as adopted by reference by the State Board of Real Estate Appraisers in ARM 24.207.402. The DNRC reviews or contracts the review of the appraisal, the appraised value is then recommended to the Land Board as the minimum bid for a parcel

Comment: Implies the federal government (by use of PR funds) will own these acres – opposition to any federal land ownership

MFWP Response: Subsequent ownership and management of lands acquired using Pittman Robertson funds (after having provided a State match of dollars) falls to the State of Montana. Similar matching dollars were used in the original purchase of these three WMAs; similar management authority and practices will continue.

Comment: Suggested extension of the public comment period until after May 15

MFWP Response: A public participation and comment period was scheduled March 4 through April 8, 2016. Adequate description by maps, acreage and parcel description in the EA was provided for assimilation of concept, purpose and final product.

DECISION NOTICE

Using the EA and public comment, a Decision Notice must be rendered by MFWP which addresses the concerns and issues identified for this proposed action.

Montana Fish, Wildlife, and Parks’ analysis supports proceeding with the proposed purchase of these ‘inholding’ acres on three FWP Wildlife Management areas as described.

I find there to be no significant impacts to the human and physical environments associated with this project. Therefore, I conclude that the EA is the appropriate level of analysis, and that an Environmental Impact Statement is not required.

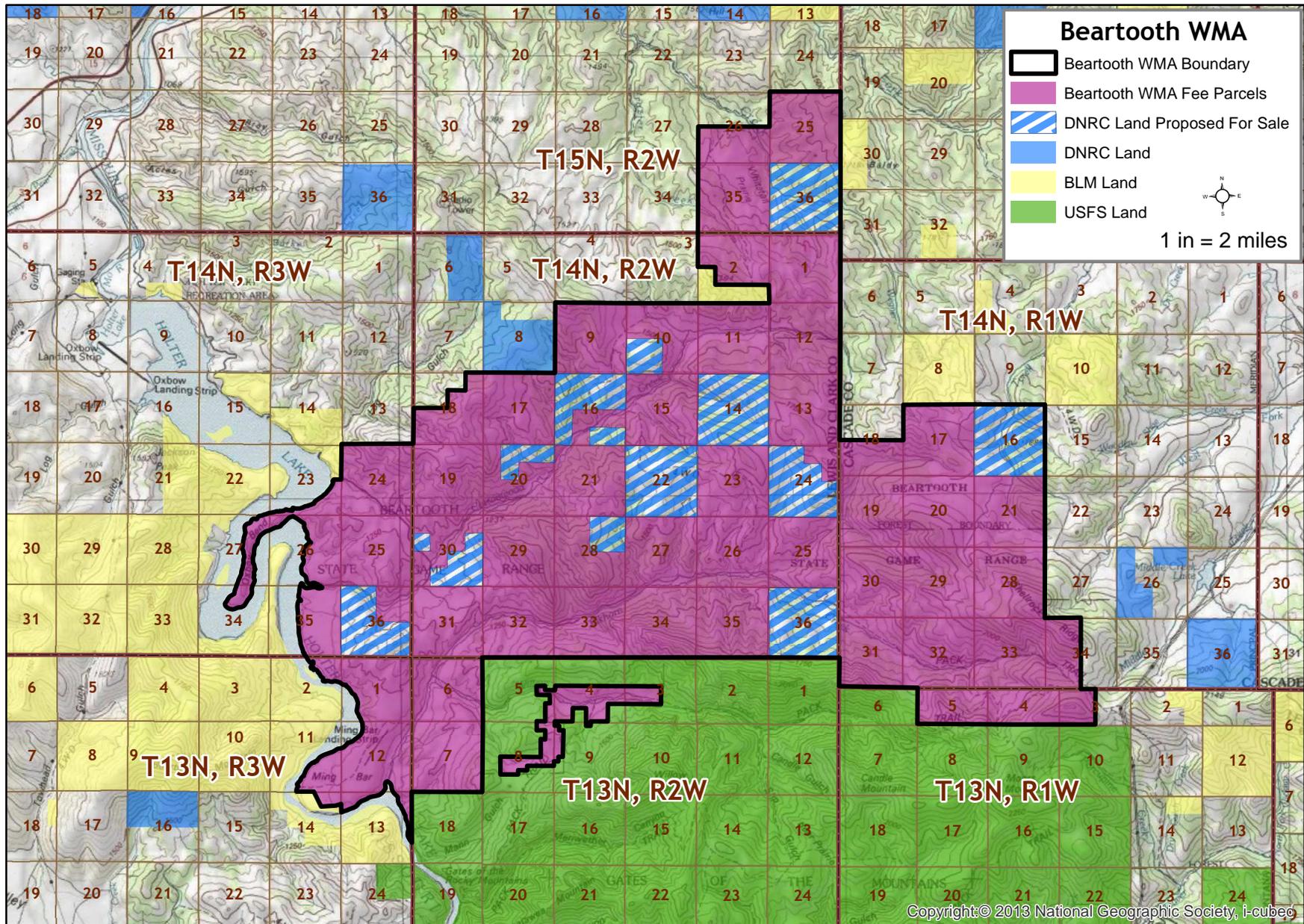
After review of this proposal, it is my decision to accept the Draft EA as supplemented by this Decision Notice as Final, and to recommend FWP proceed with the acquisition effort as described.

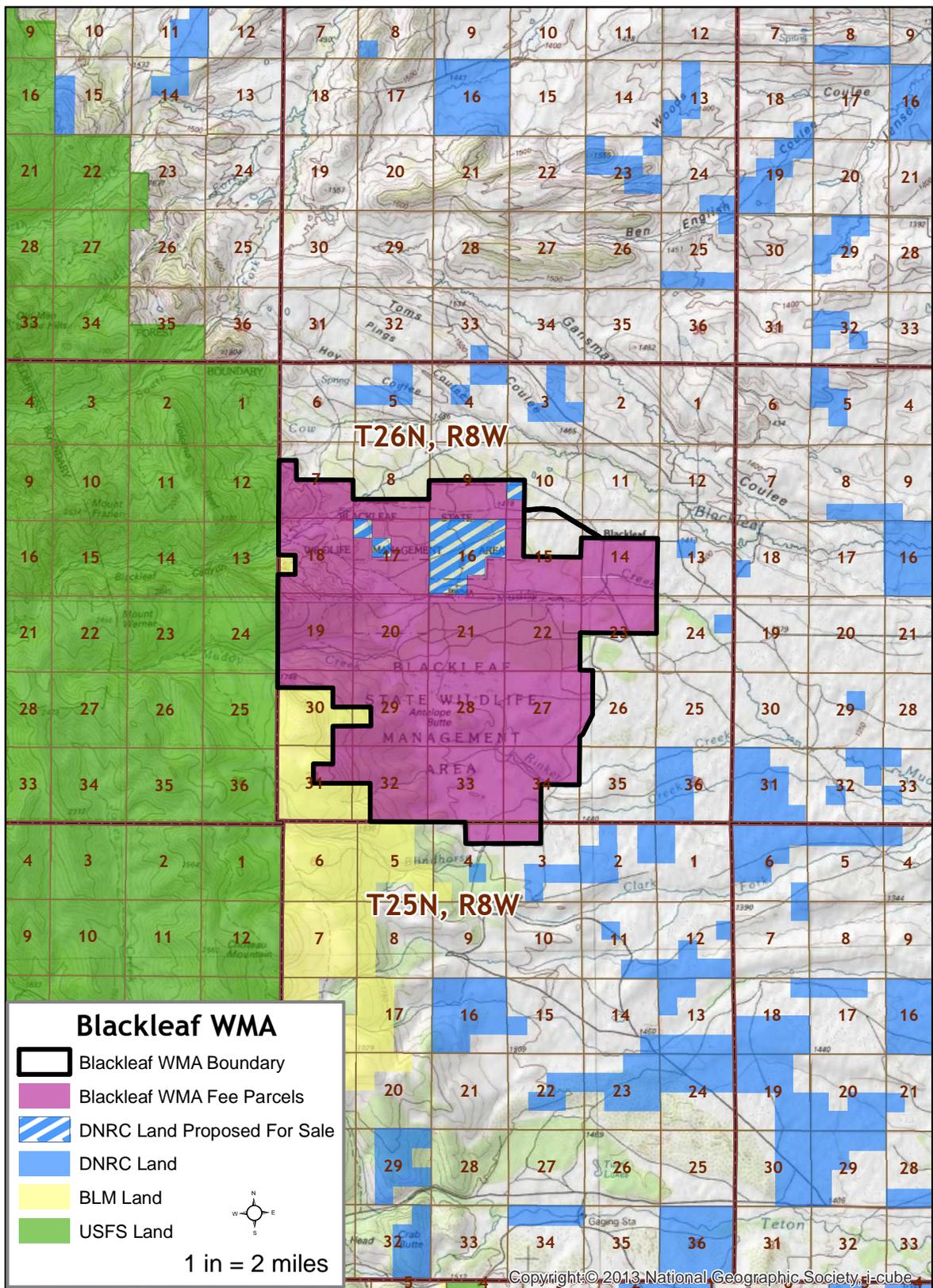
The Final EA (draft EA + Decision Notice) may be viewed on MFWP’s website, or be obtained upon request from MFWP’s Region 4 Headquarters.

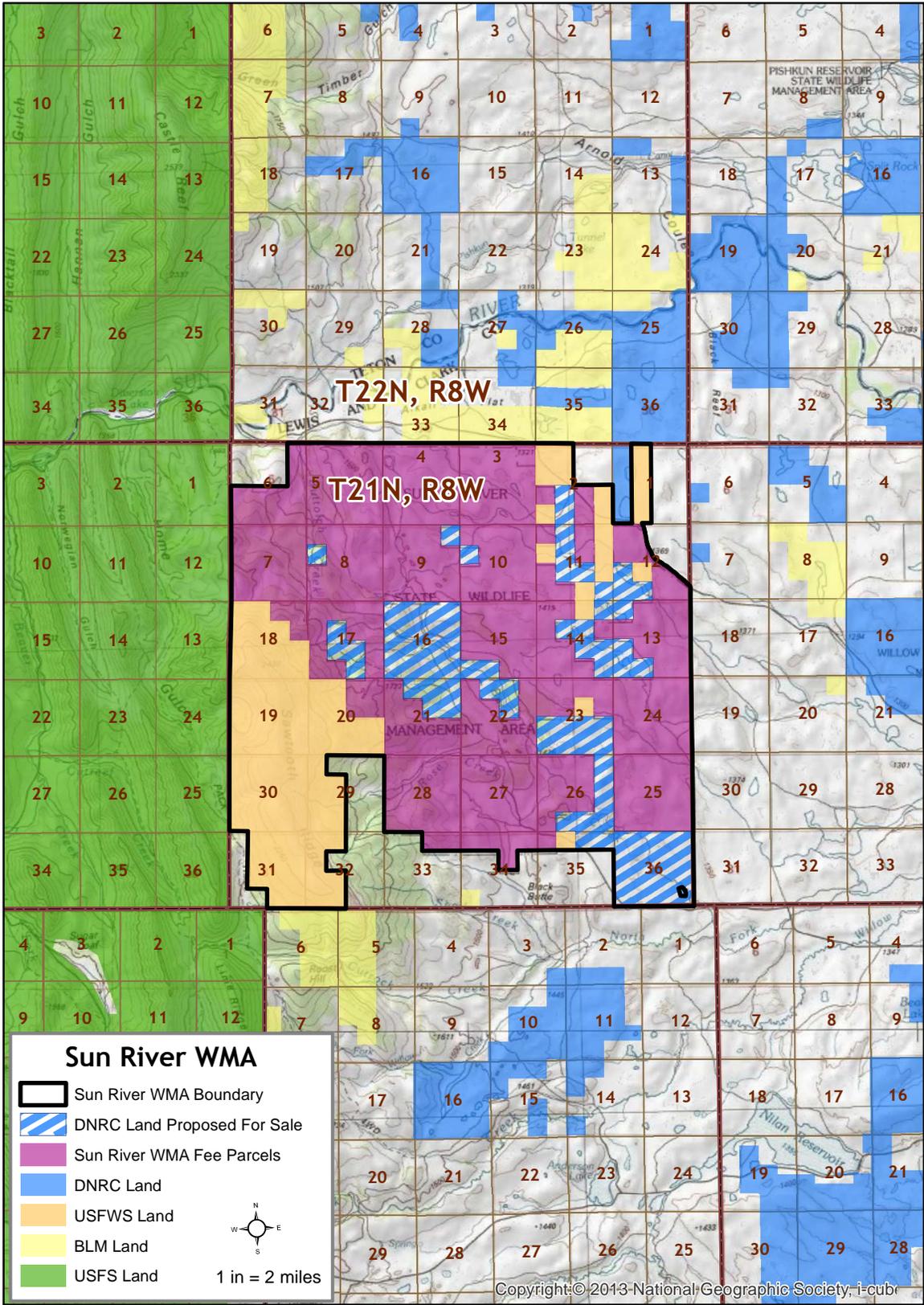
April 21, 2016



Gary Bertellotti
Region 4 Supervisor







**Land Board Agenda Item
May 16, 2016**

516-1B FWP: Land Acquisition - Threemile Wildlife Management Area Antrim Addition Donation

**Location: Ravalli County
East of Florence**

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

The Montana Department of Fish, Wildlife, and Parks (FWP) proposes to accept the donation of the generous bequest by Pricilla J. Antrim of approximately 214.8 acres located approximately 16 miles east of the community of Florence and immediately adjacent to the northern boundary of the Threemile Wildlife Management Area (WMA, Figure 1). The majority of Threemile WMA was purchased by FWP for elk winter range in 1967 and 1968 and currently consists of 6,169 acres. The proposed Antrim Addition shares approximately one mile of common boundary with the WMA and 0.9 miles of common boundary with two United States Forest Service (USFS) Bitterroot National Forest parcels adjacent to the WMA (Figure 2).

FWP proposes to incorporate this parcel into the Threemile WMA, and would manage the property in accordance with the existing Management Plan. A portion of the WMA is subject to winter closure, and a portion is open year around. If added to the WMA, an estimated 170 acres of the approximately 214.8 acre Antrim Addition would fall under the "open year-round designation," with the remaining 45 acres subject to the winter closure. Access into the northern portion of the WMA is provided by USFS Road 640, which is open to the public all year. The portion of the WMA north of the road is open to non-motorized public access year-round.

An Environmental Assessment was released for public comment on February 7, 2016 and a public hearing was held in Corvallis on February 18th. A legal notice was published in local newspapers and the EA was posted on the FWP webpage. FWP received nine public comments, all in favor of the acquisition. The FWP Commission gave final approval to the project on April 14, 2016.

Rationale for Land Board Action

Accepting the Antrim addition would expand important elk winter range and wildlife habitat, and enhance public access in the northern portion of the WMA.

DNRC Recommendation

FWP recommends acceptance by the Board of Land Commissioners of the thoughtful, farsighted, and generous donation of the 214.8 acre Antrim Addition to the Threemile Wildlife Management Area.

Figure 1
Vicinity Map of the Proposed Antrim Addition.

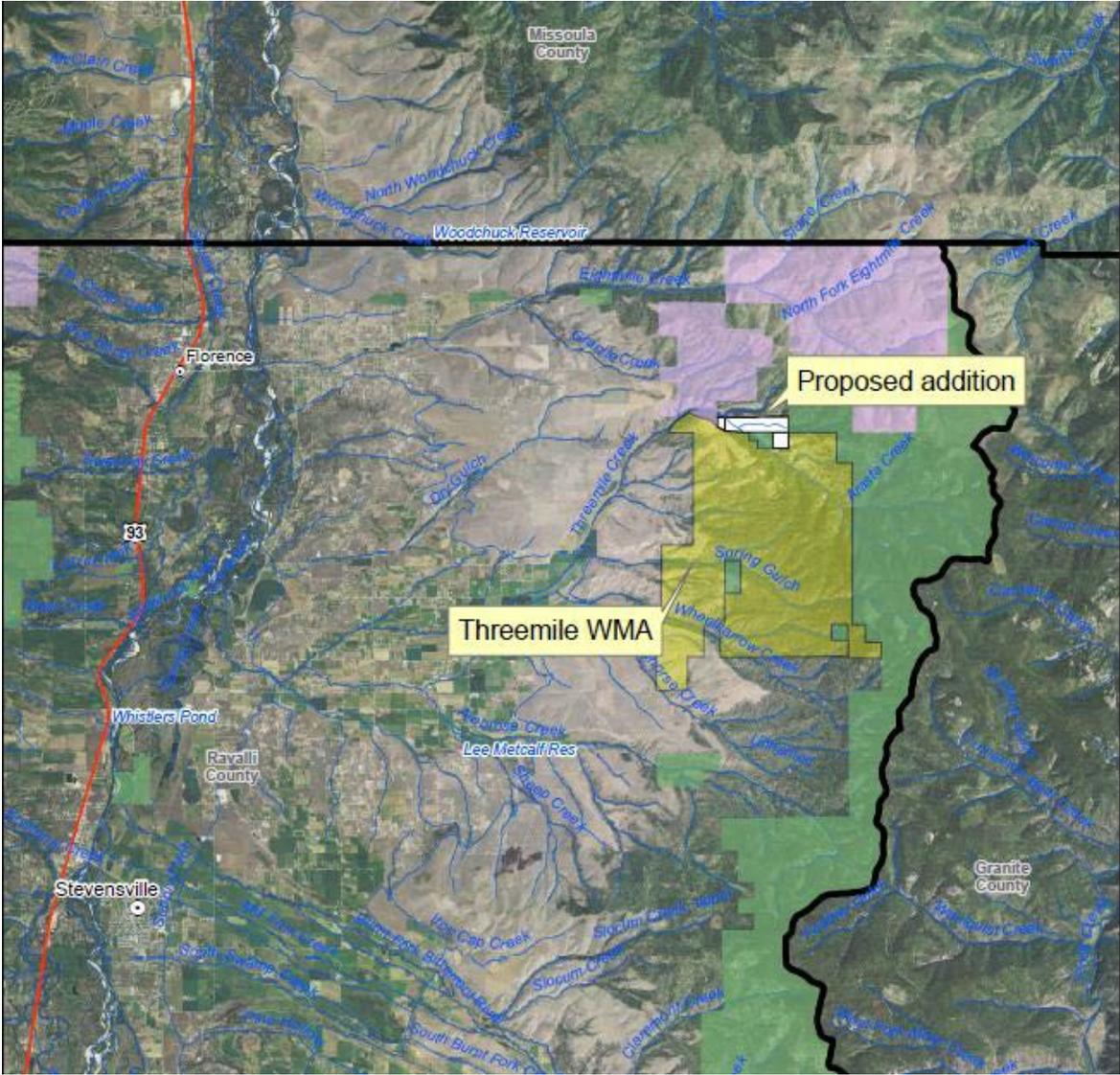
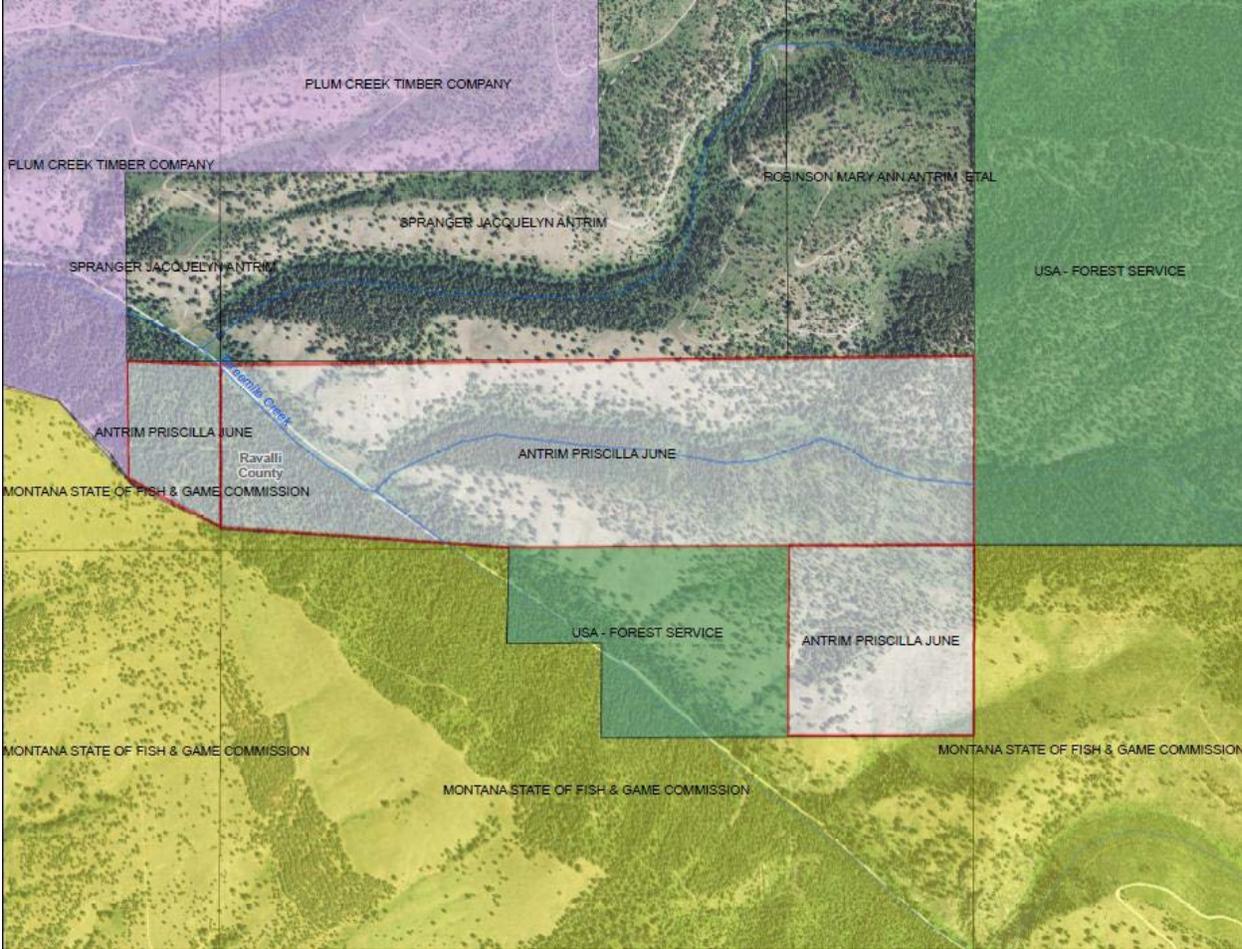


Figure 2
Location Map showing the proposed Antrim Addition (white) and adjacent Threemile WMA (yellow), Plum Creek Timber Company (purple), and Forest Service (green) lands.



FISH and WILDLIFE COMMISSION AGENDA ITEM COVER SHEET**Meeting Date:** April 14, 2016**Agenda Item:** Threemile Wildlife Management Area Antrim Donation/Addition**Division:** Wildlife**Action Needed:** Final**Time Needed on Agenda for this Presentation:** 5 Min**Background**

FWP proposes to accept a donation in fee-title ownership of approximately 214.8 acres adjoining Threemile Wildlife Management Area (WMA), northeast of Stevensville in Ravalli County, Region 2 (see map). The acreage was bequeathed to Montana Fish, Wildlife and Parks in the last will and testament of Ms. Priscilla Antrim. This property shares approximately 1.5 miles of common boundary with the WMA, and 0.90 miles of boundary with a National Forest parcel between the Antrim property and the WMA (see map). It contains open grassland, timber, and riparian habitat, including a small unnamed drainage and a portion of Threemile Creek. There are no developments on the property except for a segment of Forest Road 640, which is maintained by Ravalli County and the US Forest Service.

The primary benefit of acquiring this property would be the preservation of elk and mule deer winter range habitat that is contiguous with the WMA, and the ability to avoid subdivision and development in a location where impacts from development would be significant. The property would be managed as part of the WMA for wildlife habitat and compatible public recreation.

Public Involvement Process & Results

A draft environmental assessment (EA) was prepared for this proposal. The EA was posted on FWP's Internet website on February 5 and public notices were published in local newspapers along with a statewide news release. The public comment period closed on March 8, 2016.

FWP held a public hearing to discuss the proposal and take public comment in Corvallis on February 18 (Thursday) at 6:30 p.m. at the Teller Wildlife Refuge. Three people attended the public meeting, and FWP received 12 comments in total, all in support of the proposed acquisition. Hellgate Hunters and Anglers, Bitterrooters For Planning, and the Ravalli County Fish & Wildlife Association were represented in support of the proposal.

Alternatives and Analysis

No-action is the only practical alternative to this proposed action. If FWP did not accept ownership of this parcel, it is likely the land would eventually be under new private ownership. Under the no action alternative, the land could be vulnerable to subdivision and development and public accessibility would be in jeopardy.

Agency Recommendation & Rationale

FWP recommends that the Commission approve this proposal and add the Antrim donation to the Threemile WMA. This acquisition would expand the footprint of the WMA to include more of the elk winter range.

Proposed Motion

I move the Fish & Wildlife Commission approve the Antrim donated addition to Threemile WMA.



Region 2
3201 Spurgin Road
Missoula, MT 59804

March 24, 2016

Dear Interested Citizen:

Thank you for your thoughtful reviews and comments on a proposal by Montana Fish, Wildlife and Parks (FWP) to accept the donation of approximately 214.8 acres of land adjoining Threemile Wildlife Management Area (WMA) in Ravalli County, northeast of Stevensville. This generous donation is offered as a bequest in the last will and testament of Ms. Priscilla Antrim, the late owner of the property. Benefits of acquiring this property include gaining additional elk winter range for the WMA and enhancing public recreational access to the WMA and nearby National Forest lands.

Enclosed is a decision document in which FWP explains its rationale for recommending that the Fish & Wildlife Commission and the State Board of Land Commissioners approve this donation as proposed. Upon completion of the public involvement process, FWP accepts the draft environmental assessment (EA) as final. The decision document also summarizes all public comments on the donation.

FWP will request approval for its acceptance of the subject lands at the monthly Fish and Wildlife Commission meeting scheduled for April 14, 2016 in Helena. FWP will also need approval from the State Board of Land Commissioners, likely at its scheduled meeting on April 20 in Pablo. These meetings are open to the public, as are other regularly scheduled Commission and Land Board meetings.

Please feel free to contact me at 406-542-5500 with any questions you may have. Thank you for your interest and participation.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Arnold". The signature is fluid and cursive, with the first name "Randy" and last name "Arnold" clearly distinguishable.

Randy Arnold
Regional Supervisor

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**Decision Notice for
The Antrim Addition to Threemile Wildlife Management Area**

Prepared by:
Montana Fish, Wildlife and Parks
Region 2 Wildlife
3201 Spurgin Road, Missoula, MT 59804
March 24, 2016

Proposal

Under the Proposed Action (Alternative A), Montana Fish, Wildlife and Parks (FWP) proposed to accept the donation of fee-title ownership of the Antrim Addition adjoining Threemile WMA in Ravalli County, northeast of Stevensville. The majority of Threemile WMA was purchased by FWP for elk winter range in 1967 and 1968 and currently consists of 6,169 acres. The proposed 214.8-acre Antrim Addition shares 1 mile of common boundary with the WMA and 0.9 miles of common boundary with two USFS parcels adjacent to the WMA. This generous donation is offered according to the last will and testament of Ms. Priscilla Antrim, the late owner of the subject property, with the intent that the gift be accomplished by early 2016.

The existence of Threemile Creek Road (USFS Road 640) makes the Antrim Addition potentially desirable for development, although the rugged terrain and steep hillsides may deter potential developers. However, the flat ground along the Threemile Creek and its unnamed side channel could draw potential development interest. The primary benefits of acquiring this property would be to provide for elk winter range and to protect that habitat from possible future subdivision and/or development, as well as offering improved public access.

FWP would manage the property in accordance with the existing Management Plan for Threemile WMA (available upon request). The WMA is currently open annually for public access from noon May 15 through December 1, and closed from December 2 until noon May 15 to provide undisturbed winter range for elk and other wildlife. The exception is that the area north of, and including, USFS Road 640 in the northeastern WMA is open to nonmotorized public access year-round. However, the entire WMA is closed to hunting, fishing and trapping from December 2 until noon May 15. In this year-round portion of the WMA, motorized travel is allowed only on open roads (USFS Roads 640 and 1344). The Antrim property would be subject to the same use regulations as for Threemile WMA. Therefore, if added to the WMA, an estimated 170 acres of the 215-acre Antrim Addition would fall under the “open year-round designation,” with the remaining 45 acres subject to the winter closure. (See Appendix A of the Draft EA for a summary of the current public use rules for Threemile WMA.)

FWP currently maintains the fence between the two properties, but would likely move that fence to the new boundary upon acquisition.

Under the No Action Alternative B, FWP would not accept the bequest. Under the terms of the Ms. Antrim's will, the bequest would lapse and the property distributed to her main heirs. FWP cannot know if the heirs would keep the property themselves or rent or sell it, but under private ownership or sale (likely to a private party), subdivision and/or development would be more likely than under the proposed action alternative. Future public access to the property would be at the discretion of private owners.

Montana Environmental Policy Act (MEPA) Process

FWP is required by the Montana Environmental Policy Act (MEPA) to assess potential impacts of its proposed actions to the human and physical environments, evaluate those impacts through an interdisciplinary approach, including public input, and make a decision based on this information. FWP released a draft environmental assessment (Draft EA, "Proposed Antrim Addition to Wildlife Management Area") for public review of this proposal on February 8, 2016 and accepted public comment until March 8, 2016.

Legal notice of the Antrim Addition EA (Appendix A) was published twice each in the following newspapers: *Bitterroot Star* (Stevensville; Sept 14 & 21), *Independent Record* (Helena; Feb 5 & 12), *Missoulian* (Feb 5 & 12), and *Ravalli Republic* (Hamilton; Feb 5 & 12). FWP issued a statewide news release regarding this proposal on February 11, 2016.

FWP mailed 13 copies of the EA, and emailed approximately 42 notifications of the EA's availability, to adjacent landowners and interested individuals, groups and non-FWP agencies. The EA was available for public review and comment on FWP's web site (<http://fwp.mt.gov>, "Public Notices") beginning February 8 through March 8, 2016.

A public hearing to explain the project, answer questions, and take public comment was held in Corvallis on February 18 (6:30 p.m. at the Teller Wildlife Refuge's Slack Barn), and 3 members of the public attended.

Summary of Public Comment

FWP received 9 emailed or telephoned comments regarding the proposed hunting access (Appendix B). Eight comments were from members of the public (5 from the Bitterroot Valley, and 1 each from Emigrant, St. Regis, and Superior); and 1 comment was from Hellgate Hunters and Anglers in Missoula. All comments were in support of FWP accepting the donation of the Antrim Addition. No one was in opposition to the proposal.

Three people attended the public meeting held February 18 at the Teller Wildlife Refuge near Corvallis. All three offered testimony supporting FWP's acceptance of the donation (Table 1), with one person providing testimony both as a citizen and as a representative of Bitterrooters for Planning. No comments were received in opposition to the proposal, and two attendees who personally knew and worked with Priscilla Antrim were able to provide additional background and history on past land management.

Participants in the public hearing also discussed ways to appropriately recognize the gift of public land being made by Ms. Priscilla Antrim.

Table 1. Public testimony on FWP’s proposal to accept the donation of the Antrim property into Threemile WMA, received at the public hearing held February 18 in Corvallis.

<i>[Representing the Ravalli County Fish and Wildlife Association] The RCFWA is for public access and we agree with the acquisition of this land into the rest of the WMA for hunting, fishing, etc. We recognize its importance to preserving big game winter range. We’re all for it.</i>
<i>[Representing Bitterrooters for Planning] We enthusiastically support this. Priscilla Antrim was a longtime member, and this sets a great example for folks to consider if they have land. This is great for future generations.</i>
<i>Personally, I’ve lived here in 1983, and have enjoyed the WMA, and engaged in different efforts like travel planning, roads, etc. to provide contribution to habitat and wildlife management here and in surrounding lands. I was granted permission to hunt and access Priscilla Antrim’s property and enjoyed it for 3 decades. On and near the property, I have seen the ridge above the drainage utilized by thousands of elk over 30 years. It’s a very prominent sight line to Cooney Ridge. I’m looking forward to seeing the data from the North Sapphires Elk Research Project related to this land. This is a valuable travel way, I’ve watched elk use the ridge and security habitat on the north slope, and enter the WMA to graze. Made me realize how much ground elk could cover. Black bears, mule deer, WTD seen as well, and bobcat, full range of wildlife. I strongly support the acquisition. Public ownership as an alternative to private development is very important, because we could have very negative effect on wildlife and habitat conditions. I am also concerned about the road conditions. There are wetlands here, we’ve found long-tailed salamanders and possibly Coeur D’Alene salamanders, tailed frogs in the creek, and in tire tracks. I’d ask FWP to consider, possibly at the west side of the property, a plaque in recognition of Ms. Antrim’s stewardship while she was alive, and her commitment to future generations</i>
<i>We should monitor wildlife closely during the timber harvest to see their response. USFS needs to work on the road, especially near the Spranger property, need to fix so water doesn’t run off into the creek. The culvert is shotgunned where it comes out. Should put culverts in the unnamed drainage where it crosses the road, should also get culvert for Threemile Creek here. Also, the property was logged in 2006; line-skidded, left a lot of snags. Harvested 149,000 board feet. Thinned the thicker areas on top to 40%, then lined down to the riparian area, favoring larch and ponderosa pine. There have been lots of elk in the meadow up the unnamed drainage, and lots of woodpeckers, and golden eagles. Also, lots of 4-wheelers trespass near the head of the unnamed draw, and have grow marijuana here.</i>

Response to Public Comment

The following comments and FWP responses encompass specific issues or suggestions received during the public comment period. (The “Comment #” is the Comment # in Appendix B, sometimes with paragraph number/s also included.)

Comment 7. *My only concern with this addition is that FWP continues to allow yearlong access through the WMA on USFS Road 640.*

FWP Response: USFS Road 640, maintained by the US Forest Service and Ravalli County, must remain open to allow access to land beyond the WMA. According to the original Threemile WMA Management Plan, only WMA land north of this road is accessible year-round; all WMA land to the south, which would include a small portion

of the Antrim Addition, is closed from December 1 to noon on May 15. However, FWP recognizes that this donation would add a sizeable amount of WMA land that would be open year-round. We will monitor wildlife use of the donation and may propose to amend the management plan if we deem it necessary for the protection of important big game habitat. Such amendments to the management plan would be subject to MEPA public comment requirements.

Comment 8 (para 2): Management should just continue with the same practices for deer and elk as winter habitat.

FWP Response: As part of the WMA, this addition would be managed in accordance with the current Threemile WMA Management Plan.

Regional Supervisor's recommendation on FWP's acceptance of the donated addition to Threemile WMA

Based upon the Draft Environmental Assessment and the applicable laws, regulations, and policies, I have determined that the proposed action will not have negative effects on the human and physical environments associated with this project. Therefore, I conclude that the EA is the appropriate level of analysis and the preparation of an Environmental Impact Statement is unnecessary. With the addition of this Decision Notice, the Draft EA is hereby made the Final EA.

This proposal received strong support from the public, with no one expressing opposition to the action. It would conserve important native fish and wildlife habitat and secure fall hunting access.

In light of these considerations, I am pleased to recommend that FWP accept the donation of the 214.8 acres adjoining Threemile WMA, with an expression of gratitude to Ms. Priscilla Antrim for her generous gift to Montana.



Randy Arnold
Region 2 Supervisor
Montana Fish, Wildlife & Parks

3/24/2016

Date

Appendix A

Legal Notice for the Proposed Antrim Addition to Threemile WMA

PUBLIC COMMENT SOUGHT

Montana Fish, Wildlife & Parks (FWP) invites public review of its proposal to accept the donation of approximately 214.8 acres of land adjoining Threemile Wildlife Management Area (WMA) in Ravalli County, northeast of Stevensville. This generous donation is offered as a bequest in the last will and testament of Ms. Priscilla Antrim, the late owner of the property. Benefits of acquiring this property include gaining additional elk winter range for the WMA and enhancing public recreational access to the WMA and nearby National Forest lands.

A draft environmental assessment (EA) has been prepared for this proposal. The EA may be viewed on FWP's Internet website <http://fwp.mt.gov> ("Submit Public Comments," beginning February 5), or it may be obtained by mail from Region 2 FWP, 3201 Spurgin Rd., Missoula 59804; by phoning 406-542-5540; or by emailing shrose@mt.gov. Comments may also be directed to Sharon Rose by mail, phone or email at these contacts. Comments must be received by FWP no later than 5:00 p.m. on March 7¹, 2016.

FWP will hold a public hearing to discuss the proposal and take public comment, in Corvallis on February 18 (Thursday) at 6:30 p.m. at the Teller Wildlife Refuge's Slack Barn at 1180 Chaffin Lane (1 mile north of Corvallis on the Eastside Highway, turn west onto Quast Lane and go 0.3 mile, turn left/south onto Chaffin and 0.15 mile ahead is the driveway).

¹ Note--Comment deadline was extended to March 8, because the EA was not posted on FWP's website until February 8.

Appendix B

Comments received by FWP on the Draft EA for the proposed 214.8-acre Antrim Addition to Threemile Wildlife Management Area. (Comments received via E = email, Ph = Telephone.)

Commenter #	Via	Para-graph	Comment
1	E		WOW!!!! I think that sums up my comment. I will say, I see no reason not to honor Ms. Priscilla Antrim request, and accept her generous donation!!!!
2	E		A strong support of this proposal from local resident
3	E		Good Idea. Adding land to 3 mile WMA!!
4	E		Great if you can take on that land through the donation. Good, sound acquisition
5	Ph		Relative to the land bequethed to FWP, this is a real good amount of land. It's something FWP should accept and add to Threemile WMA and to public access.
6	E		I would like to say add the Antrim addition to the Three Mile game range, it would be great.
7	E		I strongly support FWP accepting the donation of the Antrim property to become an addition to the Threemile WMA. The addition of this property to the WMA will maintain connectivity to public and private lands to the north of the WMA as well as maintain the natural characteristics of the Threemile Creek drainage. My only concern with this addition is that FWP continues to allow yearlong access through the WMA on USFS Road 640.
8	Ph	1	I support the acquisition of the new acreage for Threemile WMA from the lady who passed away.
		2	Management should just continue with the same practices for deer and elk as winter habitat.
9	E	1	Hellgate Hunters and Anglers support the Montana Department of Fish, Wildlife and Parks acquiring the approximately 214.8 acres of land adjoining Threemile Wildlife Management Area (WMA) in Ravalli County.
		2	Our members include over 300 hunters and anglers who value public recreational access. We're thankful that hunters and anglers will continue to be able to access this property, which improves access to adjoining public lands. Our hope is FWP will add this acreage to the existing Threemile Wildlife Management Area (WMA).
		3	We recognize the importance of:
		4	•The addition adds to the supply of fertile land for wildlife corridors and expanded roaming capabilities for winter elk.
		5	•Adding a large parcel of adjacent, manageable land to the existing WMA for more public recreation opportunity for hunters and anglers.
		6	•The expansion for elk winter range and forage capability may limit grazing livestock.
		7	•Ability to keep natural living conditions for local surrounding herds, without considerable disturbance of human improvements to the area.
		8	•Limiting further disturbance, and development, on the elk winter range.
		9	•Ecological restoration of the 0.4 miles of Threemile Creek, and the 0.8 miles of small unnamed side channel of Threemile Creek.
		10	In summary, we strongly support the Montana Department of Fish, Wildlife and Parks' acquisition of the approximately 214.8 acres of land adjoining Threemile Wildlife Management Area (WMA) in Ravalli County

516-2

TIMBER SALES:

- A. Antice South
- B. Cilly Napa
- C. Little Rock Sears

Land Board Agenda Item
May 16, 2016

516-2A Timber Sale: Antice South

**Location: Flathead County
Sections 15, 22, 23, & 24, T33N, R23W**

Trust Benefits: Common Schools

Trust Revenue: \$394,297 (estimated, minimum bid)

Item Summary

The Antice South Timber Sale is located approximately seven miles northwest of Olney, MT. The sale includes nine harvest units (217 acres) of skyline and tractor logging. The estimated harvest volume is 14,896 tons (2.8 MMBF) of sawlogs. The minimum bid is \$26.47 per ton, which would generate approximately \$394,297 for the common schools trust and approximately \$71,054 in forest improvement fees. The sale area is within the Habitat Conservation Plan (HCP) project area and complies with the commitments outlined in the HCP.

This sale has harvest prescriptions of individual tree selection for an old-growth maintenance harvest (116 acres), an overstory removal harvest on older seed tree harvests where regeneration is established (45 acres), a clear cut with reserves of mistletoe larch (10 acres), and seed tree harvest (45 acres). The current species mix over the nine harvest units include Douglas-fir, Englemann spruce, subalpine fir, western red cedar, and western larch. Prescriptions have been developed to promote timber production and conversion to the desired species mix within stands. Post-harvest, the clear-cut and seed tree units will be site prepped to plant blister rust-resistant western white pine. Natural regeneration of western larch and Douglas-fir will be promoted. Regeneration harvests of 24 acres are proposed within the old-growth stands. This will reduce the amount of old growth on the Stillwater Unit by 0.02% and approximately 14.8% of old growth would remain on the Stillwater Unit.

The Department of Natural Resources and Conservation (DNRC) is proposing 0.6 miles of new temporary road construction. DNRC is also proposing 15 miles of road maintenance. There are currently main system roads that are open for motorized public access year-round and gated roads that restrict motorized public access. There will be no changes to the current road restrictions with this project post-harvest.

Access is obtained via a reciprocal access agreement with Weyerhaeuser Company.

Scoping notices were placed in the *Whitefish Pilot* and the *Daily Inter Lake* newspapers and sent to neighboring landowners, individuals, agencies, industry representatives, and other organizations that have expressed interest in DNRC's management activities. The Initial Proposal was also placed on the DNRC website and posted at the Olney Post Office for 30 days. DNRC did not receive any comments during the 30-day comment period.

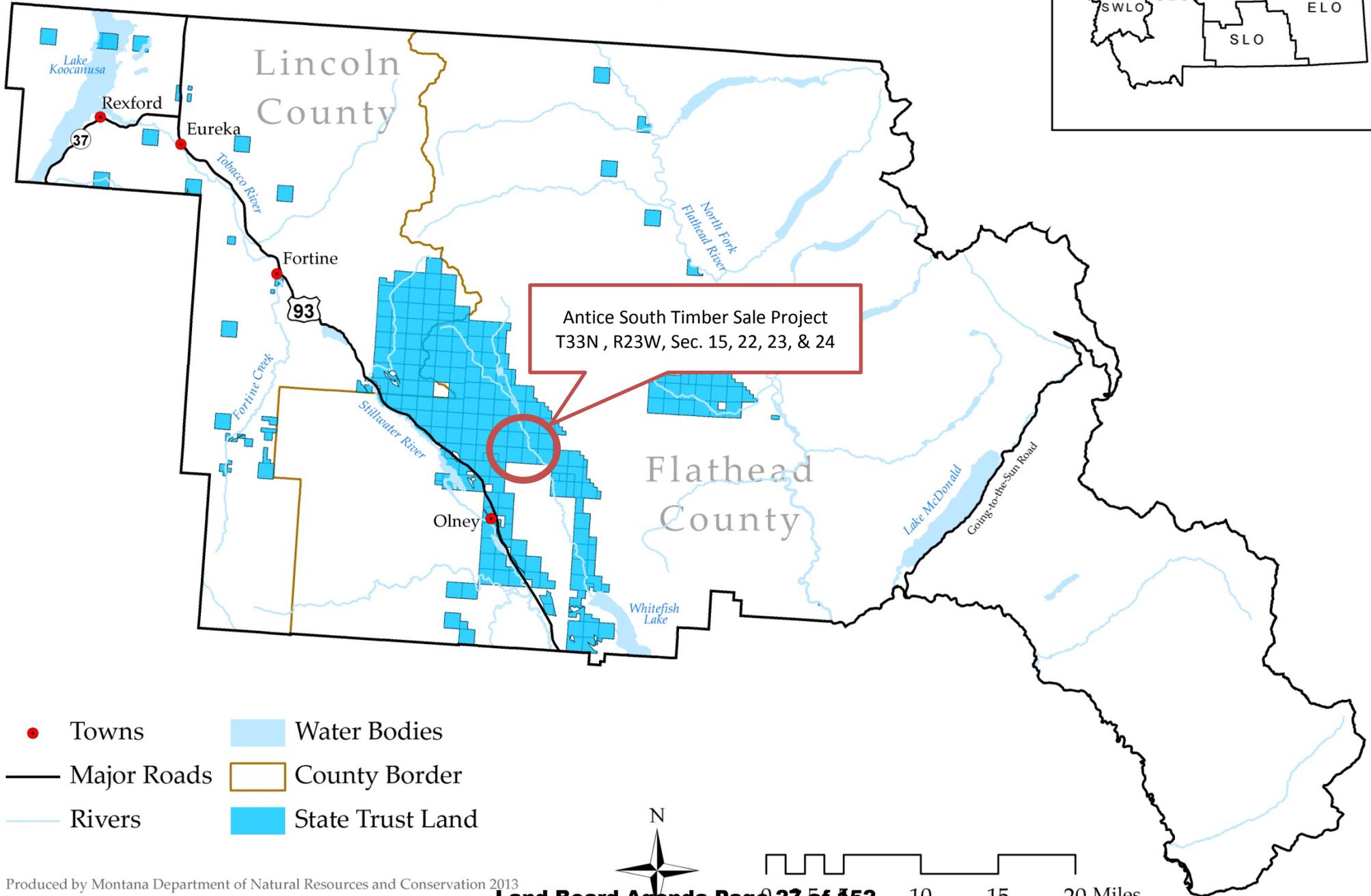
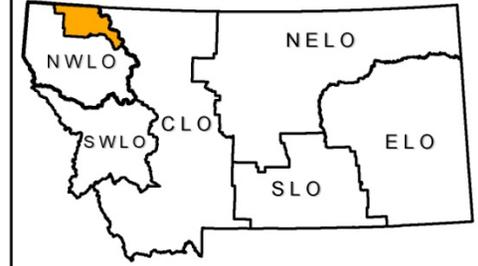
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Antice South Timber Sale.

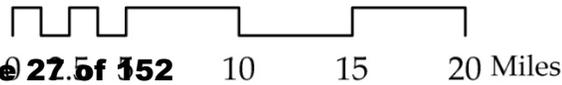
ANTICE SOUTH TIMBER SALE VICINITY MAP STILLWATER UNIT



516-2A



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

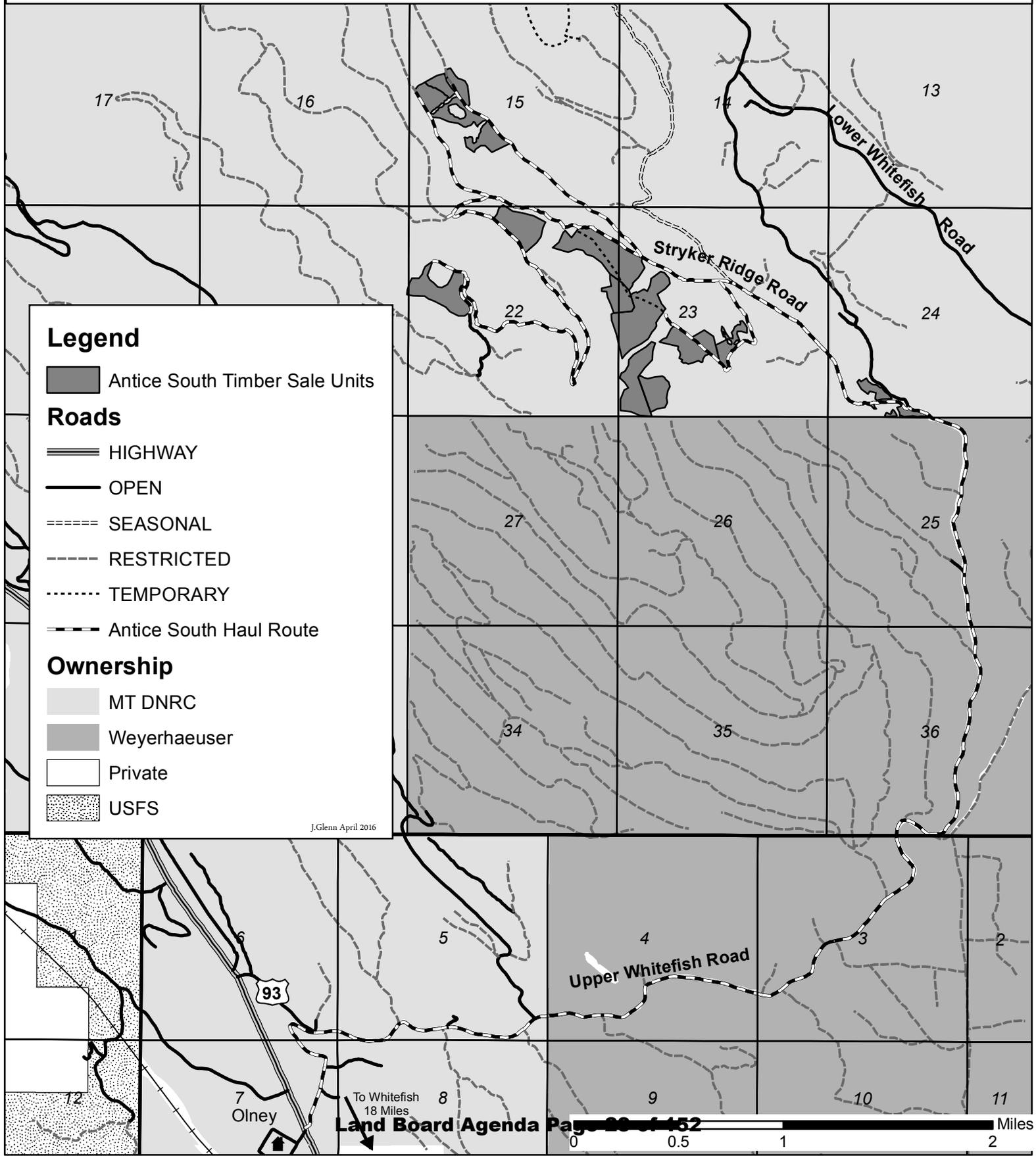


Antice South Timber Sale

Haul Route

T33N, R23W, Sections 15, 22, 23, & 24

Attachment A: 2 of 4



Legend

Antice South Timber Sale Units

Roads

- HIGHWAY
- OPEN
- SEASONAL
- RESTRICTED
- TEMPORARY
- Antice South Haul Route

Ownership

- MT DNRC
- Weyerhaeuser
- Private
- USFS

J.Glenn April 2016

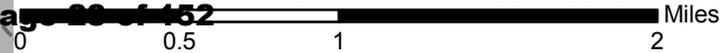
Upper Whitefish Road

Lower Whitefish Road

Stryker Ridge Road

Olney

To Whitefish
18 Miles



Antice South Timber Sale

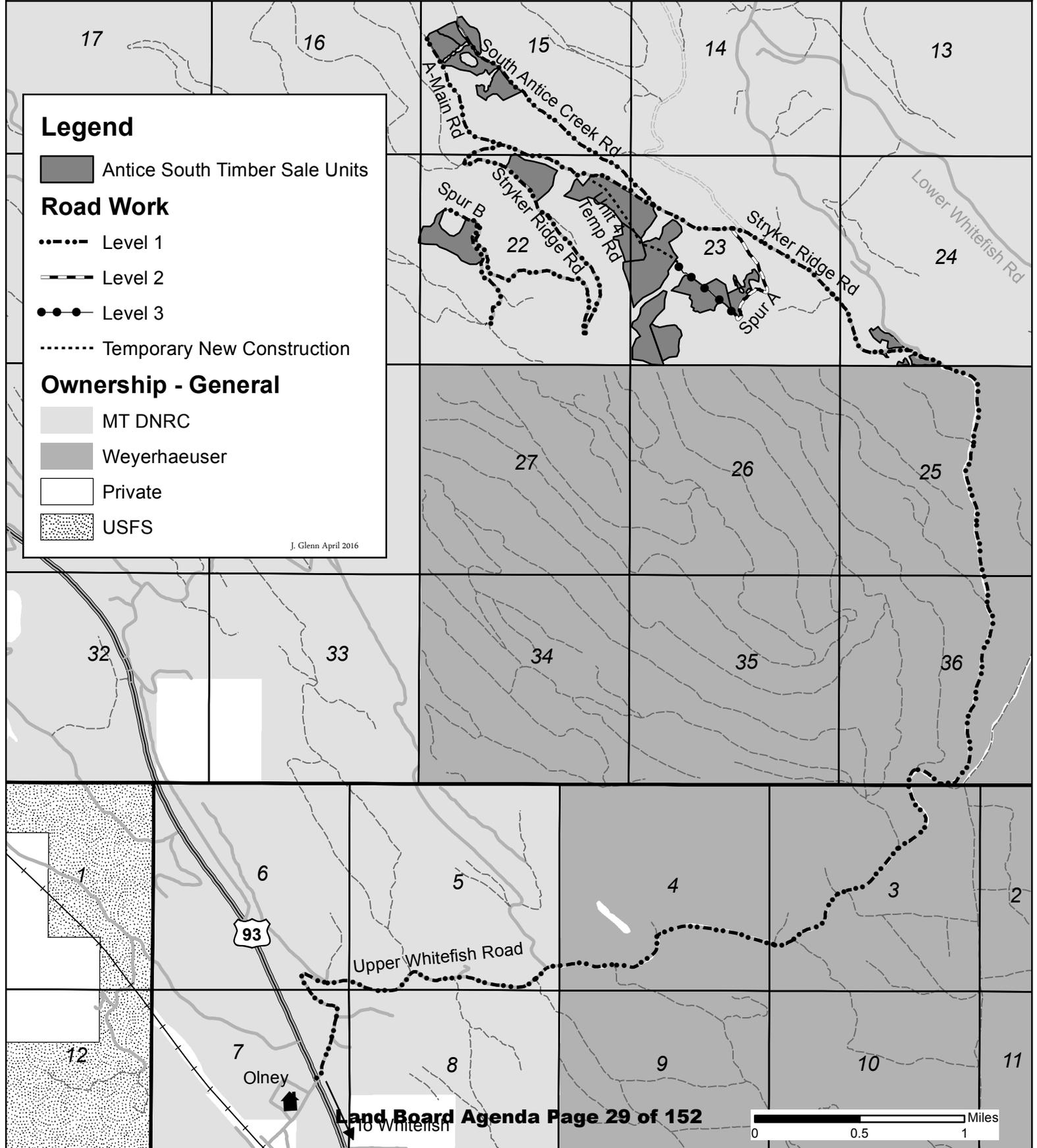
516-2A



Road Work

T33N, R23W, Sections 15, 22, 23, & 24

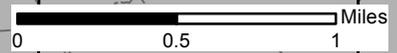
Attachment A: 3 of 4



Legend

- Antice South Timber Sale Units
- Road Work**
 - Level 1
 - Level 2
 - Level 3
 - Temporary New Construction
- Ownership - General**
 - MT DNRC
 - Weyerhaeuser
 - Private
 - USFS

J. Glenn April 2016



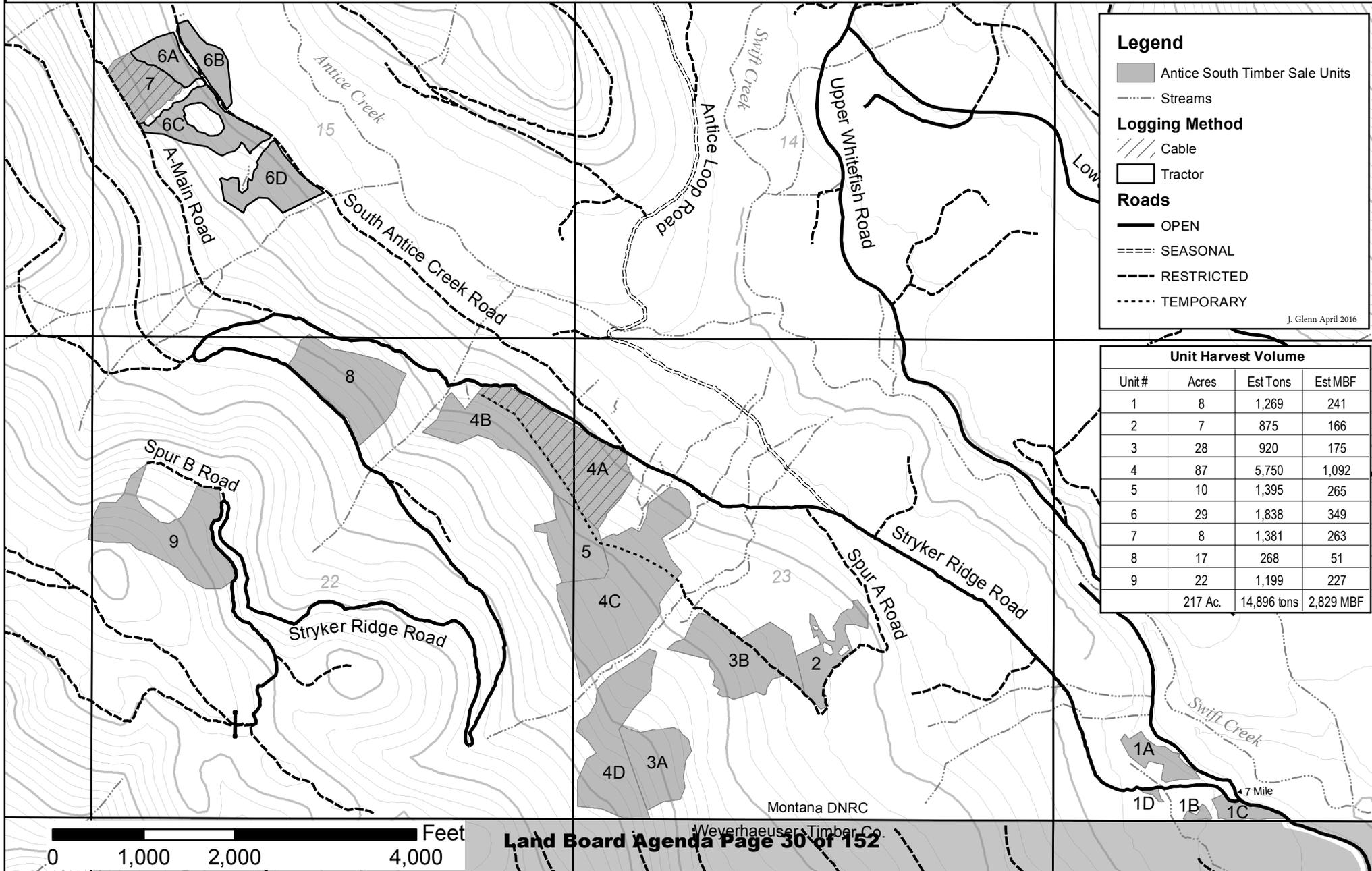
Antice South Timber Sale

Contract Unit Map

T33N, R23W, Sections 15, 22, 23, & 24

Attachment A: 4 of 4

516-2A



Legend

- Antice South Timber Sale Units
- Streams

Logging Method

- Cable
- Tractor

Roads

- OPEN
- SEASONAL
- RESTRICTED
- TEMPORARY

J. Glenn April 2016

Unit Harvest Volume			
Unit #	Acres	Est Tons	Est MBF
1	8	1,269	241
2	7	875	166
3	28	920	175
4	87	5,750	1,092
5	10	1,395	265
6	29	1,838	349
7	8	1,381	263
8	17	268	51
9	22	1,199	227
217 Ac.		14,896 tons	2,829 MBF



Montana DNR

Weyerhaeuser Timber Co.

7 Mile

**Land Board Agenda Item
May 16, 2016**

516-2B Timber Sale: Cilly Napa

**Location: Lake County
Sections 27 & 34, T24N, R17W
Section 3, T23N, R17W**

Trust Benefits: Common Schools

Trust Revenue: \$187,727 (estimated, minimum bid)

Item Summary

The Cilly Napa Timber Sale is located approximately 10 miles southeast of Swan Lake, MT. The sale includes five harvest units (190 acres) of skyline and tractor logging. The estimated harvest volume is 10,758 tons (1.6 MMBF) of sawlogs. The minimum bid is \$17.45 per ton, which would generate approximately \$187,727 for the common school trust and approximately \$40,127 in forest improvement fees. The sale area is within the Habitat Conservation Plan (HCP) project area and complies with the commitments outlined in the HCP.

This sale has a harvest prescription of commercial thin, seed tree, and overstory removal. The current species mix over the five harvest units include Douglas-fir, western larch, ponderosa pine, grand fir, lodgepole pine, and small amounts of western red cedar, Englemann spruce, and western white pine. The commercial thinning and overstory removal will promote growth of superior intermediate and co-dominant trees. The seed tree treatment will promote the regrowth of desired species and promote stand diversity. Old growth is not present in any of the stands to be harvested.

Department of Natural Resources & Conservation (DNRC) is proposing 0.5 miles of new permanent road construction. DNRC is also proposing 0.23 miles of road reconstruction and 9.3 miles of road maintenance. Currently, not all restricted roads are open to motorized public access. Goat Creek Road, Goat Soup Cut Across Road, Soup Creek Road, and Napa Point Roads are open to motorized public access. There will be no changes to the current road restrictions with this project post-harvest.

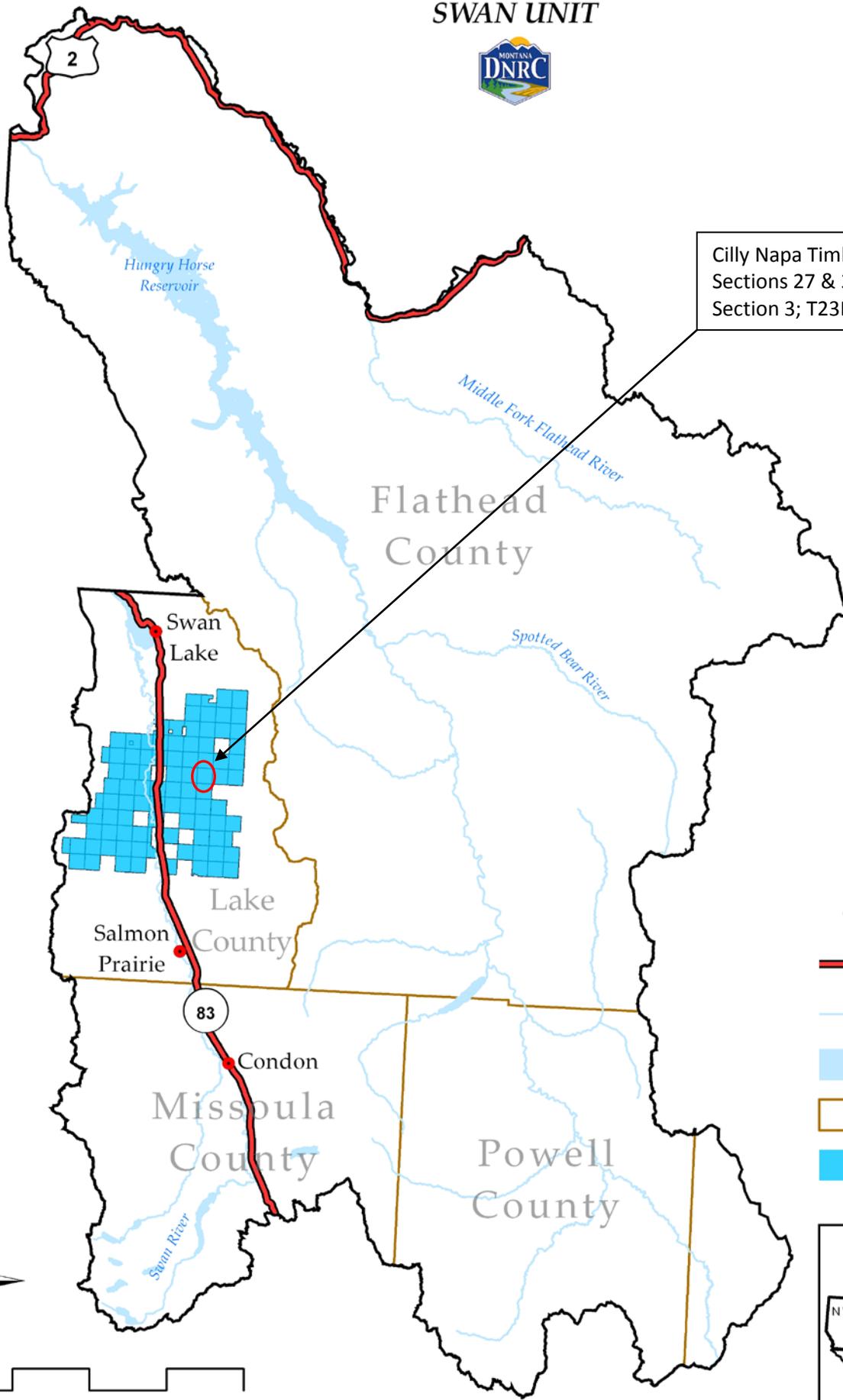
Access is obtained via a cost share section of Goat Creek Road with the U.S. Forest Service.

In February 2013, DNRC distributed the Initial Proposal and invited public comments. Public notices were placed in the *Daily Inter Lake* and *Pathfinder* newspapers. The Initial Proposal was mailed to individuals, agencies, internal DNRC staff, industry representatives, and other organizations that had expressed interest in the Swan River State Forest management activities. During the 30-day comment period, a total of nine responses were received. On May 24, 2013, the ID Team sent a newsletter to individuals/groups on the scoping list containing updated information about the project development. No comments were received. DNRC hosted a field tour on October 22, 2013. DNRC staff members and four participants visited stands in and adjacent to the proposed harvest units. Questions and concerns were recorded and cross referenced with comments received during the initial proposal scoping period to ensure that relevant issues were captured. On November 7, 2013, the ID Team sent a second newsletter out to individuals/groups on the scoping list. One written comment was received. Throughout the project development phase the primary concerns were: the size and scope of the project, the perceived similarities between action alternatives, impacts of timber harvesting and road construction on old growth and wildlife habitat, protection of water quality, and maintaining biodiversity. These resource concerns and others were addressed within both the project's design and mitigation, and were incorporated into the timber sale contract.

DNRC Recommendation

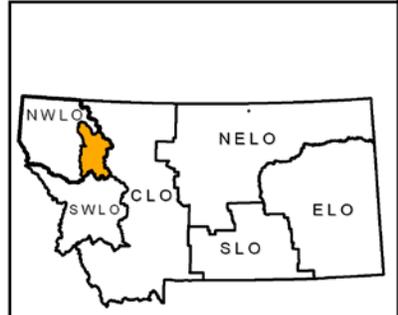
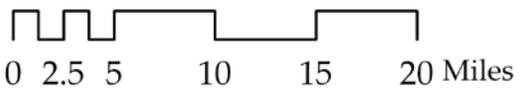
The director recommends the Land Board direct DNRC to sell the Cilly Napa Timber Sale.

SWAN UNIT



Cilly Napa Timber Sale
Sections 27 & 34; T24N, R17W and
Section 3; T23N R17W

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





CILLY NAPA SALE MAP
 Sections 27 & 34 - T24N R17W and Section 3- T23N R17W
 Attachment A1



Legend

Roads

- Maintenance
- New Construction
- Reconstruction

Streams

- Intermittent
- Perennial
- HIGHWAY
- OPEN
- RESTRICTED
- SEASONAL

Cutting Units

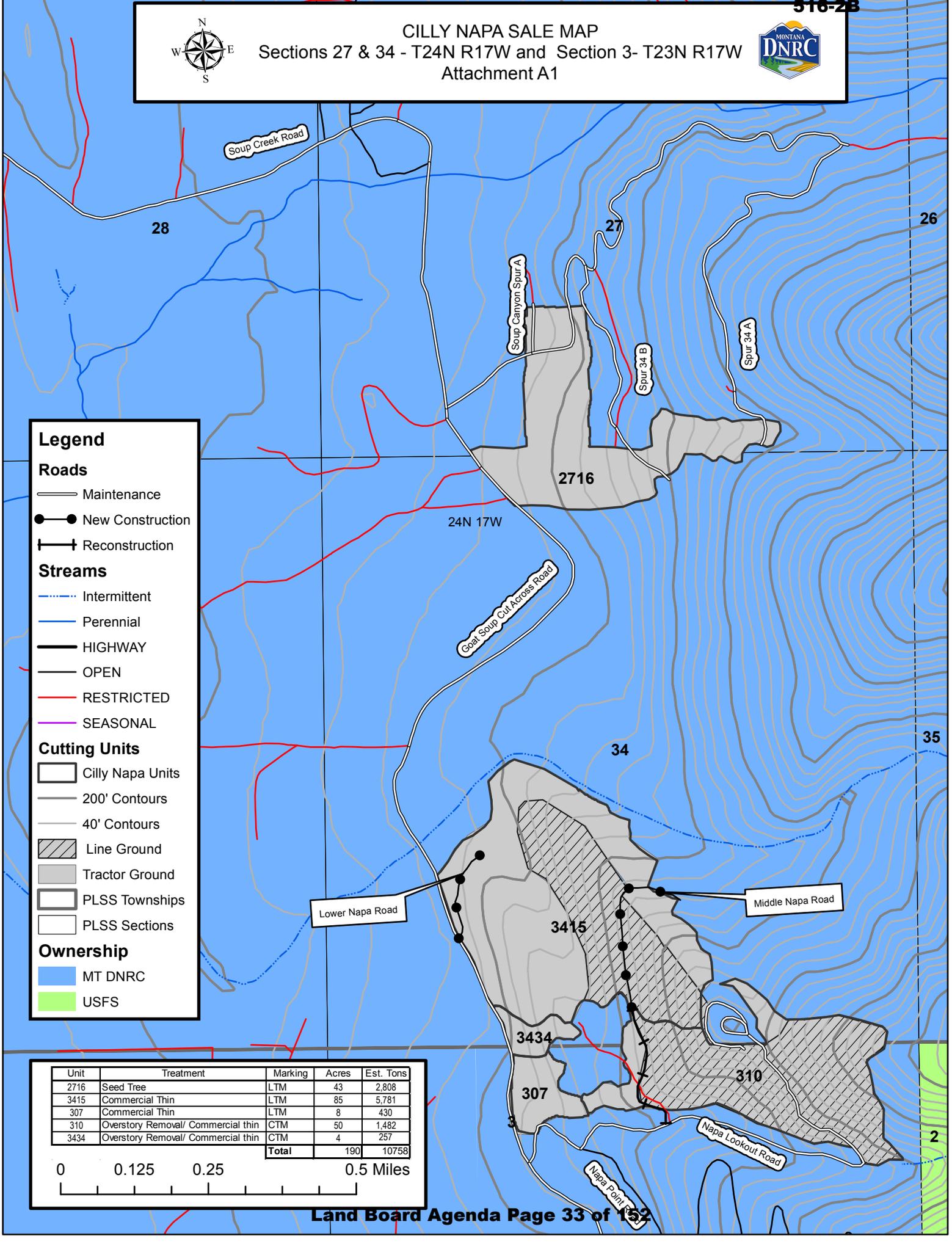
- Cilly Napa Units
- 200' Contours
- 40' Contours
- Line Ground
- Tractor Ground
- PLSS Townships
- PLSS Sections

Ownership

- MT DNRC
- USFS

Unit	Treatment	Marking	Acres	Est. Tons
2716	Seed Tree	LTM	43	2,808
3415	Commercial Thin	LTM	85	5,781
307	Commercial Thin	LTM	8	430
310	Overstory Removal/ Commercial thin	CTM	50	1,482
3434	Overstory Removal/ Commercial thin	CTM	4	257
Total			190	10758

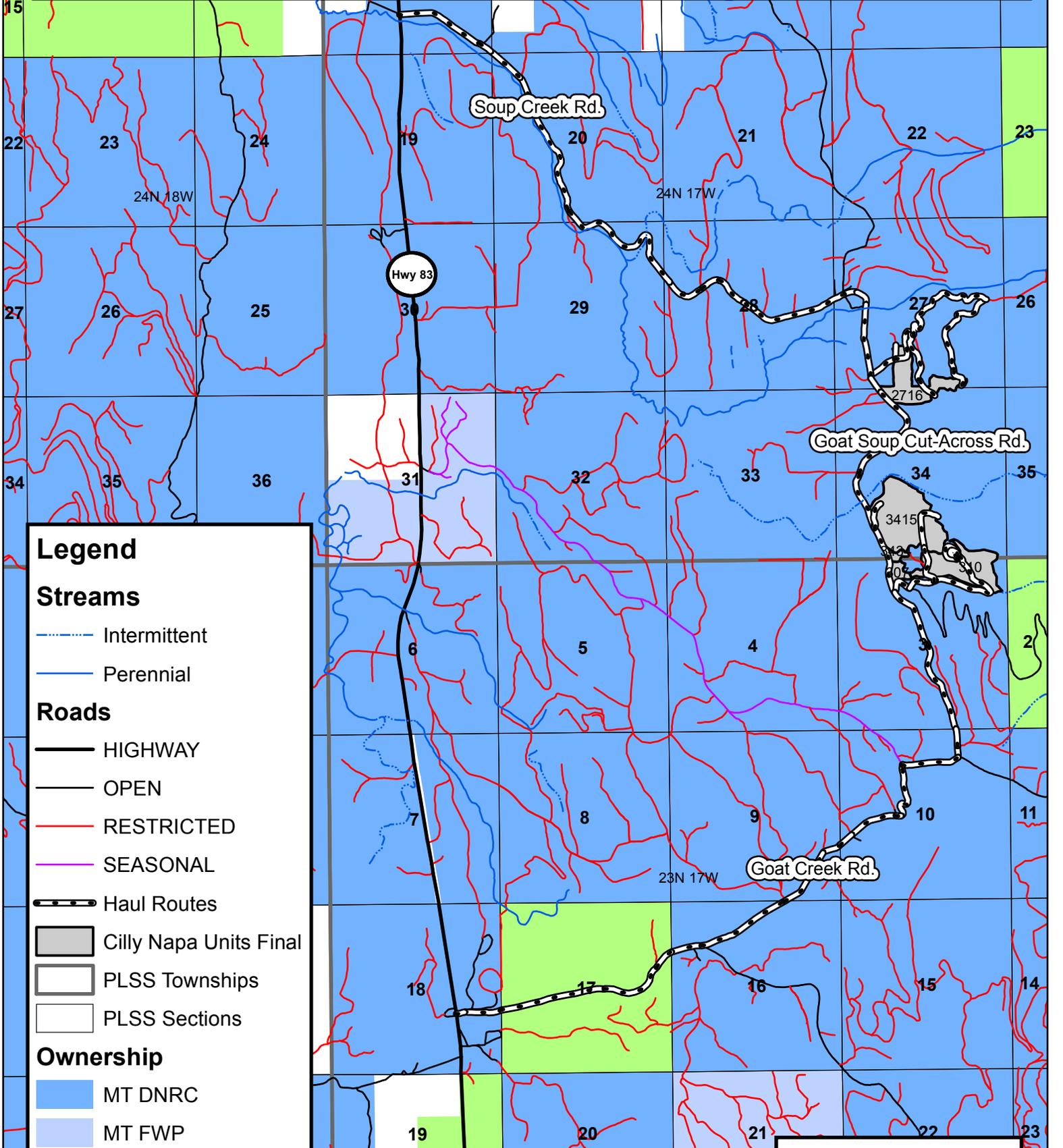
0 0.125 0.25 0.5 Miles





CILLY NAPA HAUL ROUTES

Sections 27 & 34 - T24N R17W and Section 3 - T23N R17W
Attachment A2



Legend

Streams

- Intermittent
- Perennial

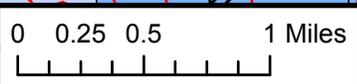
Roads

- HIGHWAY
- OPEN
- RESTRICTED
- SEASONAL

- Haul Routes
- Cilly Napa Units Final
- PLSS Townships
- PLSS Sections

Ownership

- MT DNRC
- MT FWP
- USFS



Land Board Agenda Item
May 16, 2016

516-2C Timber Sale: Little Rock Sears

Location: Sanders County
Section 30, T23N, R26W
Section 36, T23N, R27W

Trust Benefits: Common Schools, Public Buildings

Trust Revenue: \$466,059 (estimated, minimum bid)

Item Summary

The Little Rock Sears Timber Sale is located approximately 18 miles north of Plains, MT. The sale includes 10 harvest units (873 acres) of skyline and tractor logging. The estimated harvest volume is 24,830 tons (3.4 MMBF) of sawlogs. The minimum bid is \$18.77 per ton, which would generate approximately \$466,059 for the common school trust and public buildings trust and approximately \$86,160 in forest improvement fees. The sale is within the Habitat Conservation Plan (HCP) project area and complies with the commitments outlined in the HCP.

This sale has a harvest prescription of shelterwood treatment to be implemented on the 873 acres. The harvest activities will improve stand vigor and promote regeneration of ponderosa pine and western larch. The sale will improve overall forest health in the stands and reduce fuel loading. Old growth is not present in any of the stands to be harvested.

The Department of Natural Resources & Conservation (DNRC) is proposing 2.9 miles of new permanent road construction and 0.2 miles of new temporary road construction. DNRC is also proposing 6.1 miles of road maintenance and 1.0 miles of road reconstruction. Old logging roads will be utilized as temporary roads. New and existing roads will be left in place post-harvest, but any temporary roads will be abandoned. There are five miles of road open to motorized public access currently and there will be 5.2 miles post-harvest. Post-harvest, 3.9 miles of newly constructed and previously closed roads will be closed to motorized public access to protect wildlife habitat and reduce road maintenance costs.

Access is obtained through the Lower Thompson Reciprocal Access Agreement with Weyerhaeuser Company.

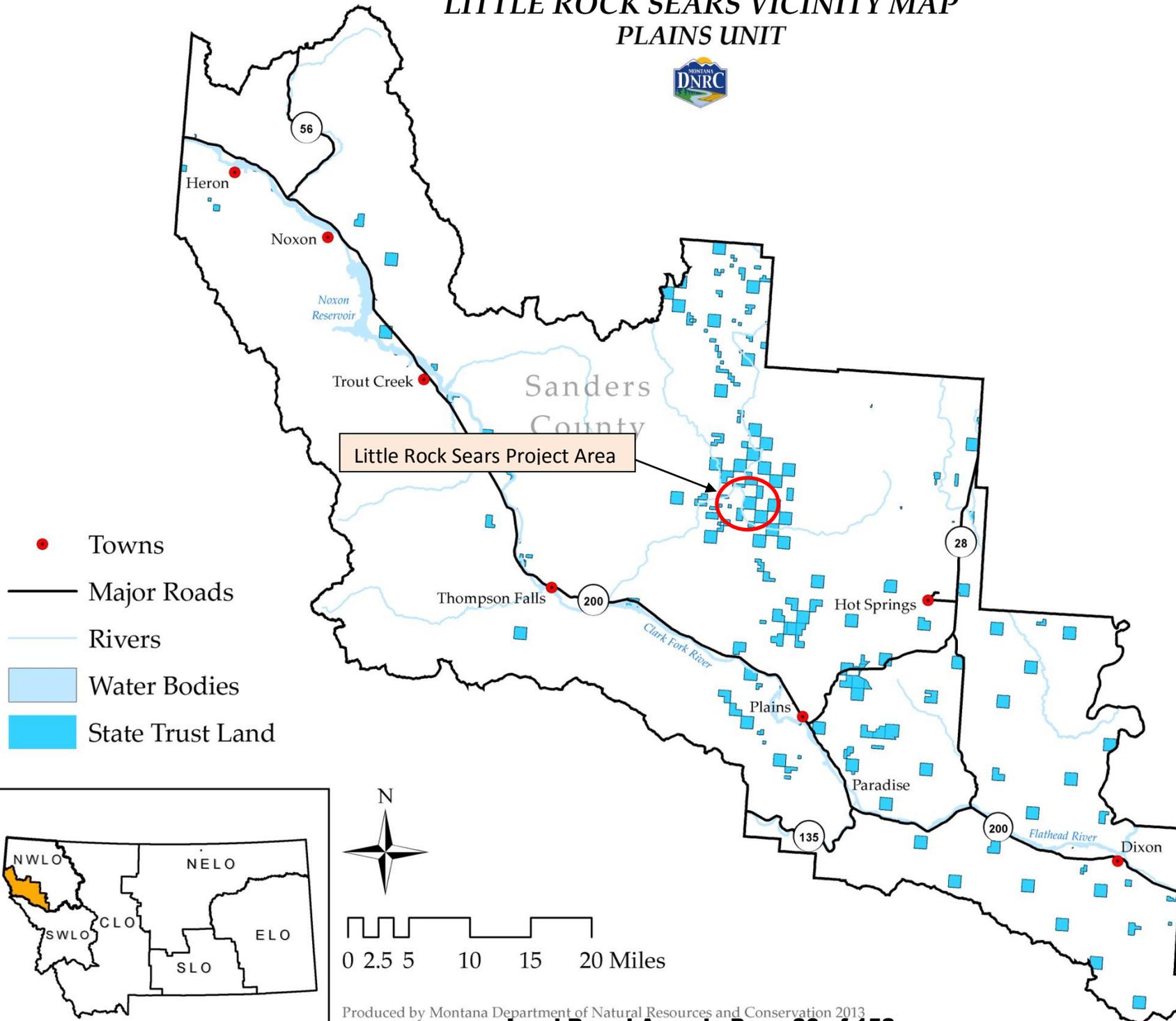
Scoping letters were mailed to interested parties in April of 2015. Notices were placed in the *Missoulian*, *Clark Fork Valley Press*, and *Leader*. DNRC received one comment. The Northern Cheyenne Tribal Historic Preservation Officer was concerned about disturbance from the new road construction. DNRC documents and standard timber sale contract language include provisions for protection of cultural resources if they are discovered during operations. If there are any cultural resources found with the project area, operation will be shut down and the state archeologist will be contacted.

DNRC Recommendation

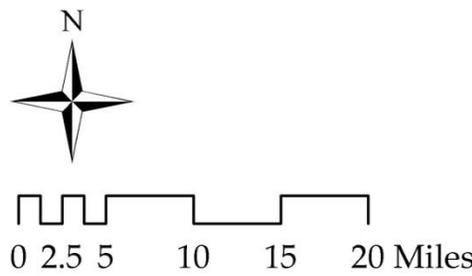
The director recommends the Land Board direct DNRC to sell the Little Rock Sears Timber Sale.

LITTLE ROCK SEARS VICINITY MAP PLAINS UNIT

516-2C



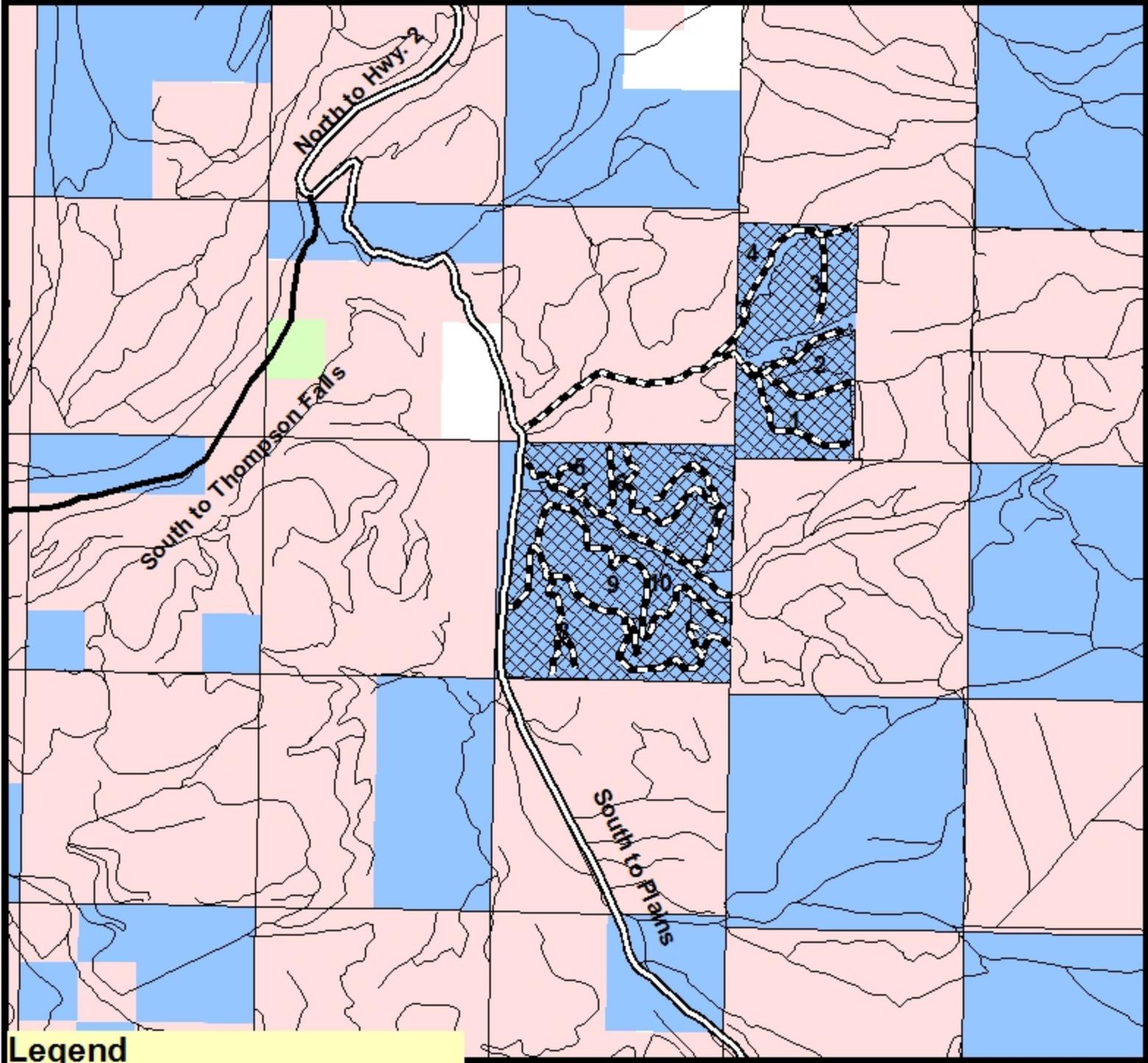
- Towns
- Major Roads
- Rivers
- Water Bodies
- State Trust Land



Little Rock Sears Haul Route

S30 T23N R26W, S36 T23N R27W

516-20



Legend

Roads	Ownership
ACM	MT DNRC
County Rd.	Plum Creek
Haul Route	USFS
Other Roads	

Montana DNRC
Trust Land Management Division N
Northwestern Land Office
Plains Unit-tfc04/16



Little Rock Sears Timber Sale

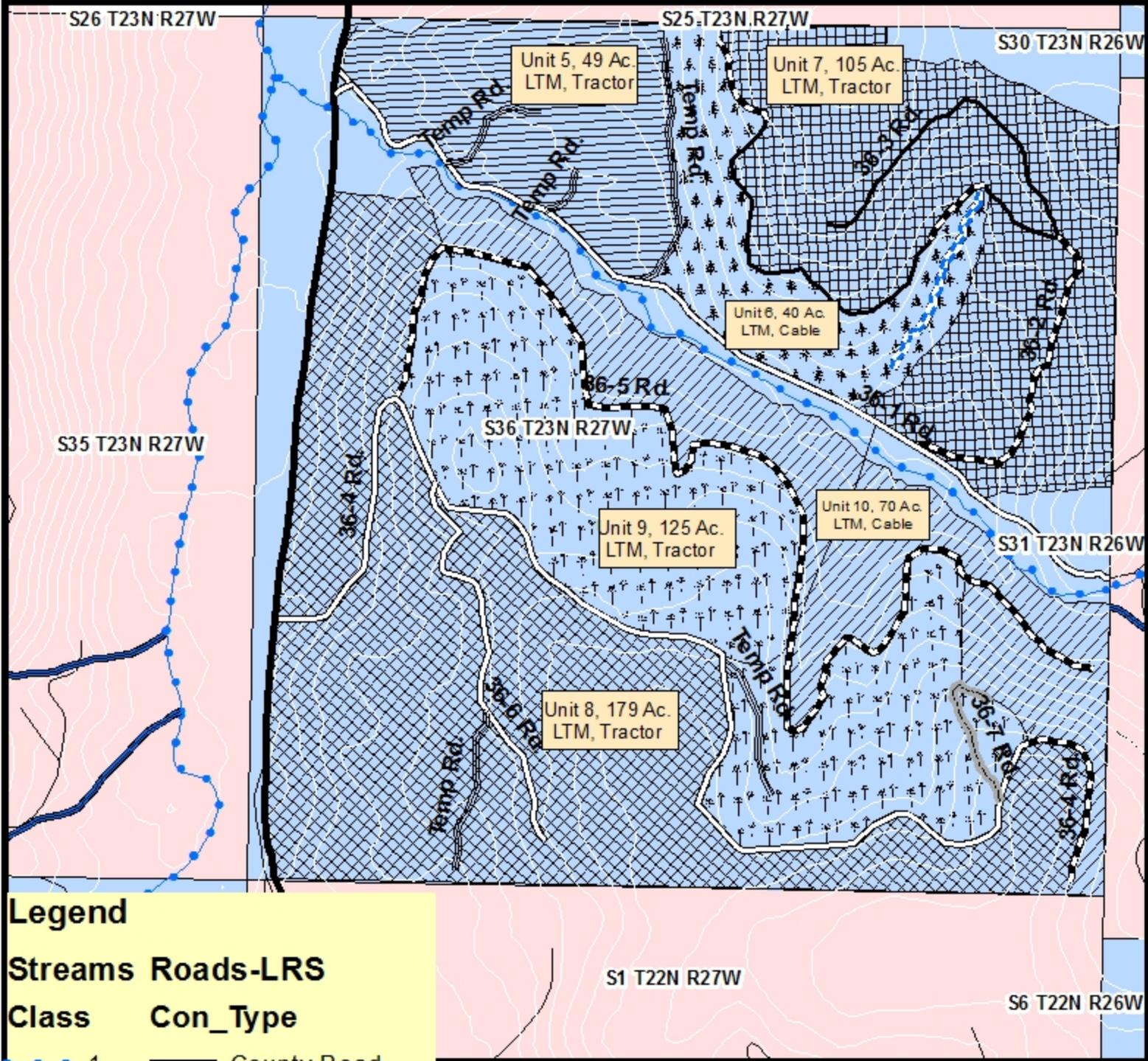
516-20



Harvest Map: B

Sec. 36 T23N R27W

Lat: N 47° 42.575' Long: W 115° 00.030'



Legend

Streams	Roads-LRS	Class	Con_Type
		1	County Road
		2	Existing Temp
		3	Maintenance
			New Construction
			New Temp
			Reconstruction

Montana DNRC
 Trust Land Management Division N
 Northwestern Land Office
 Plains Unit-tfc04/16



Little Rock Sears Timber Sale

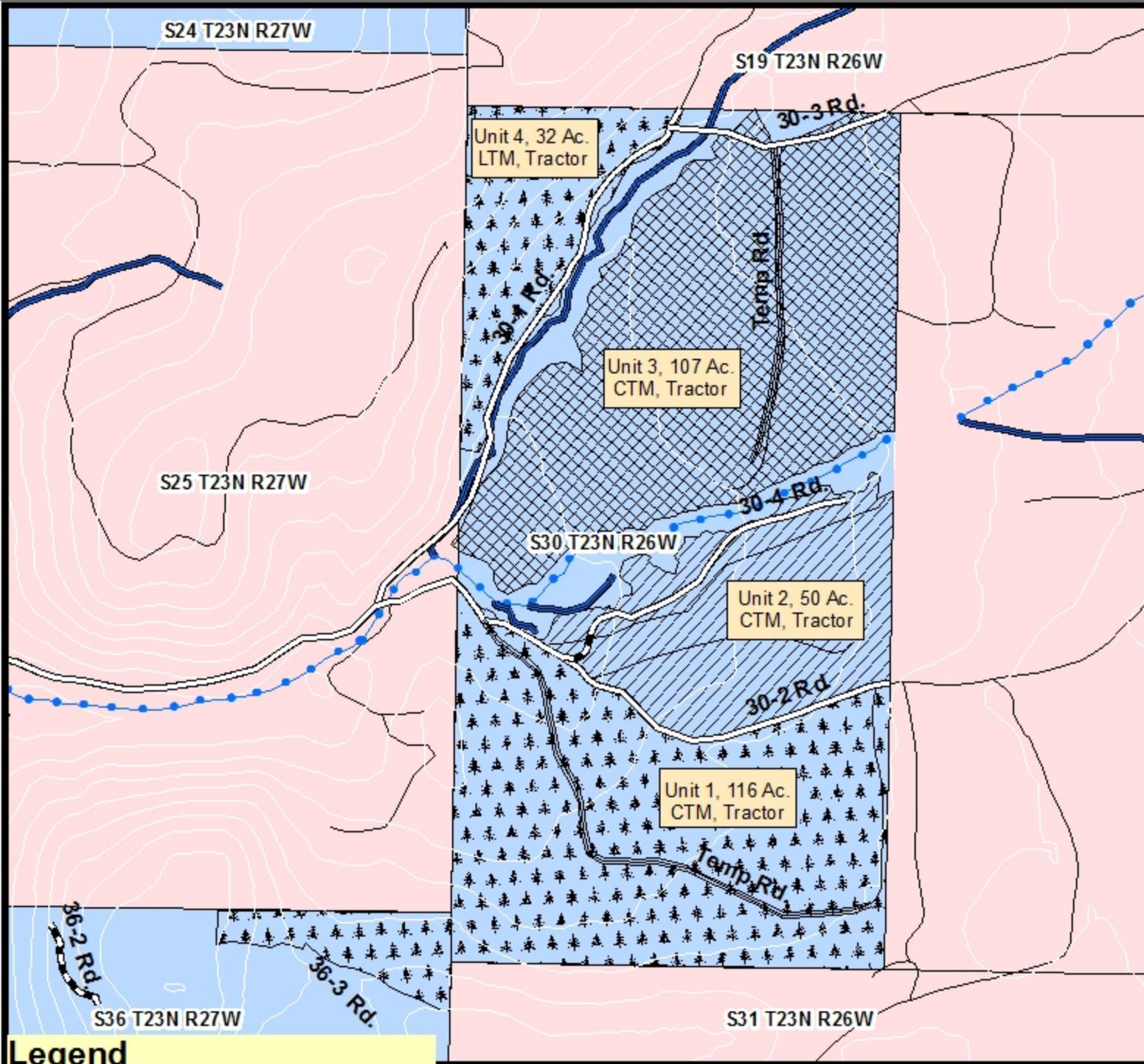
516-20



Harvest Map: A

Sec. 30 T23N R26W

Lat: N 47° 43.411' Long: W 114° 59.052'



Legend

Streams Roads-LRS

Class	Con_Type
1	Existing Temp
2	Maintenance
	New Construction

Montana DNR
Trust Land Management Division N
Northwestern Land Office
Plains Unit-tfc04/16



516-3

AGRICULTURAL AND GRAZING LEASE:

Competitive Bid Hearing

Donald R. Beck (lessee)/John Rusin (bidder)

**Land Board Agenda Item
May 16, 2016**

**516-3 Agricultural and Grazing Lease: Competitive Bid Hearing Lease No. 705
Donald R. Beck (Lessee)/John Rusin (Bidder)**

Location: Powell County

Trust Benefits: Common Schools

Trust Revenue: \$ 4,597.65

Item Summary

On April 15, 2016 the Department of Natural Resources and Conservation (DNRC) held a Competitive Bid Hearing for State of Montana Agricultural and Grazing Leases No. 705, which was being renewed. The new ten-year lease will expire on February 28, 2026. If the Lessee wishes to renew the lease for another term he must submit an application. If other persons inquire about the availability of a lease, their names and addresses are noted in the file and they are sent applications and bid forms at the time of lease renewal.

DNRC Recommendation

The director recommends that Donald R. Beck be retained as the lessee of Lease No. 705. While the high bidders have asserted that the tract is in a poor condition, a review of all the information does not support that position. The evidence presented, as well as the condition of the land, demonstrates that Donald Beck has successfully operated this tract, and that he possesses substantial experience in grazing land management. The previous two field inspections state that the tract is in good condition and that the land is being managed very well overall and that the lessee recognizes the importance of noxious weed control. He has demonstrated an access route to the state lands and described his desire to improve the quality of the grazing forage. Based upon previous results of Beck's stewardship, evident from the most recent Field Evaluation Forms, this continued management should benefit the health and productivity of this land.

There are no recent Competitive Bids for State Leases in Powell County. The average State Land Competitive Bids for Granite County is \$27.89 per AUM. Even though cattle prices may have decreased this year as opposed to last year, both Donald W. Beck and Donald R. Beck testified to their willingness to pay the high bid of \$30.05 per AUM. As such, it is the Director's recommendation that Lease No. 705 be set at \$30.05 per AUM which is consistent with community standards for grazing in this area.

2016 COMPETITIVE BID HEARING

**Findings and Recommended Rental Rates for
Agricultural and Grazing Lease No. 705**

**A report to the State Board of Land Commissioners by
John E. Tubbs, Director
Montana Department of Natural Resources and Conservation
May 1, 2016**

TABLE OF CONTENTS

Introduction3

1. Agricultural and Grazing Leases No. 705,
 Lessee: Donald Beck
 High Bidder: John Rusin.....6

INTRODUCTION

On April 15, 2016 the Department held a Competitive Bid Hearing for State of Montana Agricultural and Grazing Leases No. 705, which was being renewed. The new ten-year lease will expire on February 28, 2026. If the Lessee wishes to renew the lease for another term he must submit an application. If other persons inquire about the availability of a lease, their names and addresses are noted in the file and they are sent applications and bid forms at the time of lease renewal.

The statutory absolute preference right within Section 77-6-205(2), MCA, to renew a State agricultural and grazing lease was declared unconstitutional by Judge Jeffrey Sherlock in *Broadbent v. State of Montana, et al.*, First Mont. Judic. Distr. Ct., Cause No. BDV-2003-361, because it impermissibly interfered with the constitutional power of the Land Board, under Art. X, Section 4 of the Montana Constitution, to choose a lessee. The Land Board, in response to Judge Sherlock's ruling, amended ARM 36.25.117 to exercise its constitutional ability to grant a qualified preference right to incumbent lessees in good standing. Through this rule, the Land Board has expressed its qualified preference to issue renewals of agricultural and grazing leases to the incumbent lessee provided that they have not committed illegal subleasing and do not have a history of lease violations. However, in all instances, the Board has reserved the right to choose the best-qualified lessee.

As part of its constitutional power, the Land Board may also determine the rate at which such leases will be issued. The Land Board has recognized that full market value encompasses the concept of sustained yield. See Mont. Code. Ann. §77-6-101. In *Jerke v. State Dept. of Lands*, 182 Mont. 294, at 296-297 (1979), the Montana Supreme Court held that a Grazing District which was not a lessee of a state grazing lease could not exercise a preference right. The Court described the rationale of the preference right to meet a high bid as follows:

Sustained yield is the policy which favors the long term productivity of the land over the short term return of income. *State ex rel. Thompson v. Babcock*, supra. The preference right seeks to further this policy by inducing the State's lessees to follow good agricultural practices and make improvements on the land. This is accomplished by guaranteeing that the lessees will not lose the benefits of their endeavors by being outbid when their leases terminate. They are preferred and may renew their leases by meeting the highest bid submitted.

Id.

Exercised in such a manner, such a preference is in the best financial interests of the school trust beneficiaries. All other things being equal, the Land Board has recognized that stability of land tenure encourages existing lessees to make greater improvements in the land, knowing that they will likely be able to utilize these improvements in the future, and that some stability of tenure allows lessees to operate more efficiently. The duty to prudently maximize revenue return to the trust estate from the trust properties is always subject to the duty to preserve the financial productivity of the trust lands. *Oklahoma Education Association v. Nigh*, 642 P.2d 230 at 238 (1982).

No Applicant for a grazing lease can compel the State Board of Land Commissioners to grant it an interest in state trust lands, especially where the concept of sustained yield is ignored. See, *Skillman v. Department of State Lands*, 188 Mont. 383, 613 P.2d 1389 (1980); *Gibson v. Stewart*, 50 Mont. 404, 147 P. 276 (1915)(holding that whether a tract of state land

shall be leased is a question addressed to the sole discretion of the Land Board.); Mont. Code Ann. §77-6-206 (holding “[T]he board may withdraw any agricultural or grazing land from further leasing for such period as the board determines to be in the best interest of the state.”).

Under ARM 36.25.117, if a Lessee exercises the qualified preference right but believes that the bid amount is excessive, he or she may request a hearing. The purpose of the hearing is twofold: 1) to determine the best-qualified Lessee for the upcoming lease term; and 2) to ascertain the appropriate rental rate for that term. Specifically, the Director inquires whether the high bid amount represents the fair market value of the lease and whether the rental rate is truly in the best interests of the trust. In determining whether the "high bid" rental rate is in the best interests of the beneficiaries of the trust, the Land Board must utilize the criteria set out in Mont. Code Ann. §77-6-205(2), and in *Thompson v. Babcock*, 147 Mont. 46, 409 P.2d 808 (1966). Under these criteria, the Montana Supreme Court has held that the “high bid” may be rejected where it is either “...above community standards for a lease of such land, would cause damage to the tract, or impair its long-term productivity.”

The Montana Supreme Court has recognized that an excessive rental rate, at some point, economically compels a Lessee to graze all the available forage on a grazing lease or reduce costly fertilizer, herbicide, and summer fallow treatments on agricultural leases. When state lands are over-grazed or farmed with minimal input costs, they produce more noxious weeds, less forage or crops, and less future income for the beneficiaries of the various trust lands. In extreme cases, the productivity of the land may be permanently damaged. Thus, it is in the best interests of the State to set a rental rate which balances the competing factors. In this “balancing act”, the Land Board is attempting to maximize long-term income by allowing the Lessee a sufficient monetary incentive to exercise wise range management and agricultural practices. If the rate is too low, the State will not receive full market value for its lands. If the rate is too high, the Lessee may be induced to over-graze the tract, or reduce inputs such as herbicides, and long-term trust income to the trust beneficiary will inevitably suffer.

In the competitive bid hearing process, the Director is recommending the rental rate for the next term of the grazing or agricultural lease. The economic viability of these leases fluctuates according to prevailing weather conditions and commodity prices; both of which can vary wildly. Despite these fluctuations, the grazing rental charged by the Board must be paid by the Lessee whether or not any forage upon the lease is utilized. By contrast, private lessors generally do not collect rentals when they no longer have forage available for lease. Consequently, setting an appropriate rental rate, so as to sustain the long-term viability of school trust leases and maximize long-term income, is simply not as easy as accepting the highest bid. If it were, there would be no need for a hearing on the subject.

The best lessee is chosen according to nine criteria set out within ARM 36.25.117:

- 1) an intended grazing or cropland management plan for the new term of the lease;
- 2) experience associated with the classified use of the land;
- 3) other non-state lands that are fenced and managed in common with the state land;
- 4) intended grazing or cropland improvements that will benefit the health and productivity of the state lands;
- 5) a weed management plan;
- 6) management goals and objectives and monitoring procedures to determine if they are being met;
- 7) the method or route used to access the state land;
- 8) any other information the director deems necessary in order to provide a

- recommendation to the board; and,
- 9) the incorporation of all or part of this information as terms and conditions in the new lease agreement.

The current policy of the board authorizes the director of the department to hold the competitive bid hearings; hear the evidence; and make recommendations to the board. Since the rental rates are based upon the evidence presented at the hearing, the board members must avoid consideration of information outside the hearing record.

This year the director granted requests for hearing on one (1) lease. The hearing was conducted on April 15, 2016 at the offices of the Department in Helena, Montana. The hearing was electronically recorded and all witnesses testified under oath. The hearing was conducted in an informal manner. Department personnel present at the hearings were: Director John E. Tubbs; Agriculture and Grazing Management Bureau Chief Kevin Chappell; Trust Lands Attorney Dennison A. Butler, Land Use Specialist Dan Dobler; and Anaconda Unit Manager Brian Robbins.

In preparation for this hearing, both the lessee and the high bidder were notified of the time and place of the hearing and given copies of ARM 36.25.117. The testimony and evidence considered during the hearing; a summary of the hearing; and the findings and conclusions recommended are set out as follows:

2016 COMPETITIVE BID HEARINGS

Hearing Time: Friday, April 15, 2016 @ 1:30 p.m.

Lease No.: 705

County: Powell

Lessee: Donald Beck

Tracts:

T9N R9W S22: All – 640 Ac. - Common School Grant

Grazing Acres: 640

AUM Rating: 153

Ag (Hay) Acres: 0

High Bidder: John Rusin

High Bid: \$30.05 per AUM

Other Bids: None

Previous Rental: Minimum

Prevalent Community Rental Information:

State Land Powell County Bid Averages: None above the minimum rate.

State Land Granite County Bid Averages: \$27.89/AUM

MT Ag Statistics 2015 Statewide Private Grazing Rate: \$23.00/AUM

Appearances

Lessee: Donald Beck

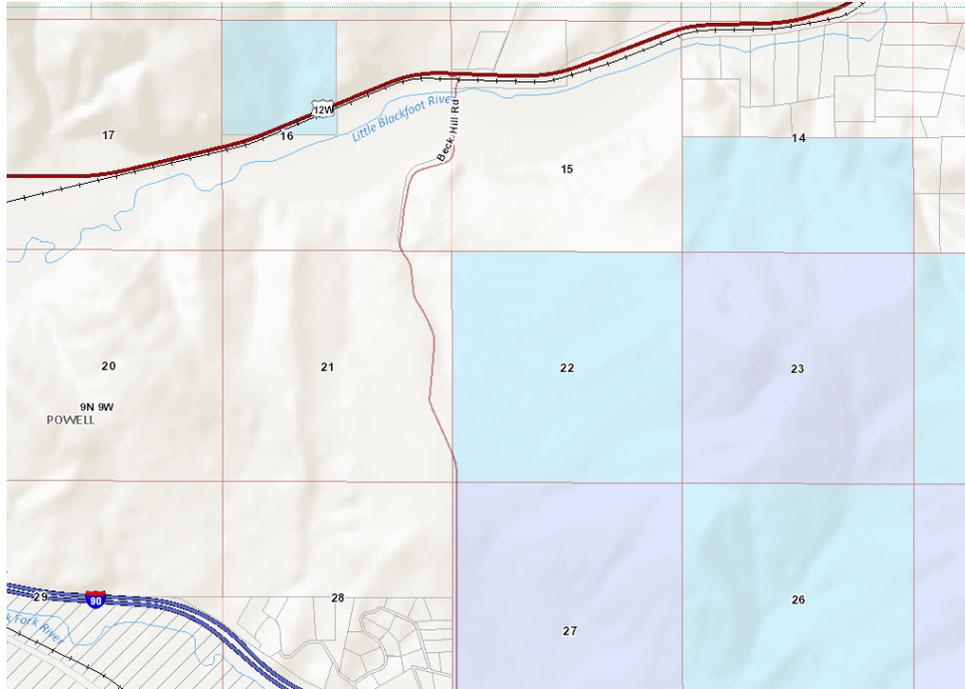
Donald R. Beck and Donald W. Beck appeared and testified on behalf of the Lessee.

High Bidder: John Rusin

Jack Connors appeared as Counsel for the High Bidder. John Rusin and Llynetto Rusin appeared and testified on behalf of the High Bidder.

Statement of Facts

Lease No. 705 includes a 640 acre parcel of School Trust Land located in Section 22 of Township 9 North, Range 9 West, located in Powell County. A map is included below for reference:



The State Land is accessible through the Beck Hill County Road, and is located approximately four (4) miles East of Garrison, MT. The Lease site contains approximately two (2) springs on the property to provide water to pasturing livestock.

Based on the Field Evaluation Report for Lease 705, the ground has been well cared for and well maintained.

Summary of Arguments for a qualified Lessee

Lessee:

Donald R. Beck and Donald W. Beck testified as follows:

Their family has been farming and running cows in this location for the past 100 years without issues. They are an “agricultural family”. Their family and children have been involved in the land and will be continually involved in the land in the future. They earn an income off the land and as such treat the land as their own. This includes establishing rest periods for the State Land. They have also developed springs on the land to better provide access to water for their livestock.

They have actively engaged in weed control procedures on the land and have hand sprayed the area. They have worked with State employees in the past and will abide by any conditions imposed by the State. The land does have some issues with spotted knapweed which is a noxious weed, but they continue to take steps to control issues associated therewith. They also testified that Donald R. Beck has testified and been asked to participate in front of the weed management board on a number of occasions due to his experience and reputation with

controlling noxious weeds. Mr. Beck indicated that they had spent \$25,000 on spraying the tract over the last five years and provided copies of spray maps. In addition, at the request of DNRC staff in the Anaconda Unit, the Becks have deferred grazing each year until later in the fall to promote bunchgrass species.

They have added fencing, at their expense, to separate neighboring lands.

And finally, they argued that the high bidder's sole reason for wanting to acquire the state lease was to increase the value to his private land before selling. In support, the Beck's included a letter signed by the high bidder which states "I would like to acquire this lease from you to help improve the grazing units for my ranch...with the addition of this state section to my property it will greatly increase its sales potential." The Beck's argued that the high bidder would not manage the state land, but that the state would have to deal with whomever the high bidder eventually sold his land to.

High Bidder:

John Rusin and Llynnetto Rusin testified as follows:

The Becks may have developed a spring on the land, but no water right was ever filed for. They also argue that the field evaluation form lists a significant amount of noxious weeds on the state land. They pointed out that the field evaluation form stated that approximately 5% of the land is infested with spotted knapweed. They argued that there was a decrease in the carrying capacity of the land due to poor management by the Lessees and that the grass species had poor residual litter.

They testified that given the opportunity, they would use bugs to help control the noxious weeds on the land. They testified that their plan would include very light grazing of the area. They partner with an individual, Joe Applegate, who would coordinate much of the work on the ground in the area and will oversee their cows.

John testified he did sign the letter referenced by the lessees above, but that his realtor prepared it, drafted it, and send it out without him reading or agreeing to its contents. Both testified that they have lived in Montana for approximately 11 years and depending on circumstances they may move in the future. However, their property is currently not for sale.

They also argued that they own the private land surrounding the state land to the north and west and this would allow them to more effectively run their own cattle, and control the land, with the inclusion of the state lands.

They testified that both have experience with raising cattle and have approximately 22 head of cattle. They also argued that the current lessees did not run cattle on the state land in 2001 through 2009.

Dan Dobler, Department of Natural Resources and Conservation Land Use Specialist

Dan conducted the lease renewal field evaluation and testified that although the report does list noxious weeds on the area, they are not a wide spread problem and there are clear signs that steps have been taken by the current lessee to control the issue. He also indicated the area had been going through a drought, but that there was still good grass production and that he believed that livestock utilization was within levels set by the DNRC.

Summary of Arguments for Lease Amount

Lessee:

Donald R. Beck and Donald W. Beck testified as follows:

The price of cattle has dropped significantly compared to the price of beef last year. Furthermore, in private leases the Lessor would help pay for weed control measures, fencing and spring development. Whereas in state leases, they have to pay for all weed control measures, all fencing, and all spring development measures themselves. The Becks also testified that there are up to 700 head of elk documented to be in the area and that they believe the elk actually consume more forage on the tract than their livestock do.

They felt that \$30.05 per AUM was high compared to the community average. However, Donald W. Beck testified that based on the volatility of cattle prices at market, \$30.05 per AUM may be high one year, but may be low another year.

Both testified that they would pay the High Bid of \$30.05 per AUM if they were awarded the lease.

High Bidder:

John Rusin and Llynnetto Rusin testified as follows:

\$30.05 per AUM was community average and would allow them to make a profit even after paying for the cost of keeping and raising the cattle.

Recommendation

The director recommends that Donald R. Beck be retained as the lessee of Lease No. 705. While the high bidders have asserted that the tract is in a poor condition, a review of all the information does not support that position. The evidence presented, as well as the condition of the land, demonstrates that Donald Beck has successfully operated this tract, and that he possesses substantial experience in grazing land management. The previous two field inspections state that the tract is in good condition and that the land is being managed very well overall and that the lessee recognizes the importance of noxious weed control. He has demonstrated an access route to the State lands and described his desire to improve the quality of the grazing forage. Based upon previous results of Beck's stewardship, evident from the most recent Field Evaluation Forms, this continued management should benefit the health and productivity of this land.

There are no recent Competitive Bids for State Leases in Powell County. The average State Land Competitive Bids for Granite County is \$27.89 per AUM. Even though cattle prices may have decreased this year as opposed to last year, both Donald W. Beck and Donald R. Beck testified to their willingness to pay the high bid of \$30.05 per AUM. As such, it is the Director's recommendation that Lease No. 705 be set at \$30.05 per AUM which is consistent with community standards for grazing in this area.

516-4

SALE OF CABIN AND HOME SITES:

Preliminary Approval for Sale

516-4 Cabin and Home Sites: Preliminary Approval for Sale

Location: Flathead, Lincoln, Missoula, Sanders Counties

Trust Benefits: Common Schools, MSU 2nd Grant, Montana Tech

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of 22 home sites nominated for sale in Flathead, Lincoln, Missoula, and Sanders Counties. These sales were nominated by the lessees and DNRC in conjunction with the Cabin and Home Site Sale Program.

Sale #	# of Acres	Legal	Nominator	Trust
828	0.879	Lot 24, Echo Lake, T27N-R19W Sec. 5 Flathead County	Susan Hutz	Montana Tech
829	1.54	Lot 34, Echo Lake, T27N-R19W Sec. 5 Flathead County	Ronald Gibb	Montana Tech
892	1.999	Lot 33, Echo Lake, T27N-R19W, Sec. 5 Flathead County	Robert Farren	Montana Tech
830	2.68	Lot 28, McGregor Lake, T26N-R25W Sec. 16 Flathead County	Michael & Pamela Mower	Common Schools
831	0.7	Lot in NW ¹ / ₄ NW ¹ / ₄ , T23N-R27W, Sec. 36 Sanders County	John Webber	Common Schools
832	0.32	Lot in NW ¹ / ₄ NW ¹ / ₄ NW ¹ / ₄ NE ¹ / ₄ , T34N-R25W, Sec. 36 Lincoln County	Patti Sue Stachofsky	Common Schools
833	4.15	Lot in SW ¹ / ₄ NW ¹ / ₄ , T32N-R23W, Sec. 28 Flathead County	Neal Franson & Barb Roberts	MSU 2 nd Grant
834	1.25	Lot 39, Seeley Lake Devt, T16N-R15W, Sec. 4 Missoula County	Justin & Stacy Juelfs	MSU 2 nd Grant
835	1.363	Lot 43, Seeley Lake Devt, T16N-R15W, Sec. 4 Missoula County	Fred Gariepy	MSU 2 nd Grant
836	1.407	Lot 29, Seeley Lake Devt, T16N-R15W, Sec. 4 Missoula County	Denise Epler	MSU 2 nd Grant
837	1.682	Lot 12, Seeley Lake Devt, T16N-R15W, Sec. 4 Missoula County	Christopher & Debbie Slater	MSU 2 nd Grant

894	1.131	Lot 44, Seeley Lake Devt, T16N-R15W, Sec. 4 Missoula County	Maura Stobie	516-4 MSU 2 nd Grant
838	1.084	Lot 3, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Bruce & Louise Stiegler	MSU 2 nd Grant
839	1.173	Lot 4, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Ellen Spurlock	MSU 2 nd Grant
840	1.241	Lot 13, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Richard DeAcetis & Amea Tafoya	MSU 2 nd Grant
841	1.221	Lot 14, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Jason & Suzanne Moe	MSU 2 nd Grant
842	1.463	Lot 22, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	David & Margaret Yuhua	MSU 2 nd Grant
843	1.304	Lot 2, Seeley Lake, T17N-R15W, Sec. 16 Missoula County	Jessica Brown	Common Schools
844	1.571	Lot 24, Seeley Lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Bruce & Peggy Graving	MSU 2 nd Grant
890	0.646	Lot 5A, Seeley lake Outlet E., T16N-R15W, Sec. 4 Missoula County	Robin Castle Mikkelsen	MSU 2 nd Grant
845	2.851	Lot 2, Sperry Grade, T15N-R14W, Sec. 36 Missoula County	Risen Family Trust	Common Schools
846	1.807	Lot 1, Sperry Grade, T15N-R14W, Sec. 36 Missoula County	Smeby Family LLC	Common Schools

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

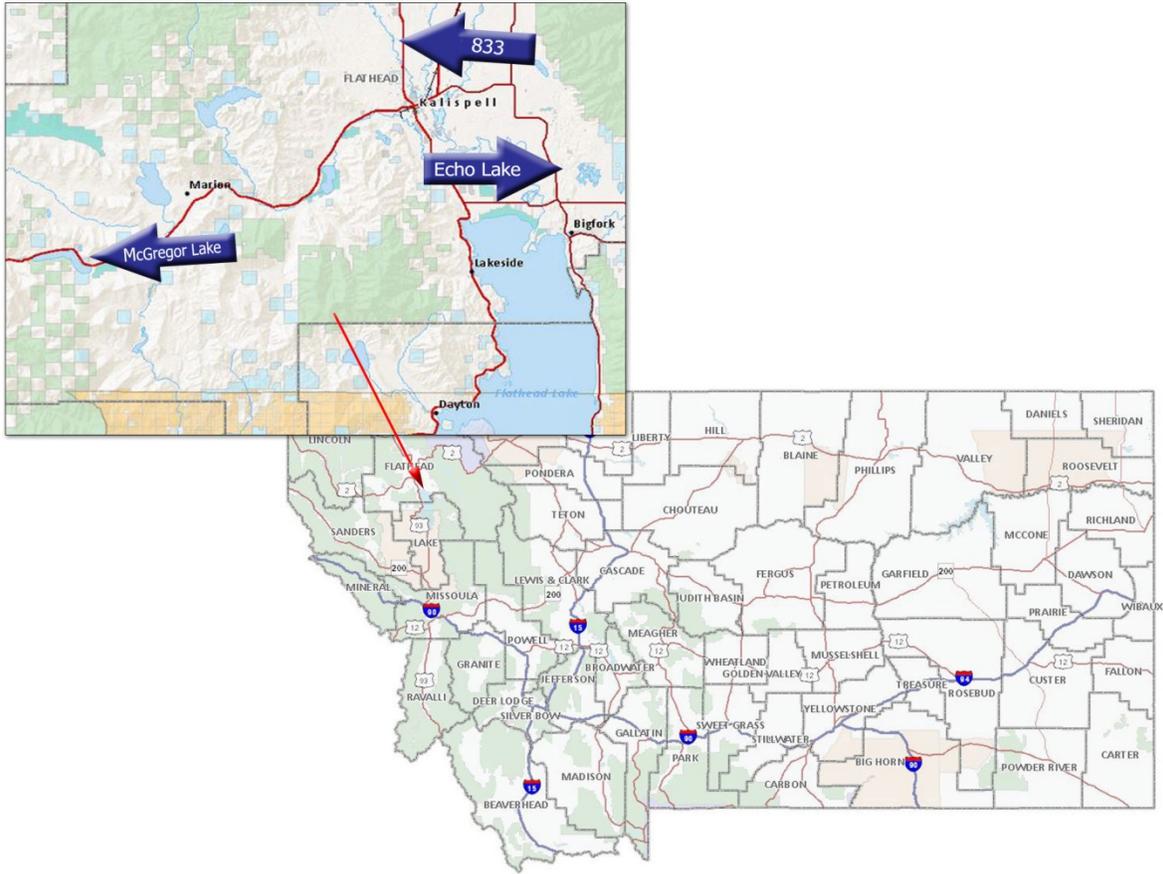
Each parcel will be sold with the access that is currently provided to the current lessee under their lease agreement.

DNRC Recommendation

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

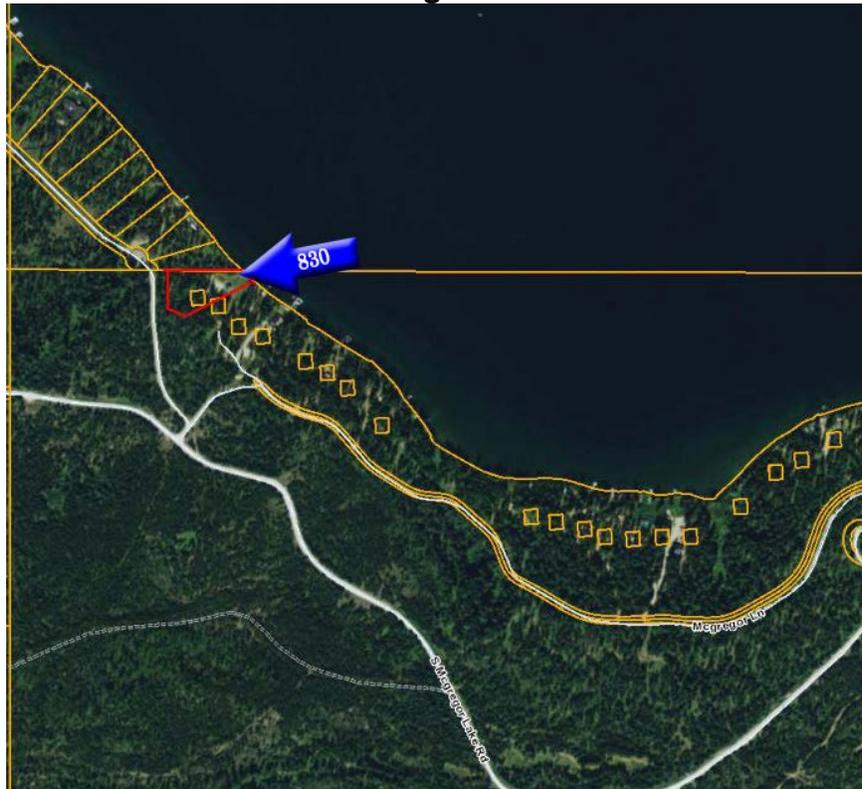
Flathead County Sale Location Map

516-4



Echo Lake





Sale No. 833

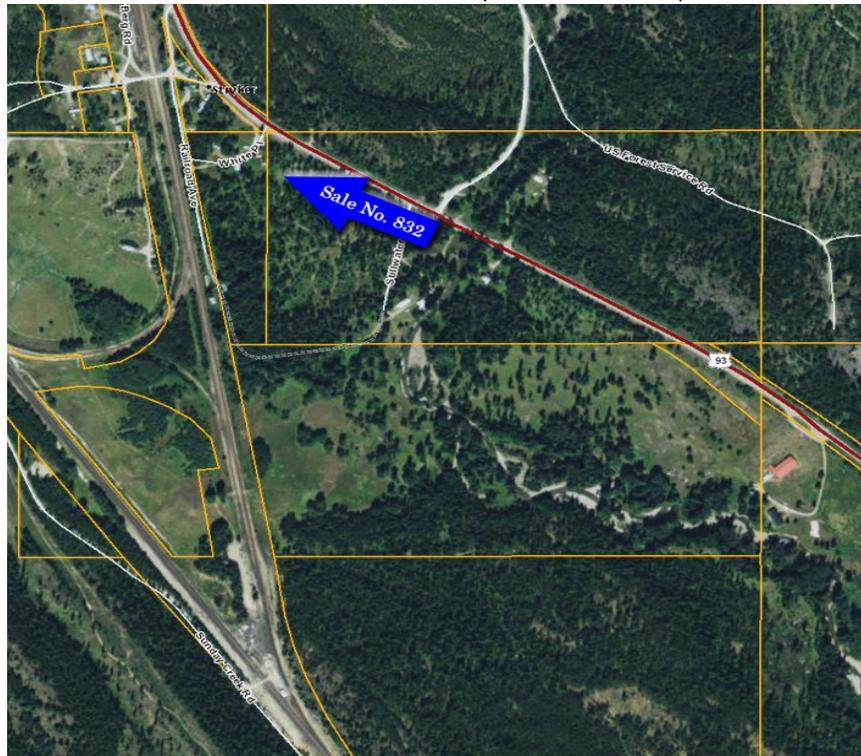
Lot in SW $\frac{1}{4}$ NW $\frac{1}{4}$, T32N-R23W, Sec 28

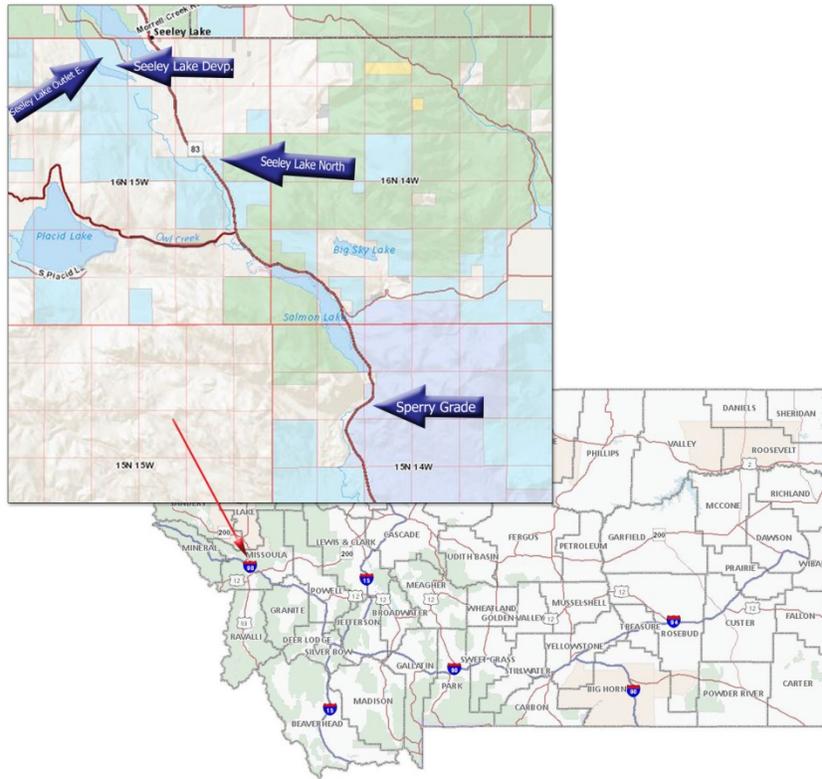




Sale No. 832

Lot in NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, T34N-R25W, Sec. 36



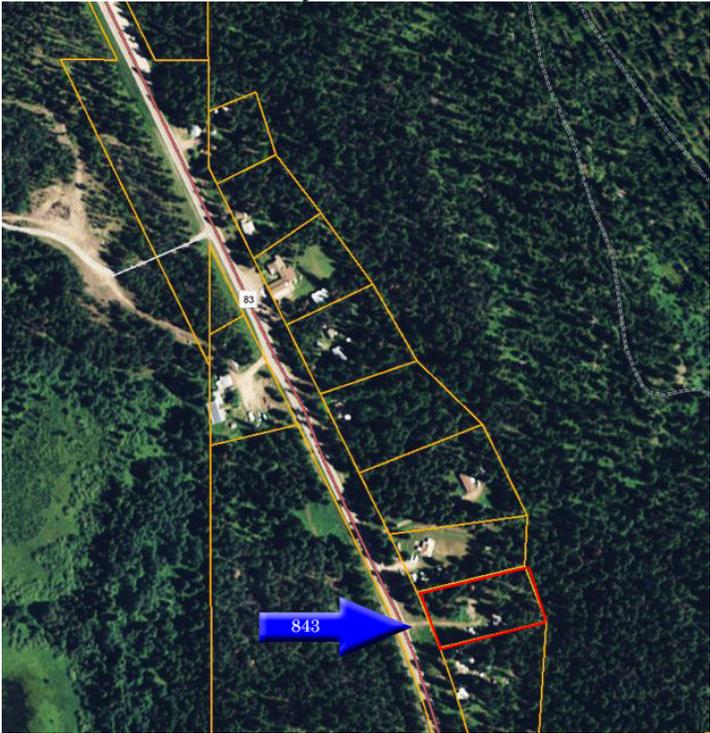


Seeley Lake Development

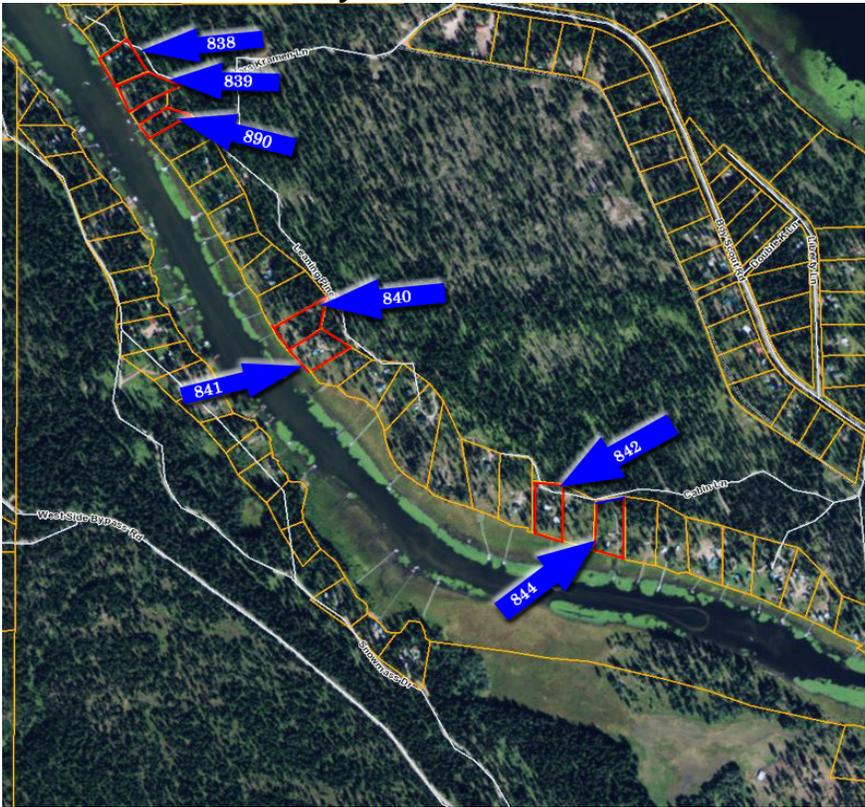


Seeley Lake North

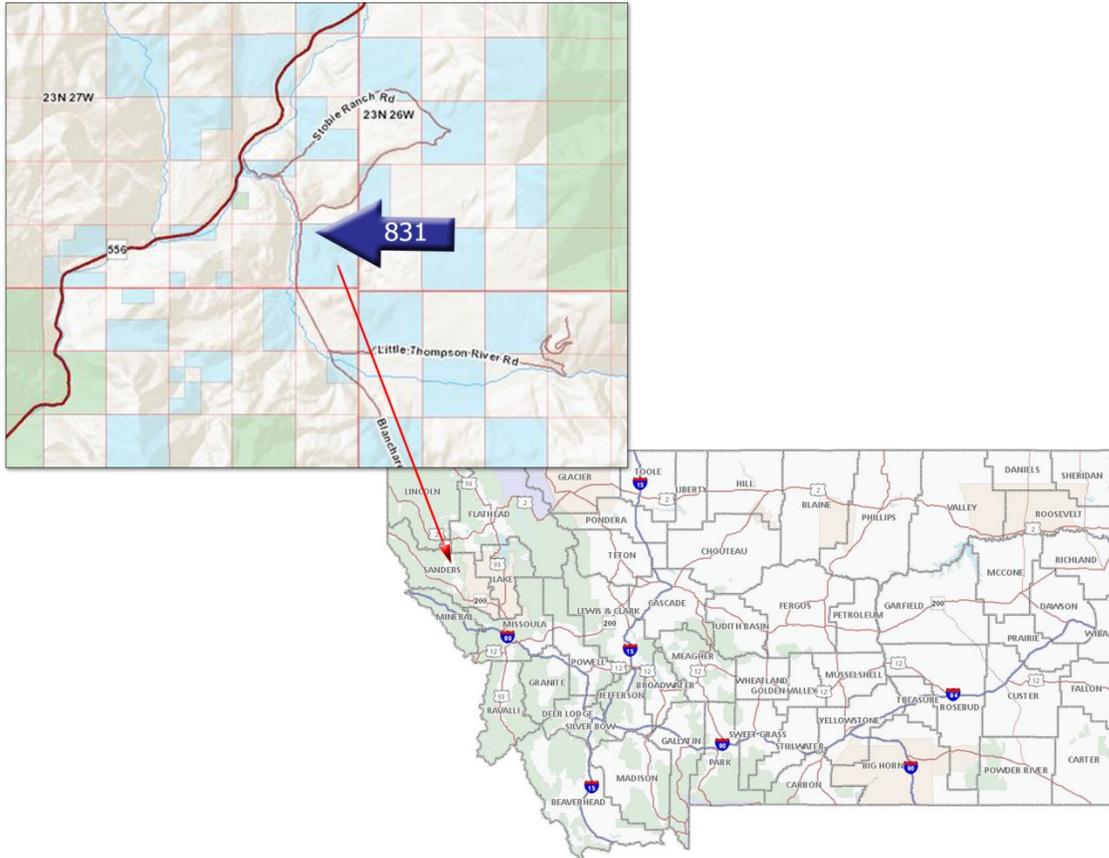
516-4



Seeley Lake Outlet East







Sale No. 831

Lot in NW¼NW¼, T23N-R27W, Sec. 36



516-5

SALE OF CABIN AND HOME SITES:

Set Minimum Bid for Sale – Sale 783

516-5 Cabin and Home Sites: Set Minimum Bid for Sale – Sale 783

Location: Missoula County

Trust Benefits: MSU 2nd Grant (ACB)

Trust Revenue: \$71,500

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 in conjunction with the Cabin and Home Site Sale Program.

Six Mile				
Sale #	# of Acres	Legal Description	Nominator	Trust
783	1.31±	Lot A, COS 6101, Section 12, T15N-R22W	Robynn McKinley-Marsh	MSU 2 nd

Sale 783 is currently leased as a 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 and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rate of return on sale parcel 783 is 5.462%. The sale parcel would continue to receive these returns if they remain 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 3.33% 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 sales. Home sites typically contain numerous structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. These sales will have no effect to state owned heritage properties.

Values of Land and Improvements:

516-5

Sale #	Hearings Examiner's Recommendation of Value of Land	Hearing Examiner's Recommendation of Value of Improvements
783	\$71,500	\$125,000

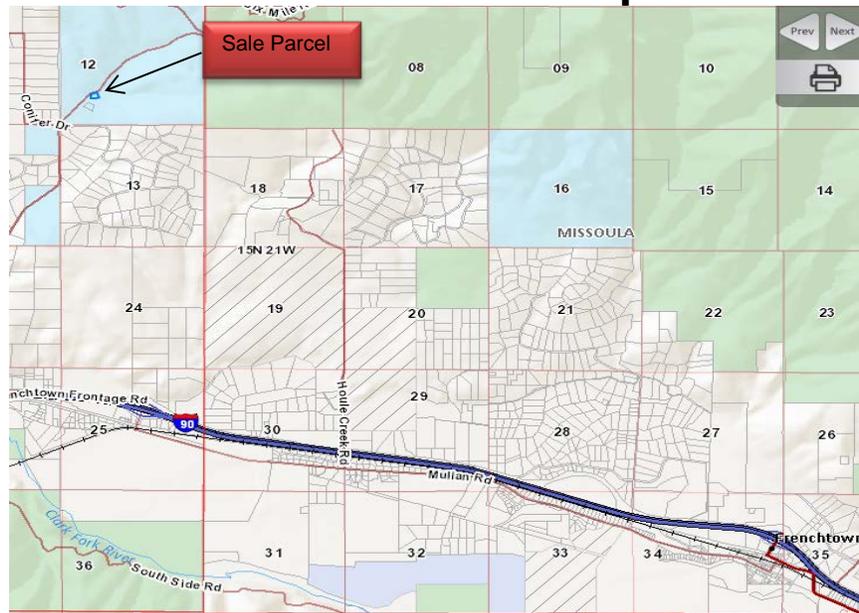
On March 25, 2016, hearing examiner David Vogler issued *Recommendation Of Minimum Bid For The Sale Of Lot A, Six Mile Cabin Site Sale No. 783*, recommending that the Land Board set the minimum bid for public sale of the land at \$71,500 and the improvements at \$125,000, based upon consideration of two competing appraisals submitted by the department and Robin McKinley Marsh.

The hearing examiner determined that both appraisals were prepared by licensed real estate appraisers, complied with the Uniform Standards of Professional Appraisal Practice, and provided reasonable estimates of the current fair market value of the subject property and its improvements. The Department finds that, in this instance, it was reasonable to average the competing appraisals to arrive at the market value of the land and improvements. Accordingly, the Department recommends that the minimum bid for public sale of the land be set at \$71,500 and the minimum bid for public sale of the improvements be set at \$125,000.

DNRC Recommendation

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

Sale Location Map





516-6

SALE OF CABIN AND HOME SITES:

Final Approval for Sale - Sale 766 & 768

**Land Board Agenda Item
May 16, 2016**

516-6 Sale of Cabin and Home Sites: Final Approval for Sale – Sales 766 & 768

Location: Missoula County

Trust Benefits: MSU 2nd Grant

Trust Revenue: \$123,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on two cabin sites nominated for sale in Missoula County. The sales were nominated by the lessee as well as DNRC in conjunction with the Cabin and Home Site Sale Program.

Sale #	# of Acres	Legal	Nominator	Trust
766	1.67	Lot 10, Morrell Flats, T16N-R15W, Sec. 14	John & Elaine Christensen	MSU 2 nd
768	2.73	Lot 9, Morrell Flats, T16N-R15W, Sec. 14	DNRC	MSU 2 nd

Sale parcel 766 is currently leased as a cabin site and produces an average income for residential leases statewide. Sale parcel 768 is unleased and produces no income for the trust beneficiary.

The parcels will be sold with the access that is currently provided under the lease agreement and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rate of return on the sale parcel 766 is 1.94%. The average rate of return on the sale parcel 768 is 0%. These parcels would continue to receive this return if they remain 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 DNRC'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 3.33% 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 March 2015, the board granted preliminary approval for these parcels to continue through the cabin site sale evaluation process. In October 2015 for sale parcel 766 and February 2016 for sale parcel 768, the board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised values below:

Sale #	Minimum Bid of Land	Appraised Value of Improvements
766	\$95,000	\$45,000
768	\$25,000	N/A

At the request of the lessees and in accordance with 77-2-317(1)(c), an informal administrative hearing was held on November 9, 2015 for sale parcel 766 to contest the valuations of both the land and improvements under consideration for sale. The hearing examiner concluded that the appraisal valuation for both the land and improvements was a reasonable and unbiased estimate of current fair market value and recommended the Land Board set the minimum bid at the appraised values stated above.

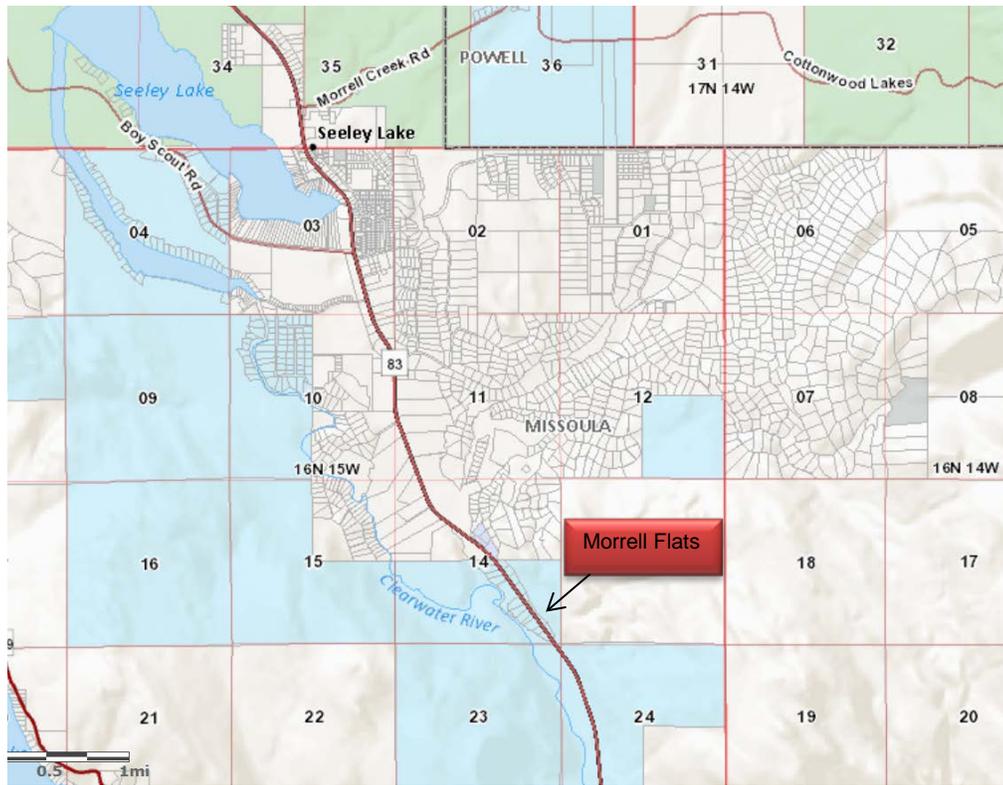
Sale Price:

The cabin sites were sold at a public auction on May 3, 2016. Sale parcel 766 had only one bidder, who was the current lessee and improvements owner; the parcel was sold for the minimum bid amount listed above. Sale parcel 768 had two bidders; the parcel was sold for \$28,000 to a competitive bidder.

DNRC Recommendation

The director recommends the Land Board give final approval for the cabin site lots at the value shown above. These sales will be closed within 30 days of final approval by the Land Board.

Morrell Flats Sale Location Map



516-7

LAND BANKING PARCEL:

Preliminary Approval for Sale

516-7 Land Banking Parcel: Preliminary Approval for Sale

Location: Teton County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval to sell three parcels totaling approximately 322.08 acres nominated for sale in Teton County. The sales were nominated by the lessee and are located approximately 21 miles northwest of Choteau, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
771	160±	NW¼ T27N-R7W, Sec 36	Rockport Colony	Common Schools
772	120±	NW¼SW¼, S½SW¼ T27N-R7W, Sec 35	Rockport Colony	Common Schools
773	42.08±	Government Lot 2 T26N-R7W, Sec 2	Rockport Colony	Common Schools

Sale parcels 771 & 772 are used primarily for livestock grazing purposes. The parcels have lower than average productivity for grazing land statewide.

Sale parcel 773 includes approximately 9.2 acres of agricultural land and 32.88 acres of grazing land. The parcel has lower than average productivity for agricultural and grazing lands statewide.

Sale parcels 771 and 773 are not legally accessible by the public.

Sale parcel 772 is legally accessible by the public; however overall recreational value is low because the site is adjacent to Rockport Colony's calving barn.

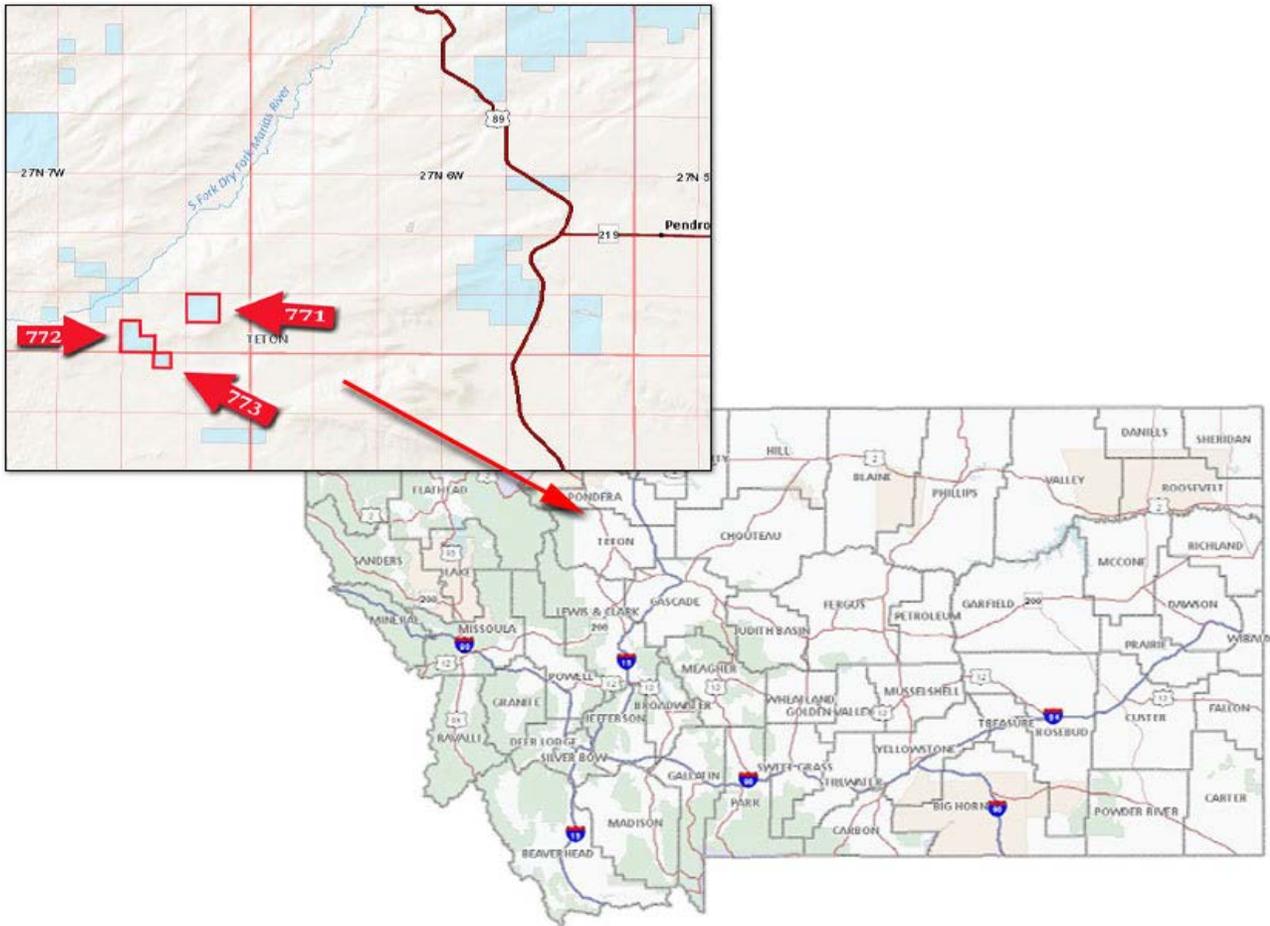
No potentially negative issues were identified through the Montana Environmental Policy Act (MEPA) process regarding the sale of these parcels.

DNRC Recommendation

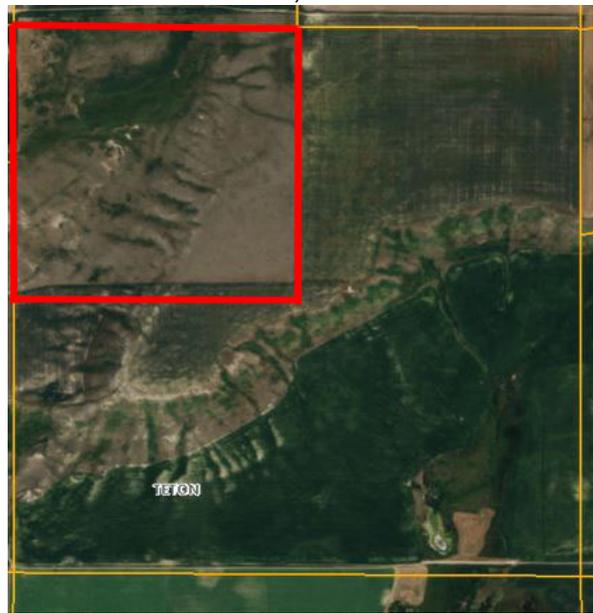
The director recommends the Land Board give preliminary approval to sell these parcels.

Teton County Sale Location Map

516-7



Sale #771
NW¼
Section 36, T27N-R7W

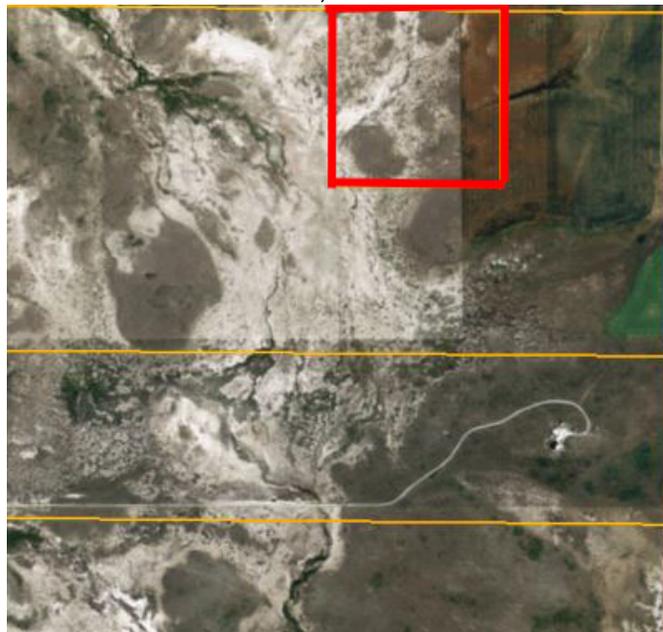


Sale #772
NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$
Section 35, T27N-R7W

516-7



Sale #773
Lot 2
Section 2, T26N-R7W



516-8

ADMINISTRATIVE RULE ADOPTION:

DNRC Cabin Site Rules (MAR 36-22-184)

**Land Board Agenda Item
May 16, 2016**

516-8 Administrative Rule Adoption – DNRC Cabin Site Rules (MAR 36-22-184)

Location: Beaverhead, Big Horn, Blaine, Broadwater, Cascade, Choteau, Custer, Daniels, Dawson, Fallon, Fergus, Flathead, Gallatin, Golden Valley, Hill, Judith Basin, Lake, Lewis & Clark, Liberty, Lincoln, Madison, McCone, Meagher, Mineral, Missoula, Musselshell, Phillips, Pondera, Powder River, Powell, Prairie, Richland, Rosebud, Sanders, Sheridan, Stillwater, Sweet Grass, Toole, Valley, Wheatland, Wibaux, Yellowstone Counties

Trust Benefits: Common Schools, School for Deaf & Blind, Montana State University, Montana Tech, Pine Hills School, Public Buildings, University of Montana, Veterans Home, Eastern College – MSU / Western College - UM

Trust Revenue: N/A

Item Summary

A lawsuit commonly referred to as Montrust III was initiated by Montrust (Montanan's for the Responsible Use of the School Trust) in 2012 against the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC) under Cause No. BDV-2012-39, in the First Judicial District, Lewis and Clark County, Montana. Montrust was joined by the Board of Regents. These two groups alleged that the administrative rules regarding lease fee calculation methods for cabin and home site leases on state trust land violated the fiduciary, trust, and constitutional duties of the State of Montana, the Land Board, and DNRC, and failed to secure for the trust a full market value rate of return. Specifically, Montrust III addressed the terms of SB409 (2011), and the subsequent administrative rules, as well as the administrative rules that existed regarding Alternative 3B. Montrust III alleged that the rules related to both SB409 (2011) and Alternative 3B included fee calculation methods that created lease fees below full market value.

A Settlement Agreement to resolve Montrust III was approved by the Land Board at their October 19, 2015 meeting, and was subsequently approved by the district court on November 10, 2015.

The Settlement Agreement provided for specific changes in the lease fee structure that will apply to any new lease issued after the date the settlement was approved by the district court. This means that the terms of the settlement agreement will apply to any renewed lease, or any lease issued through a competitive bid after November 10, 2015.

The proposed amendments to ARM 36.25.1001, 36.25.1002, 36.25.1004 through 36.25.1006, the adoption of New Rules I and II, and the repeal of ARM 36.11.101, 36.25.1003, 36.25.1007, 36.25.1012, and 36.25.1016 through 36.25.1021 regarding cabin site leasing are reasonably necessary as a requirement of the settlement agreement and as ordered by the district court in Cause No. BDV-2012-39, in the First Judicial District, Lewis and Clark County, Montana.

Included in the terms of the settlement agreement and court order were the requirements that DNRC complete rule making in compliance with the terms of the settlement agreement.

The Land Board approved the draft proposal notice on January 19, 2016 enabling DNRC to proceed with rulemaking. The proposal notice was filed with the Montana Secretary of State on January 25, 2016, and published in the Montana Administrative Register (MAR) on February 5, 2016. The comment period ran through March 4, 2016, and two public hearings were held, one on February 29, 2016 in Helena and one on March 1, 2016 in Kalispell. Twenty-five comments were received. An environmental assessment (EA) was completed on April 14, 2016.

Amendments to the Proposal Notice:

Upon further review of the proposal notice, the department discovered "felling" was incorrectly spelled as "falling" in ARM 36.25.1002(7). Additionally, the grammatical construct of ARM 36.25.1005(1)(ii) was inconsistent with the rest of the subsection. The department has amended 36.25.1002 and 36.25.1005 as proposed, but with the described changes visible on the Adoption Notice with stricken matter interlined, new matter underlined. Other than those minor changes, DNRC is adopting the rules exactly as proposed.

DNRC Recommendation

The director recommends the Land Board approve the draft adoption notice so DNRC can file the adoption notice with the Secretary of State on May 23, 2016. The rules will be effective on June 4, 2016.

BEFORE THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION OF THE STATE OF MONTANA

In the matter of the amendment of)	NOTICE OF AMENDMENT,
ARM 36.25.1001, 36.25.1002,)	ADOPTION, AND REPEAL
36.25.1004 through 36.25.1006,)	
36.25.1008 through 36.25.1011, and)	
36.25.1013, the adoption of New)	
Rules I and II, and the repeal of ARM)	
36.11.101, 36.25.1003, 36.25.1007,)	
36.25.1012, and 36.25.1016 through)	
36.25.1021 regarding cabin site)	
leasing)	

To: All Concerned Persons

1. On February 5, 2016, the Department of Natural Resources and Conservation published MAR Notice No. 36-22-184 pertaining to the public hearing on the proposed amendment, adoption, and repeal of the above-stated rules at page 181 of the 2016 Montana Administrative Register, Issue Number 3.

2. The department has repealed the above-stated rules as proposed.

3. The department has adopted New Rule I (36.25.1014) and New Rule II (36.25.1015) as proposed.

4. The department has amended 36.25.1001, 36.25.1004, 36.25.1006, 36.25.1008 through 36.25.1011, and 36.25.1013 as proposed.

5. Upon further review of the proposal notice, the department discovered "felling" was incorrectly spelled as "falling" in ARM 36.25.1002(7). Additionally, the grammatical construct of ARM 36.25.1005(1)(ii) was inconsistent with the rest of the subsection. The department has amended 36.25.1002 and 36.25.1005 as proposed, but with the following changes, stricken matter interlined, new matter underlined.

36.25.1002 AUTHORITIES, LIMITATIONS, AND RESTRICTIONS

(1) through (6) remain as proposed.

(7) Any ~~falling~~ felling of live or green trees is prohibited unless otherwise permitted by the department.

(8) remains as proposed.

AUTH: 77-1-202, 77-1-204, 77-1-209, MCA

IMP: 77-1-208, MCA

36.25.1005 IMPROVEMENTS

(1) A cabin site lessee may apply to the department to request authorization to place improvements on, or to install utilities to, the leased land. Approval is at the discretion of the department.

(a) The lessee must apply for permission prior to placing any improvements or utilities on state trust land using a form provided by the department. Failure of the lessee to obtain prior written permission from the department, may result in:

(i) limited or no compensation paid to the lessee for the improvements upon termination of the lease; or

(ii) the department ~~may require~~ requiring the lessee to remove any improvements placed on the leased land, at the lessee's expense.

(1)(b) through (2) remain as proposed.

AUTH: 77-1-202, 77-1-204, 77-1-209, MCA

IMP: 77-1-208, MCA

6. The department has thoroughly considered the comments and testimony received. A summary of the comments received and the department's responses are as follows:

COMMENT 1: Four commenters objected to, or requested clarification of ARM 36.25.1002(4)(a), which gives the department "...the right to require the formation of a road users association (RUA), at lessee's expense, to address the potential of multiple uses on access roads to leased land".

RESPONSE 1: This provision is necessary to allow the department the flexibility to work with neighborhoods and other third parties to address issues of access and to create cooperative arrangements to resolve access and maintenance issues involving cabin sites.

COMMENT 2: Two commenters requested clarification of what the term "limited right" in ARM 36.25.1006 meant with respect to the right of a lessee to remove improvements from the leased land.

RESPONSE 2: The term "limited right" as used in this section means that the right of a lessee to remove improvements from leased land is limited to, and defined by, the rights provided in ARM 36.25.1006.

COMMENT 3: Two commenters objected to 36.25.1006(4)(b)(ii) as it refers to appraisals of cabin site improvements being valued by "...giving full consideration to the improvement's condition, its contribution to the value of the property for residential purposes, and remaining economic life".

RESPONSE 3: An appraisal of improvements based upon the condition of those improvements and their contribution to the overall value of the property on which they reside is an appropriate factor to consider when determining value. Personal property improvements to real property are not appraised in a vacuum; and

therefore, considering their condition and contribution to the value of the overall property is an appropriate part of the equation.

COMMENT 4: Seven commenters generally disagreed with the new lease rate structure proposed by these rule revisions.

RESPONSE 4: The new lease rate structure contained in these rule revisions conforms to the settlement agreement in the Montrust III litigation (Cause No. BDV-2012-39, in the First Judicial District, Lewis and Clark County, Montana)which was approved by the Montana Board of Land Commissioners (Land Board) on October 19, 2015, and signed by Judge Jeffrey Sherlock on November 10, 2015.

COMMENT 5: Three commenters disagreed with the new lease rate structure as it pertains to the new minimum annual rental rate of \$800.

RESPONSE 5: The new minimum annual rental rate contained in these rule revisions conforms to the settlement agreement in the Montrust III litigation (as referenced in Response 4 above).

COMMENT 6: Three commenters disagreed with the new lease rate structure as it pertains to the 2 percent annual incremental rental rate increase.

RESPONSE 6: The department has determined that a 2 percent annual incremental rental rate increase is an appropriate formula for: matching rental rate to market conditions: and, conforming cabin site rental rates to the requirements of the settlement agreement in the Montrust III litigation (as referenced in Response 4 above).

COMMENT 7: Two commenters expressed general displeasure with the fact the department is leasing cabin sites. Commenters would prefer all cabin sites be sold.

RESPONSE 7: These comments are outside the scope of this rulemaking.

COMMENT 8: Commenter expressed displeasure with the fact the department has not prevented neighboring livestock from rubbing on the personal property improvements upon his cabin site.

RESPONSE 8: This comment is outside the scope of this rulemaking.

COMMENT 9: Commenter expressed displeasure with the management of the department as it pertains to requests for information under the Freedom of Information Act.

RESPONSE 9: This comment is outside the scope of this rulemaking.

COMMENT 10: Commenter expressed displeasure with the staff employed by the department to manage the cabin site leasing program.

RESPONSE 10: This comment is outside the scope of this rulemaking.

COMMENT 11: Three commenters expressed displeasure with the department's cabin site sale program and the staff employed by the department to manage the cabin site sale program.

RESPONSE 11: These comments are outside the scope of this rulemaking.

COMMENT 12: Two commenters expressed displeasure with the communication between the department and cabin site lessees with regard to the cabin site sale program.

RESPONSE 12: These comments are outside the scope of this rulemaking.

COMMENT 13: Commenter requested that personal property improvements located on real property owned by the department be valued based upon the value that such improvements are given by the Montana Department of Revenue (DOR).

RESPONSE 13: The department is permitted to have reasonable rules regulating the personal property located on its real property. These rule revisions provide such reasonable rules. In the event that a property valuation needs to be obtained under these rules, both real and personal property are valued by an appraisal conducted by a Montana generally certified appraiser.

COMMENT 14: Commenter objected to the provisions ARM 36.25.1009(2)(a) as it pertains to the department's right to reject a bidder on an unleased cabin site.

RESPONSE 14: ARM 36.25.1009(2)(a) addresses the process for securing a Lease on an unleased cabin site. This section provides the Department the right to reject a potential lessee that was the highest bidder, but only if the department provides the reason for its rejection to that potential lessee in writing. The department is not required to execute a lease that is contrary to its interest. This provision provides the department with the flexibility to reject such a lease, if necessary.

COMMENT 15: One commenter objected to ARM 36.25.1009(7) which states the Department may require the successful bidder on an unleased cabin site to pay for the costs associated with "...surveys, fulfillment of zoning and subdivision requirements, and other assessments or costs related to compliance with any other local, state, and federal statutes and regulations".

RESPONSE 15: The department may require a new party choosing to lease an unleased cabin site to be responsible for reasonable costs associated with the leasing of that site. This includes the cost of a survey, costs related to zoning and subdivision requirements, or other costs related to compliance with statutes and regulations.

COMMENT 16: Commenter objected to ARM 36.25.1010(2)(a), which states that an assignment of a cabin site lease by a lessee may not be assigned unless approved by the department and the assignment fee has been paid.

RESPONSE 16: The department is not required to permit the assignment of a lease that is contrary to its interest. This provision provides the department with the flexibility to reject such an assignment if the assignment fee has not been paid.

COMMENT 17: commenter generally disagreed with the provisions of arm 36.25.1005 in their entirety on the grounds that the department should not regulate personal property in any manner.

RESPONSE 17: ARM 36.25.1005 pertains to personal property improvements on real property leased under the cabin site leasing program. The department is permitted to have reasonable rules regulating the personal property located on its real property. This section provides such reasonable rules.

COMMENT 18: Four commenters expressed displeasure with the rulemaking process. Specifically, the public notice requirements of the process and the specific dates and times of the hearings on the rule proposal.

RESPONSE 18: Notice of the hearings for this rulemaking and the hearings themselves were conducted accordingly within the requirements for rulemaking under the Montana Administrative Procedure Act and ARM Title 1, Chapter 2. This included conducting hearings in two different regions of the state during business hours.

COMMENT 19: Commenter objected to ARM 36.25.1001(12), which defines the meaning of the term "security bond", on the grounds that security bonds should never be utilized by the department.

RESPONSE 19: The department is permitted to create reasonable rules for the governance of its cabin site leases, such as utilizing security bonds to protect itself against risk. ARM36.25.1001(12) simply defines the term "security bond".

COMMENT 20: Commenter objected to the phrase "unless otherwise determined by the board" in ARM 36.25.1001(11), which defines the term "rental rate".

RESPONSE 20: The phrase "as otherwise determined by the board" was inserted into this provision to recognize the Land Board's ultimate authority and discretion concerning the leasing and disposition of all school trust lands, as provided by Article 10, Section 4 of the Montana Constitution.

COMMENT 21: Commenter objected to ARM 36.25.1005(1)(b), which only permits one single family residence per cabin site Lease.

RESPONSE 21: This provision is not new to the cabin site leasing rules as cabin site lessees are currently limited to one single family residence per cabin site. This provision amends the wording to clarify that one, single family residence is permitted per lease.

COMMENT 22: Commenter objected to ARM 36.25.1006(3) which states that if a former lessee is attempting to remove personal property improvements from the department's real property, the department reserves the right to withhold authorization to remove such improvements during any time a lease is being actively offered for bid by the department.

RESPONSE 22: The department is permitted to have reasonable rules regulating the personal property located on its real property. This section provides such reasonable rules and addresses the instance in which a former lessee is attempting to interfere with the department's efforts to lease its real property.

COMMENT 23: Commenter requested clarification regarding the meaning of ARM 36.25.1006(5)(b), as it pertains to the distribution of revenue.

RESPONSE 23: ARM 36.25.1006(5)(b) states: "When a former lessee intends to unconditionally abandon the lease and improvements, the improvements may be sold to a new lessee at a price determined by the department. Any revenue generated from the sale of improvements that have been unconditionally abandoned shall be distributed by the department in the same manner as rentals for the applicable leased land". Any revenue generated under this section will be distributed by the department in the same manner that rent from the same property would have been distributed, including distributions to applicable trust beneficiaries.

COMMENT 24: Commenter objected to ARM 36.25.1009(5)(a), as it pertains to lessee initiated lease cancellations.

RESPONSE 24: ARM 36.25.1009(5)(a) states: "Any former lessee who has had a cabin site lease cancelled and not reinstated by the board or department for nonpayment of lease fees may bid upon that cancelled lease, or any other cabin site lease, provided that before the bid the former lessee pays the unpaid lease fee billed for that cancelled lease". This section requires a formerly cancelled lessee wishing to reinstate his/her lease to pay any past due fees, regardless of whether the cancellation was initiated by the lessee or the department. This provision exists in the current cabin site leasing rules; and, the department elects not to limit this provision solely to Lease cancellations initiated by the department.

COMMENT 25: Two commenters objected to the concept that the fees under their existing leases could potentially be higher than the fees new bidders would pay to lease nearby vacant lots.

RESPONSE 25: The new lease rate structure contained in these rule revisions conforms to the settlement agreement in the Montrust III litigation (as referenced in Response 4 above).

/s/ _____
JOHN E. TUBBS
Director
Natural Resources and Conservations

/s/ _____
DENNISON BUTLER
Rule Reviewer

Certified to the Secretary of State [Month Day, 20##].

DRAFT

516-9

EASEMENTS:

A.Easements

B.Prairie Creek Reciprocal Access
Agreement

**Land Board Agenda Item
May 16, 2016**

516-9A Easements

**Location: Carter, Choteau, Fallon, Fergus, Hill, Judith Basin, Missoula, Park,
Ravalli, Richland, Roosevelt, Sheridan**

Trust Benefits: Common Schools, Public Lands, University of Montana

**Trust Revenue: Common Schools= \$229,435
Public Lands= \$8890
University of Montana=\$1103**

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Northwestern Energy	Historic Natural Gas Pipeline	Permanent	1-2
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Northwestern Energy	Historic Natural Gas Pipeline	Permanent	(20-21)
Sandy Arrow Ranch, LLC	Historic Private Access Road	Permanent	24-27
ONEOK Rockies Midstream	Existing Natural Gas Pipeline	30-Year	28-37
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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17176
R/W Purpose:	a buried 4" natural gas distribution line under the Bitterroot River
Lessee Agreement:	N/A (Historic)
Acreage:	0.08
Compensation:	\$100.00
Legal Description:	20-foot strip through NE4NW4, Sec. 6, Twp. 6N, Rge. 20W, Ravalli County
Trust Beneficiary:	Public Land

Item Summary

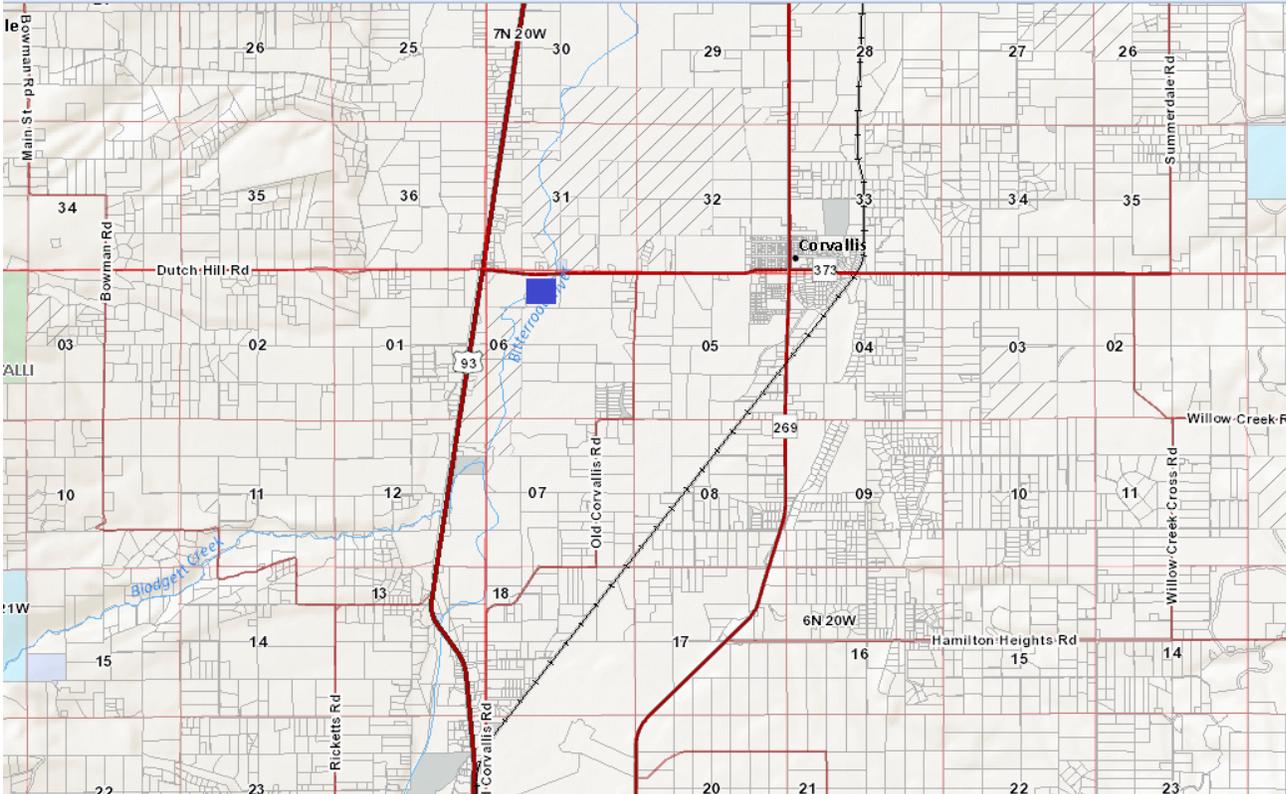
Northwestern Energy has made application for this natural gas line that was constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA Northwestern Energy is requesting recognition of this natural gas line as a historic right of way.

DNRC Recommendation

The director recommends approval of this historic right of way for Northwestern Energy.

Rights of Way Applications

May 16, 2016



Application # 17176 – NWE

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Bridger Pipeline LLC PO Drawer 2360 Casper WY 82602
Application No.:	17208
R/W Purpose:	a buried 6" crude oil pipeline
Lessee Agreement:	ok
Acreage:	2.44
Compensation:	\$16,070.00
Legal Description:	20-foot strip through N2N2, SE4NE4, Sec. 7, Twp. 6N, Rge. 60E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

Bridger Pipeline LLC has made application for a 6" crude oil pipeline. The pipeline was previously authorized and installed under a Land Use License issued in 2006. This application is to convert the License to a 30-year term easement. Bridger Pipeline LLC has agreed to compensation in the amount of \$50/rod which is consistent with other installations in the area.

DNRC Recommendation

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

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Bridger Pipeline LLC PO Drawer 2360 Casper WY 82602
Application No.:	17209
R/W Purpose:	a buried 6" crude oil pipeline
Lessee Agreement:	ok
Acreage:	1.79
Compensation:	\$11,793.00
Legal Description:	20-foot strip through NE4NW4, NW4NE4, S2NE4, Sec. 16, Twp. 6N, Rge. 60E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

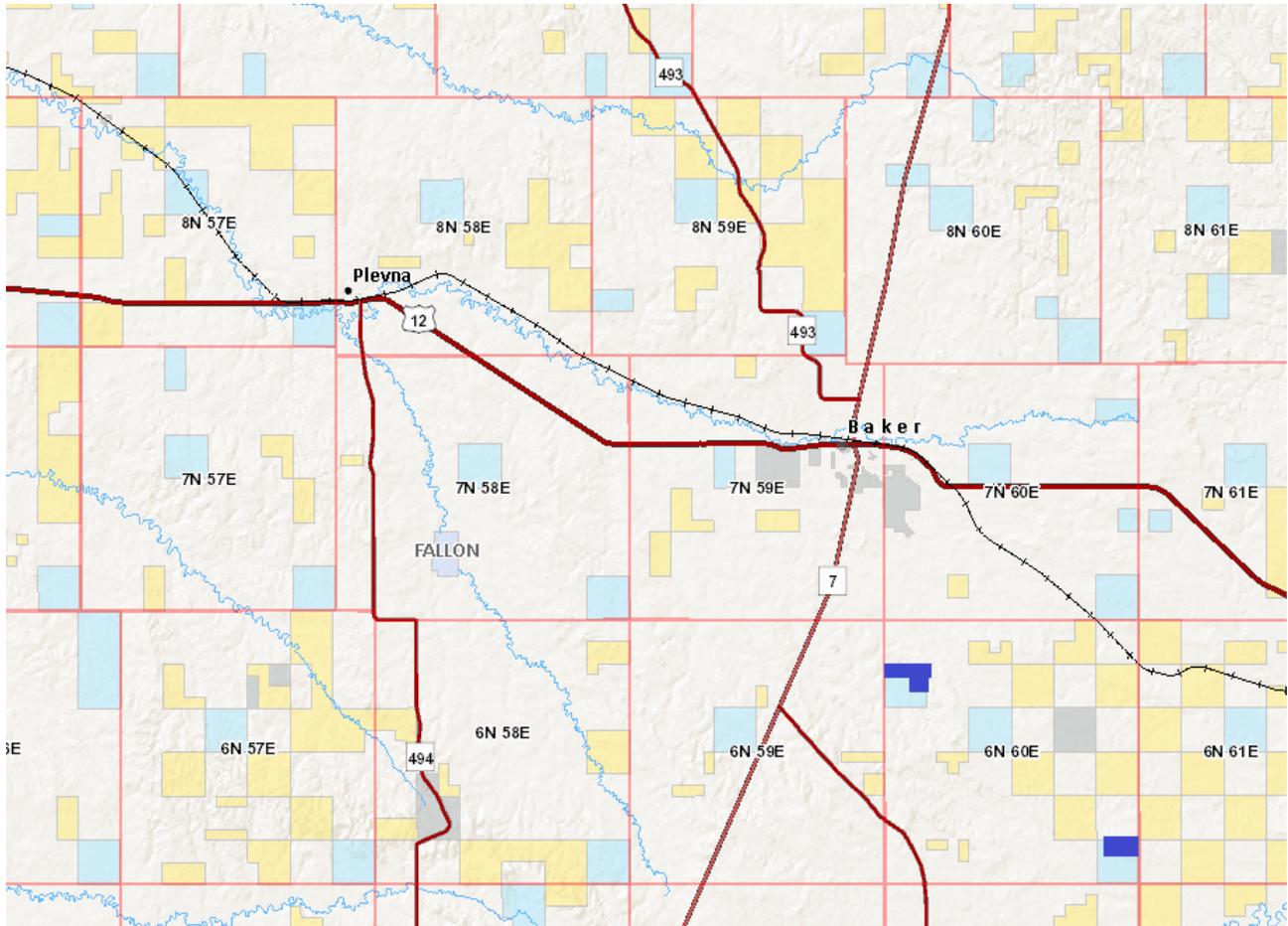
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DNRC Recommendation

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Rights of Way Applications

May 16, 2016



Application #'s 17208 & 17209
Bridger

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17214
R/W Purpose:	a 7.2 kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.08
Compensation:	\$422.00
Legal Description:	10-foot strip through SW4NW4, Sec. 19, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

Northwestern Energy has made application for multiple overhead electric distribution and transmission lines that were constructed on state lands many years ago without proper authorization from the Land Board. Pursuant to §77-1-130, MCA Northwestern Energy is requesting recognition of these overhead electric distribution and transmission lines as historic rights of ways.

DNRC Recommendation

The director recommends Land Board approve this historic right of way for Northwestern Energy.

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17215
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.14
Compensation:	\$739.00
Legal Description:	10-foot strip through S2NE4, Sec. 20, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17216
R/W Purpose:	a 7.2kV overhead electric distribution line across the Blackfoot River
Lessee Agreement:	N/A (Historic)
Acreage:	0.06
Compensation:	\$317.00
Legal Description:	10-foot strip through SW4NE4, Sec. 21, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17217
R/W Purpose:	a 7.2 kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	1.06
Compensation:	\$663.00
Legal Description:	30-foot strip through NW4SW4, S2SW4, Sec. 30, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17219
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.04
Compensation:	\$228.00
Legal Description:	10-foot strip through W2NE4, Sec. 21, Twp. 13N, Rge. 19W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17220
R/W Purpose:	a 7.2kV overhead electric distribution line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.09
Compensation:	\$514.00
Legal Description:	10-foot strip through NW4NW4, Sec. 21, Twp. 13N, Rge. 19W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17222
R/W Purpose:	a 161kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.26
Compensation:	\$1372.00
Legal Description:	30-foot strip through S2NE4, Sec. 20, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17223
R/W Purpose:	a 100kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.07
Compensation:	\$100.00
Legal Description:	30-foot strip through SW4NE4, Sec. 8, Twp. 11N, Rge. 16W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17224
R/W Purpose:	a 100kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.17
Compensation:	\$100.00
Legal Description:	30-foot strip through NE4SW4, NW4SE4, Sec. 11, Twp. 11N, Rge. 16W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17225
R/W Purpose:	a 100kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.08
Compensation:	\$100.00
Legal Description:	30-foot strip through NE4NE4, Sec. 3, Twp. 11N, Rge. 17W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17226
R/W Purpose:	a 161kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.14
Compensation:	\$739.00
Legal Description:	30-foot strip through SE4NW4, Sec. 18, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17227
R/W Purpose:	a 161kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.22
Compensation:	\$1161.00
Legal Description:	30-foot strip through NE4NE4, S2NE4, Sec. 20, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17228
R/W Purpose:	a 100kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.24
Compensation:	\$1267.00
Legal Description:	30-foot strip through NW4SW4, Sec. 19, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17229
R/W Purpose:	a 100kV overhead electric transmission line across the Clark Fork River
Lessee Agreement:	N/A (Historic)
Acreage:	0.22
Compensation:	\$1256.00
Legal Description:	30-foot strip through SW4SE4, Sec. 17 & NW4NE4, Sec. 20, Twp. 13N, Rge. 19W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte MT 59701
Application No.:	17231
R/W Purpose:	a buried 8" natural gas transmission line under the Blackfoot River
Lessee Agreement:	N/A (Historic)
Acreage:	0.09
Compensation:	\$475.00
Legal Description:	30-foot strip through SW4NE4, Sec. 21, Twp. 13N, Rge. 18W, Missoula County
Trust Beneficiary:	Public Land

Item Summary

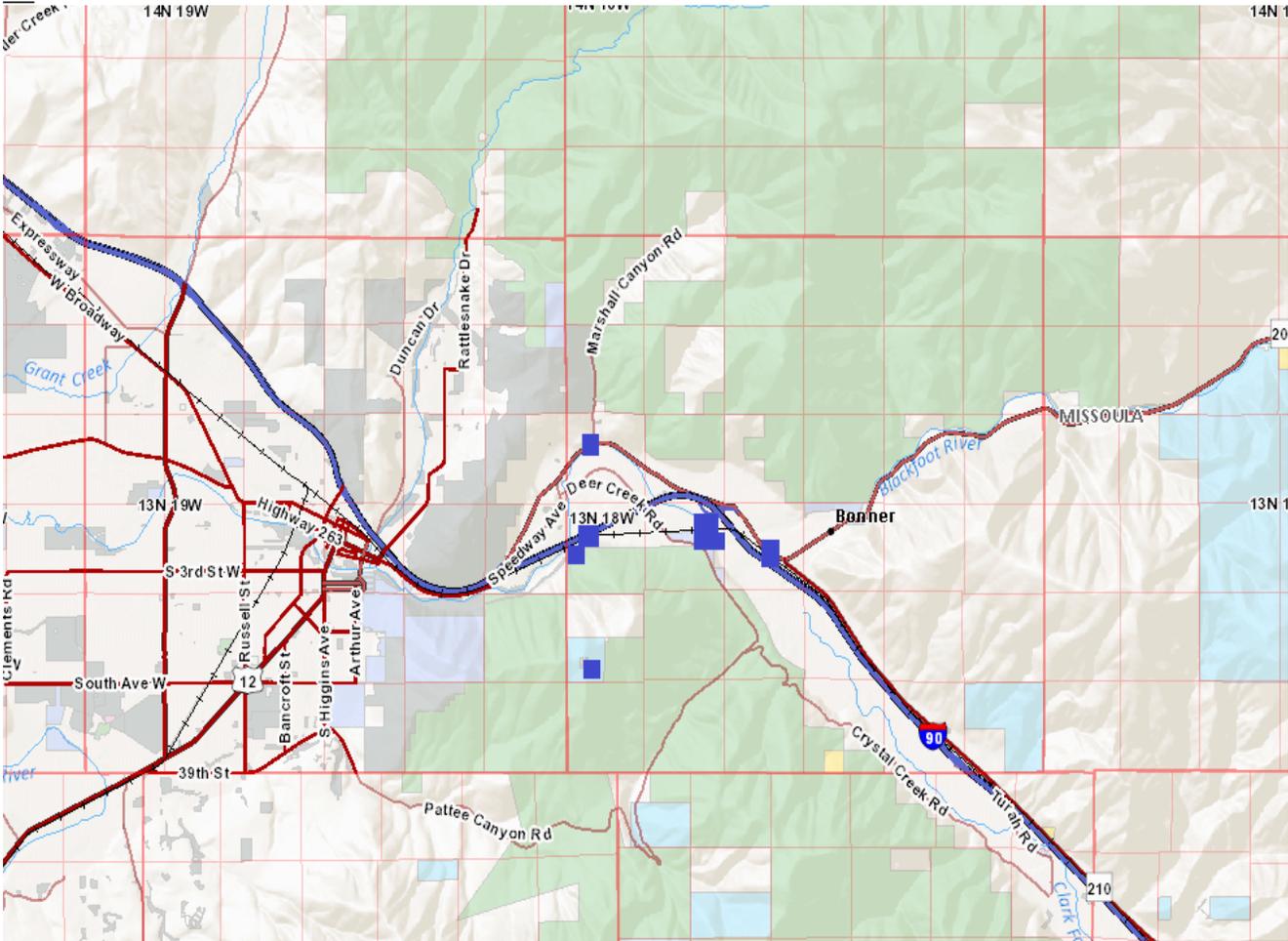
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DNRC Recommendation

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Rights of Way Applications

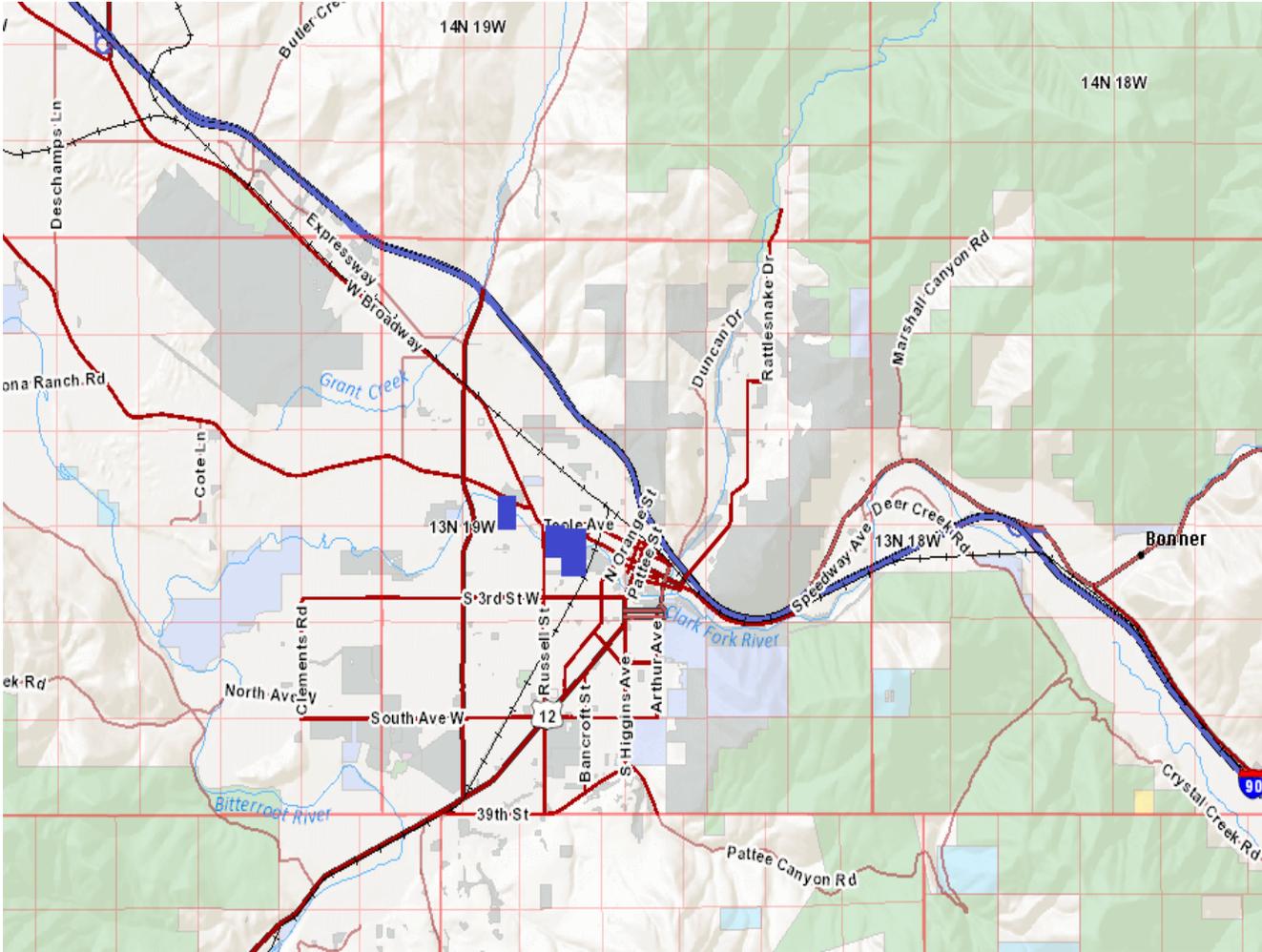
May 16, 2016



Application #'s 17214-17217, 17222, 17226-17228, 17231 – NWE

Rights of Way Applications

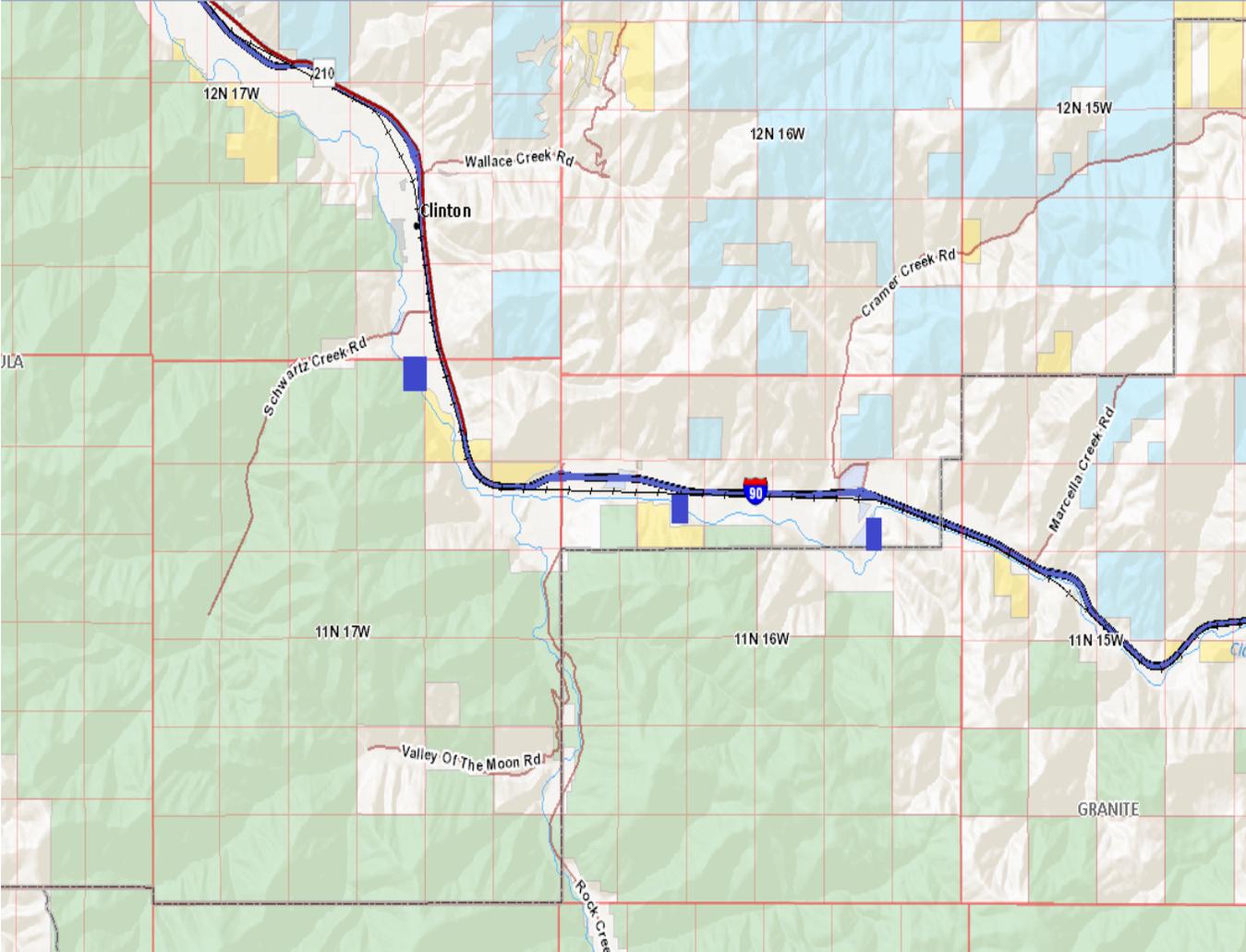
May 16, 2016



Application #'s 17219, 17220 & 17229 – NWE

Rights of Way Applications

May 16, 2016



Application #'s 17223-17225 – NWE

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Sandy Arrow Ranch, LLC 224 W Main Street, Suite 511 Lewistown MT 59457
Application No.:	17262
R/W Purpose:	a private access road for the purpose of access to one single family residence and associated outbuildings and to conduct normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	8.19
Compensation:	\$2457.00
Legal Description:	30-foot strip through N2S2, Sec. 28 & S2N2, NE4SE4, Sec. 29, Twp. 20N, Rge. 13E, Choteau County
Trust Beneficiary:	Common Schools

Item Summary

Sandy Arrow Ranch, LLC has made application for the use of an existing road to access their private lands for the purpose of access to one single family residence and associated outbuildings and to conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The private property to be accessed is described in attached Exhibit "A".

DNRC Recommendation

The department recommends approval of this historic private access road application.

Rights of Way Applications

May 16, 2016

EXHIBIT A

DESCRIPTION OF PREMISES

That certain real property commonly known as Sandy Arrow Ranch located in Chouteau County, Montana, and legally described as follows:

Township 20 North, Range 13 East, M.P.M., Chouteau County, Montana:

- Section 1: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, S1/2NW1/4, SW1/4;
- Section 2: The West one-half of Lot 2, All of Lots 3, 4, S1/2NW1/4, W1/2SW1/4NE1/4, NW1/4NW1/4SE1/4;
- Section 3: Lots 1, 2, S1/2NE1/4, SE1/4NW1/4, NE1/4SW1/4, NW1/4SE1/4;
- Section 12: Lots 1, 11, 12, 13, 14, 16, 17, 18, and 19;
- Section 13: Lots 2, 3, 4, and 5;
- Section 22: SE1/4;
- Section 23: That part of the S1/2NE1/4, SE1/4NW1/4, S1/2 lying in Chouteau County;
- Section 24: That part of Lots 1, 2, 3, 9, 10, 13, 14, 15, SW1/4NW1/4, N1/2SW1/4 lying in Chouteau County;
- Section 26: That part of the N1/2NW1/4 lying in Chouteau County;
- Section 27: NW1/4NE1/4, NE1/4NW1/4;

Township 20 North, Range 14 East, M.P.M., Chouteau County, Montana:

- Section 1: That part of Lots 2, 3, 4, S1/2SW1/4 lying in Chouteau County;
- Section 2: That part of Lots 1, 2, and 3 lying in Chouteau County;
- Section 3: S1/2SW1/4;
- Section 4: Lots 3, 4;
- Section 5: Lots 1, 2, 3, 4, SW1/4SW1/4;
- Section 6: Lots 1, 2, 3, 4, 5, SE1/4SW1/4, S1/2SE1/4;
- Section 7: Lot 1, E1/2NW1/4, NE1/4SW1/4, E1/2;
- Section 8: W1/2W1/2;
- Section 9: That part of the E1/2, SW1/4, S1/2NW1/4, NW1/4NW1/4 lying in Chouteau County;
- Section 10: That part of the N1/2NW1/4, SW1/4NW1/4 lying in Chouteau County;
- Section 15: That part of the N1/2NW1/4 lying in Chouteau County;
- Section 17: That part of the S1/2NE1/4, S1/2 lying in Chouteau County;
- Section 18: Lot 4, SE1/4SW1/4, SE1/4;
- Section 19: That part of Lots 1, 2, 3, E1/2NW1/4, NE1/4SW1/4, NE1/4 lying in Chouteau County;
- Section 20: That part of the NW1/4NE1/4, N1/2NW1/4, SW1/4NW1/4 lying in Chouteau County;

Township 20 North, Range 15 East, M.P.M., Chouteau County, Montana:

- Section 5: That part of Lot 4 lying in Chouteau County;
- Section 6: That part of Lots 1, 2, 7 lying in Chouteau County;

Continued

Rights of Way Applications

May 16, 2016

- Continued:

Township 21 North, Range 13 East, M.P.M., Chouteau County, Montana:
Section 36: SE1/4;

Township 21 North, Range 14 East, M.P.M., Chouteau County, Montana:
Section 29: S1/2SE1/4;
Section 30: Lots 3, 4, E1/2SW1/4, SE1/4;
Section 31: All;
Section 32: All;
Section 33: N1/2NW1/4, S1/2N1/2, S1/2;
Section 34: S1/2N1/2, N1/2SW1/4, NW1/4SE1/4;

Township 21 North, Range 15 East, M.P.M., Chouteau County, Montana:
Section 31: That part of Lot 20, W1/2E1/2 lying in Chouteau County;

Township 20 North, Range 13 East, M.P.M., Chouteau County, Montana:
Section 24: Part of Lot 11;

Township 20 North, Range 14 East, M.P.M., Chouteau County, Montana:
Section 19: Part of the NW1/4SE1/4;

That certain real property commonly known as Sandy Arrow Ranch located in Fergus County, Montana, and legally described as follows:

Township 20 North, Range 13 East, M.P.M., Fergus County, Montana

Section 23: SE $\frac{1}{4}$ SE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 24: Lots 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; S $\frac{1}{2}$ SW $\frac{1}{4}$;
NW $\frac{1}{4}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ NW $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 25: Lots 1, 2; W $\frac{1}{2}$ NW $\frac{1}{4}$
Section 26: N $\frac{1}{2}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; NE $\frac{1}{4}$ NW $\frac{1}{4}$

Township 20 North, Range 14 East, M.P.M., Fergus County, Montana

Section 1: Lots 2, 3, 4; S $\frac{1}{2}$ SW $\frac{1}{4}$
Section 2: Lots 1, 2; S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 15: N $\frac{1}{2}$
Section 17: E $\frac{1}{2}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 19: W $\frac{1}{2}$ SE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$; NE $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ SW $\frac{1}{4}$; Lot 4
Section 20: N $\frac{1}{2}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$; N $\frac{1}{2}$ NW $\frac{1}{4}$
Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$

Township 20 North, Range 15 East, M.P.M., Fergus County, Montana

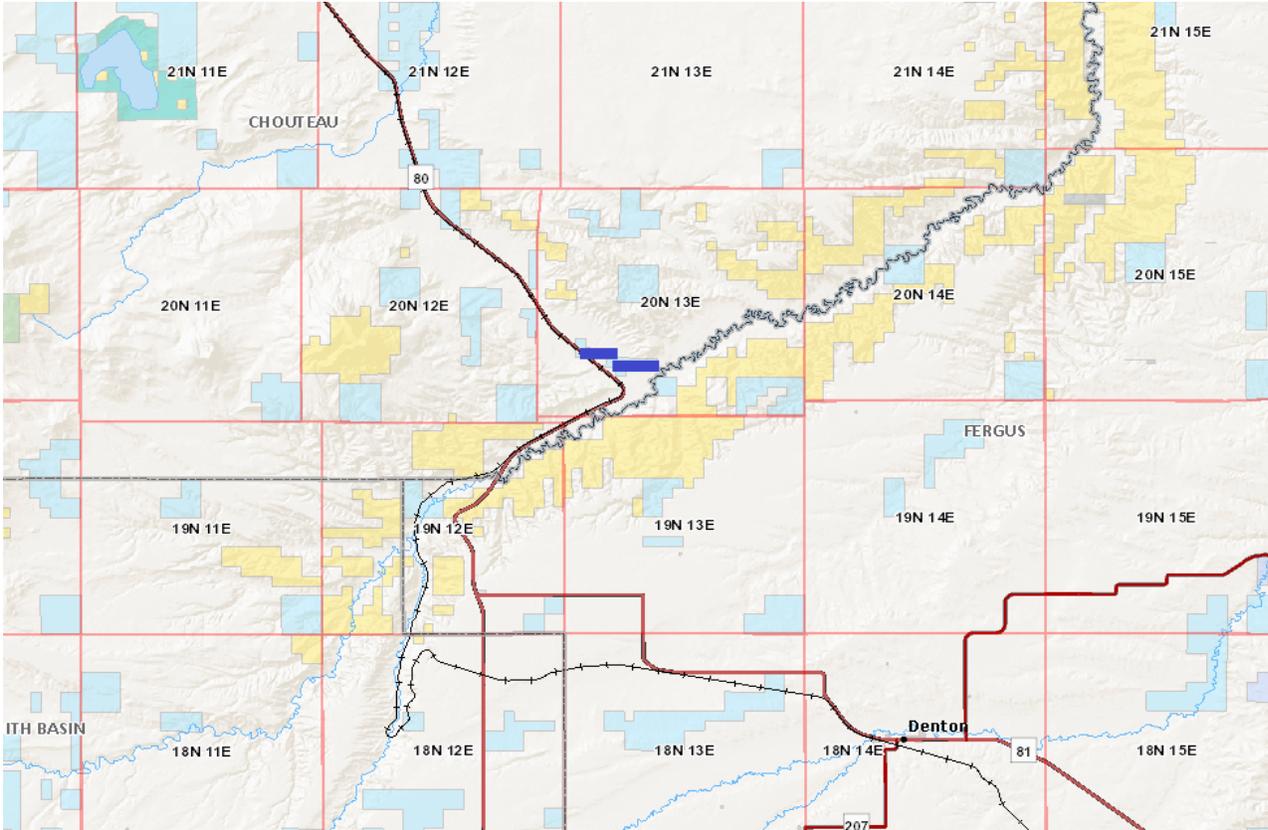
Section 5: Lot 4
Section 6: Lots 1, 2, 7

Township 21 North, Range 15 East, M.P.M., Fergus County, Montana

Section 31: W $\frac{1}{2}$ E $\frac{1}{2}$; Lots 11, 19, 20

Rights of Way Applications

May 16, 2016



Application # 17262 – Sandy Arrow Ranch LLC

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17263
R/W Purpose:	a buried 6" natural gas pipeline
Lessee Agreement:	ok
Acreage:	0.31
Compensation:	\$2,873.00
Legal Description:	20-foot strip through SE4NE4, Sec. 16, Twp. 34N, Rge. 57E, Sheridan County
Trust Beneficiary:	Common Schools

Item Summary

ONEOK Rockies Midstream, LLC has made application for multiple 4" and 6" natural gas pipelines. The pipelines were previously authorized and installed under Land Use Licenses issued in 2006. These applications are to convert the Licenses to 30-year term easements. ONEOK Rockies Midstream, LLC has agreed to compensation in the amount of \$70/rod which is consistent with other installations in the area.

DNRC Recommendation

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

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17266
R/W Purpose:	a buried 6" natural gas pipeline
Lessee Agreement:	ok
Acreage:	2.18
Compensation:	\$20,145.00
Legal Description:	20-foot strip through S2S2, Sec. 36, Twp. 26N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17267
R/W Purpose:	a buried 6" natural gas pipeline
Lessee Agreement:	ok
Acreage:	2.33
Compensation:	\$21,499.00
Legal Description:	20-foot strip through N2N2, Sec. 16 Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17268
R/W Purpose:	a buried 6" natural gas pipeline
Lessee Agreement:	ok
Acreage:	2.44
Compensation:	\$22,623.00
Legal Description:	20-foot strip through E2E2, Sec. 19, Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17269
R/W Purpose:	a buried 6" natural gas pipeline
Lessee Agreement:	ok
Acreage:	1.23
Compensation:	\$11,306.00
Legal Description:	20-foot strip through N2NE4, Sec. 19, Twp. 24N, Rge. 53E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17270
R/W Purpose:	a buried 4" natural gas pipeline
Lessee Agreement:	ok
Acreage:	2.25
Compensation:	\$20,780.00
Legal Description:	20-foot strip through NE4NE4, S2NE4, NW4SE4, S2SE4, Sec. 36, Twp. 28N, Rge. 58E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	ONEOK Rockies Midstream 2700 Lincoln Ave SE Sidney MT 59270
Application No.:	17271
R/W Purpose:	a buried 4" natural gas pipeline
Lessee Agreement:	ok
Acreage:	1.51
Compensation:	\$13,972.00
Legal Description:	20-foot strip through W2NW4, NW4SW4, Sec. 36, Twp. 28N, Rge. 58E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

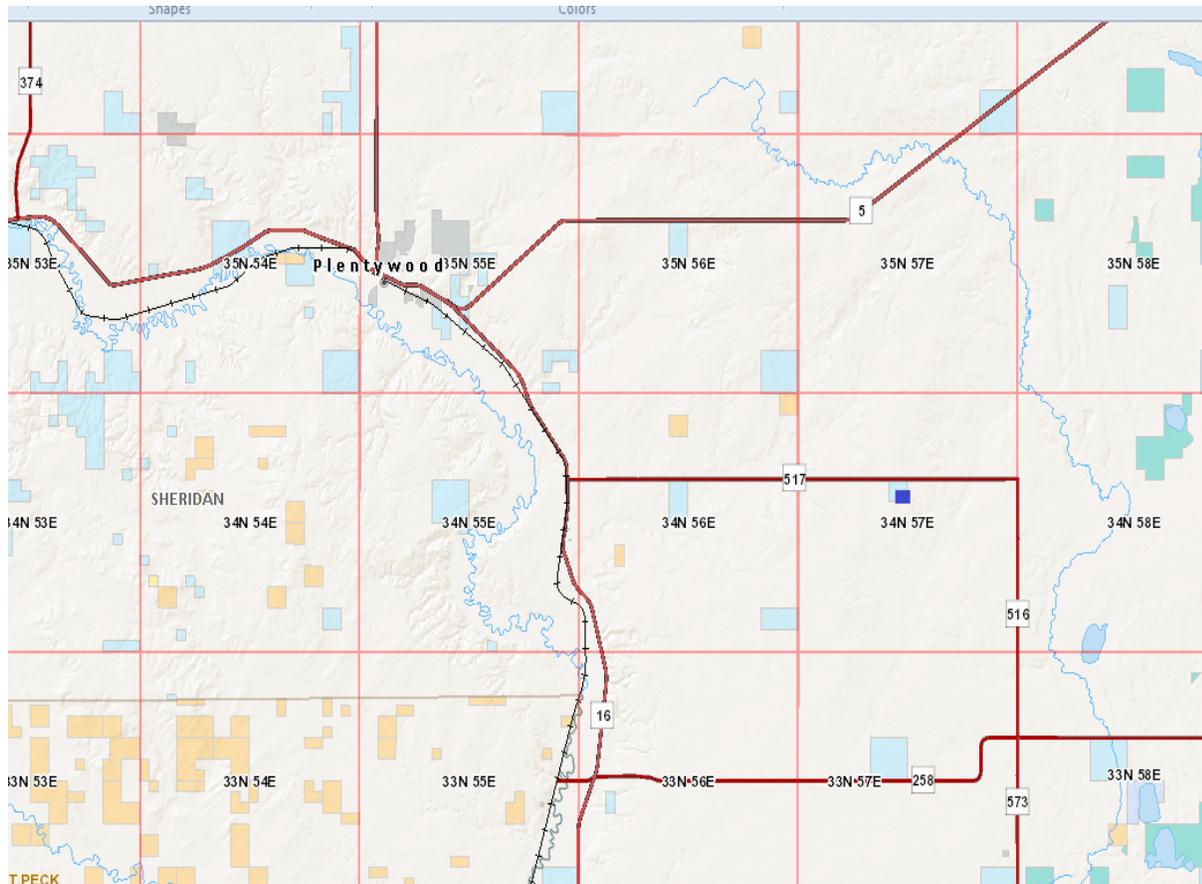
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DNRC Recommendation

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Rights of Way Applications

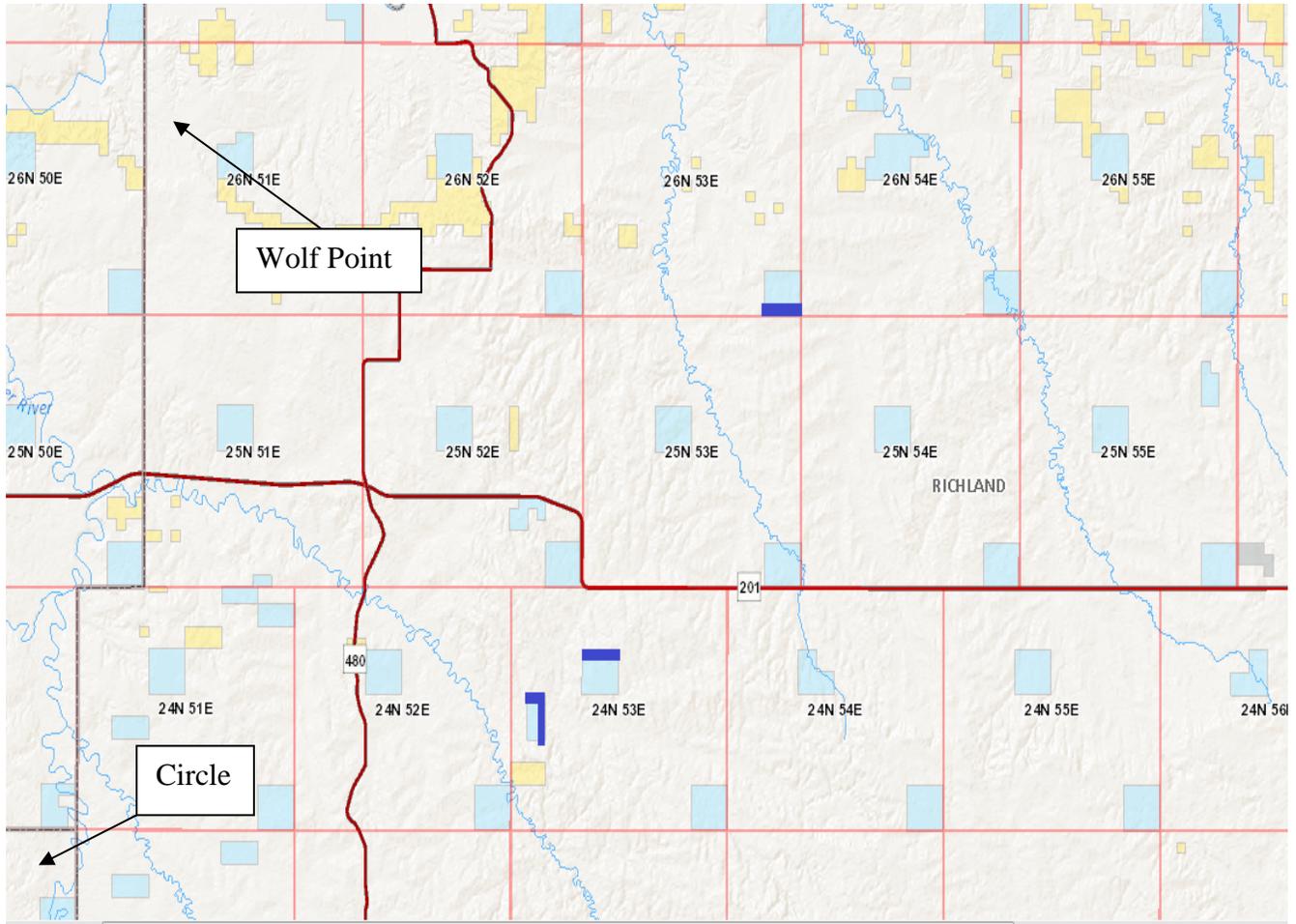
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Application # 17263- ONEOK

Rights of Way Applications

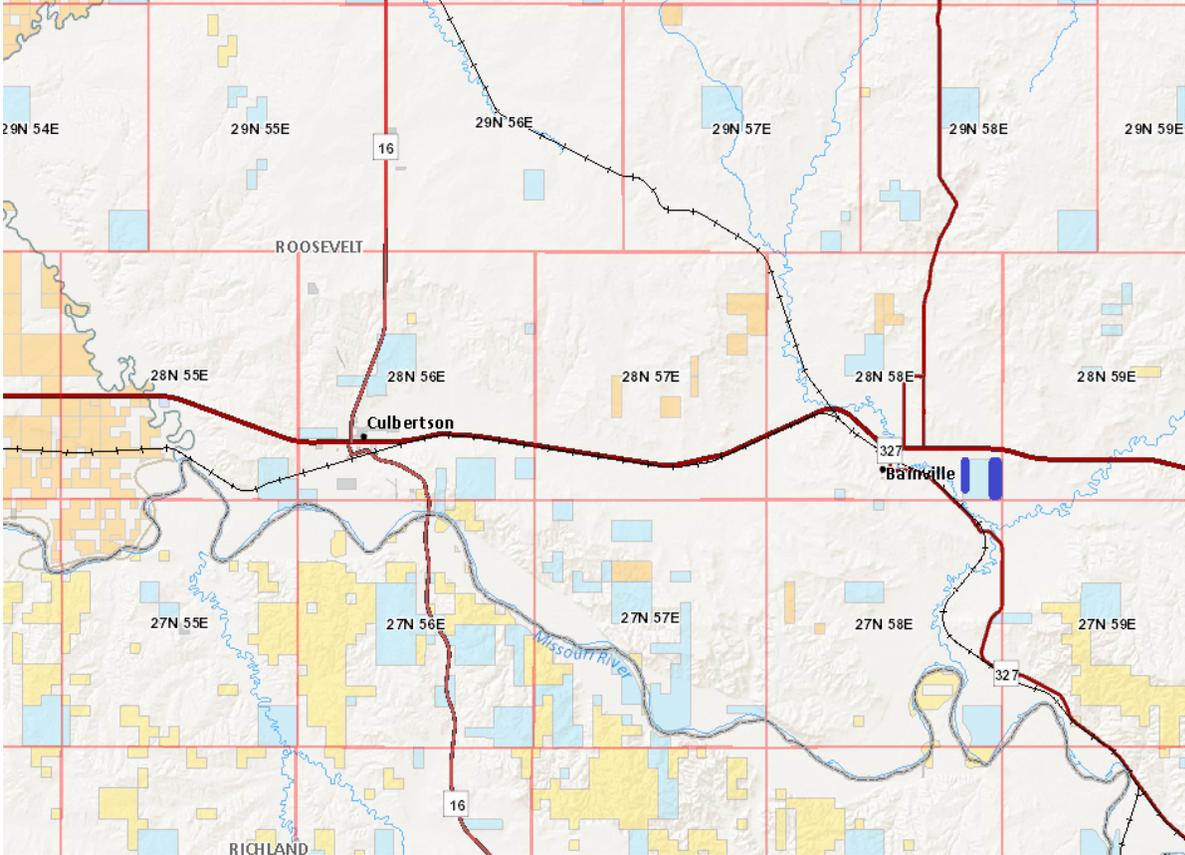
May 16, 2016



Application #'s 17266-17269 - ONEOK

Rights of Way Applications

May 16, 2016



Application #'s 17270 & 17271 - ONEOK

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Arthun Ranch, Inc. 2057 Hwy 89 N Wilsall MT 59086
Application No.:	17272
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	6.9
Compensation:	\$5520.00
Legal Description:	30-foot strip through NW4, W2NE4, SE4SW4, W2SE4, Sec. 16, Twp. 5N, Rge. 9E, Park County
Trust Beneficiary:	Common Schools

Item Summary

Arthun Ranch, Inc. has made application for the use of an existing road to access their private lands for the purpose of conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The private property to be accessed is described as all of Sections 17, 18 & 20, Township 5N, Range 9E.

DNRC Recommendation

The department recommends approval of this historic private access road application.

Rights of Way Applications

May 16, 2016



Application # 17272 – Arthun Ranch

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17305
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	needed
Acreage:	1.54
Compensation:	\$1078.00
Legal Description:	20-foot strip through N2SW4, NW4SE4, Sec. 36, Twp. 12N, Rge. 16E, Fergus County
Trust Beneficiary:	Common Schools

Item Summary

Triangle Telephone Cooperative, Assoc., Inc. has made application for the installation of new underground telecommunications facilities to upgrade their current facilities and services to the Moore Exchange, serving the area in and around Moore, Montana. These improvements will offer state-of-the-art telecommunications toll and distribution facilities as well as future growth capabilities. The proposed route was determined as the most direct route between terminus locations while also providing access to existing and future network considerations.

DNRC Recommendation

The department recommends approval of this buried telecommunications cable application.

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17306
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.71
Compensation:	\$1,197.00
Legal Description:	20-foot strip through E2NW4, N2SW4, Sec. 20, Twp. 11N, Rge. 16E, Fergus County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17307
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	2.45
Compensation:	\$1960.00
Legal Description:	20-foot strip through E2E2, Sec. 16, Twp. 31N, Rge. 10E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17308
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.62
Compensation:	\$279.00
Legal Description:	20-foot strip through NW4NW4, Sec. 2, Twp. 12N, Rge. 14E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17309
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.62
Compensation:	\$171.00
Legal Description:	20-foot strip through Government Lot 1, Sec. 5, Twp. 33N, Rge. 10E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	17310
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	4.81
Compensation:	\$3848.00
Legal Description:	20-foot strip through W2W2, N2N2, Sec. 16, Twp. 34N, Rge. 10E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative, Assoc., Inc. PO Box 1220 Havre MT 59501
Application No.:	12333A
R/W Purpose:	3 buried telecommunications cables
Lessee Agreement:	ok
Acreage:	2.45
Compensation:	\$1103.00
Legal Description:	20-foot strip through N2N2, Sec. 12, Twp. 12N, Rge. 15E, Fergus County
Trust Beneficiary:	University of Montana

Item Summary

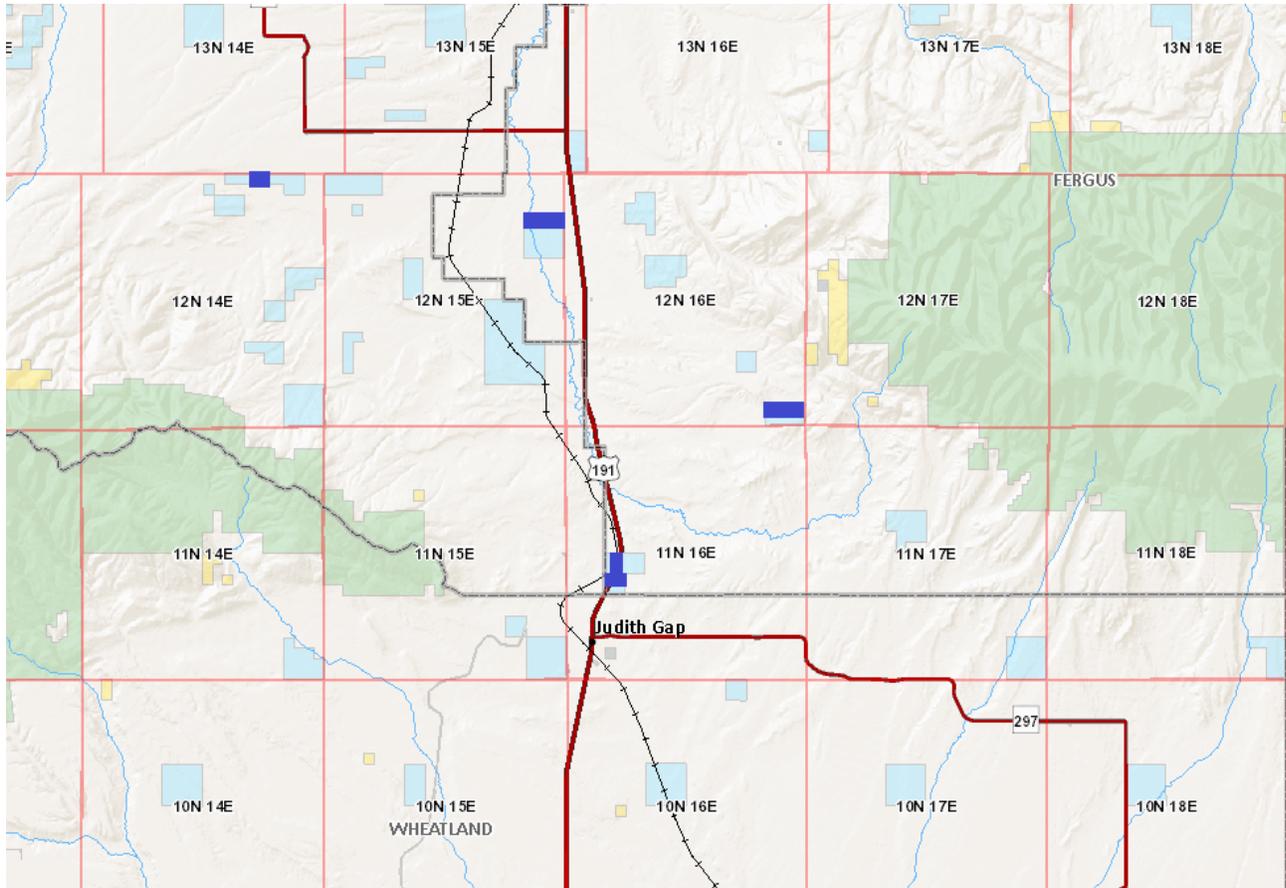
Triangle Telephone Cooperative, Assoc., Inc. has made application for the amendment of an existing telecommunications right of way corridor. This amendment is part of the Moore Exchange Project described on page 40. The amendment will consist of the addition of two cables to an already existing corridor. This will result in a total of three telecommunication cables within this right of way. The amendment will also result in a small addition to the existing right of way length in the NW4NW4 for a total of 48.16 feet. This small section of corridor will consist of two cables.

DNRC Recommendation

The director recommends approval of this amendment request.

Rights of Way Applications

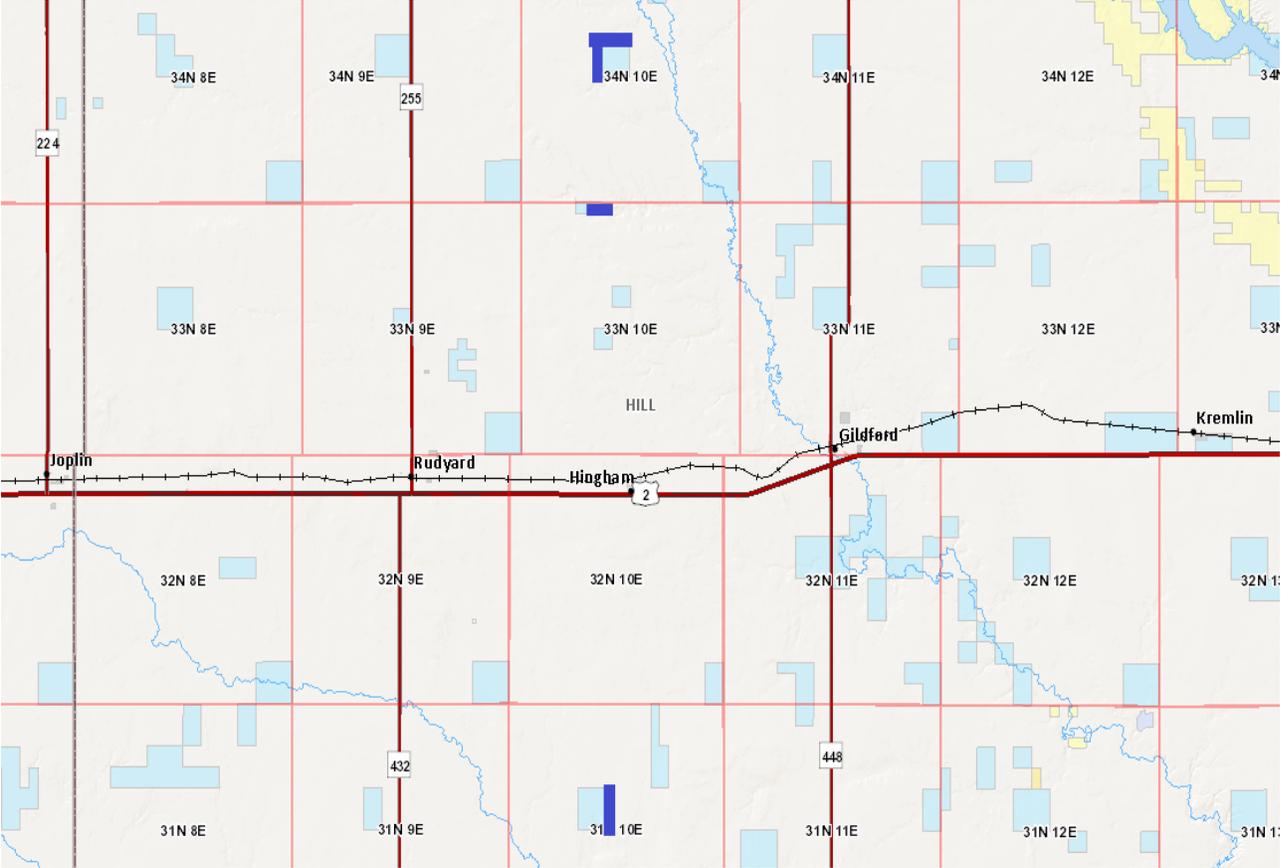
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Application #'s 17305, 17306, 17308 & 12333A – Triangle Telephone

Rights of Way Applications

May 16, 2016



Application #'s 17307, 17309, 17310 – Triangle Telephone

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4457A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	6.08
Compensation:	\$17,658.00
Legal Description:	50-foot strip through W2W2, Sec. 36, Twp. 2N, Rge. 57E, Carter County
Trust Beneficiary:	Common Schools

Item Summary

Butte Pipeline Company (Butte) has submitted new easement applications to amend four existing easements granted by the Land Board in 1956. Under a Plan of Development submitted to the Department of Natural Resources and Conservation (DNRC), Butte is proposing to install a second active pipeline within the existing easement corridors on state land. During the winter of 2013 Butte abandoned in place the existing 1956 pipeline and installed a replacement pipeline within the corridor. In 2014 Butte was planning to construct a new pipeline, known as Thunderbird Phase 2 & 3, parallel to the existing corridor on state land and submitted applications for four new easements to DNRC for review. Due to several factors, the applications did not progress forward. In the Plan of Development, Butte is requesting amendment of the existing 1956 easement corridor to allow for the second pipeline that was proposed in Thunderbird 2 & 3. As Butte had decommissioned the 1956 pipeline, this proposed amendment request is to allow for two active pipelines (proposed new install and replacement installation from 2013) and one inert pipeline (abandoned 1956 pipeline). As the existing 1956 corridor was previously disturbed, the installation of the new pipeline within it will create less ground disturbance. Three of these four existing corridors are within core sage grouse habitat. Stipulations regarding prohibition of ground disturbing activities between March 15 to July 15 would be inserted into new easement documents. Butte has agreed to provide mitigation in the form of providing restoration of sagebrush densities where applicable.

DNRC Recommendation

The director recommends approval of the amendment requests.

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4458A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	3.38
Compensation:	\$0.00 (See Explanation Below)
Legal Description:	50-foot strip through Gov. Lots 5 & 6, SE4NW4, Sec. 6, Twp. 2N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

Butte Pipeline Company (Butte) submitted to the Department of Natural Resources and Conservation (DNRC) a plan of development to utilize an existing corridor across six parcels of state land for multiple pipelines. The original pipeline and corridor was established in 1956 through the grant of easements by the Land Board. In 2012 Butte received approval from the Land Board to construct a second pipeline known as Thunderbird Phase I in a new easement corridor parallel to the existing 1956 pipeline corridor. The pipeline associated with Thunderbird Phase 1 was not constructed due to pending action by the Bureau of Land Management (BLM). During the winter of 2013, Butte abandoned in place the existing 1956 pipeline and installed a replacement pipeline within the corridor. Under the plan of development, Butte is requesting that the 2012 Thunderbird Phase I easement corridor be relocated to overlay the 1956 corridor. As part of this plan, Butte is requesting the Land Board amend the existing 1956 easements to allow for co-location of two active pipelines (proposed new install from 2012 easement authority and replacement installation from 2013) and one inert pipeline (abandoned 1956 pipeline). This proposal will eliminate a second easement corridor encumbrance across all six sections of state land. Additionally, because the existing 1956 corridor was previously disturbed, the installation of the new pipeline within it will create less ground disturbance. As Butte compensated the trust for the 2012 Thunderbird easement that will be placed within the existing 1956 corridor, no additional compensation is due. Two of these six existing corridors are within general sage grouse habitat. Stipulations regarding season of use involving ground disturbing activities would be inserted into new easement documents. Butte has agreed to provide mitigation in the form of providing restoration of sagebrush densities where applicable.

DNRC Recommendation

The director recommends approval of the amended easement requests.

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4459A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	2.17
Compensation:	\$0.00
Legal Description:	50-foot strip through Gov. Lot 3, NE4SW4, Sec. 4, Twp. 4N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4460A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	N/A (Historic)
Acreage:	3.68
Compensation:	\$0.00
Legal Description:	50-foot strip through NW4SW4, W2NW4, Sec. 16, Twp. 4N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4461A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	3.23
Compensation:	\$0.00
Legal Description:	50-foot strip through W2SE4, NE4SE4, Sec. 20, Twp. 4N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4462A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	6.1
Compensation:	\$0.00
Legal Description:	50-foot strip through W2W2, Sec. 36, Twp. 5N, Rge. 57E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4463A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	N/A (Historic)
Acreage:	6.18
Compensation:	\$0.00
Legal Description:	50-foot strip through E2SW4, NW4SE4, SE4NW4, W2NE4, Sec. 16, Twp.7N, Rge. 58E, Fallon County
Trust Beneficiary:	Common Schools

Item Summary

See Page 50

DNRC Recommendation

See Page 50

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4469A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	6.28
Compensation:	\$18,248.00
Legal Description:	50-foot strip through E2W2, W2NE4, Sec. 36, Twp. 1S, Rge. 57E, Carter County
Trust Beneficiary:	Common Schools

Item Summary

See Page 49

DNRC Recommendation

See Page 49

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Butte Pipeline Company
P O Drawer 2360
Casper WY 82602

Application No.: 4470A
R/W Purpose: two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement: ok
Acreage: 6.07
Compensation: \$17,623.00
Legal Description: 50-foot strip through W2W2, Sec. 36, Twp. 6S, Rge. 57E,
Carter County
Trust Beneficiary: Common Schools

Item Summary

See Page 49

DNRC Recommendation

See Page 49

Rights of Way Applications

May 16, 2016

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Butte Pipeline Company P O Drawer 2360 Casper WY 82602
Application No.:	4471A
R/W Purpose:	two active 16" crude oil pipelines and one inert 16" pipeline
Lessee Agreement:	ok
Acreage:	6.09
Compensation:	\$17,672.00
Legal Description:	50-foot strip through E2E2, Sec. 16, Twp. 9S, Rge. 57E, Carter County
Trust Beneficiary:	Common Schools

Item Summary

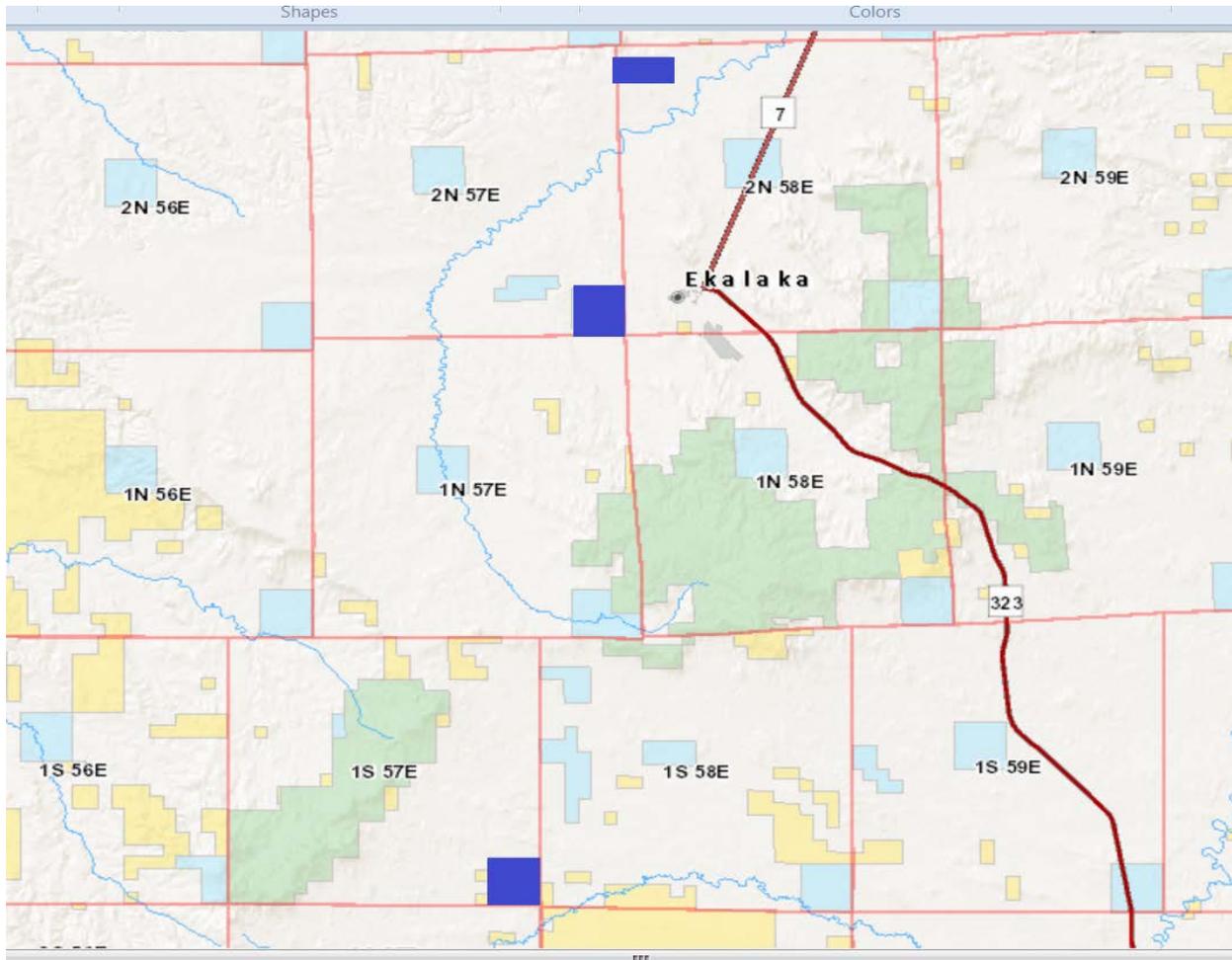
See Page 49

DNRC Recommendation

See Page 49

Rights of Way Applications

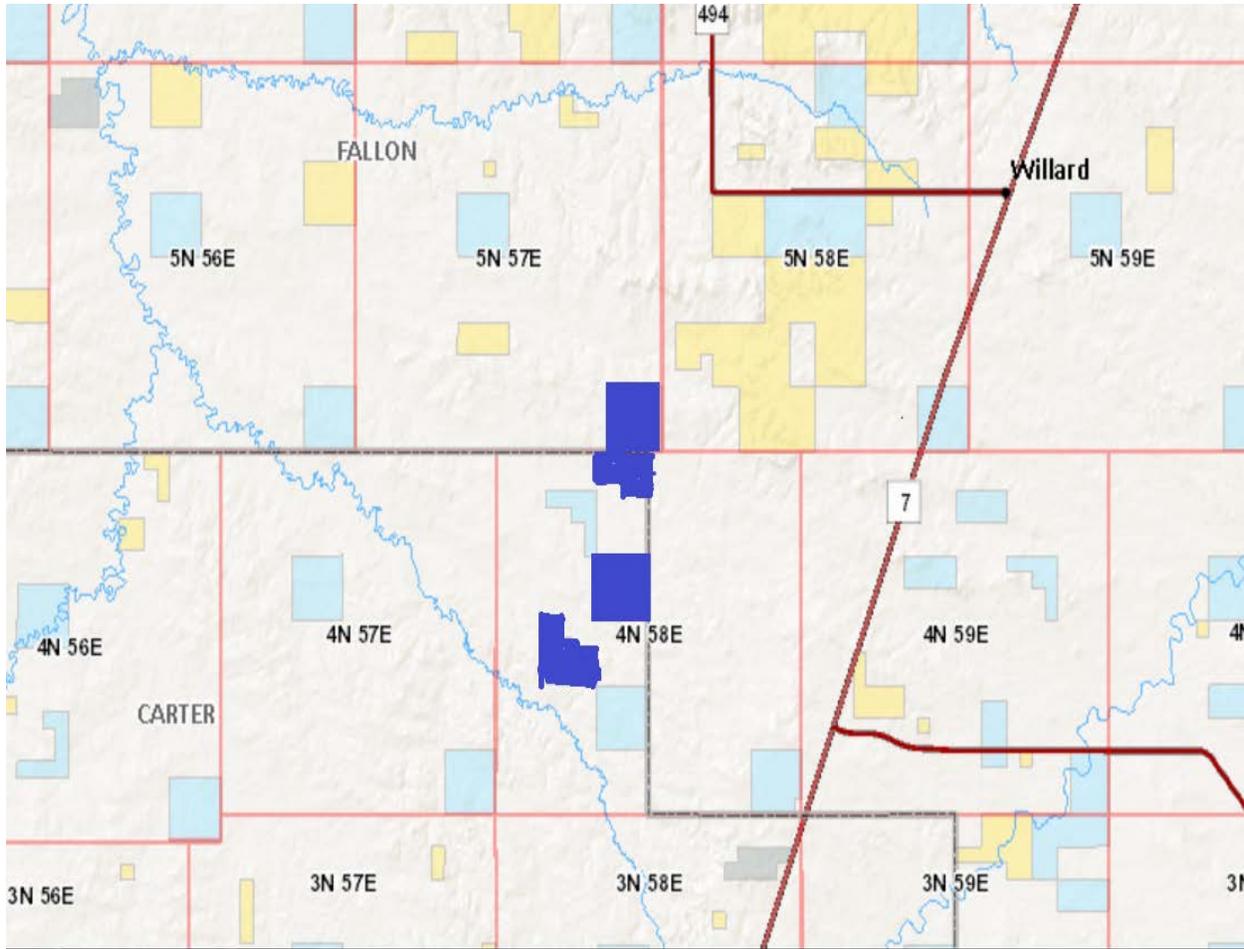
May 16, 2016



Application #'s 4457A, 4458A & 4469A
Butte Pipeline Company

Rights of Way Applications

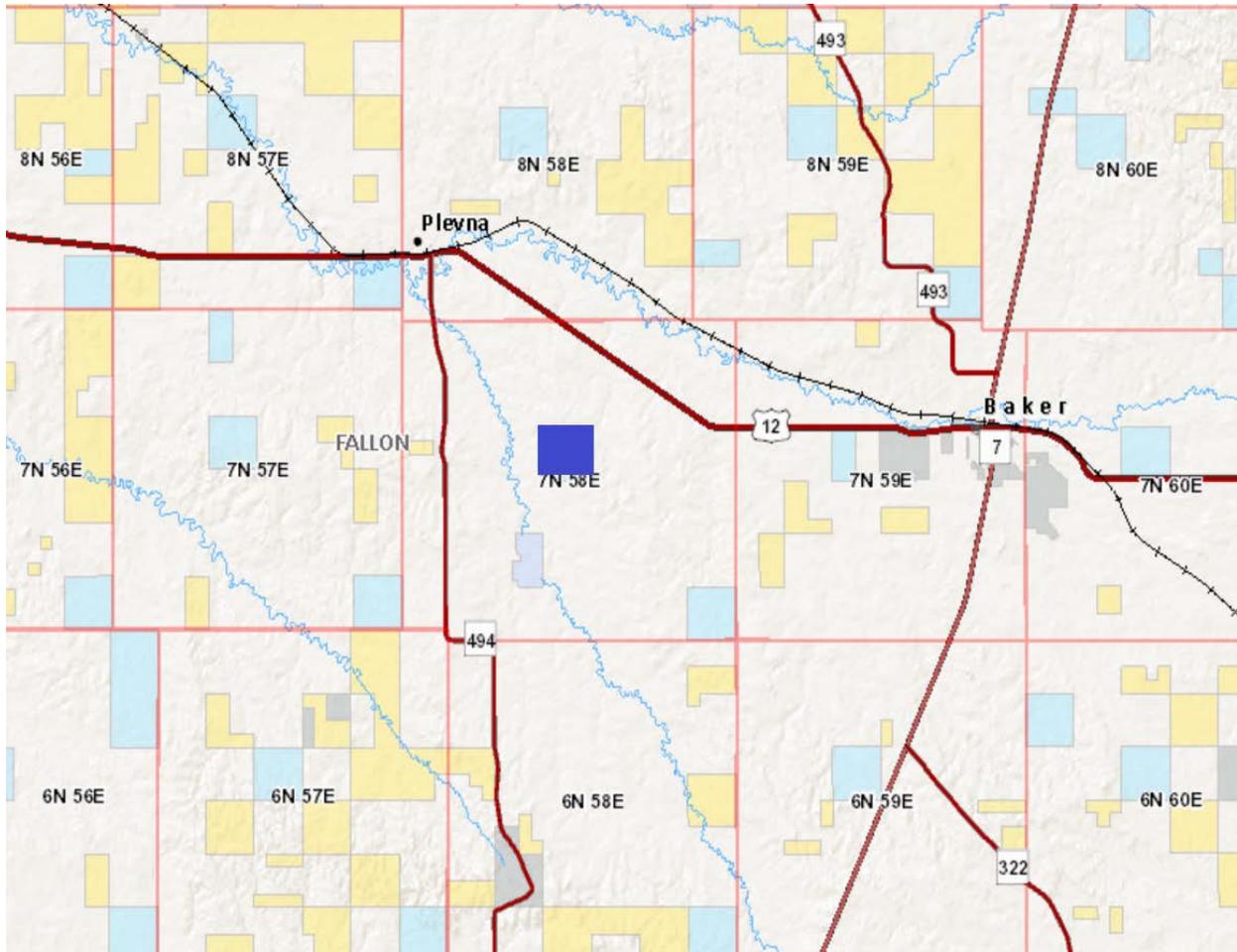
May 16, 2016



Application #'s 4459A, 4460A, 4461A & 4462A
Butte Pipeline Company

Rights of Way Applications

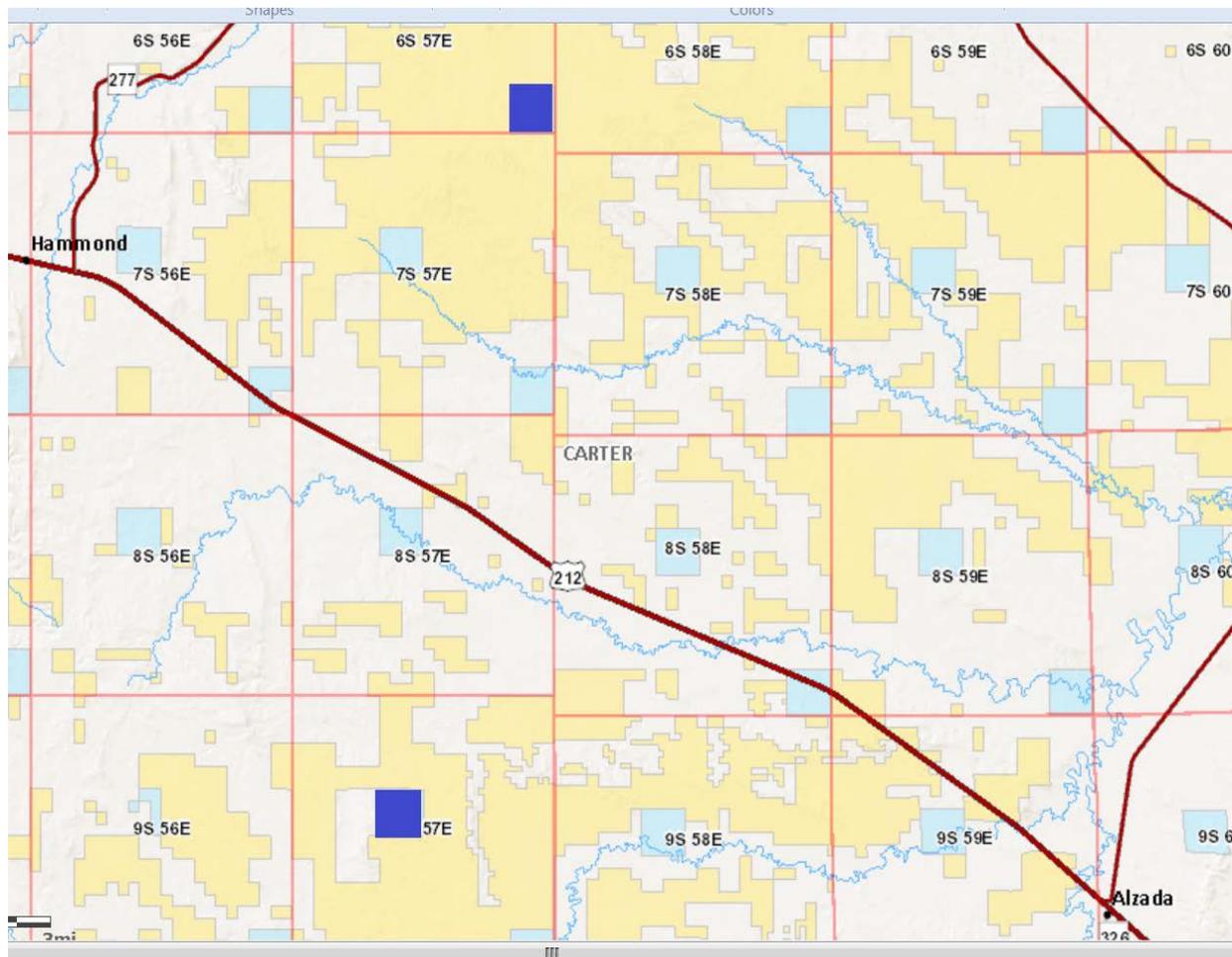
May 16, 2016



Application # 4463A
Butte Pipeline Company

Rights of Way Applications

May 16, 2016



Application #'s 4470A & 4471A
Butte Pipeline Company

**Land Board Agenda Item
May 16, 2016**

516-9B Prairie Ranch (Fall Line Farms) – Reciprocal Access Agreement

Location: Valley County

Trust Benefits: Common Schools

Trust Revenue: \$2,490

Item Summary:

I. Applicant:

Fall Line Farms Montana, LLC
119 S. B Street
San Mateo, CA 94401

II. Purpose of Reciprocal Access Agreement:

State land is intermingled with Fall Line Farms Montana, LLC (FLF) property. In order for both parties to gain legal access, they have proposed to exchange easements as part of this reciprocal access agreement. Each party will grant perpetual non-exclusive easements for the purpose of constructing, reconstructing, maintaining, repairing, and using a road or road segment for all lawful purposes, including utilities. Under this agreement, the state is acquiring access rights in favor of the public. The lands of the cooperator are in the process of being sold and, therefore, should this agreement be approved it is expected the Department of Natural Resources and Conservation (DNRC) will receive and approve assignments to the purchasers.

III. Legal Description (R/W):

(Valley County)

State Land burdened – (all C.S.)

Township 31 North, Range 40 East, P.M.M.

Sec. 22 W1/2NW1/4, SE1/4NW1/4, NE1/4SW1/4, W1/2SE1/4

Sec. 23 SE1/4NE1/4, NE1/4SE1/4

Sec. 24 SW1/4NW1/4, N1/2SW1/4, SE1/4SW1/4, Govt Lots 1, 2, 3, 4, 5, and 6

Sec. 25 Govt Lot 5, W1/2NE1/4, NE1/4NW1/4, NW1/4SE1/4

Sec. 27 NE1/4NE1/4

Township 31 North, Range 41 East, P.M.M.

Sec. 19 West 15.52 acres of Govt Lot 4

Sec. 30 Govt Lots 1, 2, 3, 7, and 8

Sec. 31 Metes and Bounds tract lying in Govt Lots 6, 7, 9, E1/2W1/2, West 26.03 acres of Govt Lot 3, Govt Lot 4, West 21.20 acres of Govt Lot 5, W1/2NE1/4SE1/4

State Land benefited – (all C.S.)Township 31 North, Range 40 East, P.M.M.

- Sec. 22 W1/2, W1/2SE1/4
- Sec. 23 NE1/4, W1/2NW1/4, E1/2SE1/4
- Sec. 24 Govt Lot 1 except NE 10 acres, Govt Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, W1/2W1/2, SE1/4SW1/4, NW1/4SE1/4NE1/4, S1/2SE1/4NE1/4
- Sec. 25 Govt Lots 1, 2, 3, 4, 5, W1/2NE1/4, NW1/4, NW1/4SE1/4, S1/2SE1/4
- Sec. 27 N1/2NE1/4
- Sec. 36 All

Township 31 North, Range 41 East, P.M.M.

- Sec. 19 W 6.32 acres of Govt Lot 3, West 15.52 acres of Govt Lot 4
- Sec. 30 Govt Lots 1, 2, 3, 4, West 19.38 acres of Govt Lot 5, W1/2SE1/4NW1/4, Tract in Govt Lots 7, 8, 9
- Sec. 31 Metes and Bounds Tract lying in Govt Lots 6, 7, 9, 10, 13, and E1/2W1/2, West 18.39 acres of Govt Lot 1, Govt Lot 2, West 26.03 acres of Govt Lot 3, Govt Lot 4, West 21.20 acres of Govt Lot 5, W1/2NE1/4SE1/4

FLF Land burdened –Township 31 North, Range 40 East, M.P.M.

- Sec. 22 SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Sec. 23 E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
- Sec. 26 NW $\frac{1}{4}$

Township 31 North, Range 41 East, M.P.M.

- Sec. 19 Govt Lot 4, less West 15.52 acres
- Sec. 30 NE1/4NW1/4, Govt Lot 8, except a portion of former Glasgow AFB tract
- Sec. 31 Govt Lot 7, except a portion of former Glasgow AFB tract

FLF Land benefited –Township 31 North, Range 40 East, P.M.M.

- Sec. 13 Govt Lots 1, 2, 3, E1/2, NE1/4NW1/4, S1/2NW1/4, NE1/4SW1/4
- Sec. 14 Govt Lots 1, 2, and 3
- Sec. 22 E1/2SE1/4
- Sec. 23 SW1/4, W1/2SE1/4
- Sec. 24 Northeast 10 acres of Govt Lot 1, NE1/4SE1/4NE1/4, NE1/4NE1/4
- Sec. 25 SW1/4
- Sec. 26 N1/2, N1/2SE1/4

Township 30 North, Range 41 East, P.M.M.

- Sec. 5 Govt Lots 3, 4, 5, 6, 7, and 8, S1/2N1/2, E1/2SW1/4, SE1/4
- Sec. 6 Govt Lots 7 and 8
- Sec. 8 Govt Lots 7, 8, 9, and 10, E1/2NE1/4
- Sec. 9 Govt Lots 1 and 2, W1/2W1/2NW1/4, W1/2E1/2W1/2NW1/4

Township 31 North, Range 41 East, P.M.M.

- Sec. 19 Govt Lot 3, less West 6.32 acres, Govt Lot 4, less West 15.52 acres
- Sec. 30 NE1/4NW1/4, E1/2SE1/4NW1/4, Govt Lot 5, excepting West 19.38 acres, NW1/4SE1/4

Total R/W Acres:

State grants to FLF: 26.37 acres
 FLF grant to State: 8.75 acres

Total R/W Miles:

State grants to FLF: 7.25 miles
 FLF grant to State: 2.41 miles

IV. General Information:

Land Office: North East Land Office
 Unit Office: Glasgow
 County: Valley
 Affected Trusts: Common Schools (C.S.)
 Land Classification: Grazing

VI. Costs to be Borne by Each Party:

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

	EXCESS COSTS	
	State owes Cooperator	Cooperator owes State
Land Value	\$ 1,678	\$ 4,168
Road Costs	\$	\$
Total Value/Costs	\$ 1,678	\$ 4,168

NET BALANCE

Land Value		\$ 2,490
Road Costs		
Subtotals		\$ 2,490

TOTAL LAND AND ROAD**\$ 2,490**

Land values are calculated with consideration given to trusts burdened and trusts benefited by the easement granted. The remaining net balance of \$2,490 the cooperator owes state will be paid in cash after approval of this agreement by the Montana Board of Land Commissioners (Land Board).

VII. Results of MEPA Analysis:

No significant impacts are expected and no further analysis required.

VIII. Benefits to State:

1. Describe the rights regarding which DNRC lands are being accessed.
 - Provides full permanent access for all lawful purposes, including utilities, to 3288.28 acres of state trust lands (C.S.).
2. Describe the public access situation and the effects of this agreement.

- The public currently has access to state trust land in Sec. 22 and Sec. 27, T31N, R40E via Olsen Spring County Road.
- As a result of this agreement, the state will acquire access rights in favor of the public across FLF property to approximately 2, 808 acres of state trust lands and adjacent federal Bureau of Land Management (BLM) lands.

3. Describe other benefits associated with completing the agreement.

- Provides for an integrated transportation system which reduces road densities and potential resource impacts to water quality and wildlife habitat.
- Provides for acquisition costs to be shared and thereby reduces access acquisition costs, shared financial obligations for road maintenance, resurfacing, weed management, and road reconstruction, if need be, to current road standards.
- Provides for legal access for grazing and agricultural opportunities and other uses if need be.

IX. Recommendation/Action:

After review of the documents, exhibits, and benefits to the state, the director recommends approval of this proposed reciprocal access agreement. As the cooperator is providing motorized public access to currently inaccessible state land and adjacent federal lands, the director also recommends the land board waive the 1% conveyance fee associated with the cooperator's lands pursuant to the reciprocal access and easement exchange policy.

VICINITY MAP

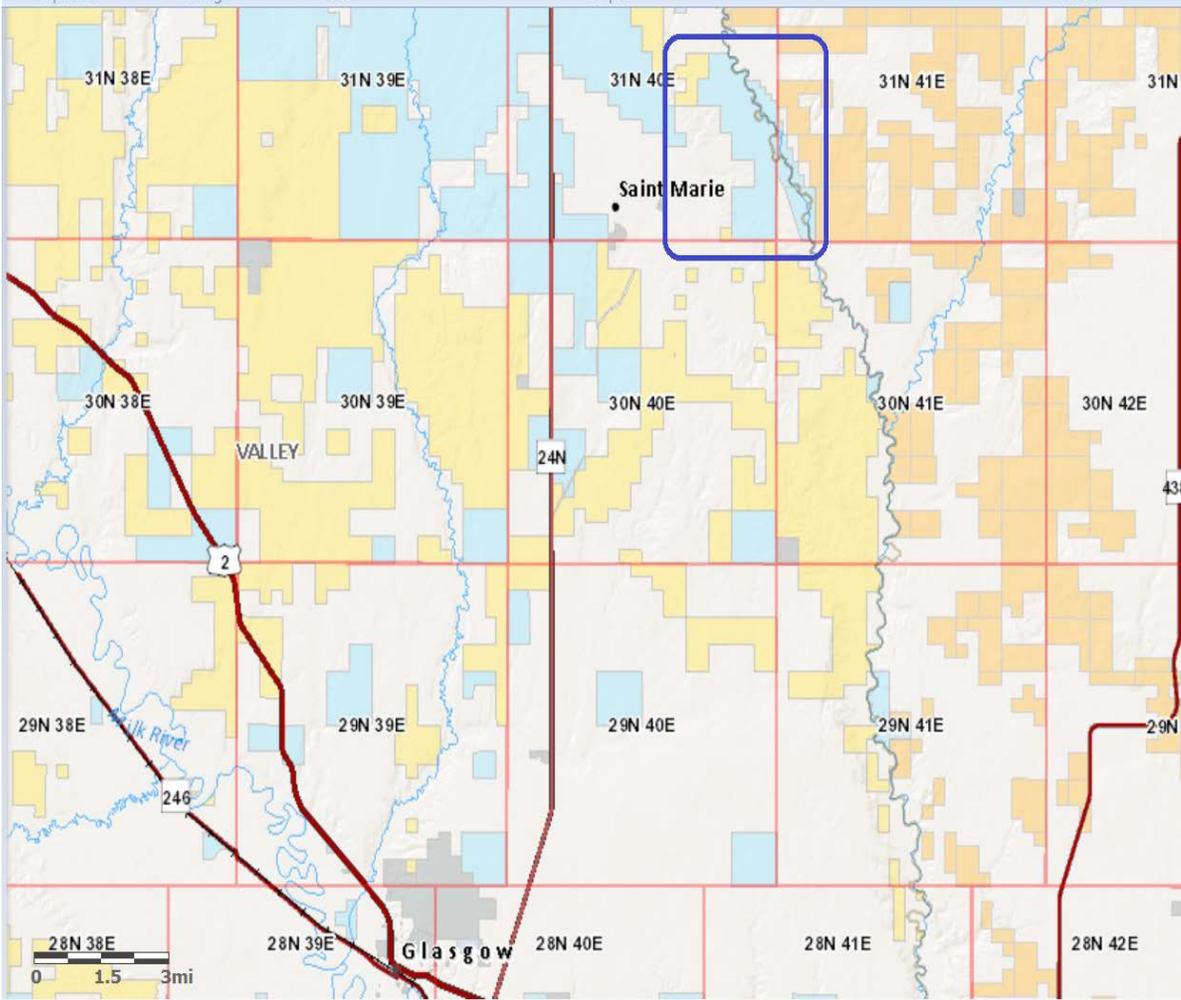
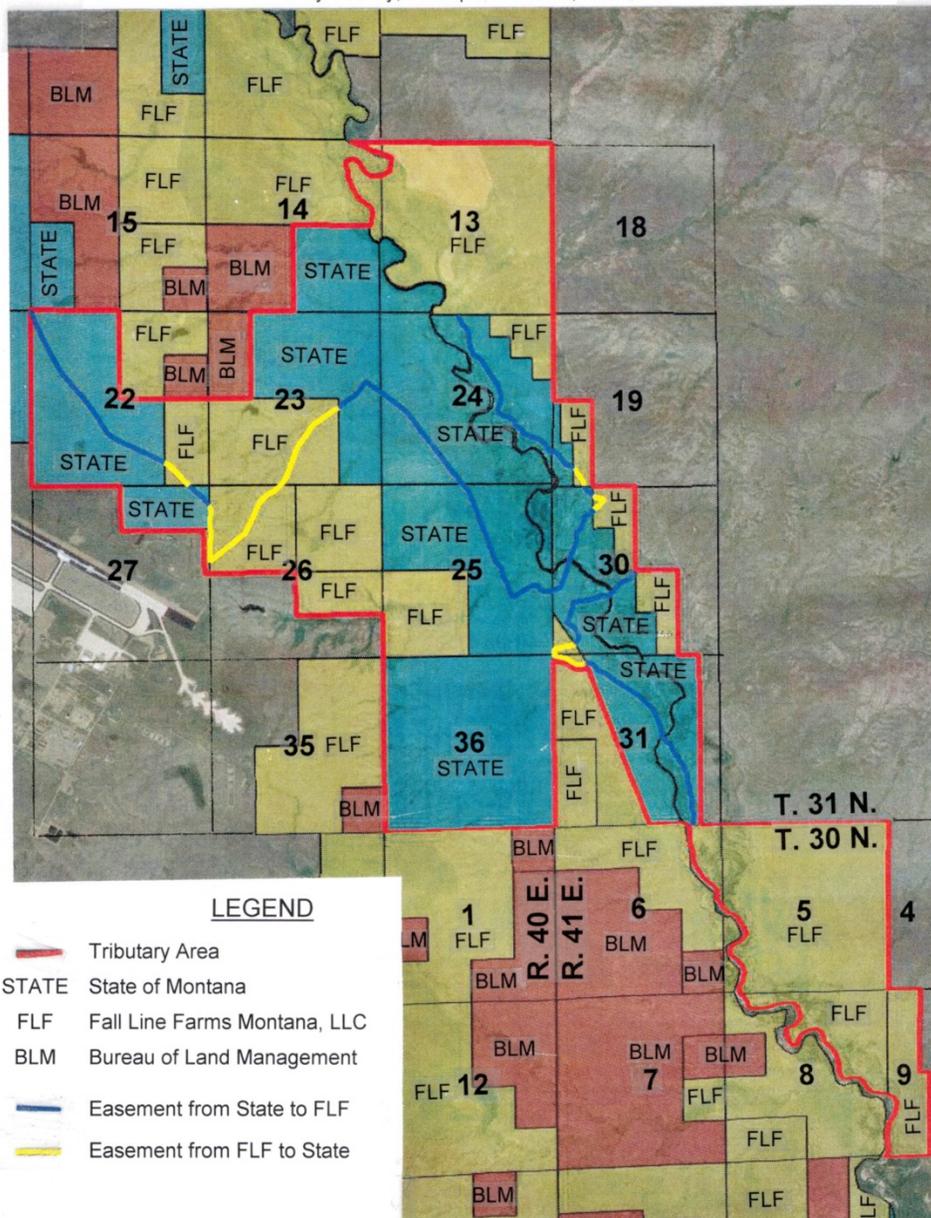


EXHIBIT 1-A

PRAIRIE CREEK RANCH RECIPROCAL ACCESS AGREEMENT
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
 and
FALL LINE FARMS MONTANA, LLC, DOUG and CARLA TIHISTA, and MATTHEW MILLER

Sections 22, 23, 24, 25, 26 and 27, T.31N., R.40E.
 Sections 19, 30 and 31, T.31N., R.41E.
 Valley County, Principal Meridian, Montana



LEGEND

- Tributary Area
- STATE** State of Montana
- FLF** Fall Line Farms Montana, LLC
- BLM** Bureau of Land Management
- Easement from State to FLF
- Easement from FLF to State