

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
 September 18, 2017, at 9:00 am
 Supreme Court Chambers, Joseph P. Mazurek Building
 215 North Sanders, 4th floor
 Helena, MT

ACTION ITEMS

- 0917-1 FWP: Keogh Ranch Conservation Easement Amendment**
Benefits: N/A (non-trust land)
Location: Jefferson County
FAILED 2-3 (Superintendent Arntzen, Commissioner Rosendale, and Secretary Stapleton dissenting)
- 0917-2 Montana Historical Society: West Farm Road**
Benefits: N/A (non-trust land)
Location: Jefferson County
APPROVED 5-0
- 0917-3 Timber Sales**
- A. Line Cub Limited Access**
Benefits: Common Schools
Location: Missoula County
- B. Ike-Wallace**
Benefits: Common Schools
Location: Missoula County
- C. Crater Mountain**
Benefits: Common Schools
Location: Lewis & Clark County
- D. Antice Knobs #2**
Benefits: Common Schools
Location: Flathead County
APPROVED 5-0
- 0917-4 Oil and Gas Lease Sale: September 6, 2017**
Benefits: Common Schools, Public Land Trust, Navigable Rivers
Location: Big Horn, Glacier, Roosevelt, Rosebud, Sweet Grass, Toole Counties
APPROVED 5-0
- 0917-5 Cabin and Home Sites: Set Minimum Bid for Sale**
Benefits: MSU 2nd Grant, Common Schools, Pine Hills School
Location: Broadwater, Chouteau, Lake, Missoula, Yellowstone Counties
APPROVED 5-0
- 0917-6 Land Banking Acquisition: Preliminary Approval for Purchase – EZ Farm**
Benefits: TBD
Location: Liberty County
FAILED 2-3 (Superintendent Arntzen, Commissioner Rosendale, and Secretary Stapleton dissenting)
- 0917-7 Land Banking Acquisition: Final Approval for Purchase – Lazy Creek, Phases 1 & 2**
Benefits: Common Schools
Location: Flathead County
APPROVED 5-0

0917-8 Proposed Commercial Lease Agreement: Bright View Professional Center, Lot 3

Benefits: Common Schools

Location: Flathead County

APPROVED 5-0

0917-9 Easements

A. Regular Easements

Benefits: Common Schools, Montana Tech, Public Buildings, Public Land Trust, Eastern College-MSU/Western Montana-UM

Location: Beaverhead, Carter, Cascade, Chouteau, Deer Lodge, Granite, Lewis & Clark, Madison, Powell, Ravalli, Roosevelt, Silver Bow, Teton, Toole Counties

APPROVED 5-0

B. Amendment to the Stillwater-Lazy Swift Easement Exchange

Benefits: Common Schools, MSU 2nd Grant, MSU Morrill, Eastern College-MSU/Western Montana-UM, MT Tech, Pine Hills School, Public Buildings, School for Deaf & Blind

Location: Flathead County

APPROVED 5-0

PUBLIC COMMENT

0917-1

FWP: KEOGH RANCH CONSERVATION
EASEMENT AMENDMENT

**Land Board Agenda Item
September 18, 2017**

0917-1 FWP: Keogh Ranch Conservation Easement Amendment
Location: Jefferson County
Trust Benefits: N/A (non-trust land)
Trust Revenue: N/A

Item Summary

Montana Fish, Wildlife, & Parks (FWP) purchased a 7,106-acre conservation easement (CE) in 1996 in the Whitetail Valley, north of Whitehall, Montana (See Figure 1) from the Keogh Family. FWP and the Landowner would like to amend the CE to: remove the agricultural subdivision language; allow for more flexible forest management; protect and preserve the water rights associated with the land; move a feedlot out of a riparian area; and add an additional 40-acre inholding. The cost to FWP to further restrict the rights of the Landowner would cost FWP \$213,000. The funds used would come from the Habitat Montana Program.

The existing CE allows the land to be divided and sold into 160-acre or larger parcels as long as the land is used for agricultural purposes and subject to the terms of the CE. The agricultural subdivision language in other FWP CEs has proven problematic. Each new subdivision creates additional CE monitoring units, increased potential for CE violations from multiple or second-generation landowners, and complications to resource management and public access objectives. The Keogh Ranch CE could legally be subdivided into forty-four 160-acre parcels. To date, the ranch remains whole and no subdivision has taken place. However, residential subdivision is occurring nearby and adjacent to the CE along the southern boundary of the ranch (See Figure 2). Pressure from these adjacent landowners to buy horse pastures and other small grazing parcels is a growing concern. The CE amendment would remove the potential for the ranch to be subdivided.

The CE's timber rights language is very restrictive, only allowing for the gathering of firewood and removal of aspen deadfall on the land's approximate 1,400 forested acres. All other timber harvest activities are prohibited. Since the inception of the CE, the property has been significantly impacted by beetles and a wildfire. In the past, the existing CE language has provided a hurdle to proactive and post-fire mitigation forestry activities. The CE amendment would give the Landowner a variety of opportunities to manage timber with FWP prior approval via a Management Plan.

The current CE language does not protect the land's water rights – which are numerous and senior – from being separated from the land. The CE amendment would restrict water rights usage to the land only, ensuring continued agricultural productivity of the land and protection of the habitat conservation values those water rights support.

Rationale for Land Board Action

Amending the existing Keogh Ranch CE would be beneficial to wildlife, the public, and the Landowner. If the proposed amendment is not approved, there is significant potential for the ranch to be subdivided into numerous CE monitoring units. If the proposed action is taken, additional protections would be added to the 7,106-acre Keogh Ranch CE.

FWP Recommendation

The department recommends the Land Board approve the amendment of the existing Keogh Ranch CE to further protect the land, wildlife habitat, and the viability of a family agricultural operation.

Figure 1: Vicinity and Location map of the Keogh Ranch Conservation Easement

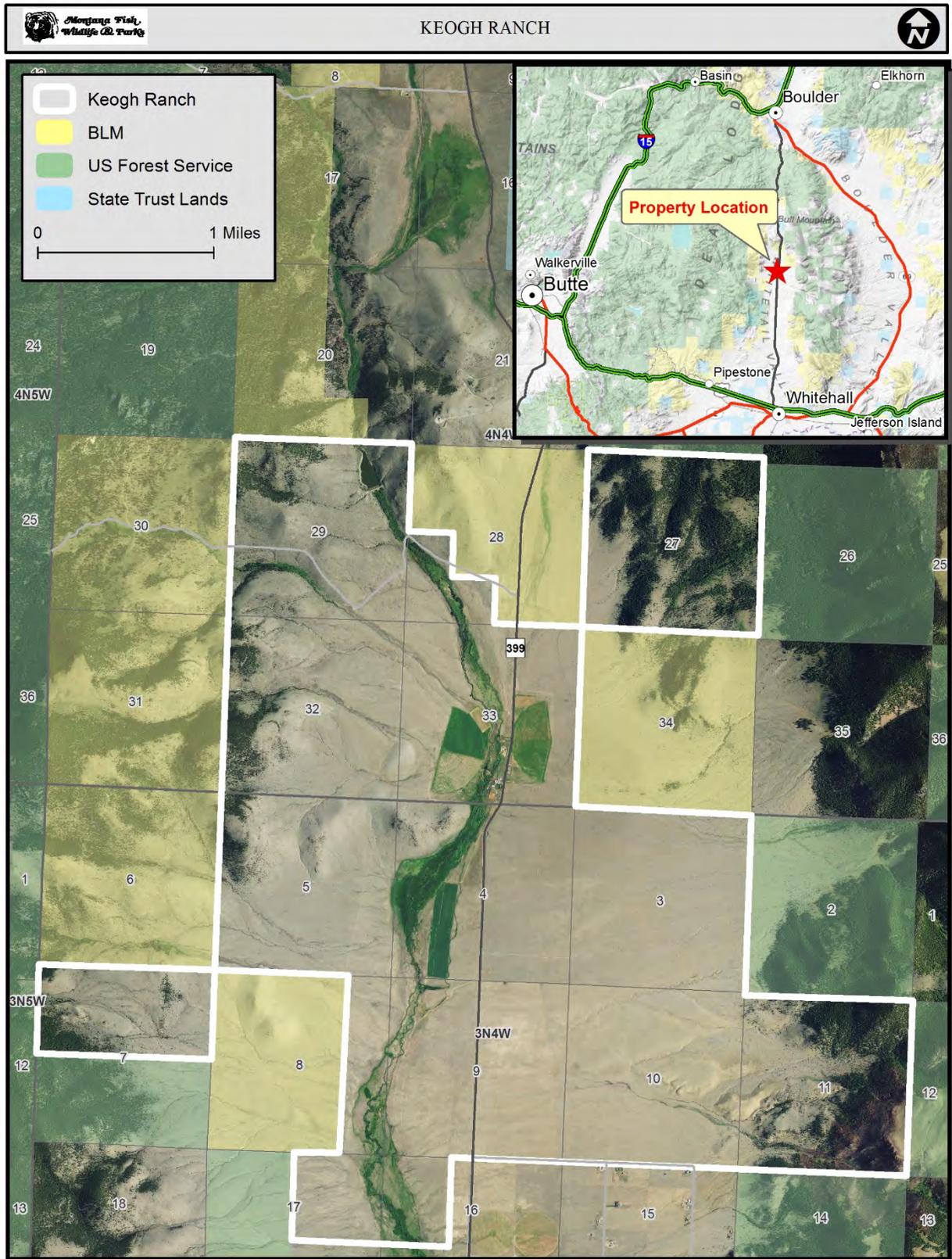
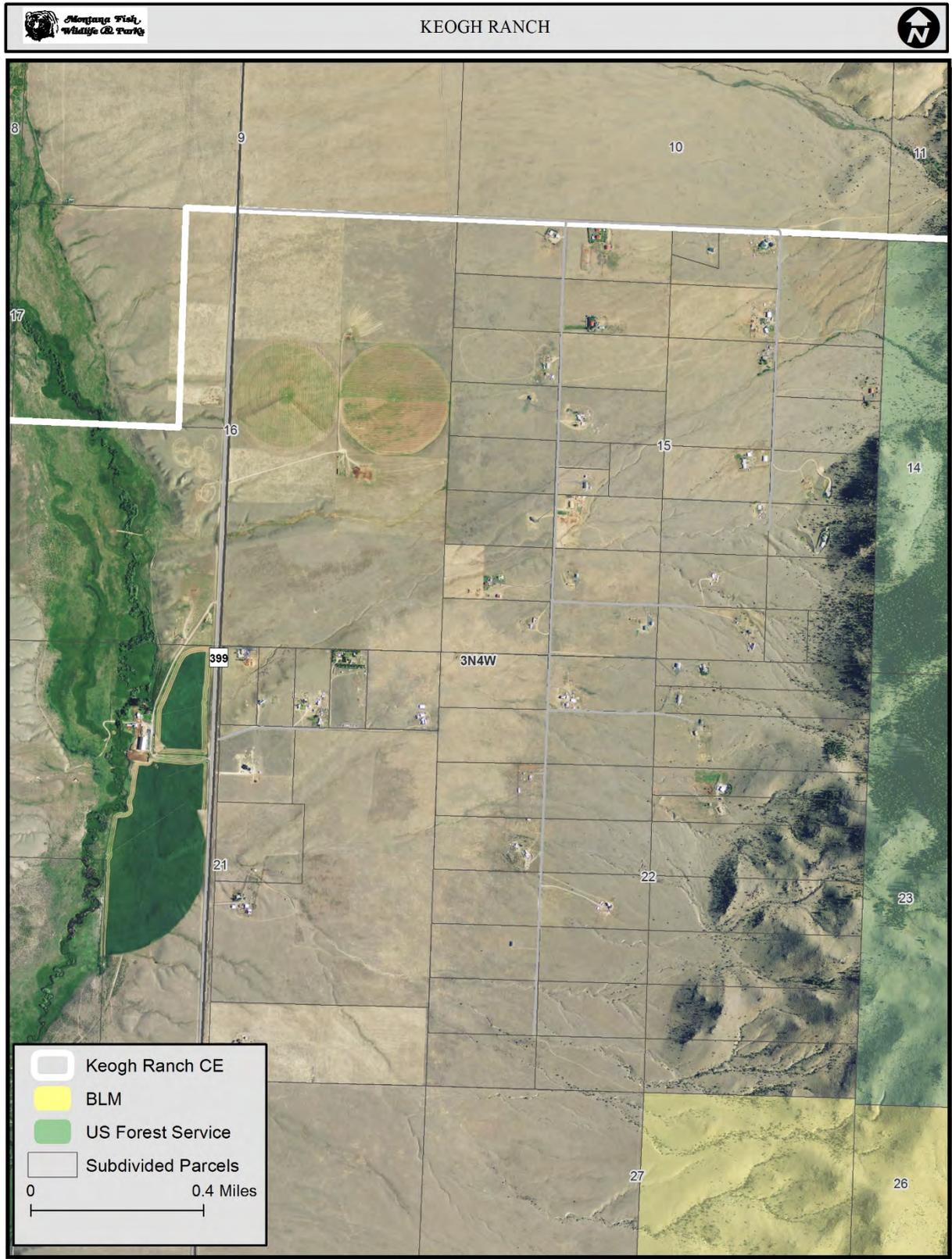


Figure 2: Map of southern boundary of Keogh Ranch Conservation Easement illustrating the proximity of small lot subdivision.



0917-2

MONTANA HISTORICAL SOCIETY:
WEST FARM ROAD

**Land Board Agenda Item
September 18, 2017**

0917-2 Montana Historical Society: West Farm Road

Location: Jefferson County

Trust Benefits: N/A

Trust Revenue: N/A

Item Summary

The Montana Historical Society (MHS) proposes to hold a public auction for vacant property located at 331 West Farm Road near Three Forks, MT.

Location

Tract1 of COS 222039, Folio 830A located in Sections 13 and 24, T2n, R1W, PMM, Jefferson County, MT

Proponent

Montana Historical Society

Acreage

326.31 acres

Appraised Value

\$326,000

Beneficiary

MHS (non-trust land)

Background

The land was donated to MHS in 2009. Proceeds from the sale of the land will be invested and ultimately used to provide funding for the future expansion of MHS. MHS is seeking Land Board approval to sell the property.

Process

An appraisal was complete on September 1, 2017, listing a market value of \$326,000. A cultural resource evaluation was completed and no historical significance was noted.

Agency Recommendation

MHS requests the Land Board approve this request to sell this property at public auction for the appraised value of \$326,000.

IMAGE 1: view looking west towards the subject property



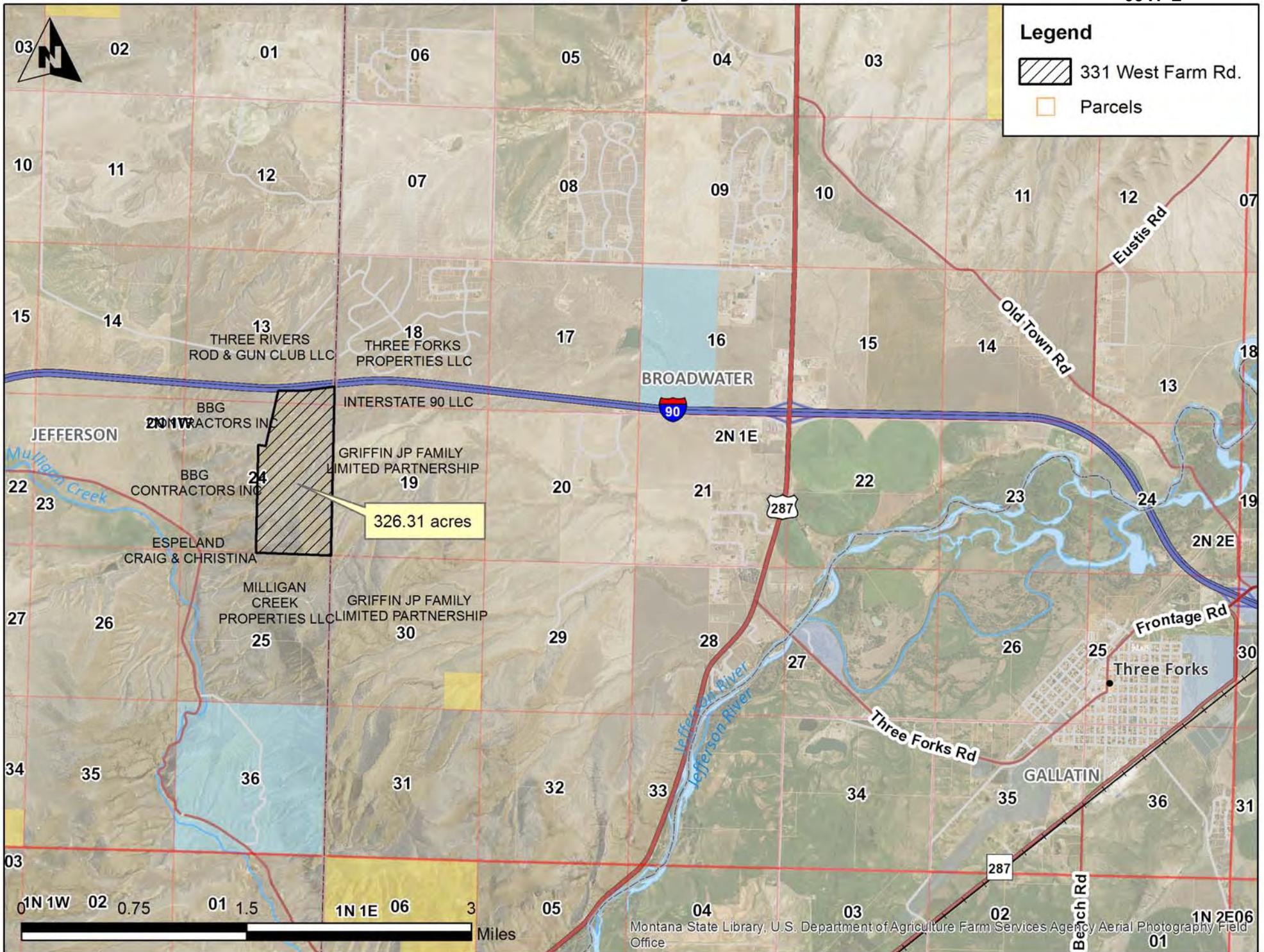
IMAGE 2: view of West Farm Road, which access the subject property

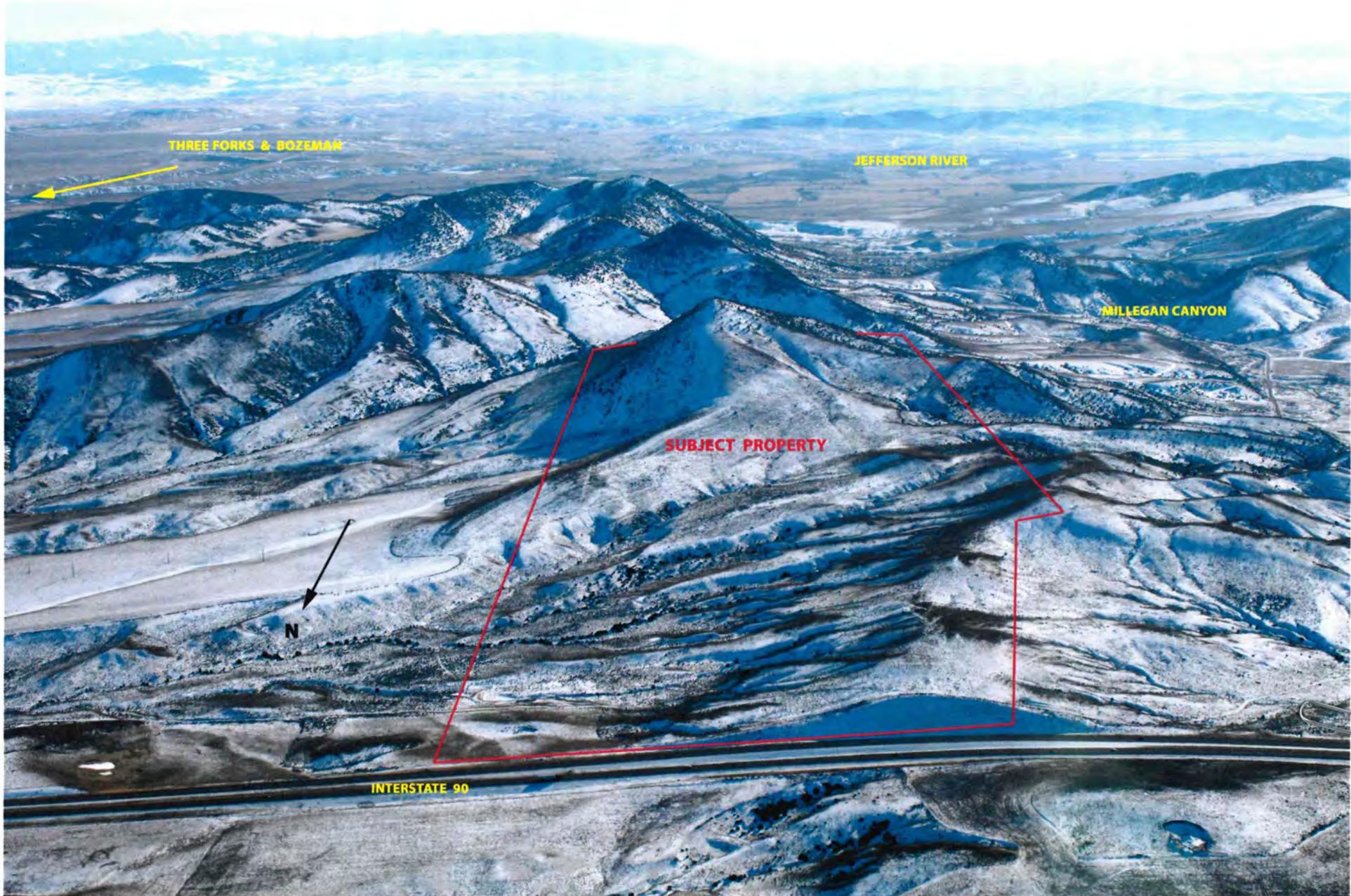


Photos taken July 15, 2016, by Keith O'Reilly, MAI.

Montana Historical Society: West Farm Road

0917-2





0917-3

TIMBER SALES

- A. Line Cub Limited Access
- B. Ike-Wallace
- C. Crater Mountain
- D. Antice Knobs #2

**Land Board Agenda Item
September 18, 2017**

0917-3A Timber Sale: Line Cub Limited Access

**Location: Missoula County
Section 16, T12N, R19W**

Trust Benefits: Common Schools

Trust Revenue: \$27,821 (Negotiated Rate for Limited Access Sale)

Item Summary

Location: The Line Cub Limited Access Timber Sale is located approximately 2 miles southeast of Missoula, MT.

Size and Scope: The sale includes 4 harvest units (*108 acres*) of tractor logging.

Volume: The estimated harvest volume is 3,471 tons (*0.531 MMBF*) of sawlogs.

Estimated Return: The negotiated sawlog rate is \$8.83 per ton which would generate approximately \$27,821 for the Common Schools trust and approximately \$10,934 in Forest Improvement fees.

Prescription: This sale is a sanitation harvest designed to reduce insect and disease issues, as well as remove trees with poor growth characteristics. Post-harvest stands would contain vigorous trees, free of insects and disease. Timber harvest will remove Douglas-fir trees.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 0.92 miles of new permanent road construction.

Access: Access has been obtained by the proponent via Temporary Road Use Agreement with the landowners who control existing access roads to this isolated state parcel.

Public Comments: One comment was received. An adjacent landowner called and emailed to comment about the proposed project. He inquired about where the proposed roads would be, the harvest prescription, and the project timeline. The project leader and the landowner have been in contact and are planning to visit the proposed project area.

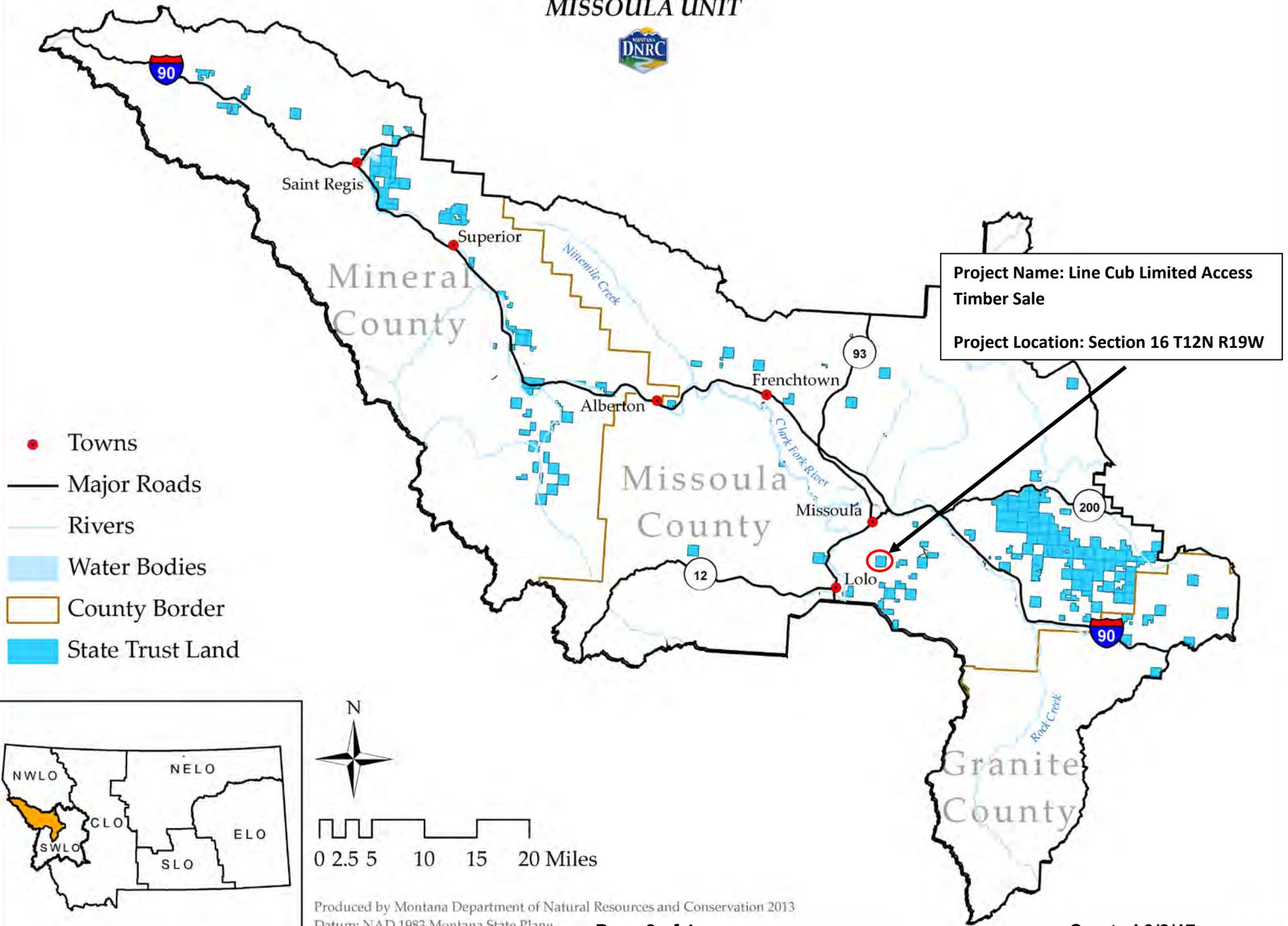
DNRC Recommendation

The director recommends the Land Board approve the Line Cub Limited Access Timber Sale.

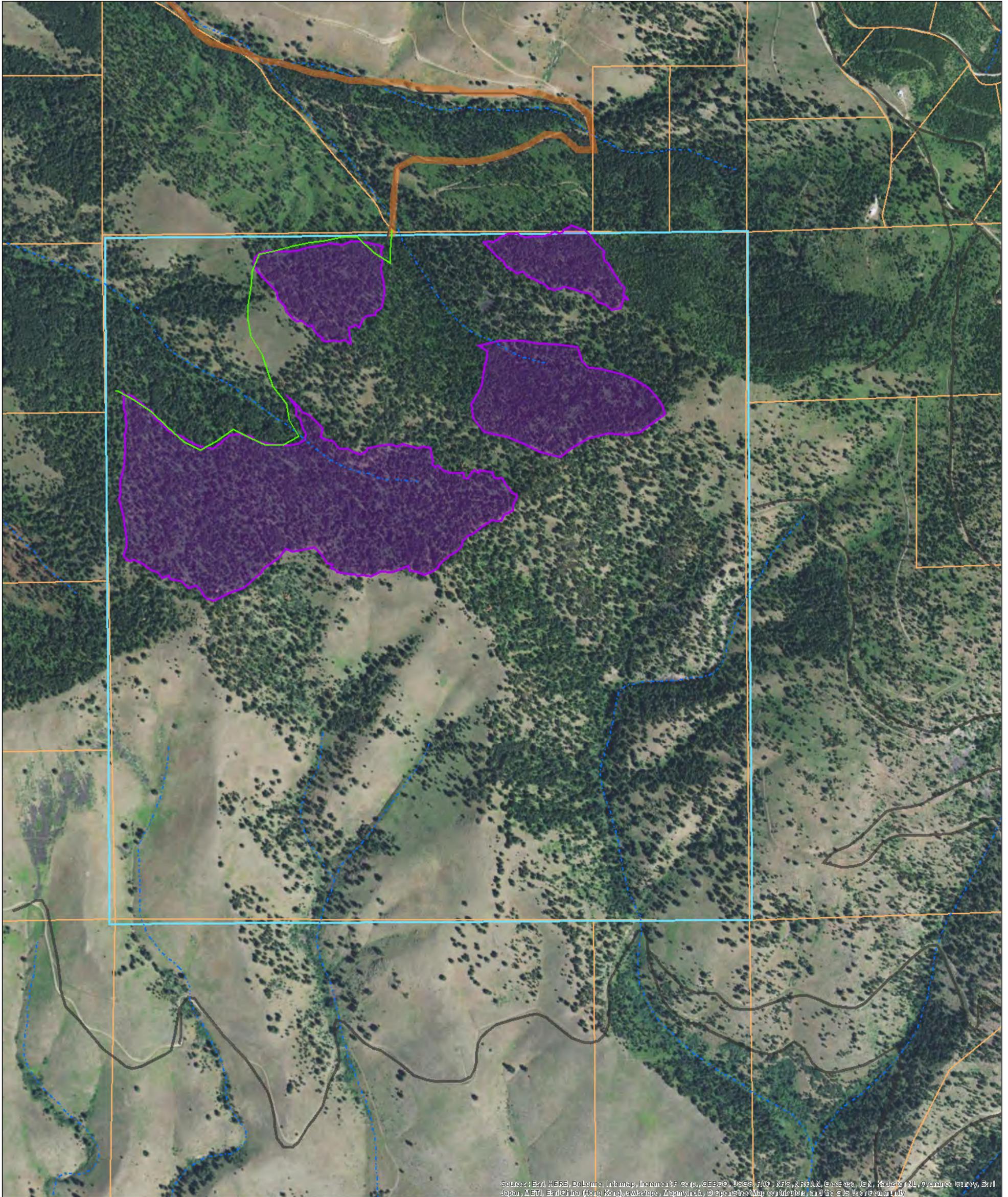
LINE CUB LIMITED ACCESS TIMBER SALE VICINITY MAP

MISSOULA UNIT

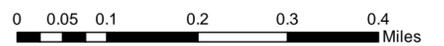
0917-3A



Line Cub Limited Access Harvest Unit Map



Source: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, Geoplace, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox India, OpenStreetMap contributors, and the GIS User Community



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|----------------|------------------------|--------------|
| Existing Road | Perennial Stream | USFS Land |
| New Road | Intermittent Stream | Private Land |
| Temporary Road | Proposed Harvest Units | BLM Land |
| Haul Route | DNRC Surface Tracts | |



**Land Board Agenda Item
September 18, 2017**

0917-3B Timber Sale: Ike-Wallace

**Location: Missoula County
Sections 12, 13, & 24, T12N, R17W**

Trust Benefits: Common Schools

Trust Revenue: \$32,403 (estimated, minimum bid)

Item Summary

Location: The Ike-Wallace Timber Sale is located approximately 15 miles east of Missoula, MT.

Size and Scope: The sale includes 7 harvest units (*240 acres*) of skyline and tractor logging.

Volume: The estimated harvest volume is 9,051 tons (*1,291 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$3.58 per ton, which would generate approximately \$32,403 for the Common Schools trust and approximately \$26,610 in Forest Improvement fees.

Prescription: This sale has a harvest prescription of individual tree selection to reduce stand density by removing shade tolerant species, primarily Douglas-fir. Douglas-fir are currently being impacted by Douglas-fir dwarf mistletoe, root rot, and western spruce budworm. This treatment would also promote seral species and bring stands closer to historic conditions. Sanitation cuts would occur in areas of high amounts of mistletoe-infected Douglas-fir to promote a healthier stand. Following timber harvest, these areas may be planted with more resistant species such as ponderosa pine or western larch.

Road Construction/Maintenance: DNRC is proposing 7.75 miles of road maintenance and 1.4 miles of new permanent road construction. Post-harvest, DNRC is proposing to abandon approximately 1.14 miles of road.

Access: Access has been obtained via permanent easement and a temporary road use permit from The Nature Conservancy.

Public Comments: Five comments were received. The Confederated Salish and Kootenai Tribes (CSKT) reminded the DNRC that cultural resources important to their Nation are present throughout the region and requested to be notified if any new or additional information arose during the project. If previously unknown cultural or paleontological materials are identified during project-related activities, all work would cease until a professional assessment of such resources can be made. The Chippewa Cree Cultural Resources Preservation Department requested to visually survey the project area but could not attend a tour. Two landowners voiced concerns, via phone and letters, about aesthetics, logging traffic, water quality issues, noise, and access. Issues and concerns were incorporated into project planning and design, and some mitigations included changing the harvest prescription to leave more cover in the first 200 feet of shared boundaries next to a landowner's house. Montana Fish, Wildlife, and Parks expressed concern about the westslope cutthroat trout populations, and DNRC analyzed Water and Fisheries Resource impacts in the Environmental Assessment. DNRC will also implement best management practices to limit effects on water quality.

DNRC Recommendation

The director recommends the Land Board approve the Ike-Wallace Timber Sale.

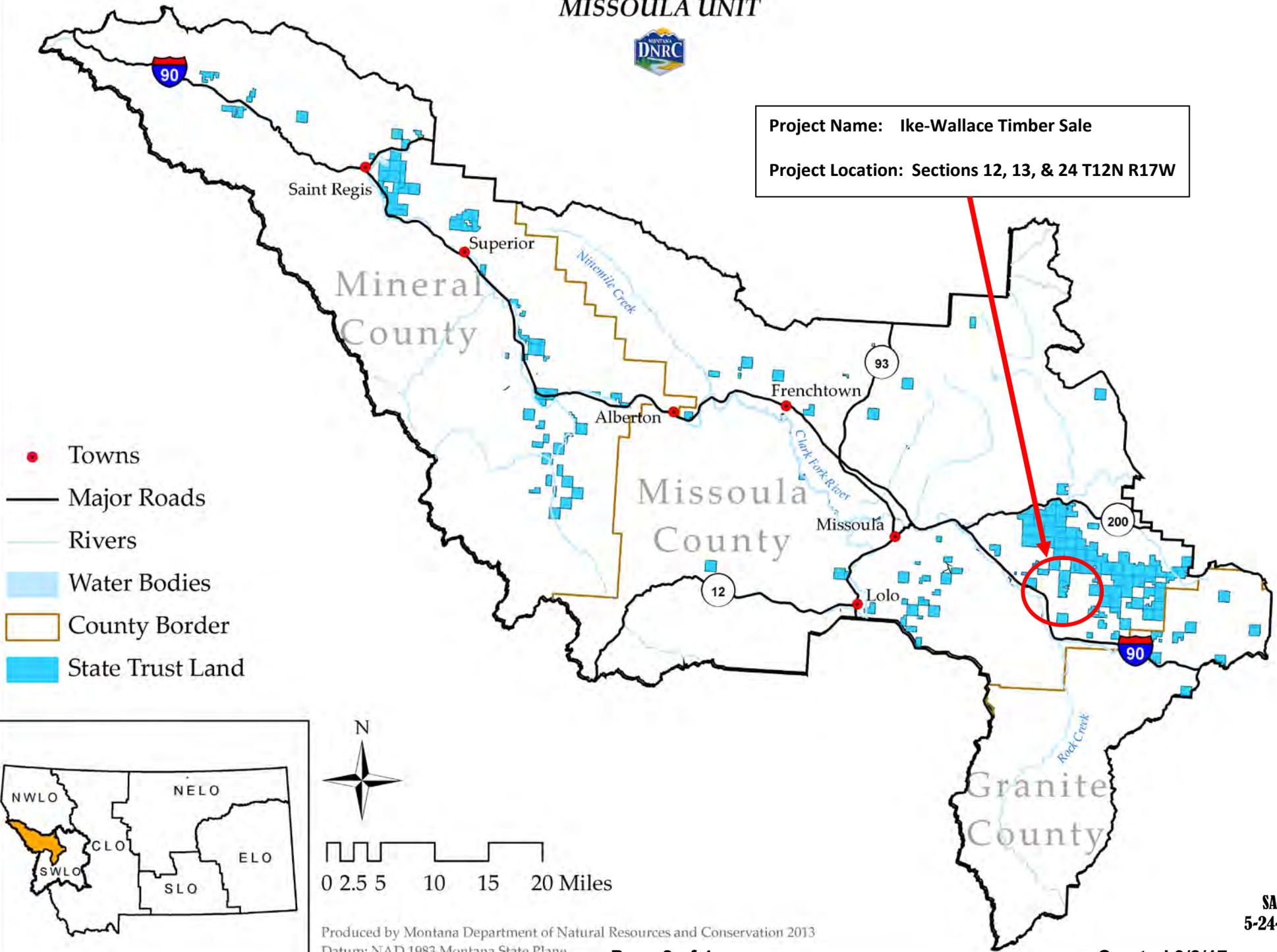
IKE-WALLACE TIMBER SALE VICINITY MAP

MISSOULA UNIT

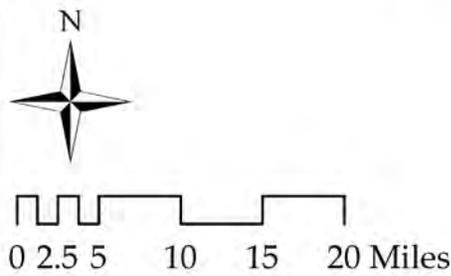
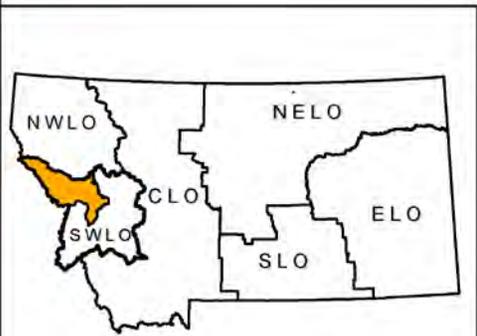
0917-3B



Project Name: Ike-Wallace Timber Sale
Project Location: Sections 12, 13, & 24 T12N R17W



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



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

**Land Board Agenda Item
September 18, 2017**

0917-3C Timber Sale: Crater Mountain

**Location: Lewis and Clark County
Section 36 T14N R8W**

Trust Benefits: Common Schools

Trust Revenue: \$114,524 (estimated, minimum bid)

Item Summary

Location: The Crater Mountain Timber Sale is located approximately 6 miles southeast of Lincoln, MT.

Size and Scope: The sale includes two harvest units (365 acres) of tractor logging.

Volume: The estimated harvest volume is 14,912 tons (2 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$7.68 per ton, which would generate approximately \$114,524 for the Common Schools trust and approximately \$41,754 in Forest Improvement fees.

Prescription: This sale has a combination of shelterwood, seed tree, and overstory removal harvest prescriptions designed to reduce insect and disease issues and to promote forest health. Timber harvest will remove ponderosa pine, Douglas-fir, and lodgepole pine.

Road Construction/Maintenance: DNRC is proposing 3.6 miles of new permanent road construction, 1.5 miles of optional temporary road, and 8.0 miles of road maintenance.

Access: Access is obtained via permanent road easement through the Gehring Ranch.

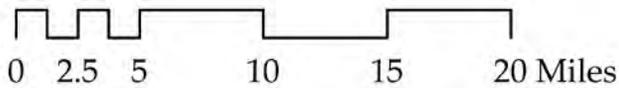
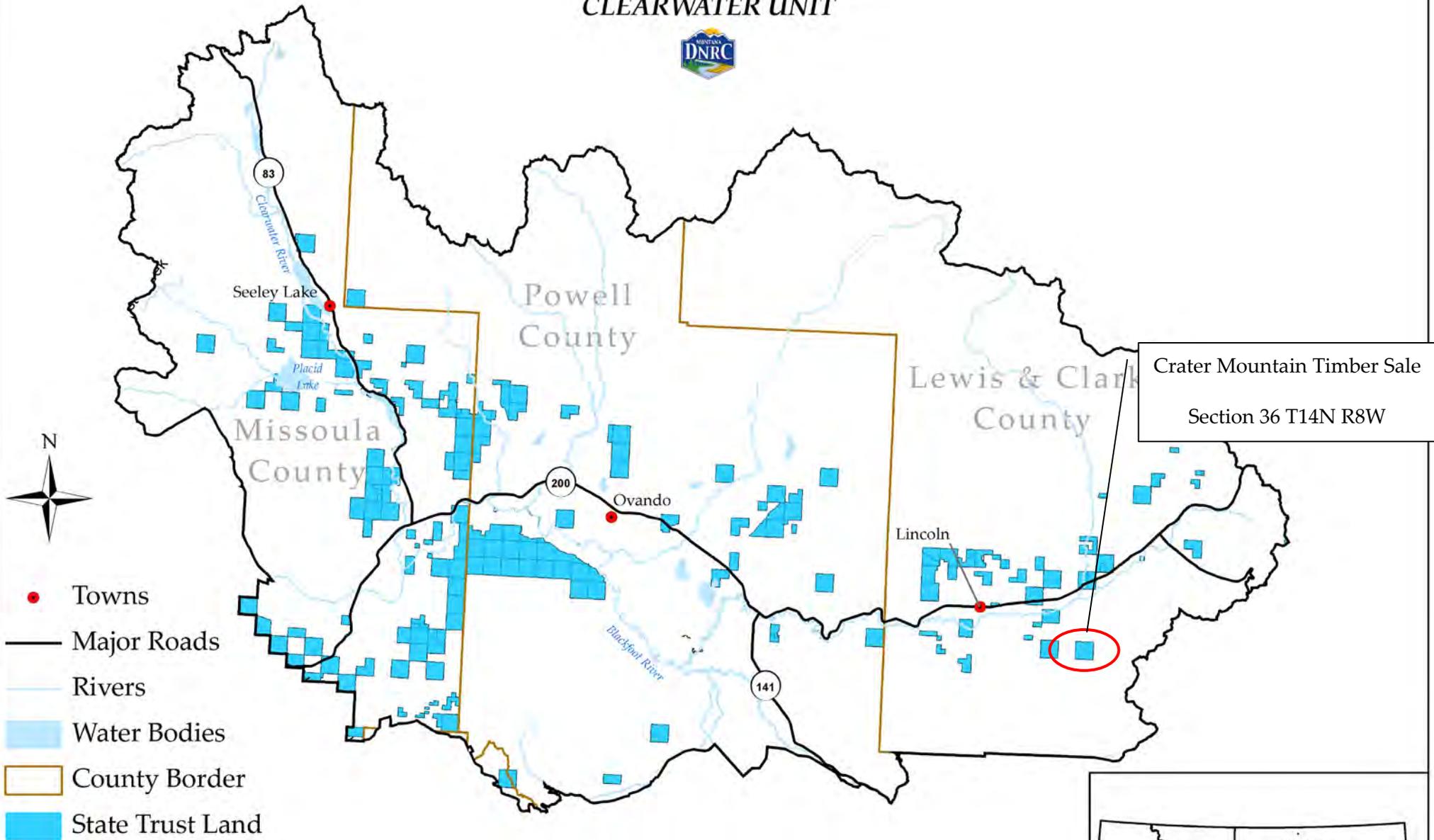
Public Comments: No public comments were received. Internal issues and concerns were incorporated into project planning and design and will be implemented in associated contracts.

DNRC Recommendation

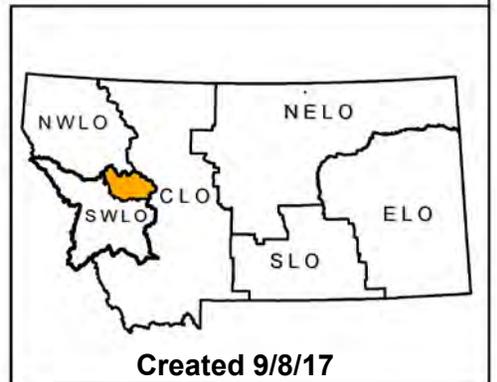
The director recommends the Land Board approve the Crater Mountain Timber Sale.

CRATER MOUNTAIN TIMBER SALE VICINITY MAP CLEARWATER UNIT

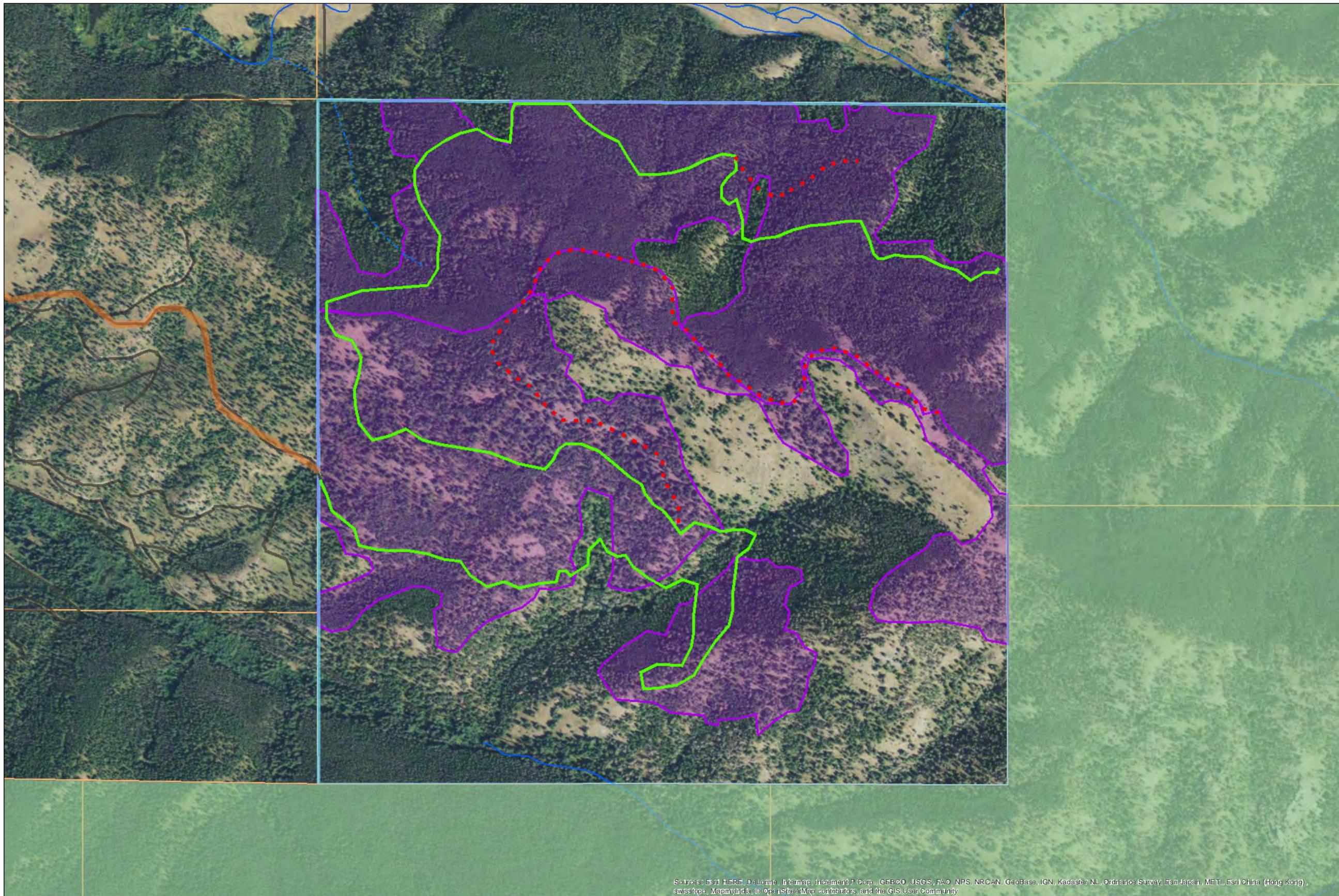
0917-3C



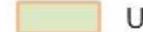
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Datum: NAD 1983 Montana State Plane

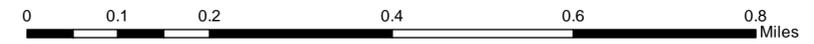


Crater Mountain Harvest Unit Map

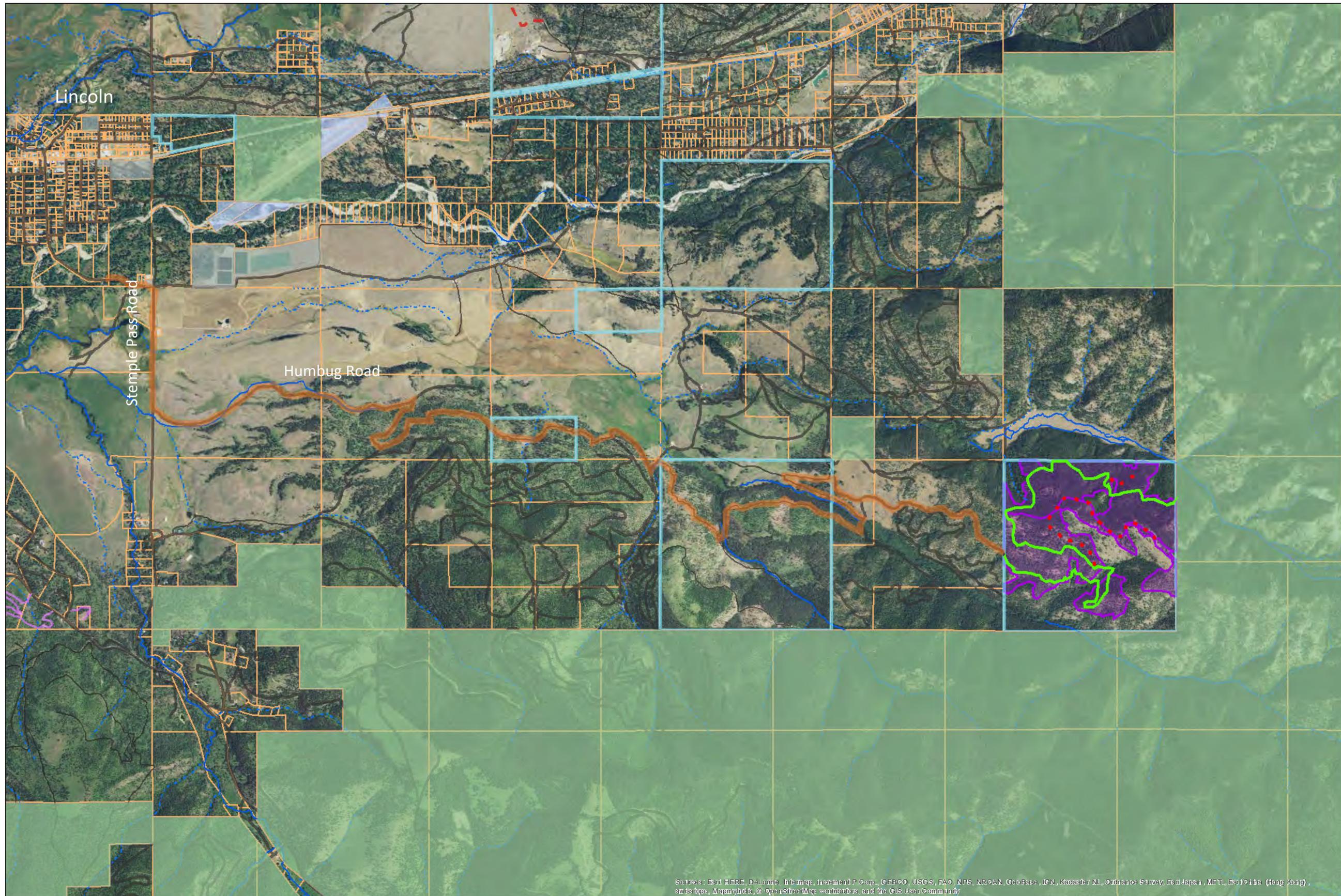


Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox, © OpenStreetMap contributors, and the GIS User Community

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|  Existing Road |  Perennial Stream |  USFS Land |
|  New Road |  Intermittent Stream |  Private Land |
|  Temporary Road |  Proposed Harvest Units |  BLM Land |
|  Haul Route |  DNRC Surface Tracts | |

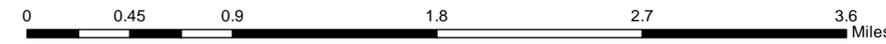


Crater Mountain Haul Route Map



Source: Esri, HERE, DeLorme, Intermap, IncorpNT, P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox, © OpenStreetMap contributors, and the GIS User Community

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|----------------|------------------------|--------------|
| Existing Road | Perennial Stream | USFS Land |
| New Road | Intermittent Stream | Private Land |
| Temporary Road | Proposed Harvest Units | BLM Land |
| Haul Route | DNRC Surface Tracts | |



**Land Board Agenda Item
September 18, 2017**

0917-3D Timber Sale: Antice Knobs #2

Location: Flathead County
Sections 33 and 34 of T34N R23W
Sections 3, 4, 9, 10, and 15 of T33N R23W

Trust Benefits: Common Schools

Trust Revenue: \$590,374 (estimated, minimum bid)

Item Summary

Location: The Antice Knobs #2 Timber Sale is located approximately 6 miles north of Olney, MT.

Size and Scope: The sale includes 7 harvest units (308 acres) of tractor and skyline logging.

Volume: The estimated harvest volume is 24,436 tons (4,529 MBF) of sawlogs.

Estimated Return: The minimum bid is \$24.16 per ton, which would generate approximately \$590,374 for the Common Schools trust and approximately \$108,496 in Forest Improvement fees.

Prescription: This sale has a harvest prescription of both clear-cut and seed tree with reserves with variable retention in some areas as well as old-growth maintenance treatments. These prescriptions are designed to establish a new age class and remove diseased and overstocked trees while maintaining old-growth status. Timber harvest will remove western larch, Douglas-fir, Engelmann spruce, and subalpine fir.

Road Construction/Maintenance: DNRC is proposing 2.6 miles of new temporary road construction, 1.7 miles of road reconstruction, and 21 miles of road maintenance.

Access: Access is obtained through the Upper Whitefish Road system as well as the Antice Loop Road system. The lower portions of the Upper Whitefish Road are currently in a cost-share road system with Weyerhaeuser.

Public Comments: No public comments were received. Internal issues and concerns were incorporated into project planning and design and will be implemented in associated contracts.

DNRC Recommendation

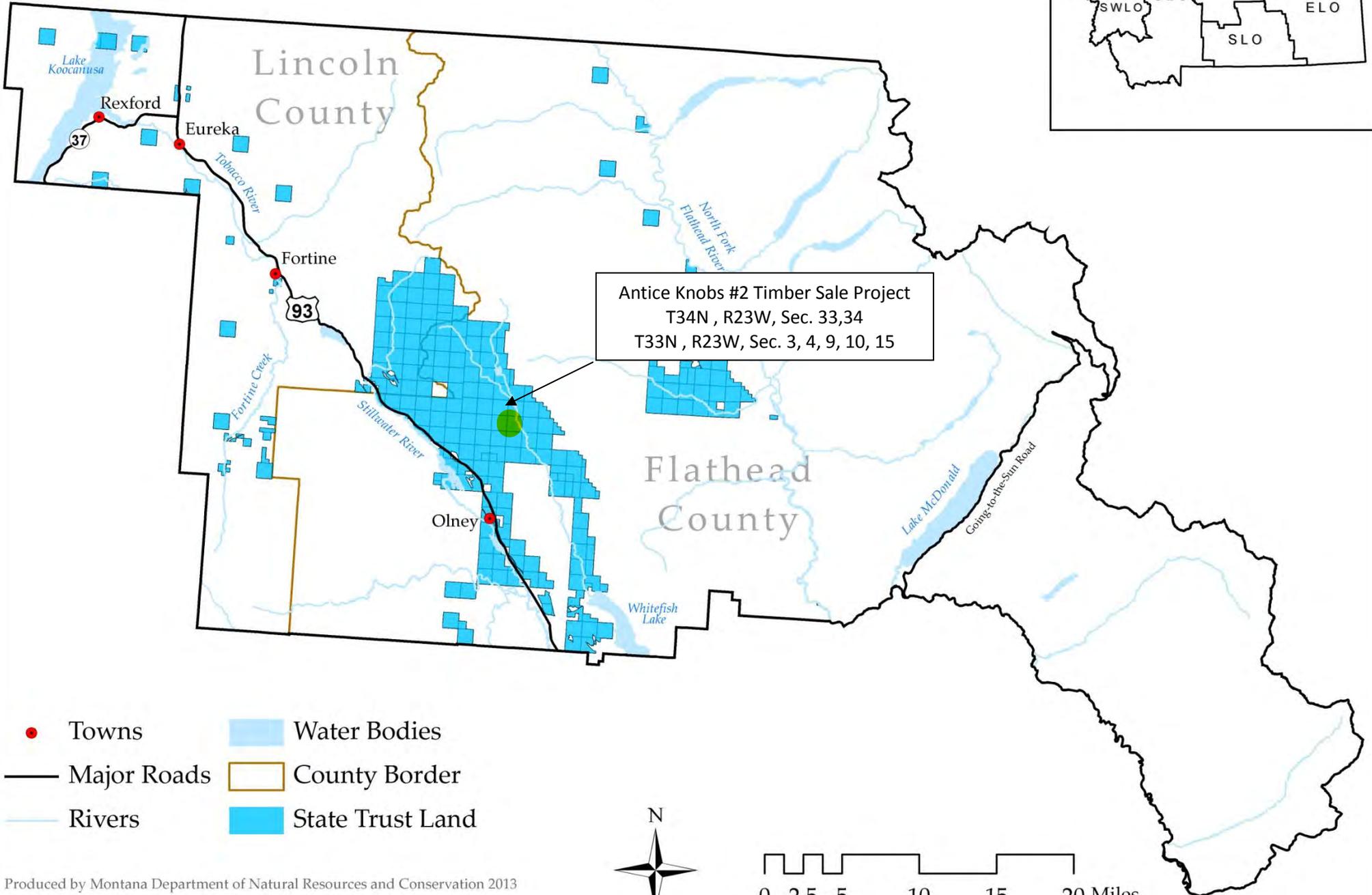
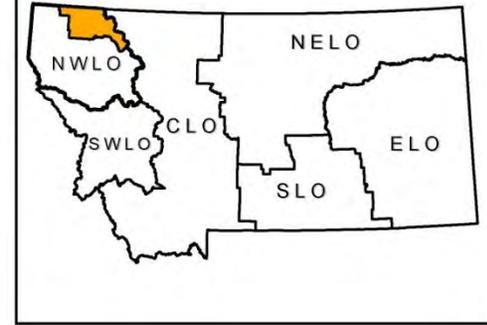
The director recommends the Land Board approve the Antice Knobs #2 Timber Sale.

ANTICE KNOBS #2 TIMBER SALE PROJECT VICINITY MAP

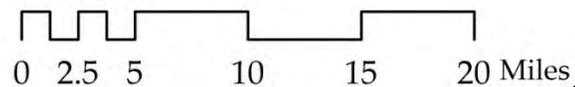
STILLWATER UNIT



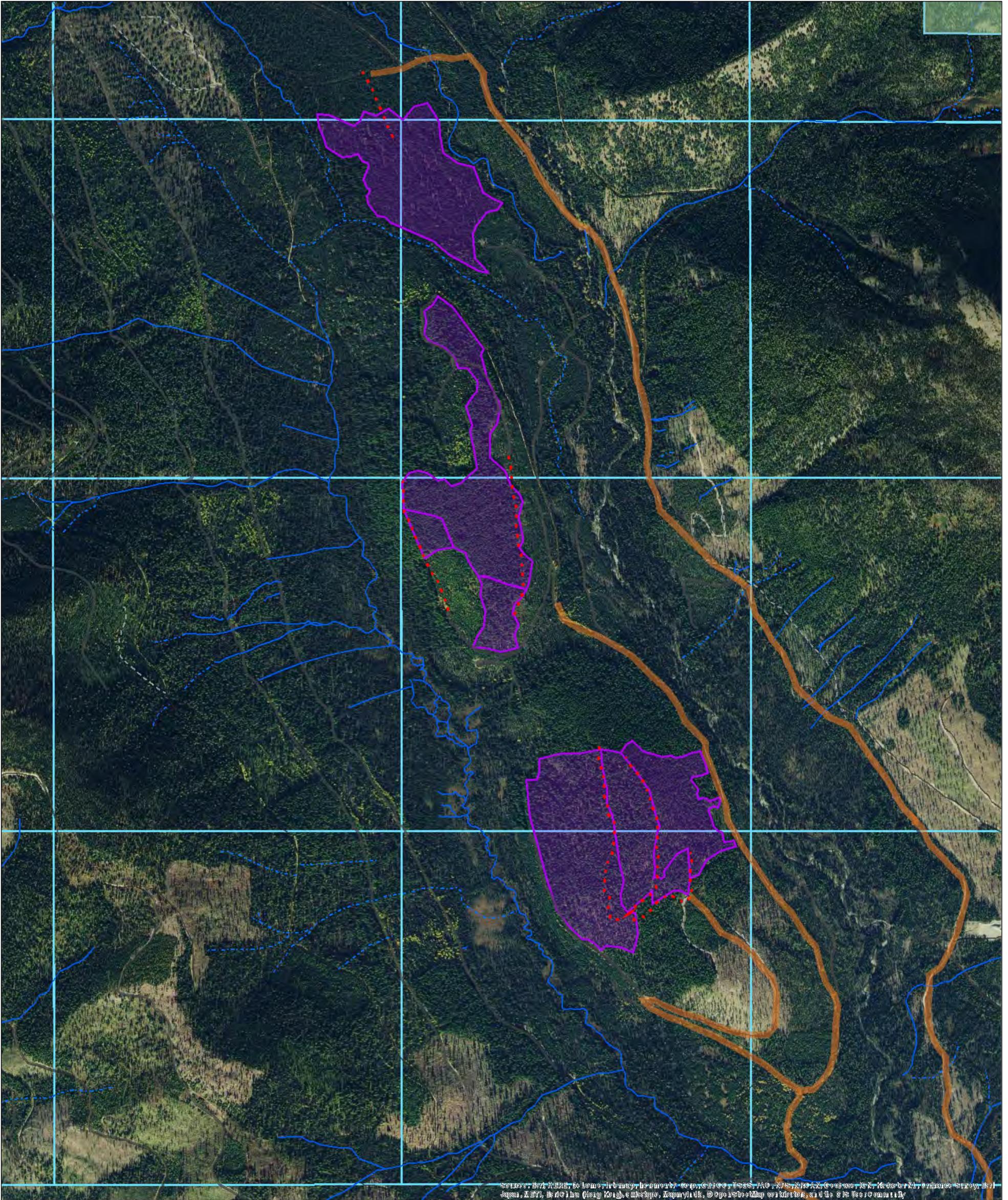
0917-3D



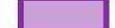
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



Antice Knobs #2 Harvest Unit Map



Source: Esri, HERE, DeLorme, Intermap, Inc., GEBCO, USGS, FAO, NPS, NRCAN, GEBCO, IGN, Kartica, Locus, Swire, Bing, Mapbox, Mapbox, OpenStreetMap contributors, and the GIS User Community

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|  Existing Road |  Perennial Stream |  USFS Land |
|  New Road |  Intermittent Stream |  Private Land |
|  Temporary Road |  Proposed Harvest Units | |
|  Haul Route |  DNRC Surface Tracts | |



0917-4

OIL AND GAS LEASE SALE:
SEPTEMBER 6, 2017

**Land Board Agenda Item
September 18, 2017**

0917-4 Oil and Gas Lease Sale: September 6, 2017

**Location: Big Horn, Glacier, Roosevelt, Rosebud, Sweet Grass, and
Toole Counties**

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

Trust Revenue: \$287,611.48

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on September 6, 2017, in the Montana Room at DNRC's headquarters in Helena, MT. A total of fifty-four tracts were offered for lease. Fifty-four tracts were leased for a total of \$287,611.48. The fifty-four tracts that were sold covered a total of 20,842.89 acres. The average bid per acre was \$13.80.

The high competitive bid for the September 6, 2017, sale was \$320.00 per acre for Tract 23 in Roosevelt County, and the largest total bid was \$79,777.50 for Tract 24 in Rosebud County.

DNRC Recommendation

The director requests Land Board approval to issue the leases from the September 6, 2017, oil and gas lease sale.

State of Montana
Oil & Gas Lease Sale - September 6, 2017
Lease Sale Results

The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Natural Resources and Conservation Montana Room, 1539 Eleventh Avenue, Helena, Montana, beginning at 9:00 am, September 6, 2017.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 7	7.S	40.E	36	All	640.00	\$26.00	\$16,640.00	HOOVER & STACY, INC.
2	2, 3, 4, 5, 6, 17	8.S	39.E	36	All	640.00	\$26.00	\$16,640.00	HOOVER & STACY, INC.
3	1, 2, 3, 4, 5, 6	8.S	42.E	16	NE4NE4	40.00	\$40.00	\$1,600.00	CARIBOU LAND AND LIVESTOCK MONTANA LLC
4	2, 3, 4, 5, 6, 17	9.S	39.E	36	Lots 1, 2, 3, 4, 5, W2NE4, NW4, N2SW4	495.90	\$18.00	\$8,926.20	HOOVER & STACY, INC.
5	2, 3, 4, 5, 6, 17	9.S	40.E	11	S2SE4	80.00	\$25.00	\$2,000.00	HOOVER & STACY, INC.
6	2, 3, 4, 5, 6, 17	9.S	40.E	12	NE4, S2	480.00	\$31.00	\$14,880.00	HOOVER & STACY, INC.
7	2, 3, 4, 5, 6, 17	9.S	40.E	16	All	640.00	\$73.00	\$46,720.00	HOOVER & STACY, INC.
Glacier									
8	1, 2, 3, 4, 5, 6, 10	36.N	5.W	4	Lots 3, 4	* 81.04	\$17.00	\$1,377.68	KEESUN CORP.
9	1, 2, 3, 4, 5, 6	36.N	5.W	6	SE4	* 160.00	\$17.00	\$2,720.00	SOG RESOURCES
10	1, 2, 3, 4, 5, 6	37.N	5.W	9	N2	* 320.00	\$1.50	\$480.00	SANDS OIL COMPANY
11	1, 2, 3, 4, 5, 6, 10	37.N	5.W	32	SE4	* 160.00	\$1.50	\$240.00	SANDS OIL COMPANY
12	1, 2, 3, 4, 5, 6, 10	37.N	5.W	33	S2SW4	* 80.00	\$1.50	\$120.00	SANDS OIL COMPANY
13	1, 2, 3, 4, 5, 6, 10	37.N	6.W	13	E2SE4, S2SW4	* 160.00	\$1.50	\$240.00	SANDS OIL COMPANY
14	1, 2, 3, 4, 5, 6, 10	37.N	6.W	24	N2NW4, S2SE4	* 160.00	\$1.50	\$240.00	SANDS OIL COMPANY
Roosevelt									
15	1, 2, 3, 4, 5, 6, 18	27.N	57.E	6	Lots 1, 2, E2NW4, NE4	* 310.34	\$1.50	\$465.51	JBLS MONTANA, INC.
16	1, 2, 3, 4, 5, 6, 18	27.N	57.E	15	E2E2	* 160.00	\$2.00	\$320.00	KRAKEN OIL & GAS LLC
17	1, 2, 3, 4, 5, 6, 7, 18	27.N	57.E	16	All	640.00	\$2.00	\$1,280.00	KRAKEN OIL & GAS LLC
18	1, 2, 3, 4, 5, 6, 12, 14	27.N	57.E	18	Missouri Riverbed and related acreage	5.00	\$21.00	\$105.00	KRAKEN OIL & GAS LLC
19	1, 2, 3, 4, 5, 6, 12, 14	27.N	57.E	19	Missouri Riverbed and related acreage	154.00	\$2.00	\$308.00	KRAKEN OIL & GAS LLC
20	1, 2, 3, 4, 5, 6, 9, 12, 14, 18	27.N	57.E	21	Lot 3, Missouri Riverbed and related acreage	108.00	\$2.00	\$216.00	KRAKEN OIL & GAS LLC
21	1, 2, 3, 4, 5, 6, 7, 18	27.N	57.E	22	E2NE4, N2S2, SE4SE4	280.00	\$2.00	\$560.00	KRAKEN OIL & GAS LLC
22	1, 2, 3, 4, 5, 6, 18	29.N	58.E	29	SW4	160.00	\$270.00	\$43,200.00	KRAKEN OIL & GAS II LLC
23	1, 2, 3, 4, 5, 6, 18	29.N	58.E	32	N2NW4	80.00	\$320.00	\$25,600.00	KRAKEN OIL & GAS II LLC
Rosebud									
24	1, 2, 3, 4, 5, 6, 7	7.S	41.E	36	Lots 1, 2, 3, 4, N2, N2S2	638.22	\$125.00	\$79,777.50	HOOVER & STACY, INC.
Sweet Grass									
25	1, 2, 3, 4, 5, 6, 8	1.N	13.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
26	1, 2, 3, 4, 5, 6, 7, 8	1.N	16.E	16	E2	320.00	\$1.50	\$480.00	CRAZY MOUNTAIN OIL AND GAS LLC
27	1, 2, 3, 4, 5, 6, 7, 11	1.N	17.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
28	1, 2, 3, 4, 5, 6, 7, 11	2.N	13.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
29	1, 2, 3, 4, 5, 6, 8, 9, 15	2.N	14.E	36	N2	320.00	\$1.50	\$480.00	CRAZY MOUNTAIN OIL AND GAS LLC

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Sweet Grass									
30	1, 2, 3, 4, 5, 6, 7, 8, 9	2.N	16.E	16	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
31	1, 2, 3, 4, 5, 6, 7	2.N	16.E	36	Lots 1, 2, 3, 4, N2, N2S2	642.04	\$1.50	\$963.06	CRAZY MOUNTAIN OIL AND GAS LLC
32	1, 2, 3, 4, 5, 6, 7, 11	2.N	17.E	4	Lots 3, 4, S2NW4, SW4	351.73	\$1.50	\$527.60	CRAZY MOUNTAIN OIL AND GAS LLC
33	1, 2, 3, 4, 5, 6, 7	2.N	17.E	10	S2	320.00	\$1.50	\$480.00	CRAZY MOUNTAIN OIL AND GAS LLC
34	1, 2, 3, 4, 5, 6, 11	2.N	17.E	14	E2	320.00	\$1.50	\$480.00	CRAZY MOUNTAIN OIL AND GAS LLC
35	1, 2, 3, 4, 5, 6, 7	2.N	17.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
36	1, 2, 3, 4, 5, 6	3.N	15.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
37	1, 2, 3, 4, 5, 6	3.N	17.E	10	E2NE4, NE4SE4	* 120.00	\$1.50	\$180.00	CRAZY MOUNTAIN OIL AND GAS LLC
38	1, 2, 3, 4, 5, 6, 7	4.N	16.E	16	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
39	1, 2, 3, 4, 5, 6	4.N	16.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
40	1, 2, 3, 4, 5, 6	4.N	17.E	8	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
41	1, 2, 3, 4, 5, 6, 7	4.N	17.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
42	1, 2, 3, 4, 5, 6	4.N	17.E	18	Lots 1, 2, 3, 4, E2W2, E2	* 616.62	\$1.50	\$924.93	CRAZY MOUNTAIN OIL AND GAS LLC
43	1, 2, 3, 4, 5, 6	4.N	17.E	28	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
44	1, 2, 3, 4, 5, 6, 7	5.N	15.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
45	1, 2, 3, 4, 5, 6, 7	5.N	15.E	20	S2	320.00	\$1.50	\$480.00	CRAZY MOUNTAIN OIL AND GAS LLC
46	1, 2, 3, 4, 5, 6, 7, 9	1.S	16.E	36	W2NW4, NE4NE4, S2NE4, SE4, SE4SW4	* 400.00	\$1.50	\$600.00	CRAZY MOUNTAIN OIL AND GAS LLC
47	1, 2, 3, 4, 5, 6, 7, 9, 15	1.S	17.E	36	NW4NW4, S2NW4, NW4SE4, S2SE4, SW4	400.00	\$1.50	\$600.00	CRAZY MOUNTAIN OIL AND GAS LLC
48	1, 2, 3, 4, 5, 6	2.S	17.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
49	1, 2, 3, 4, 5, 6	3.S	16.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
Toole									
50	1, 2, 3, 4, 5, 6	36.N	2.W	12	SE4	* 160.00	\$1.50	\$240.00	TETON RESOURCES USA, LLC
51	1, 2, 3, 4, 5, 6	36.N	2.W	13	NE4	* 160.00	\$1.50	\$240.00	TETON RESOURCES USA, LLC
52	1, 2, 3, 4, 5, 6, 10, 13	36.N	2.W	16	All	* 640.00	\$1.50	\$960.00	TETON RESOURCES USA, LLC
53	1, 2, 3, 4, 5, 6	36.N	3.W	9	SW4SW4	40.00	\$17.00	\$680.00	KEESUN CORP.
54	2, 3, 4, 5, 6, 16	36.N	3.W	32	W2SE4	80.00	\$15.00	\$1,200.00	KEESUN CORP.

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	20,842.89	54

Oil and Gas Lease Sale Summary

Total Tracts	54
Total Acres	20,842.89
Total Bid Revenue	\$287,611.48
Average Bid Per Acre	\$13.80

State of Montana
Oil & Gas Lease Sale - September 6, 2017
Stipulations

- 1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
- 2 Prior to the drilling of any well on or into the lease premises, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
- 3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
- 4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises. The lessee's methods of control shall be reviewed and approved by the Department's Unit Office that has jurisdiction for that locale.
- 5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
- 6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
- 7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
- 8 This lease is located within designated sage grouse general habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.
- 9 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct perennial tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 10 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 11 Any activity within 1/8 mile of the river, stream, floodplain, or lake/reservoir on or adjacent to this tract must be approved in writing by the TLMD prior to commencement. No surface occupancy is allowed within the bed of the river and/or stream, abandoned channels, the bed of the lake/reservoir, or on islands and accretions associated with the river, stream, or lake/reservoir.
- 12 This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.

- 13 No surface occupancy of the cemetery site is permitted without written approval of TLMD.
- 14 If the lessee completes a successful oil and/or gas well, and if land title is disputed, the lessee shall fund professional land surveys as needed to determine the location and acreage encompassed by the spacing and/or pooling unit and the state lease acreage within that unit. Surveys shall be conducted by a licensed land surveyor acceptable to the Department, and shall be prepared pursuant to survey requirements provided by the Department.
- 15 Due to existing surface uses and the potential for future surface development, utilization of the surface for mineral exploration and development may be restricted or denied. Review of operating plans for exploration and/or development will include consideration of both existing and potential surface development to minimize conflicts and ensure that both mineral and surface uses are consistent with one another and in the best long-term interest of the school trust.
- 16 This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.
- 17 No surface occupancy shall be allowed on this tract.
- 18 If whooping cranes are observed on-site, construction and/or maintenance activities shall be suspended until birds leave the area.

0917-5

CABIN AND HOME SITES:
SET MINIMUM BID FOR SALE

**Land Board Agenda Item
September 18, 2017**

0917-5 Cabin and Home Sites: Set Minimum Bid for Sale

Location: Broadwater, Chouteau, Lake, Missoula, Yellowstone Counties

Trust Benefits: MSU 2nd Grant, Common Schools, Pine Hills School

Trust Revenue: \$657,500

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for the sale of 10 cabin and home sites in Broadwater, Chouteau, Lake, Missoula, and Yellowstone Counties. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

Sale Number	# of Acres	Legal	Nominator	Trust
868	9.78	Lot in SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, T5N-R2E, Sec. 16, Broadwater County	Toston Land Group, LLC	Common Schools
871	0.909	Lot 11, E Shore Flathead Lake, T24N-R19W, Sec. 16 Lake County	Charles & Myrna Hall	Common Schools
872	1.182	Lot 10, E Shore Flathead Lake, T24N-R19W, Sec. 16 Lake County	Charles & Myrna Hall	Common Schools
881	1.00	Lot 4, Elbow Lake, T15N-R14W, Sec. 20 Missoula County	Michael & Patrice Schwenk	Common Schools
882	1.5	Lot 29, Elbow Lake, T15N-R14W, Sec. 20 Missoula County	Patrick & Cathy Schwenk	Common Schools
884	0.983	Lot 20, Morrell Flats, T16N-R15W, Sec. 14 Missoula County	Lou Ann Nelson & Michael Marosits	MSU
885	1.443	Lot 15, Morrell Flats, T16N-R15W, Sec. 14 Missoula County	Mary Adams Riggs	MSU
888	2.16	Lot in NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, T2N-R27E, Sec. 16 Yellowstone County	Robert Schwab	Common Schools
891	4.68	Lot in E $\frac{1}{2}$ of Gov't Lot 9, Sec. 33 & Lot in W $\frac{1}{2}$ of Gov't Lot 5, Sec. 34, T24N-R8E, Chouteau County	Larry Cook	Pine Hills School
918	2.89	Lot 2, Morrell Flats, T16N-R15W, Sec. 14 Missoula County	DNRC	MSU

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

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

Economic Analysis

Short term – The average rates of return are as follows:

Sale #	Rate of Return	Sale #	Rate of Return
868	9.07%	884	3.72%
871	4.71%	885	3.24%
872	4.8%	888	4.55%
881	1.96%	891	2.81%
882	2.03%	918	0%

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 2.78% 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 variously disturbed over the course of many years of occupation and development. This sale will have no effect to state owned heritage properties.

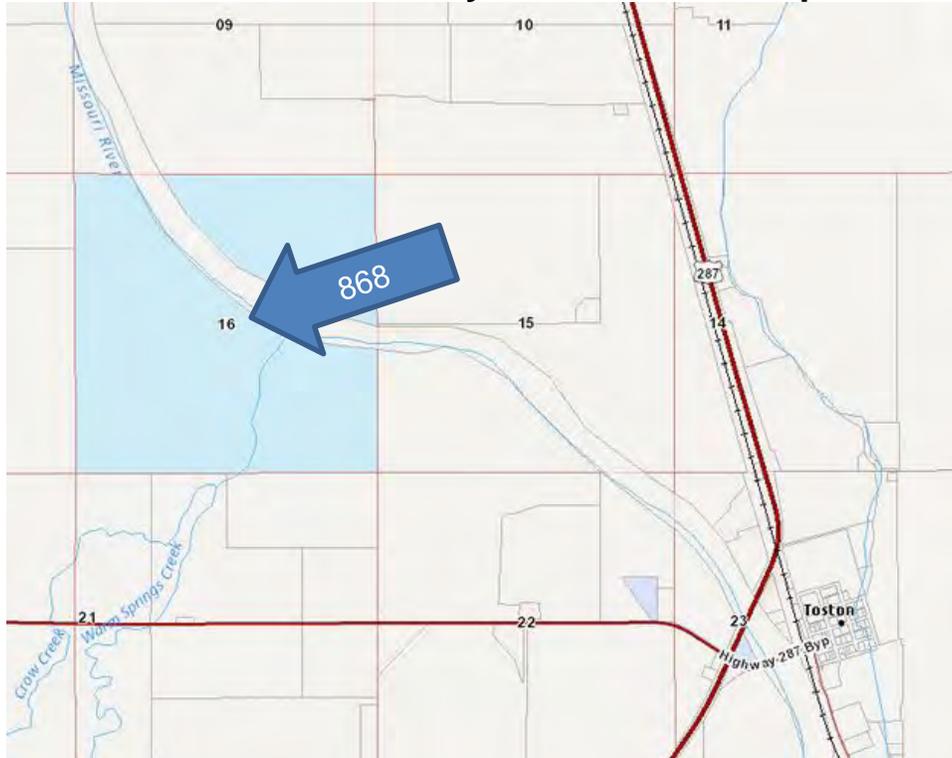
Appraised Values

Sale #	Appraised Value of the Land	Appraised Value of Improvements
868	\$33,000	\$247,000
871	\$60,000	\$10,000
872	\$60,000	\$180,000
881	\$155,000	\$156,000
882	\$100,000	\$147,000
884	\$42,000	\$110,000
885	\$42,000	\$100,000
888	\$37,500	\$107,500
891	\$23,000	\$356,000
918	\$105,000	N/A

DNRC Recommendation

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

Broadwater County Sale Location Map



Sale Number 868

Lot in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, T5N-R2E Sec. 16



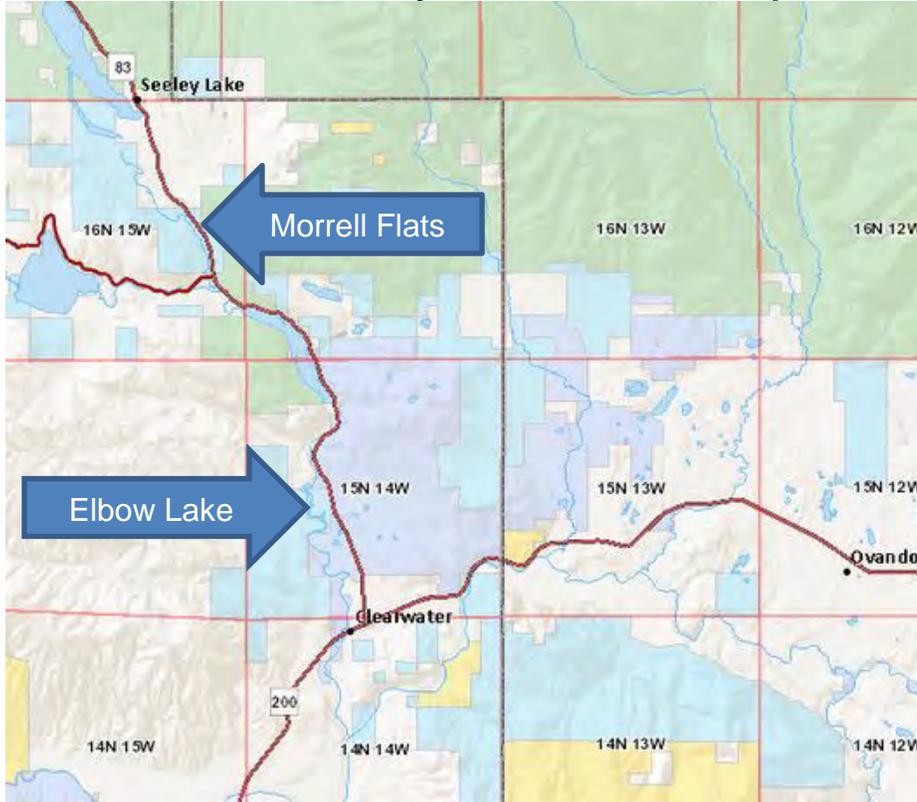
Lake County Sale Location Map



East Shore Flathead Lake Sales



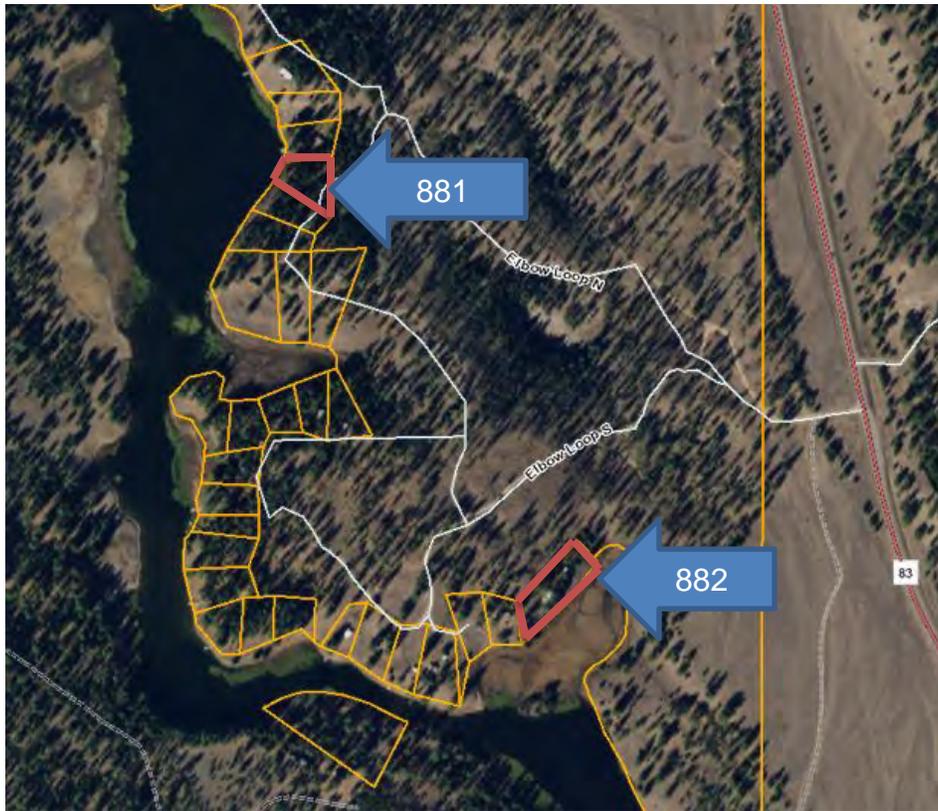
Missoula County Sales Location Map



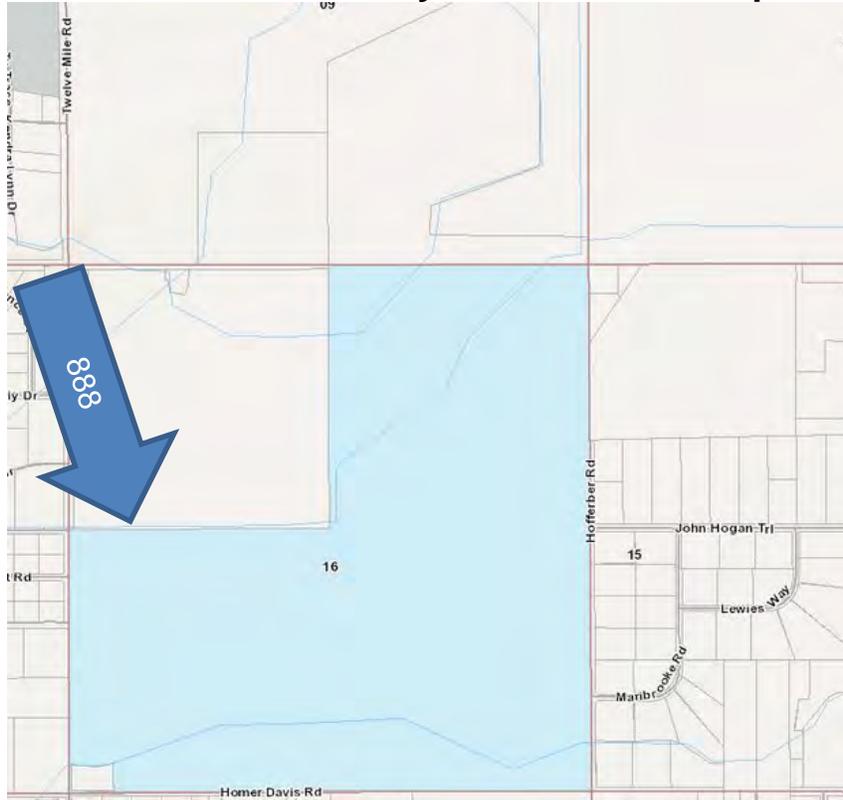
Morrell Flats Sales



Elbow Lake Sales

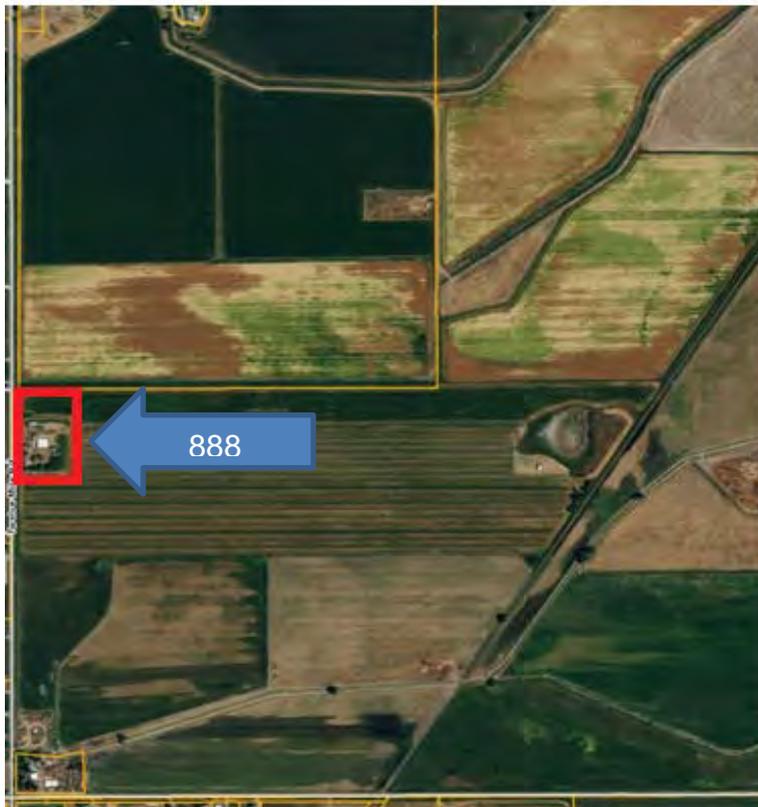


Yellowstone County Sale Location Map

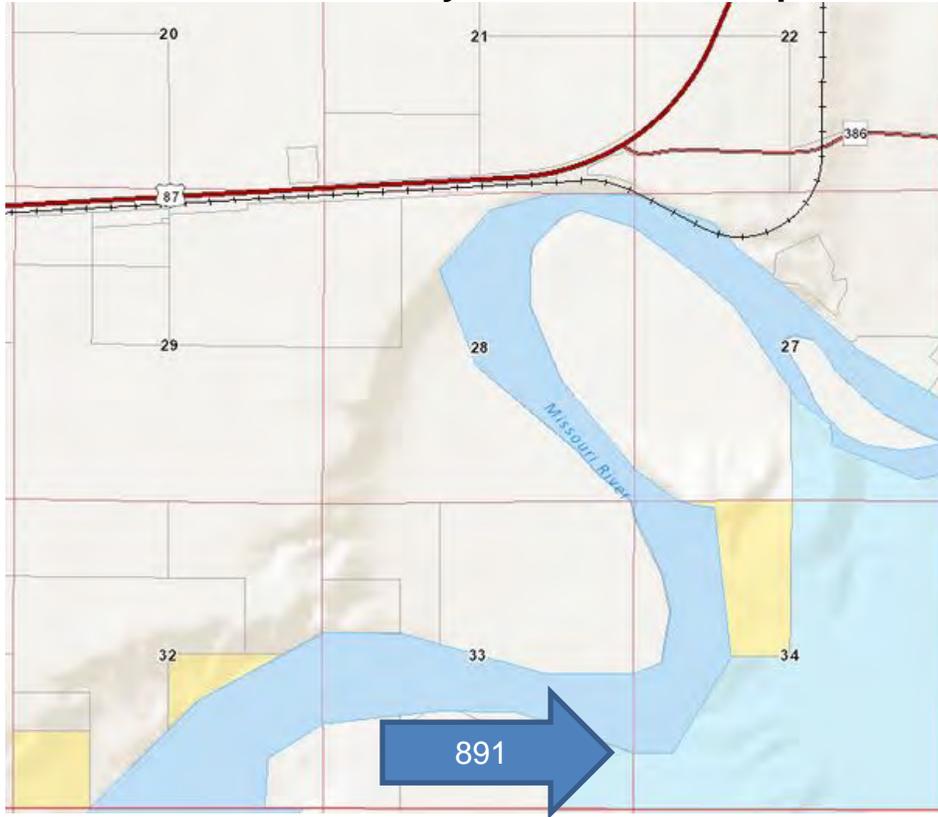


Sale Number 888

Lot in NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, T2N-R27E Sec. 16



Chouteau County Sale Location Map



Sale Number 891

Lot in E 1/2 of Gov't Lot 9, Sec. 33 &
Lot in W 1/2 of Gov't Lot 5, Sec. 34, T24N-R8E



0917-6

LAND BANKING ACQUISITION:
PRELIMINARY APPROVAL FOR PURCHASE –
EZ FARMS

**Land Board Agenda Item
September 18, 2017**

0917-6 Land Banking Acquisition: Preliminary Approval for Purchase – EZ Farms

Location: Liberty County

Trust Benefits: TBD

Trust Revenue: N/A

Item Summary

The Department of Natural Resources and Conservation (DNRC) has identified a potential land acquisition of 6,721 acres known as the “EZ Farms” parcel available for sale in Liberty County.

Proposed Acquisition

These acres include approximately 6,384 acres of dryland agricultural land and 276.29 acres of dryland grazing. The property is for sale for \$8,000,000.

Selection Considerations

DNRC has conducted a review of this tract nominated for acquisition per Administrative Rule 36.25.813 (3).

Access: The property is accessible from Laird Road, a county road.

Revenue: The estimated annual income from the parcel is \$227,000 per year. Income estimates were based on average rate for competitively bid state land leases in Liberty County. The predicted annual rate of return over a 20-year period is estimated at 2.83%. The dryland agricultural land is typically planted with wheat with a mix of winter wheat and spring wheat, with a summer fallow rotation. Grazing land has above-average stocking rates.

Multiple Uses: The parcel has a variety of natural resource uses including dry land crop and grazing lands. The property also offers wildlife habitat, hunting (big game and upland game birds), and other recreational opportunities. The proposed acquisition adjoins existing trust land which would provide access to two previously inaccessible tracts.

Location: The property is located approximately 65 miles northwest of Shelby, MT in Liberty County.

Cooperation: DNRC will contact FWP Region 4 staff and the Liberty County Board of County Commissioners to discuss the proposed acquisition prior to the Land Board meeting.

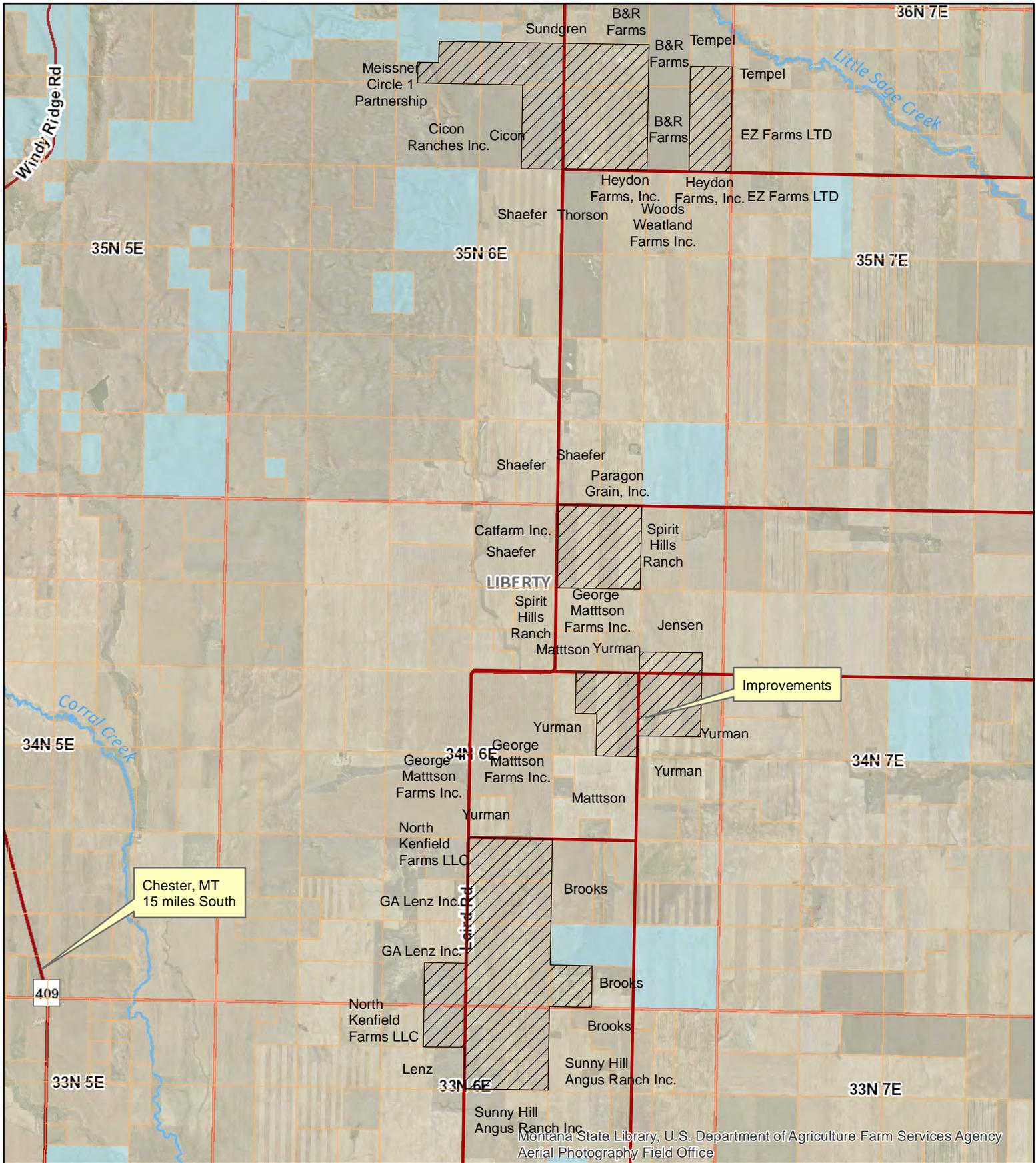
Steps in this process include securing a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815. Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval.

DNRC Recommendation

The director recommends preliminary approval of the EZ Farms parcel for further consideration for acquisition.

EZ Farms

0917-6



Location: Liberty County
Prepared by: RMW
Prepared on: 7 September 2017
Projection: NAD 1983 - MT State Plane

Legend

- EZ Farms
- Road Access
- Parcels



EZ Farms

Liberty County, Estimated Price \$8,000,000

Location: 15± miles north of Chester MT, in Liberty County

Acreage: 6,721± deeded acres
(6,384± acres Dryland crop land,
276.29± acres Dryland grazing land, and
81.71± acres CRP)

Crop Land: 6,384± acres of dryland crop land are currently planted mainly in winter wheat with some barley and pulse crops.

Carrying Capacity: 276.29 ± acres of grazing lands are estimated to have an initial carrying capacity of 65 AUMs. Additional AUMs may be available for aftermath grazing on cropland stubble after harvest.

Crop Land Estimated Yields

*Dry – SF 45-55 bu/ac barley

*Dry – SF 40-50 bu/ac wheat

*Dry – SF 25-35 bu/ac pulse crop

Stockwater: There is not any developed stockwater on the property.

Irrigation Potential: None

Timber: None

Fencing: Fencing around the grazing land is well maintained and in good condition.

Improvements: Farm house, shop, outbuildings, sheds, and grain bins.

County Taxes: approximately \$22,586 annually

Precipitation: 10 - 14 inch precipitation zone

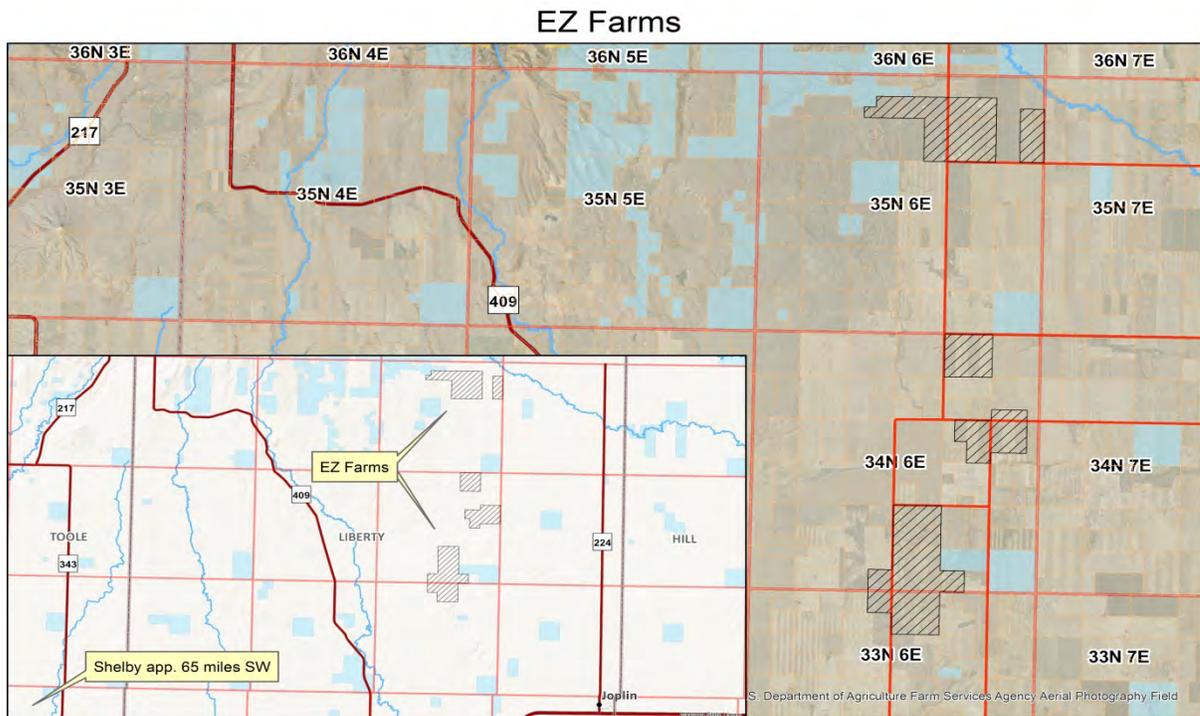


EZ Farms

Comments: The 6,721± acre EZ Farm presents an opportunity to purchase high quality and productive dryland agricultural lands in northcentral Montana. The proposed acquisition increases access to over 6,200 acres of State Trust Land. Although the majority of this property is cropland, the property supports wildlife including Mule Deer, Whitetail Deer, Pronghorn Antelope, Elk, Hungarian Partridge, Sharp Tail Grouse, Pheasants, and various other non-game mammals and birds. This property is located in close proximity to the Sweetgrass Hills, where recreational opportunities exist on adjacent BLM lands and large Block Management Areas.

Revenue projections for agriculture and grazing lease estimate annual revenue to the trust beneficiaries of \$227,000. The dryland agricultural land is mainly planted in wheat with a crop/summer fallow rotation. The projected revenue would result in a rate of return of 2.83%. The sellers are not interested in leasing back the land, and it is expected that the state would put each parcel out for bid for a new lessee.

The property also includes a farmhouse, shop, outbuildings and grain bins, as well as some perimeter fencing. This area is a productive dryland agricultural area and would provide some additional income diversity for the trust beneficiaries.



0 2.5 5 10 Miles
 Location: Liberty County
 Prepared by: RMW
 Prepared on: 31 Aug 2017
 Projection: NAD 1983 - MT State Plane

Legend
 EZ Farms
 Road Access
 Parcels



0917-7

LAND BANKING ACQUISITION:
FINAL APPROVAL FOR PURCHASE –
LAZY CREEK, PHASES 1 & 2

**Land Board Agenda Item
September 18, 2017**

**0917-7 Land Banking Acquisition: Final Approval for Purchase –
Lazy Creek, Phases 1 & 2**

Location: Flathead County
Trust Benefits: Common Schools
Trust Revenue: N/A

Item Summary

Seller: Trust for Public Lands (TPL)

Prospective Buyer: State of Montana, Department of Natural Resources and Conservation (DNRC)

Location: The property is located in Flathead County within the Stillwater State Forest, approximately 9 miles northwest of the City of Whitefish. The parcel is bordered on the north and west sides by existing trust lands, and on the south and east sides by Weyerhaeuser.

Property Characteristics: These acres are primarily forested with scattered openings throughout. The forest productivity of these lands is rated high to very high for Western Montana. Historically these lands have been in commercial timber production. This property will be encumbered with conservation easements held by the Montana Department of Fish, Wildlife & Parks (FWP) and have an accompanying Multi Resource Management Plan which has been negotiated between FWP and DNRC that allows for the continuation of timber management.

Recreational Opportunities: The property has a long history of public recreational use for hunting, fishing, horseback riding, hiking and snowmobiling. The recreational use permitted by former owners will continue under state ownership, and allowed under the existing conservation easements.

Access: The tracts are accessible by state and private roads. Historically the property has been open to motorized and non-motorized public access. Purchase of this property would secure perpetual public access.

Appraised Value: \$28,744,000.00 (Before Conservation Easement)
\$6,131,000.00 (After Conservation Easement)

Purchase Price:	\$5,500,000.00
Proposed Closing Date:	Phase 1: By December 31, 2017 Phase 2: By December 31, 2018
Background:	The proposed purchase is a two-phase acquisition of approximately 10,218 acres known as the Stillwater "Lazy Creek" block, located northwest of Whitefish, MT on the east side of MT Highway 93 in Flathead County. This acquisition received preliminary approval by the Board of Land Commissioners (Land Board) in July 2017.
Public Involvement:	The Lazy Creek property was nominated for state acquisition by the DNRC under the Land Banking process. Adjacent land owners, local, state and federal agencies, and other interested parties were notified of the proposed Land Banking purchase. There was positive response and support for this proposal.
Selection Considerations and Process:	<p>DNRC will secured a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.815. Many of the public comments received during the scoping process for the FWP's Whitefish Lake Watershed Project Environmental Assessment favored DNRC's acquisition of this property.</p> <p>The DNRC has conducted an in-depth evaluation of this tract for acquisition. A copy of the evaluation summary is attached. Following final approval by the Land Board, the DNRC will proceed to closing, and acquire the Lazy Creek Phase 1 & 2 property for \$5,500,000.00</p>
Conservation Easement:	The conservation easements are held by MT FWP. The easements allow for the continuation of forest management activities and restrict development of the land for all other uses.
<u>DNRC Recommendation</u>	The director recommends the Land Board's final approval for the acquisition of Phases 1 and 2 of the Lazy Creek property.

Due Diligence Property Evaluation Summary

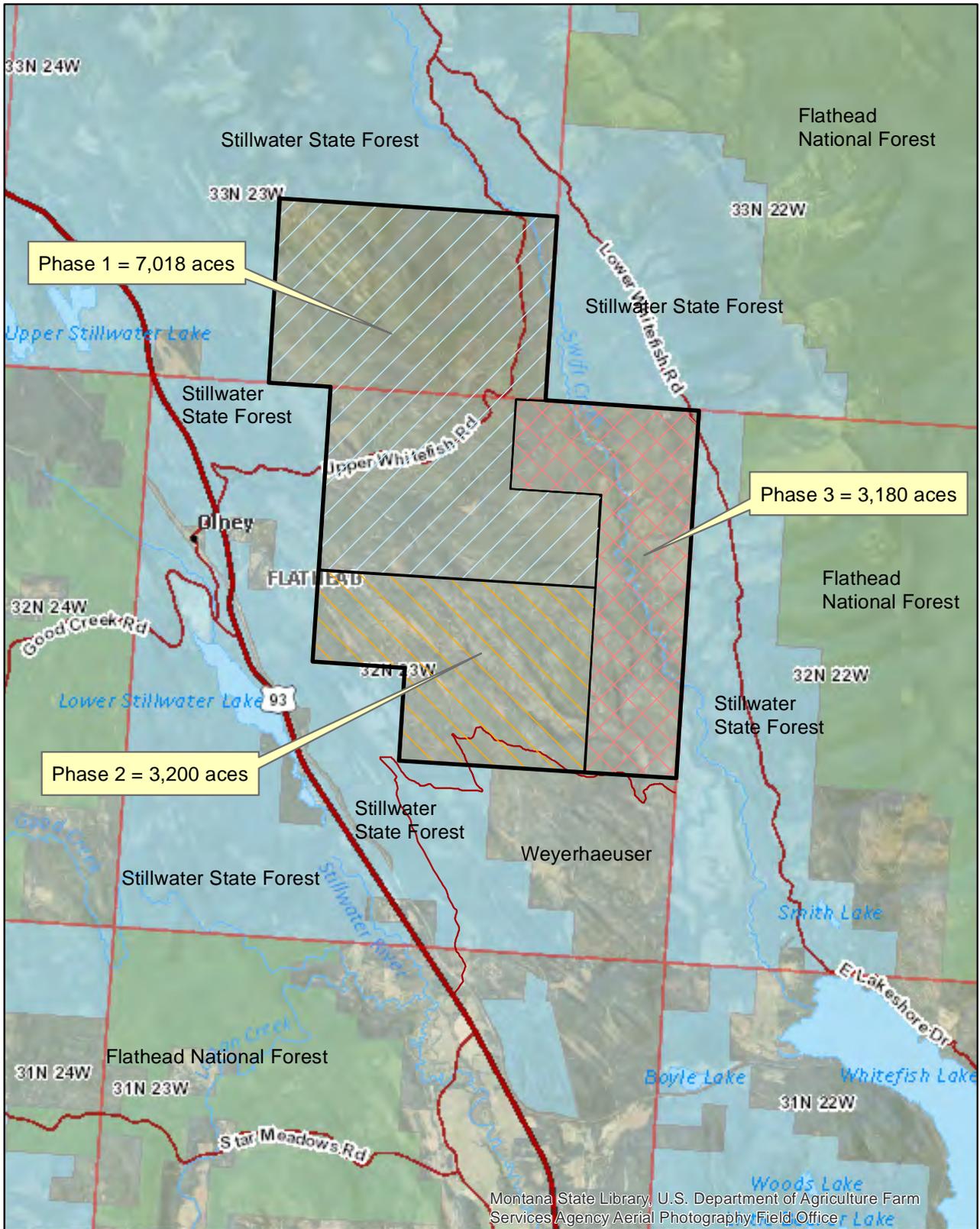
ACQUISITION REPORT	EXPLANATION						
Seller's Disclosure	No known material defects or environmental concerns reported on the property.						
Acquisition Annual Rate of Return over 60 years	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Trust</u></td> <td style="text-align: center;"><u>NPV</u></td> <td style="text-align: center;"><u>RoR</u></td> </tr> <tr> <td style="text-align: center;">Common Schools</td> <td style="text-align: center;">\$1,968,807</td> <td style="text-align: center;">3.23%</td> </tr> </table>	<u>Trust</u>	<u>NPV</u>	<u>RoR</u>	Common Schools	\$1,968,807	3.23%
<u>Trust</u>	<u>NPV</u>	<u>RoR</u>					
Common Schools	\$1,968,807	3.23%					
Average Annual Rate of Return of property sold	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Trust</u></td> <td style="text-align: center;"><u>NPV</u></td> <td style="text-align: center;"><u>RoR</u></td> </tr> <tr> <td style="text-align: center;">Common Schools</td> <td style="text-align: center;">\$596,512</td> <td style="text-align: center;">0.61%</td> </tr> </table>	<u>Trust</u>	<u>NPV</u>	<u>RoR</u>	Common Schools	\$596,512	0.61%
<u>Trust</u>	<u>NPV</u>	<u>RoR</u>					
Common Schools	\$596,512	0.61%					
Annual Income	Projected average annual income - \$243,072/year over a 60 year accounting period.						
Classification of property	Forest Land						
Soils/Range	The Lazy Creek parcel is a forested tract of land with soils that provide good to excellent forest productivity.						
Vegetation	The Lazy Creek parcel is well stocked with second growth regeneration and some merchantable timber. The species mix is primarily western larch, Douglas-fir, true firs, and Engelmann spruce. Western white pine, lodgepole pine, and western red cedar are also present. The riparian areas contain aspen, cottonwood and paper birch. Native shrubs and grasses occur throughout the parcels.						
Range Condition	N/A						
Weeds	Weeds occurrence is similar to forested tracts throughout Western Montana. Weyerhaeuser (previous owner) has been actively managing weeds along open road and areas of heavier concentration. Both chemical and biological control has been used with positive results.						

Timber Cruises	<p>Approximately 90% of the property is forested with the remainder in meadows, wetlands, and riparian areas. Much of the property was logged in the 1970s, 80s and 90s and was either planted or regenerated naturally. Some second growth stands are approaching merchantable size and will soon be available for commercial thinning. It is estimated that the current standing volume is approximately 12.0 MMBF. Productivity estimates for the forested lands indicate a potential growth rate of 185-290 BF per acre per year. The slope of the terrain varies, with the majority suitable for tractor harvesting. The property is ideally suited for timber management.</p>
Water	The parcels have several stream drainages that provide fish habitat and fishing opportunities.
Water Rights	None
Wildlife (T&E)	The parcel provides wildlife habitat for many of Montana's major big game species, upland game birds, waterfowl, and non-game species. It is occupied grizzly and lynx habitat, and gray wolves are known to inhabit the area.
Fisheries	Native and non-native fish species occur in the streams on the property.
Wetlands/Flood plain	These acres are primarily forested with numerous wetlands throughout.
Riparian characteristics	Scattered riparian areas are found throughout the parcels. These features are in good condition and provide valuable wildlife habitat.
Cultural values	The property has no recorded cultural features.
Mineral characteristics	The acquisition of the Lazy Creek Phase I & II parcels does not include any mineral rights. All hard rock, and gas and oil minerals are owned by third parties. In the lands surrounding the property, there has been no mineral exploration or mining activity.
Aesthetic Values	The property is comprised of primarily low elevation forest intermixed with wetlands and meadows.

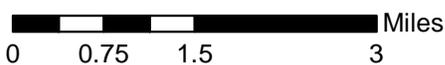
Public Access and Recreational Use	The tracts provide wildlife habitat for a wide variety of large and small game animals plus water and riparian areas for waterfowl. The property has a long history of public use permitted by previous forest industry landowners. Primary uses include hunting, fishing, and hiking. The Upper Whitefish Road which passes through the northern portion of the parcel provides access to thousands of acres of DNRC and USFS land used by recreationists year-round. During the winter months, this road is not plowed but groomed for snowmobile, dogsled, and other winter recreation uses, making it a popular winter recreation destination as well.
Zoning	None
Planning	This property comes with FWP conservation easements precluding future development on the 10,218 acres. The adjoining Stillwater State Forest lands have no restrictions on future use. TPL is continuing efforts to conserve an additional ~3,180 acres currently owned by Weyerhaeuser adjacent to the Lazy Creek parcel on the east side.
Surrounding land use	Adjacent and surrounding lands (Stillwater State Forest, Weyerhaeuser, and USFS) are used for forest management and recreational purposes.
Potential for multiple use	The primary use of the property would be timber production. The property is likely to receive heavy recreational use.
Access to parcel	All parcels being analyzed for acquisition will have road access for management of the individual parcels. The general public will have drive-in access on open roads and non-motorized access to all of the property. The property will be open to snowmobile use. The acquisition of this property will consolidate state ownership of the southern portion of the Stillwater State Forest area.
Infrastructure	All of the Lazy Creek Phase I & II acquisition lands are rural forestlands. All of the parcels have existing roads for the management of the forests and no other infrastructure exists within this property.
Adjacent public lands	The Lazy Creek parcels are adjacent to existing state trust lands.

Adjacent conservation easements	Of the Lazy Creek Phase I & II parcels, all 10,218 acres have, or will have prior to closing, conservation easements on them held by FWP. The conservation easements allow for the traditional uses of the land, forest management and recreation, but restrict future subdivision and the building of structures, as well as grazing. Adjacent state lands have no conservation easement on them.						
Appraised Value	\$6,131,000.00						
Purchase Price	<table border="1"> <thead> <tr> <th><u>Trust</u></th> <th><u>Funds</u></th> <th><u>Acres</u></th> </tr> </thead> <tbody> <tr> <td>Common Schools</td> <td>\$5,500,000</td> <td>10,218±</td> </tr> </tbody> </table>	<u>Trust</u>	<u>Funds</u>	<u>Acres</u>	Common Schools	\$5,500,000	10,218±
<u>Trust</u>	<u>Funds</u>	<u>Acres</u>					
Common Schools	\$5,500,000	10,218±					
Summary of Title report	No encumbrances would negatively impact the value of the acquisition.						
Summary Phase 1 site analysis	No cultural impacts other than logging were observed in the area.						
Notification to Commissioners and adjacent land owners	The Flathead County Commissioners and adjacent land owners (DNRC & Weyerhaeuser) are aware of this proposed acquisition, and no opposition has been noted.						
Comments received during public involvement process	Public comments have been positive because of the importance of this area for public use, wildlife habitat, and the City of Whitefish watershed. The public has supported the continued traditional uses of this property.						

Stillwater Lazy-Swift



Location: Flathead County, MT
 Date: 5 SEPT 2017
 Prepared By: RMW
 Projection: NAD83 Montana State Plane



-  Project Area
-  Phase 1
-  Phase 2
-  Phase 3
-  Road Access



0917-8

PROPOSED COMMERCIAL LEASE AGREEMENT:
BRIGHT VIEW PROFESSIONAL CENTER, LOT 3

**Land Board Agenda Item
September 18, 2017**

0917-8 Proposed Commercial Lease Agreement: Bright View Professional Center, Lot 3

Location: Flathead County
Trust Benefits: Common Schools
Trust Revenue: \$117,300 annually

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests approval to issue a long term lease for the development of Lot 3 in the Bright View Professional Center (Bright View). Bright View is located in part of Section 36, Township 29N, Range 22W, in Flathead County, which is within the Spring Prairie Planned Unit Development (PUD), frequently referred to as Section 36, in the City of Kalispell.

A request for proposals (RFP) for commercial development was released on May 10, 2017 and closed on August 10, 2017. Two proposals were received and reviewed by DNRC staff. Based on scoring criteria provided within the RFP, Swank Enterprises, Inc. (Swank), was the selected proponent.

Lease Area	Land Value for Lease Area	Minimum Bid for Lease Fee	Minimum Bid for Option Fee	Swank Proposed Lease Fee	Swank Proposed Option Fee
25.51 Acres	\$2,256,000	\$112,800 (5%)	\$33,840 (1.5%)	\$117,300 (5.2%)	\$39,476 (1.75%)

Proposal

- Swank has submitted a proposal to lease the 25.51-acre Lot 3 for development and sublease of medical and professional offices, including installation of infrastructure estimated to cost more than \$1,000,000.
- The proposal includes an initial Option to Lease for up to one year to allow the proponent to obtain all necessary City approvals and other due diligence necessary prior to initiating the development.
- The subsequent Commercial Lease term is 30 years, with renewal rights up to 99 years.

Revenue

- Option to Lease Period: Annual fee of **\$39,476**
- Commercial Lease: Annual fee of **\$117,300**, with 2% increase compounded annually
- Market Adjustment: Annual lease fee is reviewed every 15 years using an updated appraisal

Property Details

- Bright View has been partially subdivided into three lots, two of which are developed for Glacier Eye Clinic and Kalispell Oral Surgery.
- Preliminary subdivision approval has been received for the lease area as a conceptual 12-lot subdivision.
- The lease area is zoned Spring Prairie PUD/R-5 – Mixed Professional.
- Use and development is guided by a neighborhood plan, integrated into the Kalispell Growth Policy.

- Bright View is bounded on the south-east by US93A, also known as the Kalispell Bypass. Direct access to and from the bypass is available at the east and west ends of Bright View.

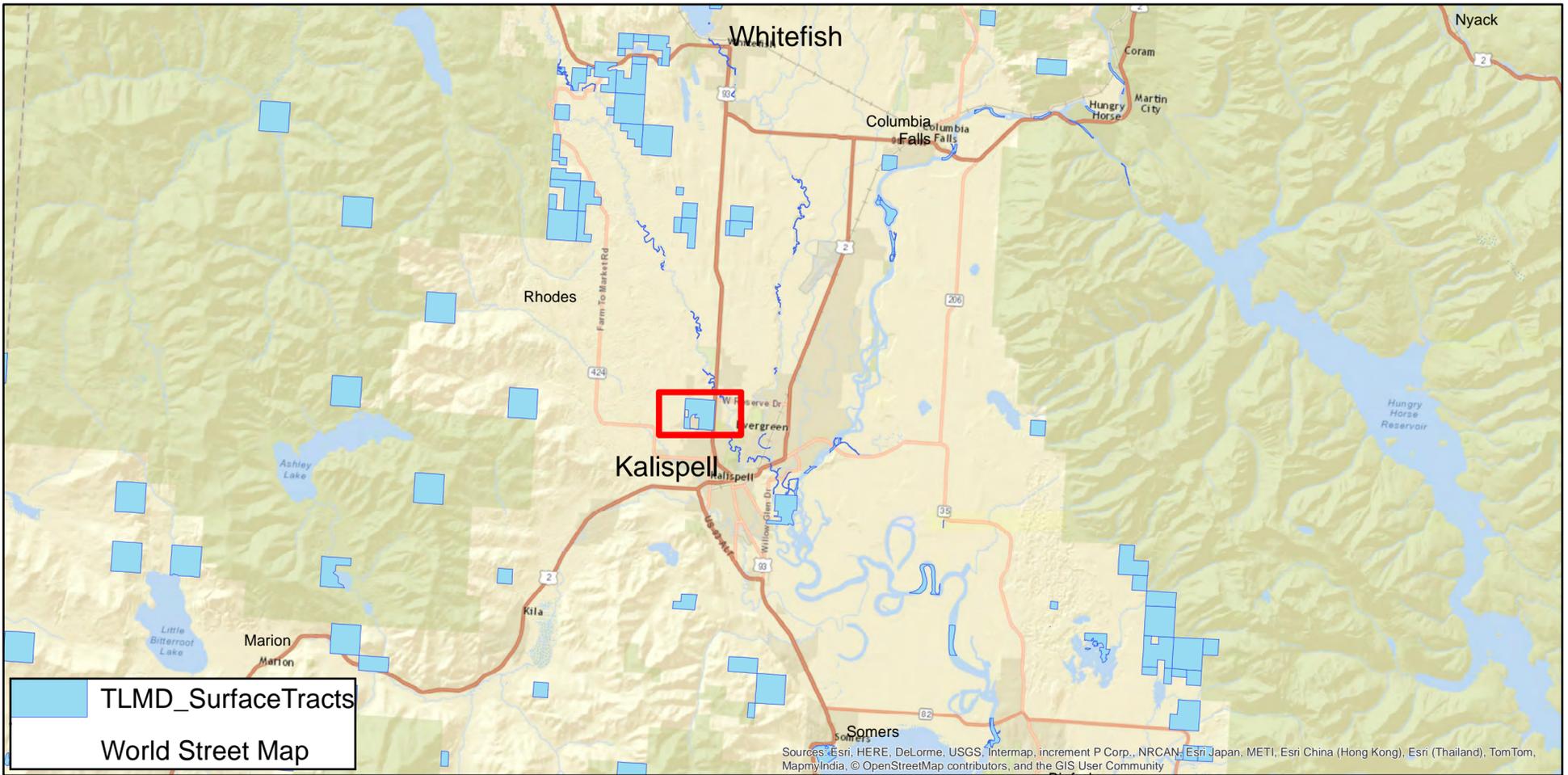
MEPA

A Final Environmental Impact Statement for development of Section 36 was completed in 2001. The Swank lease development proposed for Bright View is consistent with the professional development proposed and analyzed for in the FEIS. In addition, the proposed use is consistent with uses which were analyzed through prior public planning processes for the Kalispell Growth Policy and the Spring Prairie PUD.

DNRC Recommendation

The director recommends the Land Board approve the issuance of a commercial lease agreement for Bright View Professional Center, Lot 3.

Spring Prairie - Kalispell: Bright View Lot 3



Legend

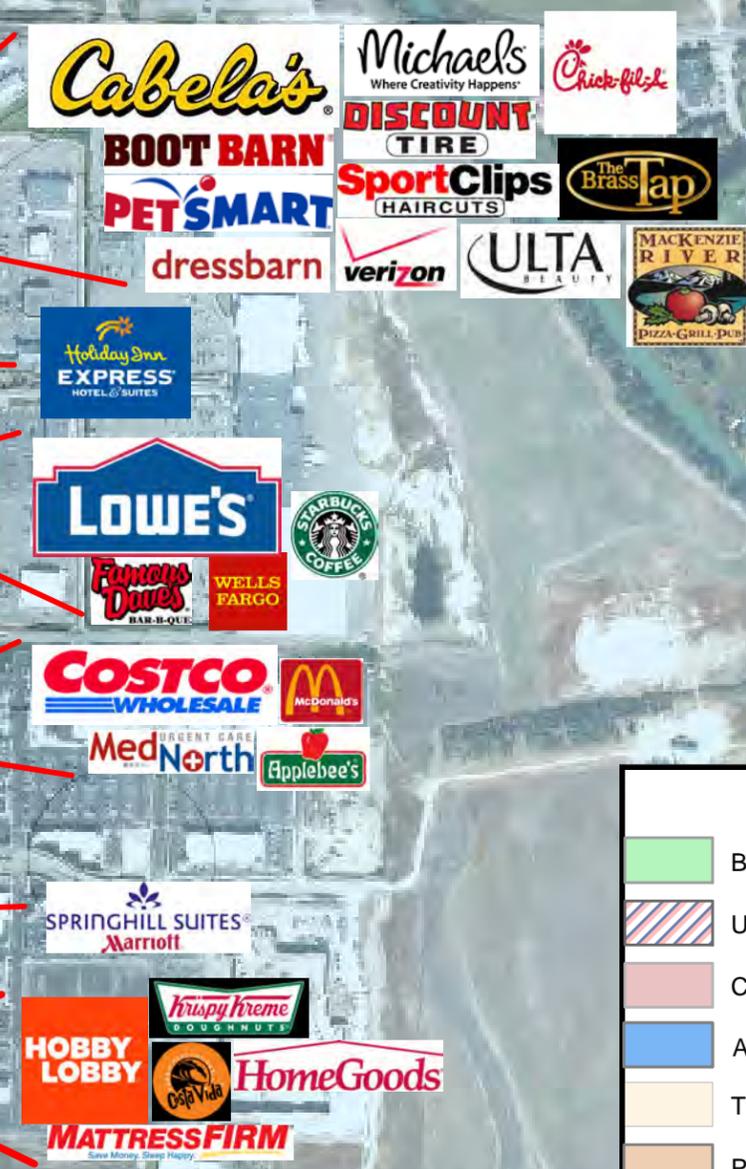
- Commercial Projects *Development Project Area*
- Trust Land Tracts

Inset Area from top map shown in bottom map

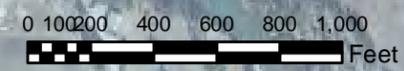
Location: Flathead County, MT
Date: 8-31-2017
Prepared By: REMB Staff Member
Projection: NAD83 Montana State Plane



Spring Prairie Trust Lands Development



Legend	
	Bright View Ph 2 RFP Summer 2017
	Under Option to Lease
	Commercial Leases
	Available Trust Lands
	Trust Land Use Easement
	Private
	Existing Roads
	Future Roads





MONTANA DEPARTMENT OF NATURAL
RESOURCES & CONSERVATION

OPTION TO LEASE AGREEMENT #3053553

This Option to Lease Agreement, is entered into this 18th Day of September, 2017, by and between the Montana Department of Natural Resources and Conservation, whose address is P.O. Box 201601, Helena, MT 59620 (hereinafter referred to as the “Department”) and **Swank Enterprises, Inc.**, whose address is 750 West Reserve Drive, Kalispell, MT 59901 (hereinafter referred to as the “Optionee”).

GRANT OF OPTION: In consideration of an annual payment of **Thirty Nine Thousand Four Hundred and Seventy Six Dollars (\$39,476)**, the Department grants to the Optionee a non-assignable option to lease Bright View Phase 1, Lot 3, described in Exhibit “A”, attached hereto upon those terms and conditions as in the form, terms, and conditions of that lease agreement attached hereto as Exhibit “B”, and incorporated herein as if fully set forth.

This Option to Lease shall remain in effect from the date of this Option to Lease Agreement for one year until 12 noon, Mountain Time on the 17th Day of September, 2018, at which time it will expire and terminate automatically.

PAYMENT OF SPECIAL ASSESSMENTS AND TAXES: Optionee will pay all special assessments (i.e. SIDs, RIDs, etc.) and other like impositions levied, assessed, or attributable to the lease premises described in Exhibit “A” during the Term. The Optionee will pay before delinquent, directly to the taxing authority, all Taxes that may accrue during or are attributable to any part of the Option term, including privilege taxes, also known as beneficial use taxes, per MCA 15-24-1203.

MANNER OF EXERCISE OF OPTION: The Optionee may exercise the option granted in the preceding paragraph at any time before the expiration of the option period by giving written notice of exercise of the option to the Department, at the address of the Department set out above. The notice of exercise of the option must specify the date upon which the lease is to commence, and such date must be within the term of the option. If no date is specified, the lease term will begin immediately as of the date of the notice of exercise of the option. The notice of exercise of option must be accompanied by a check for the full amount of one year's rent plus the amount of any security deposit specified in the lease agreement attached hereto as Exhibit “B”.

If the option is exercised prior to the expiration of the term of this Option to Lease Agreement, rent paid for the unused portion of the option term will be applied to the first year's rental payment of the lease agreement.

EXECUTION OF LEASE AGREEMENT: Upon receipt of the notice of exercise of lease option, the Department must prepare or cause to be prepared duplicate originals of the lease agreement which is attached as Exhibit “B”. The Department will deliver these duplicate originals for execution to the Optionee within thirty (30) days after receipt of the Optionee's notice of exercise of the option. The Optionee must deliver the fully executed duplicate lease agreements to the Department within fourteen (14) days after receipt by the Optionee.

DUE DILIGENCE AUTHORIZED: Through the term of this Option to Lease, Optionee is permitted to access the option to lease premises for the limited purpose of conducting due diligence activities in support of project regulatory approval, in accordance with the following:

PERMITTED ACTIVITIES:

- 1) Data collection, survey, real estate signage, geotechnical sampling and environmental research in support of project design, review and land use regulatory approval.
- 2) The Optionee shall obtain prior written approval, not to be unreasonably withheld, from Department for the copy, type and location of real estate signs, and locations of all geotechnical borings. The boring sites shall be reclaimed pursuant to the Reclamation section listed below.

At all times the Optionee will maintain the area within the Option to Lease Premises in a neat and orderly manner and will allow no waste or debris to accumulate thereon.

ACCESS TIMING RESTRICTIONS: Optionee must contact Department for approval prior to accessing the option to lease premises during the option period. Department reserves the right to restrict or preclude any activity to the extent necessary for environmental concerns, safety, or other land management reasons, provided that Department shall make a good faith effort to ensure that Optionee's due diligence activities are reasonably accommodated during the Option term.

WEEDS: Optionee shall be responsible for controlling all noxious weeds on the Premises that were introduced by Optionee's activities thereon.

RECLAMATION: Optionee shall take all reasonable precautions to prevent or minimize damage to natural (i.e., vegetation, soil, water, wildlife), and cultural resources within the areas of the Option to Lease. Optionee shall reclaim any disturbed areas in the option to lease premises to the specifications of Department. Such reclamation shall include, but not be limited to the elimination of all trace of disturbances, compaction, and movement of construction equipment. Optionee shall be required to reseed all disturbed areas with native species of grasses, unless other arrangements are agreed upon between Department and Optionee in writing. The seed mix used in the reclamation shall be approved in advance by the Kalispell Unit Office. When any action requires disturbance, all soil materials shall be salvaged, safeguarded from loss due to wind or water erosion or machinery activity, and shall be replaced on all disturbed areas.

LIABILITIES: Optionee hereby assumes all responsibility for all claims, damages, and lawsuits that may result from any and all damages, injury or death to persons and/or property that occur upon or about said land caused by or arising out of Optionee's use of the subject area hereunder. The Optionee further agrees that they will be responsible for any damage caused when entering, crossing or leaving state-owned subject land.

Date: _____

STATE OF MONTANA, MONTANA DEPARTMENT
OF NATURAL RESOURCES AND CONSERVATION

By: _____

Greg Poncin, Area Manager
Northwestern Land Office

ACKNOWLEDGMENT

STATE OF MONTANA
County of Flathead

This instrument was acknowledged before me on _____, ____, by
_____, as _____ of the Montana Department of
Natural Resources and Conservation.

(Notary Signature)

[SEAL]

Date: _____

OPTIONEE

By: _____

Its: _____

ACKNOWLEDGMENT

STATE OF _____

County of _____

This instrument was acknowledged before me on _____, ____, by
_____, as _____ of
Optionee, _____.

(Notary Signature)

[SEAL]

By: SANDS SURVEYING, Inc.
2 Village Loop
Kalispell, MT 59901
(406) 755-6481

Plat Of BRIGHT VIEW SUBDIVISION, PHASE 1 A Subdivision Located In

N1/2 SEC. 36, T.29N., R.22W., P.M.M., FLATHEAD COUNTY, MONTANA

CERTIFICATE OF DEDICATION

WE, THE UNDERSIGNED PROPERTY OWNERS, DO HEREBY CERTIFY THAT WE HAVE CAUSED TO BE SURVEYED AND PLATTED INTO LOTS ALL THE FOLLOWING DESCRIBED PROPERTY AS DESCRIBED IN THIS CERTIFICATE OF DEDICATION, AND SHOWN BY THE ANNEXED PLAT OR MAP AND SITUATED IN FLATHEAD COUNTY, MONTANA:

A TRACT OF LAND, SITUATED, LYING AND BEING IN THE NORTH HALF OF SECTION 36, TOWNSHIP 29 NORTH, RANGE 22 WEST, P.M.M., FLATHEAD COUNTY, MONTANA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS TO WIT:

Commencing at a found aluminum cap being the Northwest corner of the Northeast Quarter of Section 36, Township 29 North, Range 22 West, P.M.M., Flathead County, Montana; Thence S00°00'12"W 56.33 feet to a found aluminum cap on the south R/W of Reserve Place and THE TRUE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED; Thence easterly along said R/W the following three courses: N89°59'39"E 78.62 feet to a found aluminum cap; N75°54'47"E 108.30 feet to a found iron pin cap, and N89°58'57"E 1273.14 feet to a found iron pin cap on the northerly R/W of U.S. Highway 93 Kalispell Bypass; Thence southwesterly along said R/W of U.S. Highway 93 Kalispell Bypass the following eight courses: S18°53'59"E 162.53 feet to a found aluminum cap in the midst of a 1444.33 foot radius curve, concave southeasterly (radial bearing S38°13'26"E); along a curve to the left through a central angle of 09°30'09", for an arc length of 239.54 feet to a found aluminum cap; S38°38'43"W 344.77 feet to a found aluminum cap; S38°41'34"W 157.64 feet to a found aluminum cap; S37°37'37"W 238.64 feet to a found aluminum cap; S50°51'56"W 355.57 feet to a found aluminum cap; S67°46'51"W 284.03 feet to a found aluminum cap; S78°07'13"W 245.49 feet to a found aluminum cap and S87°24'43"W 70.71 feet to a found aluminum cap on the easterly R/W of Reserve Loop and being in the midst of a 794.39 foot radius curve, concave northeasterly (radial bearing N78°39'41"E); Thence northerly along said R/W of Old Reserve Drive the following three courses: Along a curve to the right through a central angle of 11°12'42", for an arc length of 155.45 feet to a found aluminum cap; N00°07'38"W 306.22 feet to a found aluminum cap being the point of curvature of a 912.55 foot radius curve, concave southwesterly (radial bearing S89°52'29"W); along a curve to the left through a central angle of 48°08'50", for an arc length of 766.84 feet to a found aluminum cap on the southerly R/W of said Reserve Place; Thence northerly along said R/W of Reserve Place the following two courses: N47°40'32"E 30.44 feet to a found iron pin being the point of curvature of a 403.76 foot radius curve, concave southeasterly (radial bearing S42°18'24"E); and along a curve to the right through a central angle of 42°18'03", for an arc length of 288.09 feet the point of beginning and containing 32.158 ACRES; Subject to and together with all appurtenant easements of record.

The above described tract of land shall hereafter be known as:
BRIGHT VIEW SUBDIVISION, PHASE 1

The 60 foot roadway known as **TIMBERWOLF PARKWAY** as shown hereon is to be dedicated to the City of Kalispell forever.

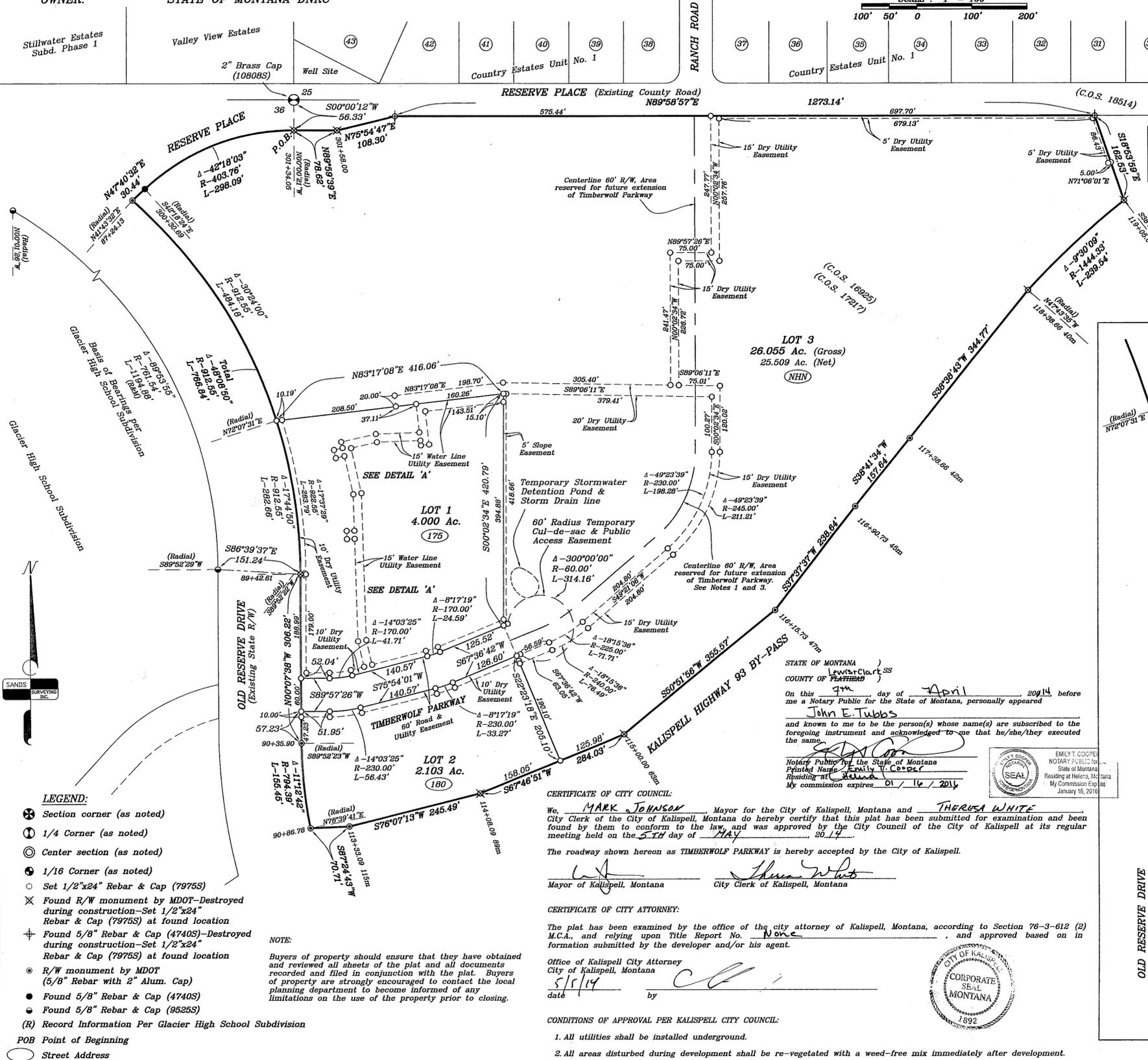
UTILITY EASEMENT CERTIFICATE

The undersigned hereby grants unto each and every person, firm or corporation, whether public or private, providing or offering to provide telephone, telegraph, electric power, gas, cable television, water or sewer service to the public, the right to the joint use of an easement for the construction, maintenance, repair and removal of their lines and other facilities, in, over, under and across each area designated on this plat as "UTILITY EASEMENT" to have and to hold forever.

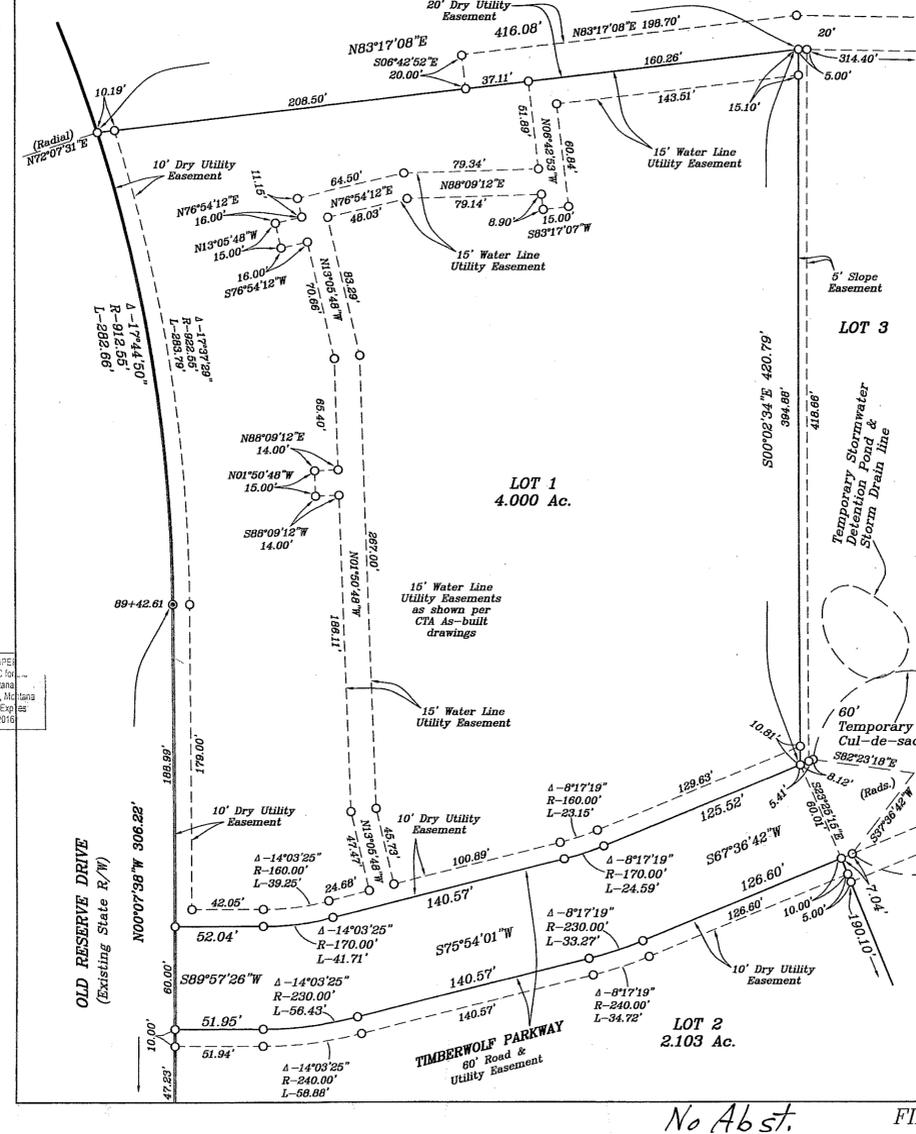
John E. Tubbs
STATE OF MONTANA DNRC
By: JOHN E. TUBBS, DIRECTOR

TOTAL AC.	32.158 AC.
LOTS (3) (Net)	31.612 AC.
ROAD	0.546 AC.

JOB NO: 148511 (Project 148509)
DRAWING DATE: NOVEMBER 12, 2013
COMPLETED DATE: 4/11/14
FOR: CTA ARCHITECTS & ENGINEERS
OWNER: STATE OF MONTANA DNRC



DETAIL 'A' (Not to Scale)



- NOTES:**
- 1) Concurrent with development on or subdivision of the proposed Lot 3, Timberwolf Parkway, as required by Kalispell Subdivision Regulations, shall be extended to intersect through to Reserve Place and the corresponding right of way granted to the City of Kalispell.
 - 2) The 10, 15 and 20 foot easements shown on the plat shall not be exclusive to other public utilities (i.e. water, sewer, or storm sewer) and shall not encumber the future extension of Timberwolf Parkway.
 - 3) The future centerline intersection of the extended Timberwolf Parkway shall be consistent with the centerline of Ranch Road, north of Reserve Place.
 - 4) A storm drainage easement that complies with the Kalispell Standards for Design and Construction shall be provided upon subsequent platting of Lot 3 in accordance with the previously approved plans for Lot 1 (Glacier Eye Clinic). The storm drainage easement is required to accommodate the predevelopment flow rate of stormwater discharge from Lot 1 to a regional pond that will be designed and constructed as part of the development of Lot 3.

STATE OF MONTANA
County of Flathead
Notary Public for the State of Montana, personally appeared
John E. Tubbs
and known to me to be the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that he/she/they executed the same.
Notary Public for the State of Montana
Printed Name: *Emily T. Cooper*
Residing at: *Helena, MT*
My commission expires: *01/16/2014*

CERTIFICATE OF CITY COUNCIL:
We, MARK JOHNSON Mayor for the City of Kalispell, Montana and THERESA WHITE City Clerk of the City of Kalispell, Montana do hereby certify that this plat has been submitted for examination and been found by them to conform to the law, and was approved by the City Council of the City of Kalispell at its regular meeting held on the 5TH day of MAY, 2014.
The roadway shown hereon as **TIMBERWOLF PARKWAY** is hereby accepted by the City of Kalispell.
Mark Johnson Mayor of Kalispell, Montana
Theresa White City Clerk of Kalispell, Montana

CERTIFICATE OF CITY ATTORNEY:
The plat has been examined by the office of the city attorney of Kalispell, Montana, according to Section 76-3-612 (2) M.C.A., and relying upon Title Report No. None, and approved based on information submitted by the developer and/or his agent.
Office of Kalispell City Attorney
City of Kalispell, Montana
5/5/14 by *[Signature]*

CONDITIONS OF APPROVAL PER KALISPELL CITY COUNCIL:

1. All utilities shall be installed underground.
2. All areas disturbed during development shall be re-vegetated with a weed-free mix immediately after development.

CERTIFICATE OF SURVEYOR
Thomas E. Sands
THOMAS E. SANDS 7975S
APPROVED: 4/11/2014
John H. Butts
EXAMINING LAND SURVEYOR
REG. No. 5428S
STATE OF MONTANA) SS
COUNTY OF FLATHEAD)
FILED ON THE 13 DAY OF May 2014
AT 12:49 PM PAID FEE 20.30
Paula Robinson
CLERK & RECORDER
BY *Nora Christensen*
DEPUTY
INSTRUMENT REC. No 20140007969
Plat # 20140018 Abstract# NA
20140007969 Fees: \$20.50 by: NC
by SANDS SURV
Date 5/12/2014 Time 12:49 PM
Paula Robinson, Flathead County Montana
SHEET 1 OF 1 SHEETS
FILE No. 20140018

- LEGEND:**
- ⊗ Section corner (as noted)
 - ⊙ 1/4 Corner (as noted)
 - ⊙ Center section (as noted)
 - ⊙ 1/16 Corner (as noted)
 - ⊙ Set 1/2"x24" Rebar & Cap (7975S)
 - ⊗ Found R/W monument by MDOT-Destroyed during construction-Set 1/2"x24" Rebar & Cap (7975S) at found location
 - ⊗ Found 5/8" Rebar & Cap (4740S)-Destroyed during construction-Set 1/2"x24" Rebar & Cap (7975S) at found location
 - ⊙ R/W monument by MDOT (5/8" Rebar with 2" Alum. Cap)
 - ⊙ Found 5/8" Rebar & Cap (4740S)
 - ⊙ Found 5/8" Rebar & Cap (9525S)
 - (R) Record Information Per Glacier High School Subdivision
 - POB Point of Beginning
 - Street Address

NOTE:
Buyers of property should ensure that they have obtained and reviewed all sheets of the plat and all documents recorded and filed in conjunction with the plat. Buyers of property are strongly encouraged to contact the local planning department to become informed of any limitations on the use of the property prior to closing.



Bright View Option to Lease Exhibit B



**SWANK ENTERPRISES, INC.
Bright View Professional Center
Kalispell, Montana**

LEASE NO. 3053553

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COMMERCIAL LEASE

THIS COMMERCIAL LEASE (this “Lease”) is entered into as of the _____ day of _____, (the “Commencement Date”), by and between the **Montana State Board of Land Commissioners**, whose address is P.O. BOX 201601 Helena, MT 59620-1601 (hereinafter referred to as “Lessor”), and _____, a Montana company whose address is _____ (hereinafter referred to as the “Lessee”).

1. LEASE TERMS AND PROPERTY DESCRIPTION

Lease Number	Commencement Date	Term of Lease	Expiration Date
3053553	September 1, 2018 (hypothetical)	30 Years	February 28, 2049 (hypothetical)

Land Located in Flathead County

Description	Sec.	Twp.	Rge.	Acres
Bright View Subdivision, Phase 1, Lot 3 As generally depicted on Exhibit A	36	29N	22W	25.51

2. BASE RENT SCHEDULE

Lease Year	Calendar Period	Adjustment Period Escalator	Adjusted Base Rent
1	1 st 12 calendar months (2018-2019)	0	\$117,300
Supplemental Billing period	6 months to reach Feb 28, 2020	0	\$58,168
2	March 1, 2020 – February 28, 2021	2%	\$119,646
3	March 1, 2021 – February 28, 2022	2%	\$122,039
4	March 1, 2022 – February 28, 2023	2%	\$124,480
5	March 1, 2023 – February 28, 2024	2%	\$126,969
6	March 1, 2024 – February 28, 2025	2%	\$129,509
7	March 1, 2025 – February 28, 2026	2%	\$132,099
8	March 1, 2026 – February 28, 2027	2%	\$134,741
9	March 1, 2027 – February 28, 2028	2%	\$137,436
10	March 1, 2028 – February 28, 2029	2%	\$140,184
11	March 1, 2029 – February 28, 2030	2%	\$142,988
12	March 1, 2030 – February 28, 2031	2%	\$145,848
13	March 1, 2031 – February 28, 2032	2%	\$148,765
14	March 1, 2032 – February 28, 2033	2%	\$151,740
15	March 1, 2033 – February 28, 2034	2%	\$154,775

3. **PURPOSE.**

The purpose of this lease is for a multi-lot professional development.

4. **DEFINITIONS.**

In this Lease, the following defined terms have the meanings set forth for them below:

“Adjustment Period” is a multi-year Lease period, as specified in the Base Rent Schedule in Section 2 of this lease, during which an Adjustment Period Escalator is applied annually to the prior year’s Base Rent.

“Adjustment Period Escalator” is 2% compounded annually and applied to the prior year’s Base Rent as demonstrated in the Base Rent Schedule. The Adjustment Period Escalator will not be applied to Base Rent for the First Lease Year and the first year that any Market Adjustment is applied (i.e. Year 16, 31, 46, 61...etc...).

“Base Rent” means the amount obtained by multiplying the Land Value by the Lease Rate Percentage and as periodically adjusted by the Adjustment Period Escalator.

“Building” means any enclosed building constructed or installed upon the Land.

“Commencement Date” means the date this Lease goes into effect, legally binding the Lessor and Lessee to the terms of the Lease.

“Commercial Purpose” per MCA 77-1-902(3)(a) means an industrial enterprise, retail sales outlet, business and professional office building, warehouse, motel, hotel, hospitality enterprise, commercial or concentrated recreational use, multifamily residential development, and other similar business.

“Default Rate” shall mean 1% compounded monthly.

“Department” means the Montana Department of Natural Resources and Conservation.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigations or proceedings relating in any way to any Environmental Law (hereafter, “Claims”) or any permit issued under any such Environmental Law, including, without limitation (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Substances or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Laws” means any existing and future Laws relating to, or imposing liability or standards of conduct concerning the protection of human health, the environment or natural resources, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling, Releases or threatened Releases of Hazardous Substances, including, without limitation, The Comprehensive Environmental Cleanup and Responsibility Act, 75-10-701, et seq., MCA; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act,

15 U.S.C. § 2601, et seq.; the Clean Air Act, 42 U.S.C. § 7401, et seq.; and the Safe Drinking Water Act, 42 U.S.C. § 300(f), et seq.

“First Lease Year” means the first twelve month period starting on the Commencement Date.

“Foreclosure Transferee” means any foreclosure purchaser or other transferee of Lessee’s interest under this Lease who acquires such interest at the sale conducted by virtue of, or otherwise in connection with, a foreclosure of any Leasehold Mortgage or any conveyance in lieu of such foreclosure.

“Hazardous Substances” means any and all substances, materials or wastes that are declared to be, or defined or regulated as, hazardous or toxic in CECRA, Section 75-10-701, et seq., MCA, or under any Environmental Law.

“Improvements” mean any Buildings, structures, pavement, landscaping, lighting fixtures or other improvements now or later installed or constructed upon the Land.

“Land” means the real property described in paragraph 1.

“Land Value” means the full market value of the Land as determined by the applicable appraisal.

“Laws” means any and all present or future federal, state or local laws (including common law), statutes, ordinances, rules, regulations, orders, decrees or requirements of any and all governmental or quasi-governmental authorities having jurisdiction over the Land described in this Lease.

“Lease Rate Percentage” means 5.2%, as bid in the proposal response. The Lease Rate Percentage is applied to the Land Value to determine the initial Base Rent for the First Lease Year and for the first year after a Market Adjustment. This percentage may not be less than the rate provided in 77-1-905, MCA, and may be modified accordingly as part of a scheduled Market Adjustment.

“Lease Year” means, after the First Lease Year, each successive Lease Year is the one-year period during the Term from March 1 to the last day of February.

“Leasehold Mortgage” means any mortgage, deed of trust, assignment of rents, assignment of leases, security agreement or other hypothecating instrument encumbering Lessee’s interest under this Lease or the leasehold estate in the Premises hereby created, Lessee’s rents and other sums due from any Sublessees, Lessee’s rights under Subleases and any other agreements executed in connection with Lessee’s use or operation of the Premises, or Lessee’s interest in any fixtures, machinery, equipment, Land, Buildings, Improvements or other property constituting a part of the Premises.

“Leasehold Mortgagee” means the holder(s) of any promissory note or the obligee(s) of any other obligation secured by a Leasehold Mortgage.

“Lessee’s Address” means:
Swank Enterprises, INC
750 West Reserve Drive
Kalispell, MT 59901

“Lessor’s Address” means:

Montana Department of Natural
Resources and Conservation

Attn: Real Estate Management Bureau Property Mgmt Section
 1539 Eleventh Avenue
 PO BOX 201601
 Helena, MT 59620-1601

“Market Adjustment” means a review of current Base Rent factors, conducted at scheduled intervals during the term of the lease, which will be used to determine the Base Rent Schedule for the next period. It includes consideration of the minimum Lease Rate Percentage at the time, as well as an appraisal process to update the lease area land value. The Market Adjustment Schedule and Provisions are found in **Exhibit #B**.

“Premises” means the Land and all Improvements.

“Qualified Mortgagee” means any Leasehold Mortgagee who notifies Lessor in writing of its name, its address for notices and the fact that it is a Leasehold Mortgagee and includes with such notice a copy of any Leasehold Mortgage by virtue of which it became a Leasehold Mortgagee.

“Release” means disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing or the like, into or upon any land, surface water, groundwater or air, or otherwise entering into the environment.

“Rent” means Base Rent and all other amounts required to be paid by Lessee under this Lease.

“Security Bond” means a cash deposit, a letter of credit from a financial institution, or a surety bond, provided that the form and manner of the Security Bond has been approved by Lessor.

“Sublease” means a sublease, license, concession or other agreement (whether written or oral) according to which Lessee grants any party the right to use or possess all or any portion of the Premises.

“Sublessee” means any party to whom Lessee grants the right to possess all or any portion of the Premises according to a Sublease.

“Substantial Damage” means harm to Improvements that renders the Premises inoperable for its intended use for more than 180 days.

“Substantial Taking” means a Taking of at least 15% of the Land or Improvements which, in Lessee’s and Lessor’s reasonable judgment, will materially and adversely interfere with any development or use of the Premises that Lessee is then conducting or intends in good faith to conduct in the future.

“Taking” means the taking of all or any portion of the Premises as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale or conveyance of all or part of the Premises under the threat of condemnation.

“Taking Date” means, with respect to any Taking, the date on which physical possession of the portion of the Premises that is the subject of such Taking is transferred to the condemning authority.

“Term” means the duration of this Lease as set forth in paragraph 1.

5. EXHIBITS.

The Exhibits listed below are attached to and incorporated into this Lease. In the event of any inconsistency between such Exhibits and the terms and provisions of this Lease, the terms and provisions of the Lease will control. The Exhibits to this Lease are:

Exhibit A - Map

Exhibit B –Market Adjustment Schedule and Provisions

6. LEASE TERM.

6.1 Lease.

Subject to the terms, covenants, conditions and provisions of this Lease, Lessor leases to Lessee and Lessee leases from Lessor the Land for the Term of 30 years starting on the Commencement Date.

6.2 Renewal Option.

If all Rent due under this lease has been paid when due and Lessee is not in default, after opportunity to cure, of any terms of this Lease, Lessee may renew the Lease for an additional 15 year Term and subsequently additional 15 year Terms, not to exceed 99 total years. The Base Rent will be adjusted at renewal according to the process outlined in **Exhibit #B**.

6.3 Lessor and Lessee Covenants.

Lessor covenants that Lessee will have quiet and peaceful possession of the Premises subject only to the terms and conditions of this Lease, and to observe and perform all of the terms, covenants and conditions applicable to Lessor in this Lease. Lessee covenants to pay the Rent when due, and to observe and perform all of the terms, covenants and conditions applicable to Lessee in this Lease.

6.4 Condition of Premises.

Except as expressly set forth in this Lease, Lessee accepts possession of the Premises on the Commencement Date in their then-current condition on an “AS IS, WHERE IS AND WITH ALL FAULTS” basis.

7. RENT.

7.1 Base Rent.

All Rent due to Lessor will be paid in lawful money of the United States of America, at Lessor’s Address, post-marked on or before the due date, without notice or demand and without right of deduction, abatement or setoff.

7.2 Terms of Payment.

Per MCA 77-1-905(1), the First Lease Year is the twelve month period beginning on the Commencement Date. The First Lease Year Rent must be paid by cashier's check, drawn upon a Montana bank, and payment is due upon execution of the lease. Failure to pay the First Lease Year's Rent at the time of lease execution will result in the cancellation of the lease and forfeiture of all money paid.

Following the First Lease Year, a Lease Year will be March 1st – February 28th and Rent for the Lease Year will be payable annually, in advance, on or before the first day of March. If the First Lease Year does not end on February 28, there will be a supplemental billing period prorated at the First Lease Year’s Rent for the difference in time between the end of the First Lease Year and February 28. See Base Rent Schedule.

7.3 Late Charge.

Lessee hereby acknowledges that late payment by Lessee to Lessor of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if Lessor does not receive the full amount of any Rent postmarked on or before the due date, Lessee shall pay a late charge to Lessor. The late charge will be an amount equal to 10% of any overdue Rent for Lessor's cost of collecting and handling such late payment due as additional Rent. If payment of the Rent and late charge are not made in full within 30 days of the due date, the outstanding balance of the unpaid Rent and the late fee shall accrue interest at the Default Rate. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. Lessor retains sole discretion to apply payments received to past due Rent, including any late charge(s) and interest, before applying a payment to current Rent. The parties hereby agree that such late charge represents a fair and reasonable estimate of the cost that Lessor will incur by reason of the late payment by Lessee.

7.4 Lien for Unpaid Rent.

Lessor shall have a lien upon all Lessee Improvements for payment of all Rent specified herein.

7.5 Additional Rent.

This Lease is what is commonly called a "triple-net" Lease. It is the intent of the parties that the Base Rent provided in this Lease will be a net payment to Lessor and that Lessor will not be required to pay any costs or expenses or provide any services in connection with the Premises. Accordingly, Lessee covenants and agrees to separately pay, in addition to the Base Rent, all utilities and services, taxes and special assessments, and for all maintenance and repairs of the Premises.

8. IMPROVEMENTS AND ALTERATIONS.

8.1 Improvements and Alterations.

Lessee shall not construct, install, alter, or demolish and remove, any Improvements without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. All expenses of constructing, installing, altering, or demolishing any Improvements shall be the sole responsibility of Lessee. Lessee shall at all times comply with all Laws, including any applicable city and state building codes and fire codes. Lessee shall provide Lessor copies of all project related permits. Lessor will have the right to post notices of non-responsibility or similar notices on the Premises in order to protect the Land against any liens resulting from such work. Upon completion of the initial Improvements for the Premises Lessee shall deliver to Lessor an engineer's certificate for the Premises and, if available, an electronic "as-built" survey of the Premises in both AutoCAD and .pdf format.

8.2 Title to Improvements.

During the Term, Lessee will be deemed to own, and hold title to all Improvements subject only to the Lessor's reversionary interest in the Improvements upon the expiration or termination of the Lease. Lessee shall have the right to grant liens or other security interests in the Improvements. Upon the expiration or earlier termination of the Lease, title to all Improvements then held by Lessee, except moveable personal property not constituting fixtures, will automatically vest in Lessor without representation or warranty per MCA §77-1-906(2).

9. USE AND ENVIRONMENTAL COMPLIANCE.

9.1 Use and Compliance.

Lessee shall use the Premises in a manner that does not reduce the value of the Land. The Lessee agrees to comply with all applicable laws, rules, and regulations in effect upon the Commencement Date of this Lease and those laws, rules, and regulations which may be enacted or adopted thereafter from time to time and which do not impair or impede the obligations of this Lease and which do not deprive the Lessee

of an existing property right recognized by law. Lessee shall keep the Premises in good repair, including necessary repairs to the interior, exterior and structure of any Buildings, mowing of grass, and general landscaping, and contract for the same in Lessee's own name and pay all costs and expenses in connection therewith. Lessee shall not commit waste or permit impairment or deterioration of the Premises, ordinary wear and tear and damage by casualty and condemnation excepted.

9.2 Compliance with Title 77 MCA.

Lessor and Lessee specifically acknowledge that the Land is State school trust land managed by the Montana Board of Land Commissioners and agree that this Lease is subject to the provisions of Title 77 of the Montana Code Annotated and all associated Administrative Rules of Montana.

9.3 Weed Management.

The Lessee shall be responsible for controlling any noxious weeds on the Lease Premises. The Lessee shall comply with the Montana County Noxious Weed Management Act.

9.4 Environmental Matters.

Lessor has made no representations to Lessee concerning the presence of Toxic or Hazardous Substances within the definition of the Montana Comprehensive Environmental Cleanup and Responsibility Act (CECRA) on the Land. Lessee agrees as follows: Lessee will (a) comply with all Environmental Laws applicable to the operation or use of the Premises by Lessee or the construction, installation, alteration or demolition of any Improvements by Lessee; (b) use reasonable efforts to cause all Sublessees and other persons occupying the Premises to comply with all Environmental Laws; (c) immediately pay or cause to be paid all costs and expenses incurred by Lessee in such compliance; and (d) keep or cause the Premises to be kept free and clear of any liens arising from Lessee's use and occupancy of the Premises imposed thereon pursuant to any Environmental Laws.

Lessee will not generate, use, treat, store, Release or dispose of, or permit the generation, use, treatment, storage, Release or disposal of, any Hazardous Substances on the Premises, or transport or permit the transportation of any Hazardous Substances to or from the Premises, in each case in any quantity or manner which violates any Environmental Law.

If Lessor has knowledge of any pending or threatened Environmental Claim against Lessee or the Premises or has good reason to believe that Lessee or the Premises are in violation of any Environmental Law, at Lessor's written request (such request shall describe the basis for such request in reasonable detail), at any time and from time to time, Lessee will provide to Lessor an environmental site assessment report concerning the Premises, prepared by an environmental consulting firm reasonably approved by Lessor, indicating the presence or absence of Hazardous Substances and the potential cost of any removal or remedial action in connection with any Hazardous Substances on the Premises. Any such environmental site assessment report will be conducted at Lessee's sole cost and expense. If Lessee fails to deliver to Lessor any such environmental site assessment report within 90 days after being requested to do so by Lessor pursuant to this Section, Lessor may obtain the same, and the cost of such assessment (together with interest thereon at the Default Rate) will be payable by Lessee on demand.

Lessor may, at its option, at any time and from time to time, obtain at its sole cost and expense an environmental site assessment report for the Premises.

At its sole expense, Lessee will conduct any investigation, study, sampling or testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Substances from the Premises, which are on the Premises as a result of Lessee's activities under the Lease, which must be so removed or cleaned up in accordance with the requirements of any applicable Environmental

Laws, to the reasonable satisfaction of a professional environmental consultant selected by Lessor, and in accordance with all such requirements and with orders and directives of all governmental authorities.

9.5 Lessee Indemnity for Environmental Compliance.

Lessee agrees to defend (with attorneys reasonably satisfactory to Lessor), protect, indemnify and hold harmless Lessor from and against any and all liabilities, obligations (including removal and remedial actions), losses, damages penalties, actions, judgments, suits, claims, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) of any kind or nature whatsoever that may at any time be incurred by, imposed on or asserted against Lessor directly or indirectly based on, or arising or resulting, in whole or in part, from: (i) the actual or alleged presence of Hazardous Substances on the Premises Released by Lessee or anyone acting by, through or under Lessee in any quantity or manner which violates Environmental Law, or the removal, handling, transportation, disposal or storage of such Hazardous Substances by Lessee or anyone acting by, through or under Lessee; or (ii) any Environmental Claim with respect to Lessee or the Premises resulting from a Release by Lessee or anyone acting by, through or under Lessee regardless of when such indemnified matters arise.

9.6 Survival of Indemnification.

The remedial indemnification and reimbursement obligations under this Section 8 will survive the expiration or earlier termination of this Lease.

10. UTILITIES AND REPAIRS.

10.1 Installation and Repairs.

Lessee will install any water, sewer, storm water, electric, communication lines, natural gas lines, roads, sidewalks, and/or any other infrastructure as required for the development of the leased land, subject to the provisions in section 8.1. Lessee will maintain, repair, replace and keep the Premises in reasonably good condition and repair.

10.2 Utilities.

Lessee will pay before delinquent all water, sewer, natural gas, electricity, telephone and any other utility charges related to the Premises including, without limitation, those which, if not paid, may be asserted as a lien or charge against the Premises.

11. TAXES.

11.1 Payment of Taxes.

Lessee will pay before delinquent, directly to the taxing authority, all Taxes that accrue during or are attributable to any part of the Term, including privilege taxes, also known as beneficial use taxes, per MCA 15-24-1203.

11.2 Special Assessments.

Lessee will pay all special assessments (i.e. SIDs, RIDs, etc.) and other like impositions levied, assessed, or attributable to the Land during the Term.

11.3 Notice and Acknowledgment of Assessments.

Pursuant to MCA 77-1-911, the lessee shall furnish to the department an officially certified description of all state trust land included within the boundaries of a city or county improvement district and a description and listing of the amount of assessments and charges of every character made against the leasehold interest of the lessee and the leasehold interest of the state, as soon as the assessments or

charges are levied. Lessee hereby covenants and warrants to timely pay all charges so assessed. If any such assessment is not paid when due, the nonpayment shall constitute a breach of this lease.

12. INSURANCE.

12.1 Acquisition of Insurance Policies.

Lessee shall, at its sole cost and expense, procure and maintain, or cause to be procured and maintained during the entire Term, the insurance described in this Section 12 issued by an insurance company(ies) licensed to do business in the State of Montana that are reasonably satisfactory to Lessor.

12.2 Types of Required Insurance.

Lessee shall procure and maintain, or cause one or more of its Sublessees to provide and keep in force and name Lessor as an additional insured, the following during the Term:

a) **Liability Insurance.** Comprehensive or commercial general liability insurance covering claims arising out of the ownership, operation, maintenance, condition or use of the Premises, for personal and bodily injury and death, and damage to others' property, with limits of not less than \$5,000,000.00 for any one accident or occurrence. Lessee may obtain some portion of this required coverage in the form of an excess liability policy. Lessor will be named as an additional insured in the policy(ies) providing such liability insurance, which will include cross liability and severability of interests clauses.

b) **Property Insurance.** All-risk fire and extended coverage insurance (including standard extended endorsement perils, leakage from fire protective devices and other water damage) covering loss or damage to the Improvements on a full replacement cost basis, excluding existing architectural and engineering fees, undamaged excavation, footings and foundations.

c) **Workers' Compensation Insurance.** Workers' compensation and employer's liability insurance covering Lessee's employees, officers, agents and representatives employed at the Premises.

12.3 Terms of Insurance.

The policies required above, shall name Lessor as an additional insured and Lessee shall provide promptly to Lessor certificates of insurance evidencing the policies obtained by Lessee hereunder as hereinafter described. Proof of insurance ("Proof") shall consist of either (a) an insurance binder or premium payment receipt, (b) a copy of the policy, or (c) an "ACORD 27 Evidence of Property Insurance" or "ACORD 25 Certificate of Liability Insurance," whichever is appropriate (or such other similar certificates), issued by Lessee's insurer with respect to each required policy. Lessee shall deliver Proof before the Lease is executed. Thereafter, during the Term, within 30 days after the renewal date of each policy, the issuance of a new policy or on such other date as Lessor reasonably requires, Lessee will deliver a copy of the latest Proof to Lessor. Each policy of insurance will require the issuer of the insurance policy to give Lessor 30 days' advance written notice of the termination or modification of the policy. Further, all policies of insurance described above, shall:

a) be written as primary policies not contributing with and not in excess of coverage that Lessor may carry;

b) contain an endorsement providing that such insurance may not be materially changed, amended or canceled except after 30 days' prior written notice from insurance company to Lessor;

c) expressly provide that Lessor shall not be required to give notice of accidents or claims and that Lessor shall have no liability for premiums; and

d) not have a deductible in excess of \$20,000.00.

13. DAMAGE OR DESTRUCTION.

In the event of any Substantial Damage to the Premises from any causes whatsoever, Lessee shall promptly give written notice thereof to Lessor. Lessee shall promptly repair or restore the Premises as nearly as possible to its condition immediately prior to such damage or destruction unless Lessor and Lessee mutually agree in writing that such repair and restoration is not feasible, in which event this Lease shall thereupon terminate upon Lessee completion of a remediation plan developed by the Department. Lessee's duty to repair any damage or destruction of the Premises shall not be conditioned upon the availability of insurance proceeds from which the cost of repairs may be paid. Unless this Lease is so terminated by mutual agreement, there shall be no abatement or reduction in Rent during such period of repair and restoration. If a Default by Lessee shall have occurred and be continuing at the time such damage or destruction occurs, Lessor may elect to terminate this Lease by providing written notice of such election to Lessee and Lessee shall forfeit the Security Deposit.

14. CONDEMNATION.

14.1 Notice.

If either Lessor or Lessee learns that all or any portion of the Premises has been or is proposed to be subjected to a Taking, such party will immediately notify the other of such Taking.

14.2 Termination Option on Substantial Taking.

If a Substantial Taking occurs during the Term, Lessee may, at its option, terminate this Lease by giving notice to Lessor on or before 60 days after the Taking Date. In such event this Lease will terminate 30 days after the date of Lessee's notice of termination and all Base Rent and other Rent will be apportioned to the date Lessee surrenders possession.

14.3 Continuation of Lease.

If a Taking occurs during the Term that is not a Substantial Taking, then this Lease will remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease will terminate automatically as to the portion of the Premises that is the subject of such Taking and Base Rent will be adjusted to reflect the reduced Land remaining after the Taking. If a Substantial Taking occurs but Lessee does not exercise its termination option this Lease will remain in full force and effect according to its terms, except that effective as of the Taking Date this Lease will terminate automatically as to the portion of the Premises that is the subject of such Taking and Base Rent after the Taking Date will be adjusted to reflect the reduced Land remaining after the Taking.

14.4 Awards for Permanent Taking.

If there is compensation paid as a result of any permanent Taking of the Premises, the award will be allocated as follows: Lessee will be entitled to receive an amount equal to the then current appraised fair market value of the Improvements placed by the Lessee upon the Premises and Lessor will be entitled to the balance of the award.

14.5 Award for Temporary Taking.

If all or any portion of the Premises shall be taken for temporary use or occupancy, the foregoing provisions shall not apply and the Lessee shall continue to pay the full amount of Rent and the Lessee shall perform and observe all of the other terms, covenants, conditions and obligations of this Lease as though the temporary Taking had not occurred, subject to any order of the condemning authority. In the event of a temporary Taking, Lessee shall be entitled to receive the entire amount of the compensation award for such taking, unless the period of temporary use or occupancy shall extend beyond the

Expiration Date in which case the compensation shall be apportioned between the Lessor and the Lessee as of the Expiration Date.

15. ASSIGNMENT, SUBLETTING AND FINANCING

15.1 Assignment.

Lessee shall not assign its interest under this Lease, in whole or in part, without Lessor's prior written consent. Such consent shall be determined in Lessor's sole and absolute discretion. Lessor's consent will not be required for any transfer of Lessee's interest under this Lease to a Foreclosure Transferee. Lessor will recognize any Foreclosure Transferee as a substitute Lessee under this Lease and will honor all rights and interest of such substitute Lessee as if the substitute Lessee was the initial Lessee under this Lease and such Foreclosure Transferee shall be bound by the terms and conditions of this Lease. Additionally, if the Foreclosure Transferee is a Qualified Mortgagee, such Qualified Mortgagee shall have the right to assign its interest under this Lease without the consent of Lessor and, upon such assignment, Lessor shall recognize the assignee as a substitute Lessee under this Lease and the Qualified Mortgagee shall be released of any further liability under the Lease. If Lessee assigns its rights in this Lease, as permitted pursuant to this Section, and the assignee assumes, in writing, Lessee's obligations hereunder which arise on or after the date of such assignment, then Lessee shall be relieved of all liabilities hereunder accruing from and after the date of such assignment, but this Lease shall otherwise remain in full force and effect.

15.2 Subletting.

Lessee may sublease the Premises or portions thereof in accordance with the terms of this section. Lessee shall require any sublessees to maintain the Premises pursuant to the terms and conditions contained in this Lease. Lessee shall inform Lessor of all subleases by delivering a copy of the sublease to the Lessor, addressed as follows: DNRC, Real Estate Management Bureau Chief, P.O. Box 201601, Helena, MT 59620. Lessee shall own all Improvements on the Premises subject to the sublease. No sublease shall be effective until a valid sublease agreement with a valid attornment provision is delivered to the Lessor, as hereinafter provided. Upon receipt of copy of the sublease by Lessor, Lessor shall have thirty (30) days in which to object to the sublease. Lessor hereby reserves the right to object to any sublease arrangement for any reason, in the sole discretion of the Lessor. All subleases shall include an attornment provision whereby upon the early termination of this Lease or repossession of the Premises by Lessor, the sublessee shall attorn to the Lessor as its landlord. Such attornment shall be effective and self-operative immediately upon Lessee's termination. Sublessee shall agree to execute, acknowledge and deliver to Lessor any document that Lessor reasonably requests to confirm such attornment.

15.3 Financing.

a) Lessee's Right to Encumber. Throughout the Term, Lessee may from time to time and without Lessor's consent execute and deliver one or more Leasehold Mortgages securing any indebtedness or other obligation of Lessee. Without limiting the generality of the foregoing, Lessee may execute and deliver Leasehold Mortgages to secure promissory notes evidencing construction, interim or permanent financing for the Premises or to secure Lessee's obligations under development, reimbursement or other agreements with governmental or quasi-governmental entities, utility companies or other third parties concerning matters such as sales or property tax abatement or rebate programs, public improvements or utilities.

b) Qualified Mortgagees' Cure Rights. Prior to terminating this Lease or exercising any other right or remedy hereunder for a Default by Lessee, Lessor will give each Qualified Mortgagee notice of such Default by Lessee and afford it a period of 30 days after such notice is given in which to cure such Default by Lessee; provided, however, that (i) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured within such 30-day period, then so long as any Qualified Mortgagee commences a cure within such 30-day period (and notifies

Lessor that it has done so), its cure period will be extended for as long as reasonably necessary for it to diligently pursue the cure to completion; (ii) if such Default by Lessee is not a failure to pay Rent and is susceptible of cure by a Qualified Mortgagee but cannot reasonably be cured until the Qualified Mortgagee obtains possession of the Premises, then so long as any Qualified Mortgagee commences to obtain possession of the Premises within such 30-day period (and notifies Lessor that it has done so), its cure period will be extended for as long as reasonably necessary for it to obtain possession of the Premises and then promptly commence and thereafter diligently pursue the cure to completion.

c) Prohibition Against Mutual Rescission. No mutual termination, cancellation, rescission or modification of a material provision of this Lease by Lessor and Lessee will be effective unless and until the same is approved in writing by each Qualified Mortgagee. All rights and remedies of the Qualified Mortgagee hereunder will be cumulative with, in addition to and non-exclusive of one another.

15.4 Assignment by Lessor.

If Lessor sells or otherwise transfers the Land, or if Lessor assigns its interest in this Lease, such purchaser, transferee or assignee thereof shall be deemed to have assumed Lessor's obligations hereunder which arise on or after the date of sale or transfer, and Lessor shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer or assignment, but this Lease shall otherwise remain in full force and effect.

16. DISPUTE RESOLUTION.

16.1 Issues Subject to Administrative Hearing.

Any controversy which may arise between Lessor and Lessee regarding the provisions hereof shall be resolved by an administrative contested case hearing before the Department under the Montana Administrative Procedures Act.

16.2 Administrative Hearing Procedure.

All administrative hearings hereunder shall be conducted in the offices of the Department in Helena, Montana. The findings of fact, conclusions of law, and proposed decision of the hearing examiner shall be rendered within sixty (60) days of the completion of the hearing and submission of any briefs. Either party may file exceptions to the hearing examiner's findings, conclusions, and proposed decision with the Department's Director. The Lessee may, as permitted by the Department's administrative rules, petition for judicial review of the final administrative decision of the Department. Fees of the respective counsel engaged by the parties, and fees of expert witnesses or other witnesses called for the parties shall be paid by the respective party engaging such counsel or calling or engaging such witness.

17. LEASE EXPIRATION.

17.1 Condition at End of Lease.

Upon vacating the Premises on the Expiration Date, Lessee shall leave the Premises in good condition and shall peaceably surrender the same to Lessor. Lessee shall remove all of its personal property on or before the Expiration Date. All personal property remaining on the Premises on the day after the Expiration Date shall be conclusively deemed abandoned by the Lessee and shall become property of Lessor without further notice to Lessee.

17.2 Holding Over.

If the Premises are not surrendered on the Expiration Date, Lessee shall immediately indemnify Lessor against loss or liability resulting from the delay by Lessee in so surrendering the Premises, including, without limitation, any claims made by any succeeding Lessee founded on such delay. Should the Lessee remain in possession of the Premises after the Expiration Date or termination without a written agreement

providing for the same, Lessee will, at Lessor's option be deemed to be a Lessee from month to month, at a monthly Base Rent, payable in advance, equal to 150% of monthly Base Rent payable during the last full "Lease Year" prior to the Expiration Date or termination of this Lease, and Lessee will be bound by all of the other terms, covenants and agreements of this Lease as the same may apply to a month-to-month tenancy.

18. LIENS AND ESTOPPEL CERTIFICATES.

18.1 Liens.

Lessee will not allow any liens to be recorded, filed, claimed or asserted against the Premises. In the event a lien is recorded, filed, claimed or asserted, the Lessee will cause the same to be released or discharged within 30 days thereafter. If the Lessee defaults under the foregoing covenant, then the Lessor may, upon written notice to Lessee, cause any such claimed lien to be released of record by bonding or payment or any other means available. All sums paid and costs and expenses incurred by the Lessor in connection therewith, together with interest on all such sums at the Default Rate from the date incurred until paid, will be due and owing from the Lessee to the Lessor upon demand therefore.

18.2 Lien Contests.

If Lessee has a good faith dispute as to any lien for which Lessee is responsible, Lessee may contest the same by appropriate proceedings so long as Lessee bonds over the lien or deposits with Lessor security in an amount acceptable to Lessor (but in no event more than the amount required by applicable Laws) which may be used by Lessor to release such lien and pay interest and costs if Lessee's contest is abandoned or is unsuccessful. Upon final determination of any permitted contest, Lessee will promptly pay any judgment rendered and cause the lien to be released.

18.3 Estoppel Certificates.

Lessor and Lessee agree that at any time and from time to time (but on not less than 10 business days' prior request by the other party), each party will execute, acknowledge and deliver to the other a certificate indicating any or all of the following: (a) the date on which the Term commenced and the date on which it is then scheduled to expire; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification); (c) the date, if any, through which Rent had been paid; (d) that no Default by Lessor or Default by Lessee exists which has not been cured, except as to defaults stated in such certificate; (e) that the responding party has no existing defenses or set-offs to enforcement of this Lease, except as specifically stated in such certificate; and (f) such other matters as may be reasonably requested by the requesting party. Any such certificate may be relied upon by the requesting party, and will be provided by the requesting party.

19. DEFAULTS BY LESSEE AND LESSOR'S REMEDIES.

19.1 Defaults by Lessee.

Each of the following events, which continue beyond any applicable notice and cure period, will constitute a "Default by Lessee" under this Lease:

a) Failure to Pay Rent. Lessee fails to pay any Base Rent or any other Rent, including late charges and interest accruing thereon, payable by Lessee under the terms of this Lease when due, and such failure continues for 30 days after written notice from Lessor to Lessee of such failure.

b) Failure to Perform Other Obligations. Lessee breaches or fails to comply with any provision of this Lease applicable to Lessee other than a covenant to pay Rent, and such breach or noncompliance continues for a period of 30 days after written notice thereof from Lessor to Lessee; or, if such breach or

noncompliance cannot be reasonably cured within such 30-day period, Lessee does not commence to cure such breach or noncompliance within such 30-day period and thereafter pursue such cure in good faith to completion.

c) Execution and Attachment Against Lessee. Lessee's interest under this Lease or in the Premises is taken upon execution or by other process of law directed against Lessee, or is subject to any attachment by any creditor or claimant against Lessee and such attachment is not discharged or disposed of within 30 days after levy; provided, however, that this provision shall not apply in the event of a foreclosure or transfer in lieu of foreclosure under a Leasehold Mortgage by a Qualified Mortgagee or to a transfer of Lessee's interest in this Lease and the Premises to a Foreclosure Transferee.

d) Fraud or Misrepresentation. Lessee's fraud or misrepresentation, or concealment of material facts relating to its issue, which if known would have prevented its issue in the form or to the party issued.

e) Unauthorized Use of Premises. Lessee's use, or knowledge or permission of someone else's use, of the Premises for any unlawful or unpermitted purpose, and such unlawful use continues for 30 days after written notice from Lessor to Lessee to cease such use.

19.2 Lessor's Remedies.

Time is of the essence. If any Default by Lessee occurs, Lessor will have the right, at Lessor's election, then or at any later time, to exercise any one or more of the remedies described below. Exercise of any of such remedies will not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Lessor at law or in equity.

19.3 Remedies.

a) Cure by Lessor. In the event of a Default by Lessee, Lessor may, at Lessor's option but without obligation to do so, and without releasing Lessee from any obligations under this Lease, make any payment or take any action as Lessor deems necessary or desirable to cure any Default by Lessee in such manner and to such extent as Lessor in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessor notifies Lessee in writing of Lessor's intention to do so and affords Lessee at least 10 days in which to make such payment or take such action. Lessee will pay Lessor, upon written demand, all advances, costs and expenses of Lessor in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessor.

b) Termination of Lease. In the event of a Default by Lessee, Lessor may terminate this Lease, effective at such time as may be specified by written notice to Lessee, and demand (and, if such demand is refused, recover) possession of the Premises from Lessee. In such event, Lessor will be entitled to recover from Lessee such damages as are allowable by applicable Laws.

c) Repossession and Reletting. In the event of a Default by Lessee, Lessor may reenter and take possession of all or any part of the Premises, without additional demand or notice, and repossess the same and expel Lessee and any party claiming by, through or under Lessee, and remove the effects of both, without being liable for prosecution for such action or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Premises by Lessor will be construed as an election by Lessor to terminate this Lease unless a notice of termination is given to Lessee. No notice from Lessor or notice given under a forcible entry and detainer statute or similar Laws

will constitute an election by Lessor to terminate this Lease unless such notice specifically so states. Lessor reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Lessee such notice, in which event the Lease will terminate as specified in such notice. After recovering possession of the Premises, Lessor will use reasonable efforts to relet the Premises on commercially reasonable terms and conditions. Lessor may make such repairs, alterations or improvements as Lessor considers appropriate to accomplish such reletting, and Lessee will reimburse Lessor upon demand for all reasonable costs and expenses, which Lessor may incur in connection with such reletting. Lessor may collect and receive the rents for such reletting but Lessor will in no way be responsible or liable for any inability to relet the Premises or to collect any rent due upon such reletting. Regardless of Lessor's recovery of possession of the Premises, so long as this Lease is not terminated Lessee will continue to pay on the dates specified in this Lease, the Base Rent and other Rent which would be payable if such repossession had not occurred, less a credit for any payments actually received by Lessor through any reletting of the Premises.

d) Receiver. To properly effectuate the recovery of damages and other sums owing from Lessee to Lessor hereunder following a Default by Lessee, Lessor, in conjunction with any dispossession proceeding commenced pursuant to this Lease may seek an appointment of a receiver by a court of competent jurisdiction to the extent provided for in and compliance with the requirements of Title 25, Chapter 14, Part 2 of the Montana Code Annotated and Rule 66 of the Montana Rules of Civil Procedure, as they may be amended. In no event will Lessor be obligated to post a bond in connection with the appointment of a receiver.

e) Bankruptcy Relief. Nothing contained in this Lease will limit or prejudice Lessor's right to obtain adequate assurances of the Lessee's future performance under 11 USC Section 365 or other applicable laws, or any other legal rights, in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding.

20. DEFAULTS BY LESSOR AND LESSEE'S REMEDIES.

20.1 Defaults by Lessor.

The following event, which continues beyond the applicable notice and cure period, will constitute a "Default by Lessor" under this Lease: Lessor breaches or fails to comply with any provision of this Lease applicable to Lessor, and such breach or noncompliance continues for a period of 30 days after notice thereof from Lessee to Lessor; or, if such breach or noncompliance cannot be reasonably cured within such 30-day period and Lessor does not commence to cure such breach or noncompliance within such 30-day period and does not thereafter pursue such cure in good faith to completion.

20.2 Lessee's Remedies.

If any Default by Lessor occurs, Lessee will have the right, at Lessee's election, then or at any later time, to exercise the remedy described below. Exercise of such remedy will not prevent the concurrent or subsequent exercise of any other remedy otherwise available to Lessee at law or in equity. Lessee may, at Lessee's option but without obligation to do so, and without releasing Lessor from any obligations under this Lease, make any payment or take any action as Lessee deems necessary or desirable to cure any Default by Lessor in such manner and to such extent as Lessee in good faith deems necessary or desirable, provided that, prior to making any such payment or taking any such action, Lessee notifies Lessor of Lessee's intention to do so and affords Lessor at least 10 days in which to make such payment or take such action. Lessor will pay Lessee, upon demand, all advances, costs and expenses of Lessee in connection with making any such payment or taking any such action, together with interest at the Default Rate, from the date of payment of any such advances, costs and expenses by Lessee.

21. SECURITY DEPOSIT

Per MCA 77-1-907 (1) prior to executing a commercial lease, the Land Board may require the posting of bonds, sureties, guarantees, or a letter of credit sufficient to ensure that the commercial purposes will be conducted as proposed with no harm to the financial interests of the beneficiaries.

To secure compliance with the terms of this Lease, on or before the Commencement Date, the Lessee shall secure a **\$40,000** Security Bond, and provide written evidence of such Security Bond and the terms under which it may be called to Lessor. In the event Lessor assigns or transfers Lessor's interest in this Lease, Lessor shall transfer its interest in the Security Bond to Lessor's successor-in-interest, whereupon Lessor shall be automatically deemed released from all liability in connection with the Security Bond.

21.1 Security Bond upon the Expiration Date.

Upon the Expiration Date of this Lease, Lessor may call upon the Security Bond if necessary to compensate Lessor for all tangible loss, injury or deterioration of the Premises caused by Lessee, or Lessee's guests, plus all unpaid Rent and Lessor's costs to reclaim the Land. Within sixty (60) days following Lessee's departure from the Premises, Lessor will deliver to Lessee a written list of the total amount owed by Lessee to Lessor, which will be the portion of the Security Bond that Lessor will call upon. Said list will be mailed to Lessee's Address unless Lessee provides Lessor of a new address in writing. If the Security Bond is insufficient to satisfy the damages, reclamation charges and unpaid Rent, Lessor may collect the deficiency from Lessee.

21.2 Security Bond Upon Early Termination by Lessee.

Upon early termination of this Lease by Lessee for any reason other than a Taking or Substantial Damage, the parties acknowledge and agree that the Lessor will suffer damages the exact amount of which will be extremely difficult to ascertain. Accordingly, Lessee shall forfeit the entire amount of the Security Bond in full at that time. If the Security Bond is insufficient to satisfy the damages, reclamation charges and unpaid Rent, Lessor may collect the deficiency from Lessee.

21.3 Security Bond Upon Default of Lessee.

Upon a Default by Lessee, Lessor may, but without obligation to do so or prejudice to or waiver of any other remedy available to Lessor, call upon the Security Bond in the amount and to the extent deemed appropriate or necessary by Lessor, in its sole discretion. If the Security Bond is insufficient to satisfy the damages, reclamation charges and unpaid Rent, Lessor may collect the deficiency from Lessee.

21.4 Security Bond upon Market Adjustment

At the time of any scheduled Market Adjustment, the bond amount will be adjusted to be 1/3 of the annual lease fee for the first year after the Market Adjustment. The Bond amount will be rounded up to the nearest whole thousand dollars.

22. MISCELLANEOUS

22.1 Notices.

All notices required under this Lease must be in writing and will be deemed properly given and received (a) when actually given and received, if delivered in person to a party who acknowledges receipt in writing; or (b) one business day after deposit with a private courier or overnight delivery service with a written acknowledgment of receipt; or (c) 5 business days after the date postmarked on the cover of any correspondence or notice when deposited in the United States mail, certified – return receipt requested, with postage prepaid. All such notices shall be sent to the noticee's address shown in this Lease unless the party giving notice has been notified, in writing, of a more recent address for the noticee. In the case of notices to a Qualified Mortgagee, to the address set forth in its most recent notice to Lessor.

22.2 Binding Effect.

Each of the provisions of this Lease will extend to bind or inure to the benefit of, as the case may be, Lessor and Lessee, and their respective heirs, successors and assigns.

22.3 Modifications.

This instrument contains the entire agreement between the parties, and no statement, promises or inducements made by either party, or agents of either party, which are not contained in this Lease shall be valid or binding. All modifications to this Lease must be in writing and signed by the Lessor and the Lessee. If executed properly under this section, modifications of this Lease do not need independent consideration to be legally enforceable.

22.4 Enforcement Expenses.

Regardless of any statutory rights, each party agrees to bear their own costs, charges and expenses, including the fees and out-of-pocket expenses of attorneys, agents and others retained, incurred in successfully enforcing the other party's obligations under this Lease.

22.5 No Waiver.

No waiver of any provision of this Lease will be implied by any failure of either party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently. No express waiver will affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

22.6 Captions.

The captions of sections are for convenience of reference only and will not be deemed to limit, construe, affect or alter the meaning of such sections.

22.7 Severability.

If any provision of this Lease is declared void or unenforceable by a final judicial or administrative order, this Lease will continue in full force and effect, except that the void or unenforceable provision will be deemed deleted and replaced with a provision as similar in terms to such void or unenforceable provision as may be possible and be valid and enforceable.

22.8 Waiver of Jury Trial.

Lessor and Lessee waive trial by jury in any action, proceeding or counterclaim brought by Lessor or Lessee against the other with respect to any matter arising out of or in connection with this Lease, Lessee's use and occupancy of the Premises, or the relationship of Lessor and Lessee.

22.9 Authority to Bind.

The individuals signing this Lease on behalf of Lessor and Lessee represent and warrant that they are empowered and duly authorized to bind Lessor or Lessee, as the case may be, to this Lease according to its terms.

22.10 Only Lessor/Lessee Relationship.

Lessor and Lessee agree that neither any provision of this Lease nor any act of the parties will be deemed to create any relationship between Lessor and Lessee other than the relationship of Lessor and Lessee.

22.11 Reservation of Oil, Gas, and Minerals.

Lessor expressly excepts and reserves from this Lease all rights to all oil, gas and other minerals in, on or under the Land and that might be produced or mined from the Land; provided, however, that no drilling, mining or other surface disturbance will be undertaken on the surface of this Lease, nor shall the Lessor interfere with the Lessee's right to subjacent support, during the Term of this Lease.

22.12 Reservation of Rights-Of-Way.

Lessor expressly excepts and reserves from this Lease and retains the right to grant rights-of-way on the Land for other purposes to third-parties.

22.13 Right of Inspection.

Lessor, or its authorized representatives, may, at any reasonable hour, enter upon and inspect the Premises to ascertain compliance with this Lease. Any inspection or examination of the Buildings and Improvements shall not interfere with Lessee's use of the Premises or the business conducted therein.

22.14 Reasonableness.

At any time during this Lease, if either party is to use reasonable judgment, it shall be deemed to mean ordinary business judgment.

22.15 Governing Law; Venue and Jurisdiction.

This Lease will be governed by and construed according to the laws of the State of Montana. Venue and jurisdiction for any dispute arising under this Lease shall be before the Lessor as a contested case proceeding under the Montana Administrative Procedures Act before the Department.

22.16 Time of Essence.

Time is expressly declared to be of the essence of this Lease.

22.17 Broker.

Lessor represents and warrants that no broker or agent negotiated, or was instrumental in negotiating or consummating this Lease on behalf of Lessor. Lessee will indemnify and hold Lessor harmless from all damages paid or incurred by the Lessee from any claims asserted against Lessor by brokers or agents claiming through the Lessee.

Having read and intending to be bound by the terms and provisions of this Lease, Lessor and Lessee have signed it as of the date first stated above.

LESSEE, SWANK ENTERPRISES, INC:

By: _____

Dewey Swank; Executive Vice President

STATE OF _____)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by Dewey Swank, Executive Vice President, Swank Enterprises, Inc., as authorized signatory of Swank Enterprises, Inc.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

LESSOR, STATE OF MONTANA, DNRC:

By: _____

Greg Poncin, Area Manager
Northwestern Land Office

STATE OF MONTANA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by Greg Poncin, Area Manager, Northwestern Land Office, State of Montana, DNRC.

Witness my hand and official seal.

My commission expires: _____.

By: SANDS SURVEYING, Inc.
2 Village Loop
Kalispell, MT 59901
(406) 755-6481

JOB NO: 148511 (Project 148509)
DRAWING DATE: NOVEMBER 12, 2013
COMPLETED DATE: 4/11/14
FOR: CTA ARCHITECTS & ENGINEERS
OWNER: STATE OF MONTANA DNRC

Plat Of BRIGHT VIEW SUBDIVISION, PHASE 1 A Subdivision Located In

N1/2 SEC. 36, T.29N., R.22W., P.M.M., FLATHEAD COUNTY, MONTANA

CERTIFICATE OF DEDICATION

WE, THE UNDERSIGNED PROPERTY OWNERS, DO HEREBY CERTIFY THAT WE HAVE CAUSED TO BE SURVEYED AND PLATTED INTO LOTS ALL THE FOLLOWING DESCRIBED PROPERTY AS DESCRIBED IN THE CERTIFICATE OF DEDICATION, AND SHOWN BY THE ANNEXED PLAT OR MAP AND SITUATED IN FLATHEAD COUNTY, MONTANA:

A TRACT OF LAND, SITUATED, LYING AND BEING IN THE NORTH HALF OF SECTION 36, TOWNSHIP 29 NORTH, RANGE 22 WEST, P.M.M., FLATHEAD COUNTY, MONTANA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS TO WIT:

Commencing at a found aluminum cap being the Northwest corner of the Northeast Quarter of Section 36, Township 29 North, Range 22 West, P.M.M., Flathead County, Montana; Thence S00°00'12"W 56.33 feet to a found aluminum cap on the south R/W of Reserve Place and THE TRUE POINT OF BEGINNING OF THE TRACT OF LAND HEREIN DESCRIBED; Thence easterly along said R/W the following three courses: N89°59'39"E 78.62 feet to a found aluminum cap; N75°54'47"E 108.30 feet to a found iron pin cap, and N89°58'57"E 1273.14 feet to a found iron pin cap on the northerly R/W of U.S. Highway 93 Kalispell Bypass; Thence southwesterly along said R/W of U.S. Highway 93 Kalispell Bypass the following eight courses: S18°53'59"E 162.53 feet to a found aluminum cap in the midst of a 1444.33 foot radius curve, concave southeasterly (radial bearing S38°13'26"E); along a curve to the left through a central angle of 09°30'09", for an arc length of 239.54 feet to a found aluminum cap; S38°38'43"W 344.77 feet to a found aluminum cap; S38°41'34"W 157.64 feet to a found aluminum cap; S37°37'37"W 238.64 feet to a found aluminum cap; S50°51'56"W 355.57 feet to a found aluminum cap; S67°46'51"W 284.03 feet to a found aluminum cap; S78°07'13"W 245.49 feet to a found aluminum cap and S87°24'43"W 70.71 feet to a found aluminum cap on the easterly R/W of Reserve Loop and being in the midst of a 794.39 foot radius curve, concave northeasterly (radial bearing N78°39'41"E); Thence northerly along said R/W of Old Reserve Drive the following three courses: Along a curve to the right through a central angle of 11°12'42", for an arc length of 155.45 feet to a found aluminum cap; N00°07'38"W 306.22 feet to a found aluminum cap being the point of curvature of a 912.55 foot radius curve, concave southwesterly (radial bearing S89°52'29"W); along a curve to the left through a central angle of 48°08'50", for an arc length of 766.84 feet to a found aluminum cap on the southerly R/W of said Reserve Place; Thence northerly along said R/W of Reserve Place the following two courses: N47°40'32"E 30.44 feet to a found iron pin being the point of curvature of a 403.76 foot radius curve, concave southeasterly (radial bearing S42°18'24"E), and along a curve to the right through a central angle of 42°18'03", for an arc length of 288.09 feet the point of beginning and containing 32.158 ACRES; Subject to and together with all appurtenant easements of record.

The above described tract of land shall hereafter be known as:
BRIGHT VIEW SUBDIVISION, PHASE 1

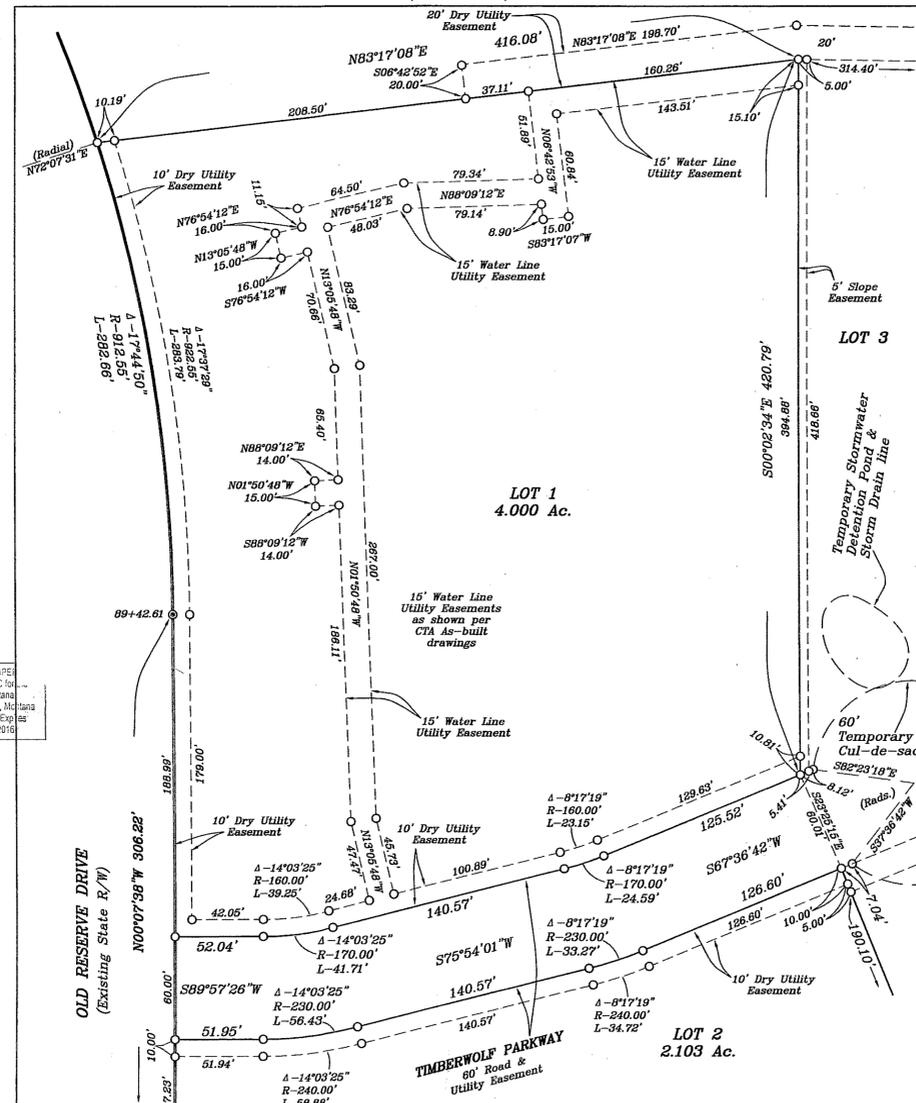
The 60 foot roadway known as **TIMBERWOLF PARKWAY** as shown hereon is to be dedicated to the City of Kalispell forever.

UTILITY EASEMENT CERTIFICATE

The undersigned hereby grants unto each and every person, firm or corporation, whether public or private, providing or offering to provide telephone, telegraph, electric power, gas, cable television, water or sewer service to the public, the right to the joint use of an easement for the construction, maintenance, repair and removal of their lines and other facilities, in, over, under and across each area designated on this plat as "UTILITY EASEMENT" to have and to hold forever.

STATE OF MONTANA DNRC
By: JOHN E. TUBBS, DIRECTOR

DETAIL 'A' (Not to Scale)



- 1) Concurrent with development on or subdivision of the proposed Lot 3, Timberwolf Parkway, as required by Kalispell Subdivision Regulations, shall be extended to intersect through to Reserve Place and the corresponding right of way granted to the City of Kalispell.
- 2) The 10, 15 and 20 foot easements shown on the plat shall not be exclusive to other public utilities (i.e. water, sewer, or storm sewer) and shall not encumber the future extension of Timberwolf Parkway.
- 3) The future centerline intersection of the extended Timberwolf Parkway shall be consistent with the centerline of Ranch Road, north of Reserve Place.
- 4) A storm drainage easement that complies with the Kalispell Standards for Design and Construction shall be provided upon subsequent platting of Lot 3 in accordance with the previously approved plans for Lot 1 (Glacier Eye Clinic). The storm drainage easement is required to accommodate the predevelopment flow rate of stormwater discharge from Lot 1 to a regional pond that will be designed and constructed as part of the development of Lot 3.

CERTIFICATE OF SURVEYOR

THOMAS E. SANDS 79755

APPROVED: 4/11/2014

EXAMINING LAND SURVEYOR
REG. No. 54285

STATE OF MONTANA) SS
COUNTY OF FLATHEAD)

FILED ON THE 13 DAY OF May 2014
AT 12:49 PM PAID FEE 20.30

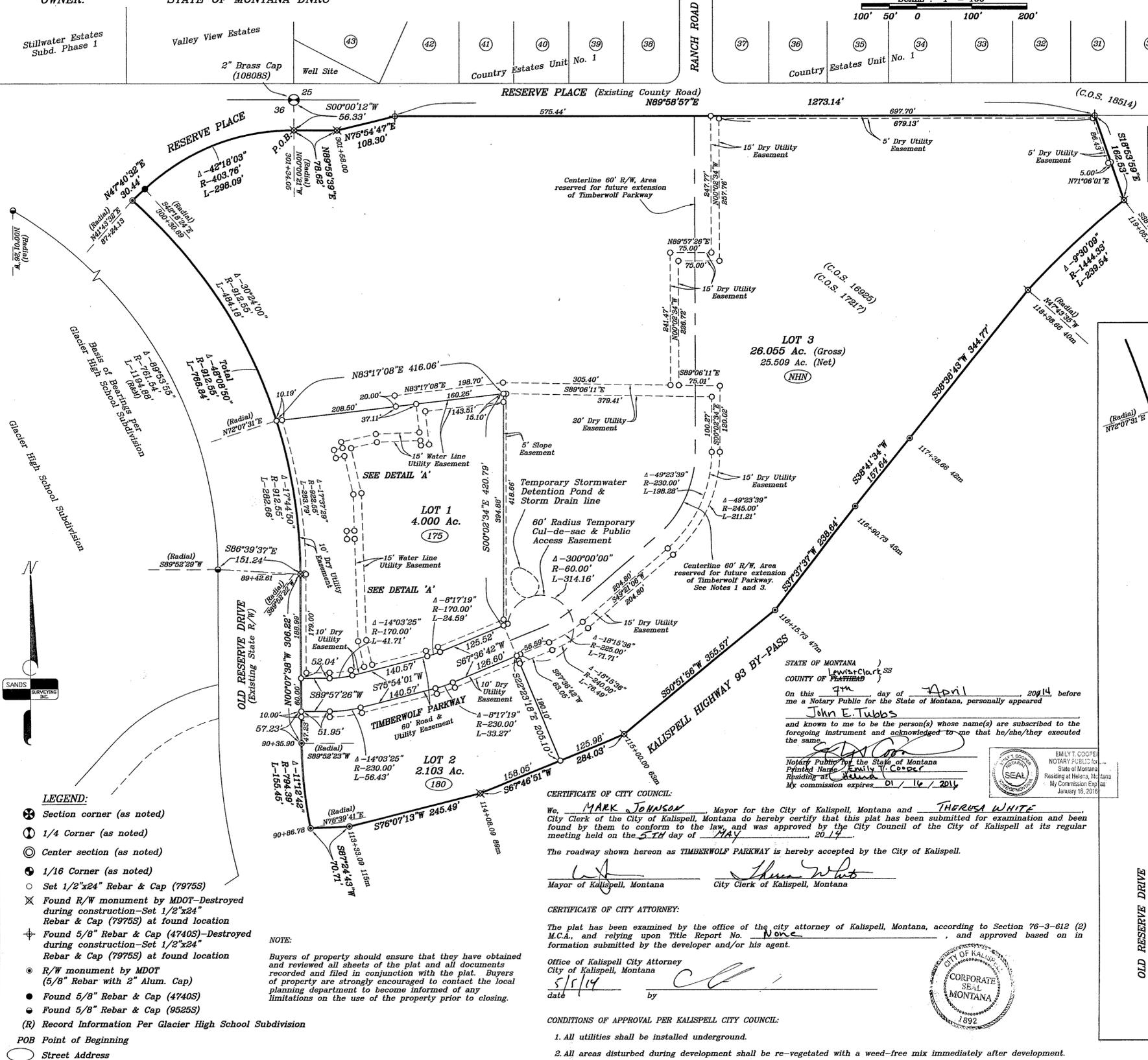
Paula Robinson
CLERK & RECORDER
BY: Nora Christensen
DEPUTY
INSTRUMENT REC. No 20140007969

Plat # 20140018 Abstract# NA
20140007969 Fees: \$20.50 by: NC
by SANDS SURV
Date 5/12/2014 Time 12:49 PM
Paula Robinson, Flathead County Montana

SHEET 1 OF 1 SHEETS

FILE No. 20140018

No Abst.



TOTAL AC.	32.158 AC.
LOTS (3) (Net)	31.612 AC.
ROAD	0.546 AC.

LOT 3
28.055 Ac. (Gross)
25.509 Ac. (Net)
(NHN)

LOT 1
4.000 Ac.
(175)

LOT 2
2.103 Ac.
(180)

STATE OF MONTANA
County of Flathead
Notary Public for the State of Montana, personally appeared
John E. Tubbs
and known to me to be the person(s) whose name(s) are subscribed to the foregoing instrument and acknowledged to me that he/she/they executed the same.
Notary Public for the State of Montana
Printed Name: John E. Tubbs
Residing at: Helena, MT
My commission expires: 01/16/2014

CERTIFICATE OF CITY COUNCIL
We, MARK JOHNSON Mayor for the City of Kalispell, Montana and THERESA WHITE City Clerk of the City of Kalispell, Montana do hereby certify that this plat has been submitted for examination and been found by them to conform to the law, and was approved by the City Council of the City of Kalispell at its regular meeting held on the 5th day of May, 2014.
The roadway shown hereon as TIMBERWOLF PARKWAY is hereby accepted by the City of Kalispell.
Mayor of Kalispell, Montana: [Signature]
City Clerk of Kalispell, Montana: [Signature]

CERTIFICATE OF CITY ATTORNEY
The plat has been examined by the office of the city attorney of Kalispell, Montana, according to Section 76-3-612 (2) M.C.A., and relying upon Title Report No. None, and approved based on information submitted by the developer and/or his agent.
Office of Kalispell City Attorney
City of Kalispell, Montana
Date: 5/5/14 by [Signature]

CONDITIONS OF APPROVAL PER KALISPELL CITY COUNCIL:
1. All utilities shall be installed underground.
2. All areas disturbed during development shall be re-vegetated with a weed-free mix immediately after development.

- Section corner (as noted)
- 1/4 Corner (as noted)
- Center section (as noted)
- 1/16 Corner (as noted)
- Set 1/2"x24" Rebar & Cap (79755)
- Found R/W monument by MDOT-Destroyed during construction-Set 1/2"x24" Rebar & Cap (79755) at found location
- Found 5/8" Rebar & Cap (47405)-Destroyed during construction-Set 1/2"x24" Rebar & Cap (79755) at found location
- R/W monument by MDOT (5/8" Rebar with 2" Alum. Cap)
- Found 5/8" Rebar & Cap (47405)
- Found 5/8" Rebar & Cap (95255)
- Record Information Per Glacier High School Subdivision
- POB Point of Beginning
- Street Address

NOTE:
Buyers of property should ensure that they have obtained and reviewed all sheets of the plat and all documents recorded and filed in conjunction with the plat. Buyers of property are strongly encouraged to contact the local planning department to become informed of any limitations on the use of the property prior to closing.



EXHIBIT B
MARKET ADJUSTMENT
SCHEDULE AND PROVISIONS

MARKET ADJUSTMENT PROVISIONS

Base Rent for the Land shall be subject to Market Adjustments determined in accordance with these provisions. The Market Adjustments will apply in Lease Year 16, 31, 46, 61, 76 and 91. The process for the Market Adjustment will commence on the date that is 90 days after the first day of Lease Years 15, 30, 45, 60, 75, and 90 as applicable (the "Market Date").

The Market Adjustment will be determined by appraisal in accordance with the following provisions:

SELECTION OF APPRAISERS

Lessor and Lessee shall each hire an appraiser meeting the qualifications set forth in these provisions and shall instruct such appraiser to prepare an appraisal of the market value of the Land based upon the assumptions and meeting the requirements set forth in these provisions. The appraiser so retained by Lessor is herein referred to as "Lessor's Appraiser," and the appraisal prepared by Lessor's Appraiser is herein referred to as "Lessor's Appraisal." The appraiser so retained by Lessee is herein referred to as "Lessee's Appraiser," and the appraisal prepared by Lessee's Appraiser is herein referred to as "Lessee's Appraisal." Each appraiser shall be subject to the approval of the other party, which approval will not be unreasonably withheld. Lessor's Appraiser and Lessee's Appraiser shall each be instructed to complete their respective appraisals and deliver their results to both Lessor and Lessee.

DETERMINATION OF BASE RENT

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is equal to or less than 10%, then the Land Value shall be deemed to be the mathematical average of the two appraisals. See the following example of a scheduled Market Adjustment for a 50,000 square foot lease, at a 6% lease rate with two different appraisal values:

Lessor Appraisal = \$6.50 per square foot

Lessee Appraisal = \$6.10 per square foot

Land Value= \$6.30 per square foot

New Annual Base Rent = \$6.30 x 50,000 (or applicable square footage) x 6% (or applicable Lease Rate) = \$18,900.

If the difference between the dollar amount of Lessor's Appraisal and the dollar amount of Lessee's Appraisal is greater than 10%, then:

- a) Lessor and Lessee shall have 30 days from the Appraisal Report Date within which to agree upon the Land Value between the two appraisals; OR
- b) If Lessor and Lessee are unable to agree on the Land Value within such 30 day period, then Lessor and Lessee shall jointly select a third appraiser to prepare an appraisal of the market value of the Land utilizing the same scope of work from the Lessor's Appraisal and the Lessee's Appraisal. The third appraiser shall be provided copies of both appraisals. The third appraisal shall be prepared and delivered to both Lessor and Lessee. The Land Value shall be the mathematical average of the two appraisals that are closest in dollar amount.

The Land Value determined in accordance with the foregoing provisions shall be binding and conclusive on the parties. Base Rent for the land, as adjusted by the Market Adjustment, shall be amount obtained by multiplying the Land Value by a percentage determined in accordance with 77-1-905, MCA, or the rate bid in the lease proposal, whichever is higher.

QUALIFICATIONS OF APPRAISERS; REPLACEMENT

Each of Lessor's Appraiser, Lessee's Appraiser and any third appraiser must (a) have an MAI designation by the Appraisal Institute (or similar designation available on the Market Date); (b) be a Certified General Appraiser licensed in the State of Montana; and (c) have appraised similar types of uses in the three years prior to such Market Date. If any appraiser designated to serve in accordance with these provisions shall fail, refuse, or otherwise become unable to act, a new appraiser shall be appointed by the contracting party.

SCOPE OF WORK

The Lessor shall draw up the scope of work that meets the statutory requirements at the time, and supply the scope of work to all appraisers. All appraisals conducted during a Market Adjustment shall be subject to the same scope of work.

BRIEFING SESSION

Lessor's Appraiser and Lessee's Appraiser, should either so elect, shall be entitled to require a briefing session, to be held at Lessor's offices on a day and at a time mutually acceptable to Lessor, Lessee, Lessor's Appraiser and Lessee's Appraiser but in all events not earlier than 10 nor later than 15 days following the Market Date. At such session, both such appraisers shall be present and each shall be entitled to ask such questions of Lessor and Lessee.

PAYMENT

Lessor shall pay all costs, fees and expenses of Lessor's Appraiser, and Lessee shall pay all costs, fees and expenses of Lessee's Appraiser. If a third appraiser is required, Lessor and Lessee shall share equally all costs, fees and expenses of such third appraiser.

MARKET ADJUSTMENT SCHEDULE

Lease Year	Schedule
16	"Market Adjustment"
17 through 30	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.
31	"Market Adjustment"
32 through 45	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.
46	"Market Adjustment"
47 through 60	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.
61	"Market Adjustment"
62 through 75	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.
76	"Market Adjustment"
77 through 90	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.
91	"Market Adjustment"
92 through 99	"Adjustment Period" applied to Base Rent resulting from previous Market Adjustment.

0917-9

EASEMENTS

A. Regular Easements

B. Amendment to the Stillwater-
Lazy Swift Easement Exchange

**Land Board Agenda Item
September 18, 2017**

0917-9A Easements

Location: Beaverhead, Carter, Cascade, Chouteau, Deer Lodge, Granite, Lewis & Clark, Madison, Powell, Ravalli, Roosevelt, Silver Bow, Teton, Toole Counties

Trust Benefits: Common Schools, Montana Tech, Public Buildings, Public Land Trust, Eastern College-MSU/Western Montana-UM

**Trust Revenue: Common Schools=\$33,894
Montana Tech=\$100
Public Buildings=\$3037
Public Land Trust=\$2830
Eastern College-MSU/Western Montana-UM=\$567**

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17435
R/W Purpose: a 7.2kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 10-foot strip across the Bitterroot River in SW4SW4, Sec. 29, Twp. 8N,
Rge. 20W, Ravalli County
Trust Beneficiary: Public Land Trust

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 approval of this historic right of way for Northwestern Energy.

Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17707
R/W Purpose: a 4.16kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.01
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in SW4SW4, Sec. 33, Twp. 8N,
Rge. 9W, Powell County
Trust Beneficiary: Public Land Trust

Item Summary

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17708
R/W Purpose: a 4.16kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in SW4SW4, Sec. 33, Twp. 8N,
Rge. 9W, Powell County
Trust Beneficiary: Public Land Trust

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17709
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.18
Compensation: \$117.00
Legal Description: 30-foot strip through SW4SE4, Sec. 16, Twp. 6N, Rge. 9W,
Powell County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17710
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.97
Compensation: \$1281.00
Legal Description: 30-foot strip through W2NW4, Sec. 28, Twp. 6N, Rge. 9W,
Deer Lodge County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17711
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.98
Compensation: \$637.00
Legal Description: 30-foot strip through E2SE4, Sec. 36, Twp. 7N, Rge. 10W,
Powell County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17712
R/W Purpose: a 14.4kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.44
Compensation: \$1952.00
Legal Description: 30-foot strip through NW4SW4, S2SW4, Sec. 16, Twp. 10N,
Rge. 14W, Granite County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17713
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in NW4SE4, Sec. 31, Twp. 11N,
Rge. 12W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17714
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in SW4NE4, Sec. 9,
Twp. 10N, Rge. 12W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17715
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$100.00
Legal Description: 10-foot strip through across the Clark Fork River in SW4SW4, Sec. 7,
Twp. 11N, Rge. 13W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17716
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.14
Compensation: \$100.00
Legal Description: 30-foot strip through SE4NE4, Sec. 16, Twp. 11N, Rge. 13W,
Granite County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17717
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork river in NW4SE4, Sec. 17, Twp. 11N,
Rge. 13W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17718
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.07
Compensation: \$123.00
Legal Description: 10-foot strip across the Clark Fork River in NW4NW4, Sec. 20, Twp. 11N,
Rge. 14W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17719
R/W Purpose: a 14.4kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.71
Compensation: \$355.00
Legal Description: 30-foot strip through NW4SW4, Sec. 16, Twp. 11N, Rge. 15W,
Granite County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17720
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in NE4NW4, Sec. 22, Twp. 11N,
Rge. 15W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17721
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.05
Compensation: \$100.00
Legal Description: 10-foot strip through across the Clark Fork River in SW4NW4, Sec. 22,
Twp. 11N, Rge. 15W, Granite County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17722
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.93
Compensation: \$558.00
Legal Description: 30-foot strip through SE4SW4, SW4SE4, Sec. 35, Twp. 2N,
Rge. 9W, Silver Bow County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17727
R/W Purpose: a 7.2kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.94
Compensation: \$564.00
Legal Description: 30-foot strip through NW4NE4, Sec. 36, Twp. 2N, Rge. 8W,
Silver Bow County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17728
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in NE4NW4, Sec. 9, Twp. 9N,
Rge. 10W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17734
R/W Purpose: a 7.2kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 10-foot strip across the Big Hole River in NE4SW4, Sec. 12,
Twp. 1S, Rge. 10W, Silver Bow & Beaverhead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17735
R/W Purpose: a 14.4kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.24
Compensation: \$156.00
Legal Description: 30-foot strip through SE4NW4, Sec. 10, Twp. 9N, Rge. 10W,
Powell County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17736
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in W2SW4, Sec. 14,
Twp. 9N, Rge. 10W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17737
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in NW4NE4, Sec. 15, Twp. 9N,
Rge. 10W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17738
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.49
Compensation: \$969.00
Legal Description: 30-foot strip through S2SE4, Sec. 16, Twp. 10N, Rge. 10W,
Powell County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17739
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.89
Compensation: \$1229.00
Legal Description: 30-foot strip through N2SE4, Sec. 32, Twp. 10N, Rge. 10W,
Powell County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17740
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in SE4SW4, Sec. 19, Twp. 10N,
Rge. 11W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17741
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in NW4SW4, Sec. 25, Twp. 10N,
Rge. 11W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17742
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 10-foot strip across the Clark Fork River in SW4SE4, Sec. 25, Twp. 10N,
Rge. 11W, Powell County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17745
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.81
Compensation: \$567.00
Legal Description: 30-foot strip through NW4NW4, Sec. 29, Twp. 3S, Rge. 6W,
Madison County
Trust Beneficiary: Western/Eastern

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17765
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.29
Compensation: \$1603.00
Legal Description: 30-foot strip through N2SW4, SW4SW4, Sec. 4, Twp. 14N,
Rge. 1E, Cascade County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17766
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.71
Compensation: \$1897.00
Legal Description: 30-foot strip through E2NW4, NW4NE4, Sec. 34, Twp. 15N,
Rge. 1E, Cascade County
Trust Beneficiary: Common Schools

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17767
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.78
Compensation: \$507.00
Legal Description: 30-foot strip through SE4SW4, Sec. 22, Twp. 21N, Rge. 6W,
Teton County
Trust Beneficiary: Public Buildings

Item Summary

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17768
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$100.00
Legal Description: 10-foot strip across the Sun River in SW4NW4, Sec. 27, Twp. 21N,
Rge. 6W, Lewis & Clark and Teton County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17769
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.73
Compensation: \$438.00
Legal Description: 30-foot strip through NE4NE4, Sec. 16, Twp. 21N, Rge. 5W,
Teton County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17770
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 2.5
Compensation: \$3250.00
Legal Description: 30-foot strip through N2SW4, NW4SE4, Sec. 15, Twp. 20N,
Rge. 6E, Cascade County
Trust Beneficiary: Common Schools

Item Summary

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17774
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Teton River in SW4SW4, Sec. 4,
Twp. 24N, Rge. 6E, Chouteau County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17775
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Teton River in NW4SE4, Sec. 5,
Twp. 24N, Rge. 6E, Chouteau County
Trust Beneficiary: Public Land Trust

Item Summary

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17776
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$100.00
Legal Description: 10-foot strip across the Teton River in NE4NE4, Sec. 9, Twp. 24N,
Rge. 6E, Chouteau County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17780
R/W Purpose: a 100kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.23
Compensation: \$184.00
Legal Description: 60-foot strip through NW4NW4, Sec. 16, Twp. 18N, Rge. 3E,
Cascade County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17781
R/W Purpose: a 161kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.03
Compensation: \$100.00
Legal Description: 30-foot strip across the Teton River in SE4NW4, Sec. 11,
Twp. 24N, Rge. 7E, Chouteau County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17783
R/W Purpose: a 69kV overhead electric transmission line with a 12.47kV underbuilt distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.74
Compensation: \$522.00
Legal Description: 40-foot strip through S2SW4, Sec. 16, Twp. 23N, Rge. 4W, Teton County
Trust Beneficiary: Common Schools

Item Summary

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17784
R/W Purpose: a 69kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.01
Compensation: \$100.00
Legal Description: 30-foot strip across the Teton River in NE4SE4, Sec. 36,
Twp. 24N, Rge. 5W, Teton County
Trust Beneficiary: Public Land Trust

Item Summary

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17785
R/W Purpose: a 69kV overhead electric transmission line with a 12.47kV underbuilt distribution line
Lessee Agreement: N/A (Historic)
Acreage: 4.82
Compensation: \$2410.00
Legal Description: 40-foot strip through E2E2, Sec. 36, Twp. 24N, Rge. 5W, Teton County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17786
R/W Purpose: a 69kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.15
Compensation: \$158.00
Legal Description: 40-foot strip through NE4NW4, Sec. 29, Twp. 26N, Rge. 1W,
Teton County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17787
R/W Purpose: a 100kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.05
Compensation: \$100.00
Legal Description: 60-foot strip through NW4NW4, Sec. 16, Twp. 18N, Rge. 3E,
Cascade County
Trust Beneficiary: Common Schools

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17788
R/W Purpose: a 69kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.15
Compensation: \$100.00
Legal Description: 40-foot strip through SE4NE4, Sec. 10, Twp. 22N, Rge. 5E,
Cascade County
Trust Beneficiary: Montana Tech

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17789
R/W Purpose: a 69kV overhead electric transmission line with a 12.47kV underbuilt distribution line
Lessee Agreement: N/A (Historic)
Acreage: 3.44
Compensation: \$3044.00
Legal Description: 40-foot strip through N2SW4, NW4SE4, Sec. 28, Twp. 24N, Rge. 7E, Chouteau County
Trust Beneficiary: Common Schools

Item Summary

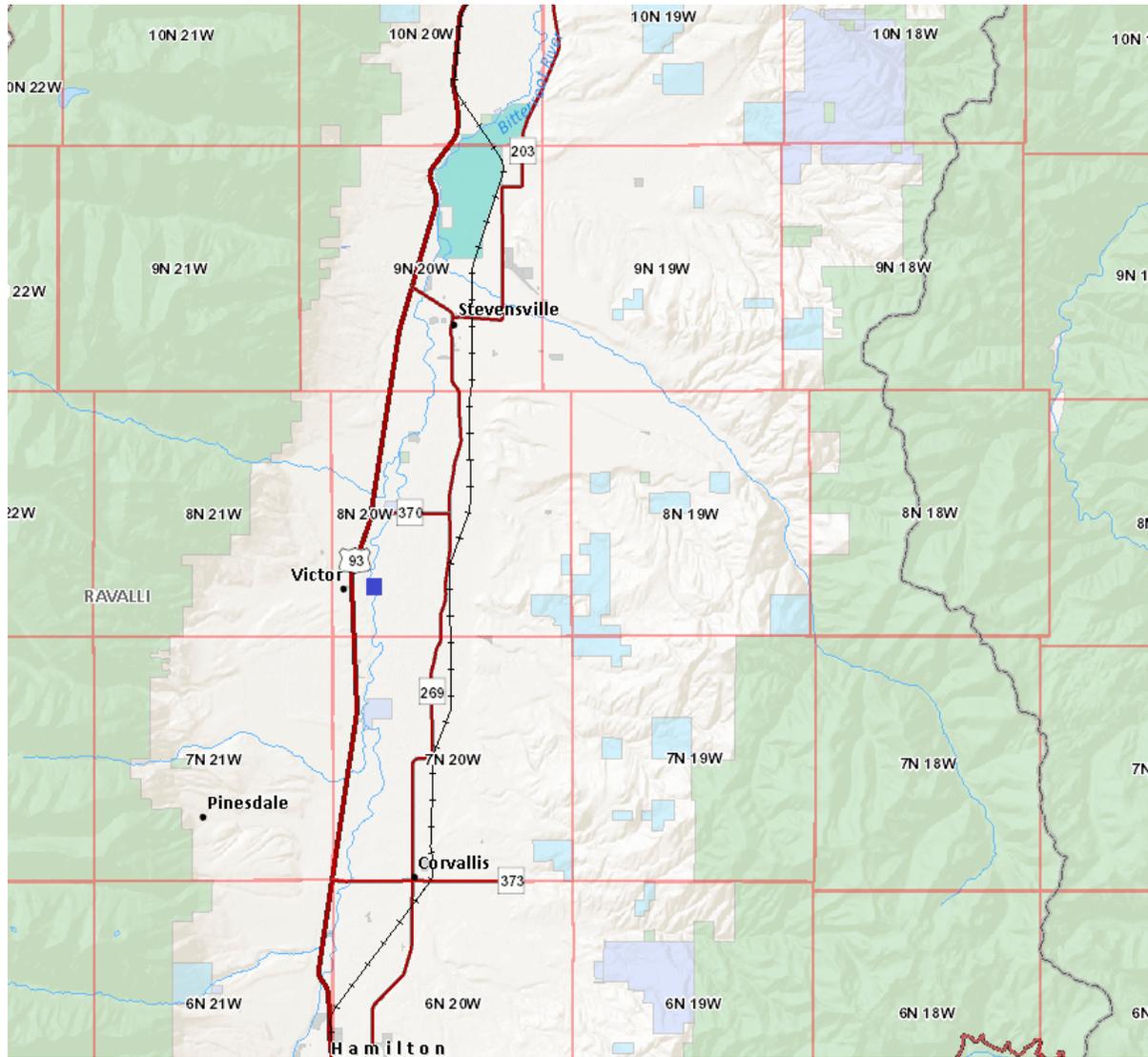
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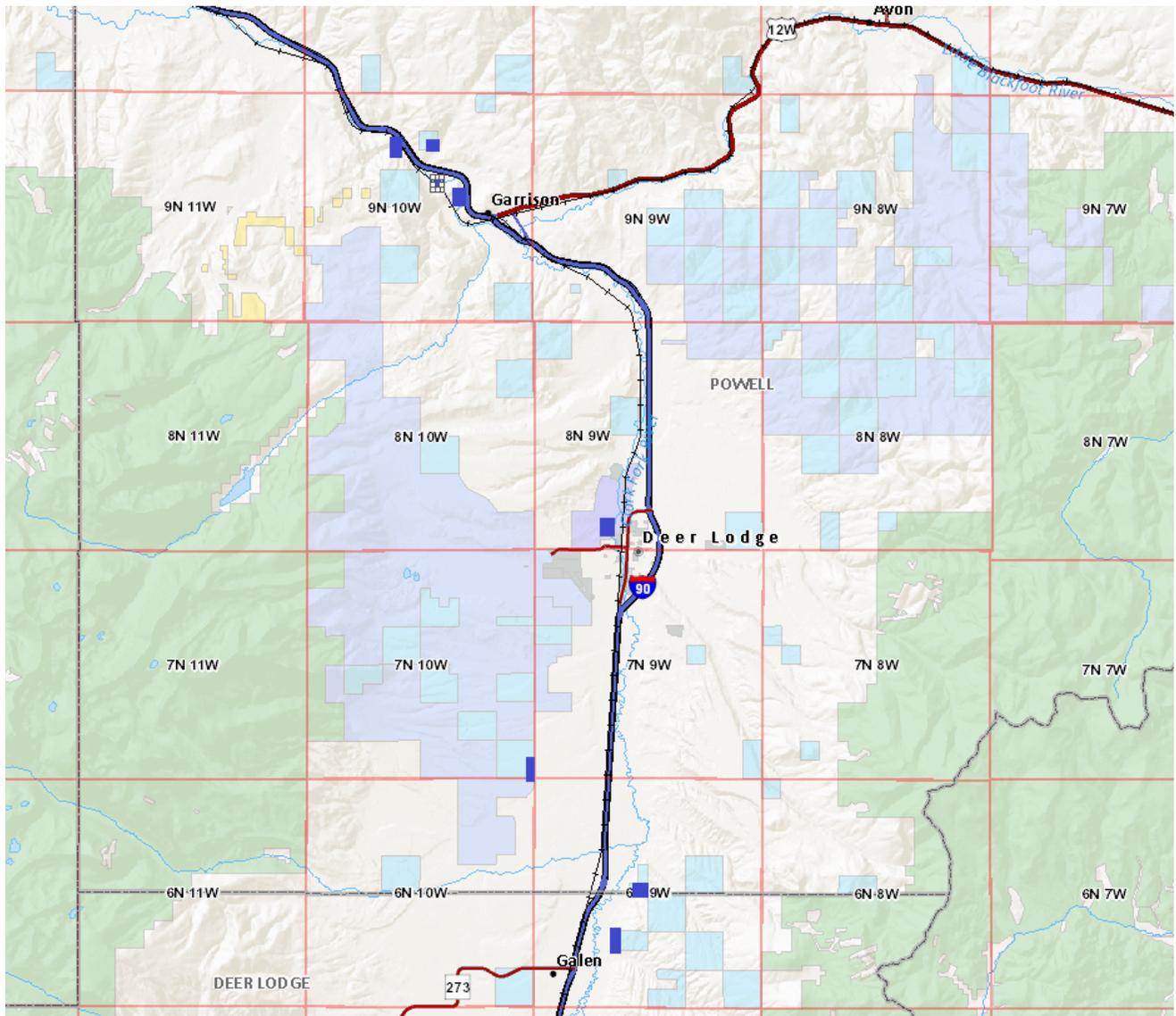
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Application # 17435 – NWE

Rights of Way Applications

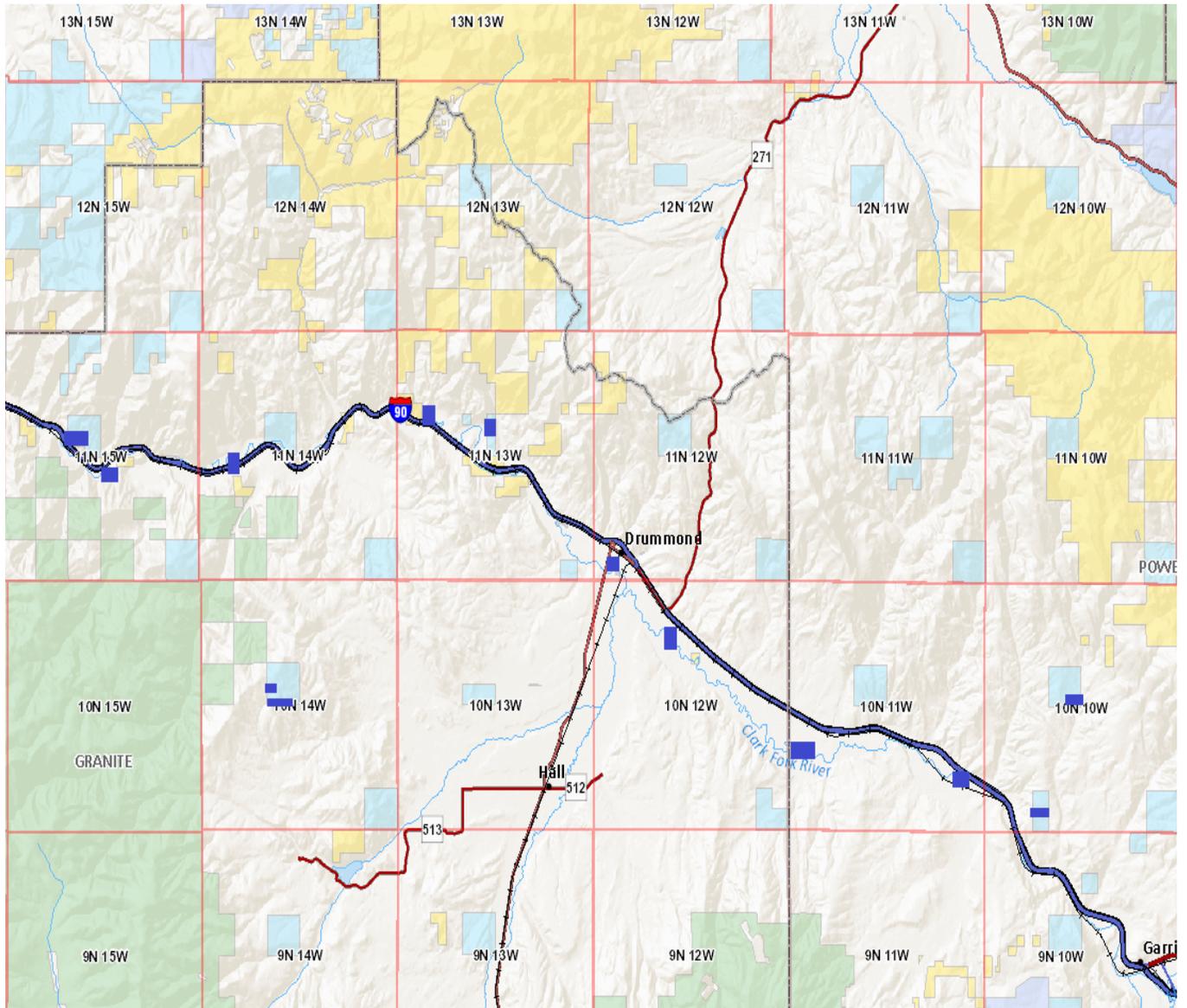
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Application #s 17708 – 17711, 17728, 17735 – 17737 – NWE

Rights of Way Applications

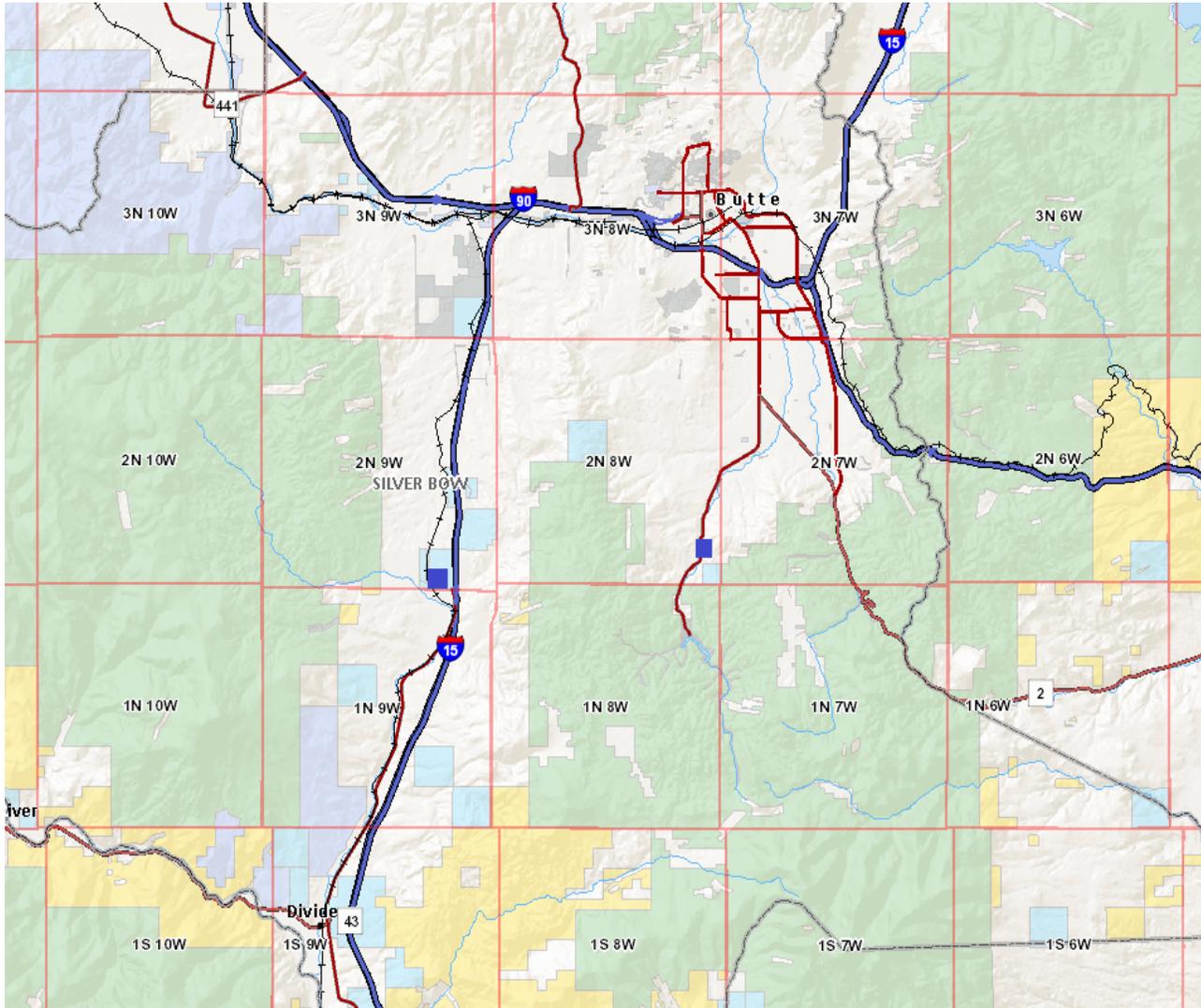
September 18, 2017



Application #s 17712 – 17721, 17738 – 17742 – NEW

Rights of Way Applications

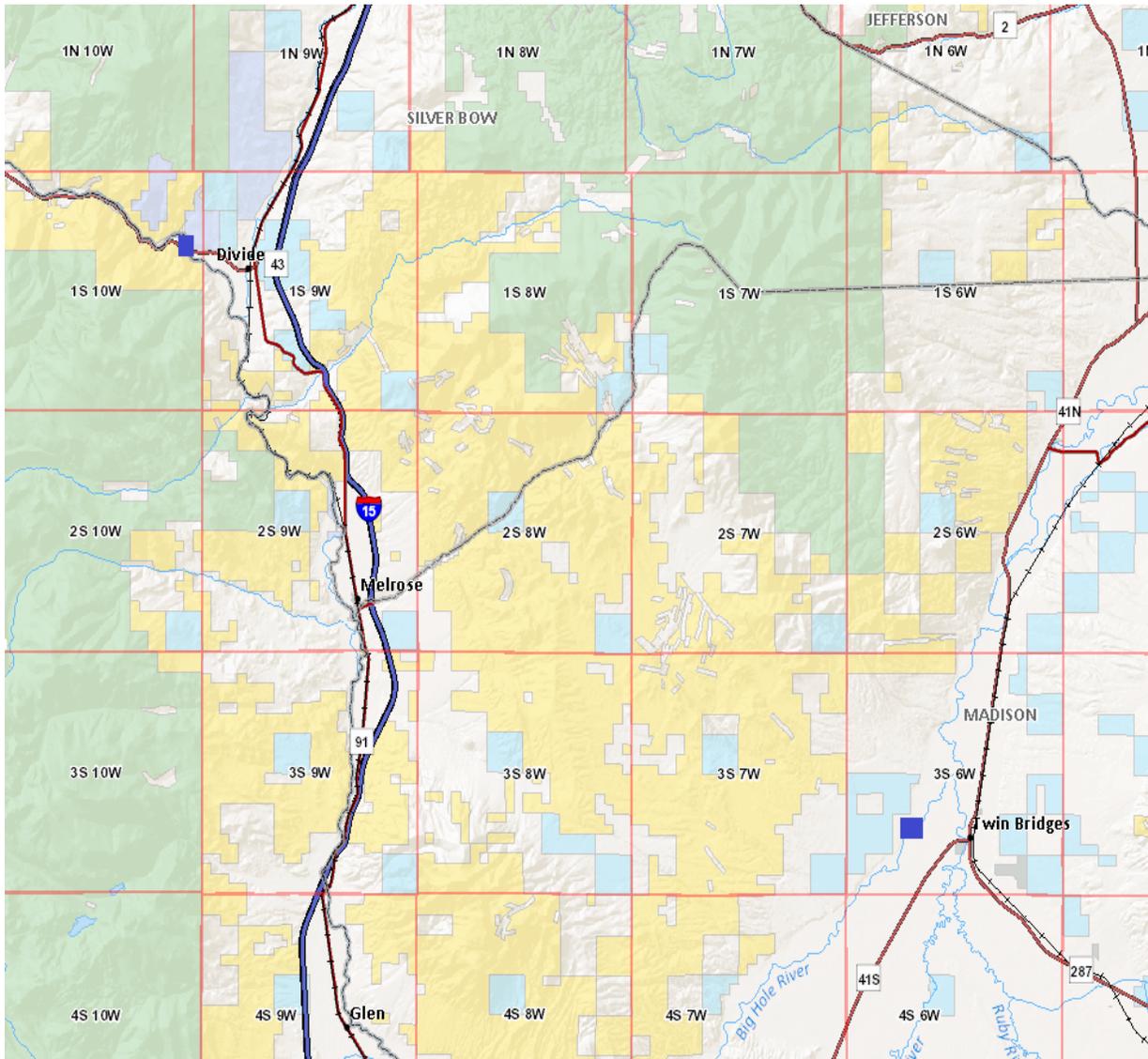
September 18, 2017



Application #s 17722 & 17727 – NWE

Rights of Way Applications

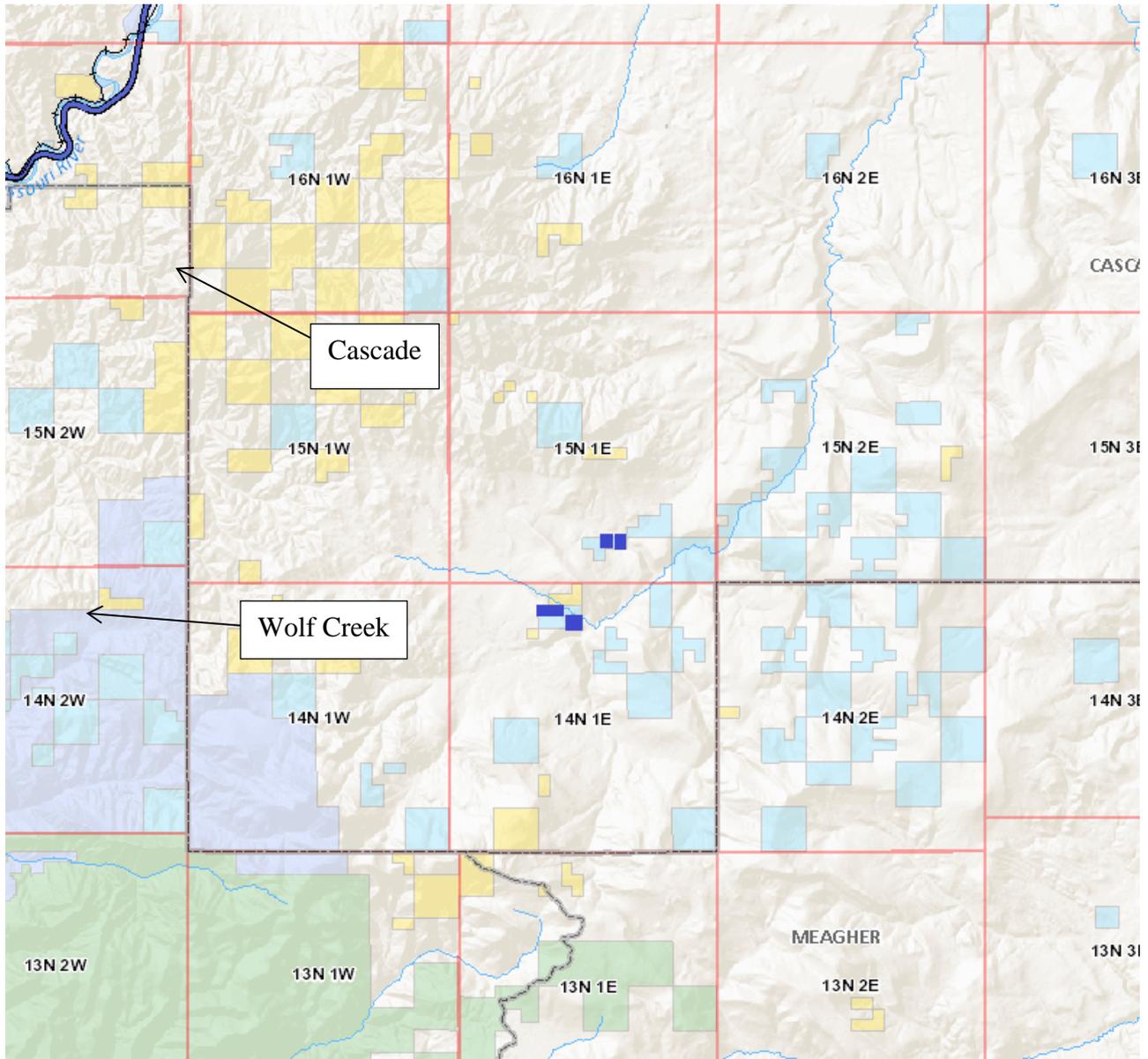
September 18, 2017



Application #s 17734 & 17745 – NWE

Rights of Way Applications

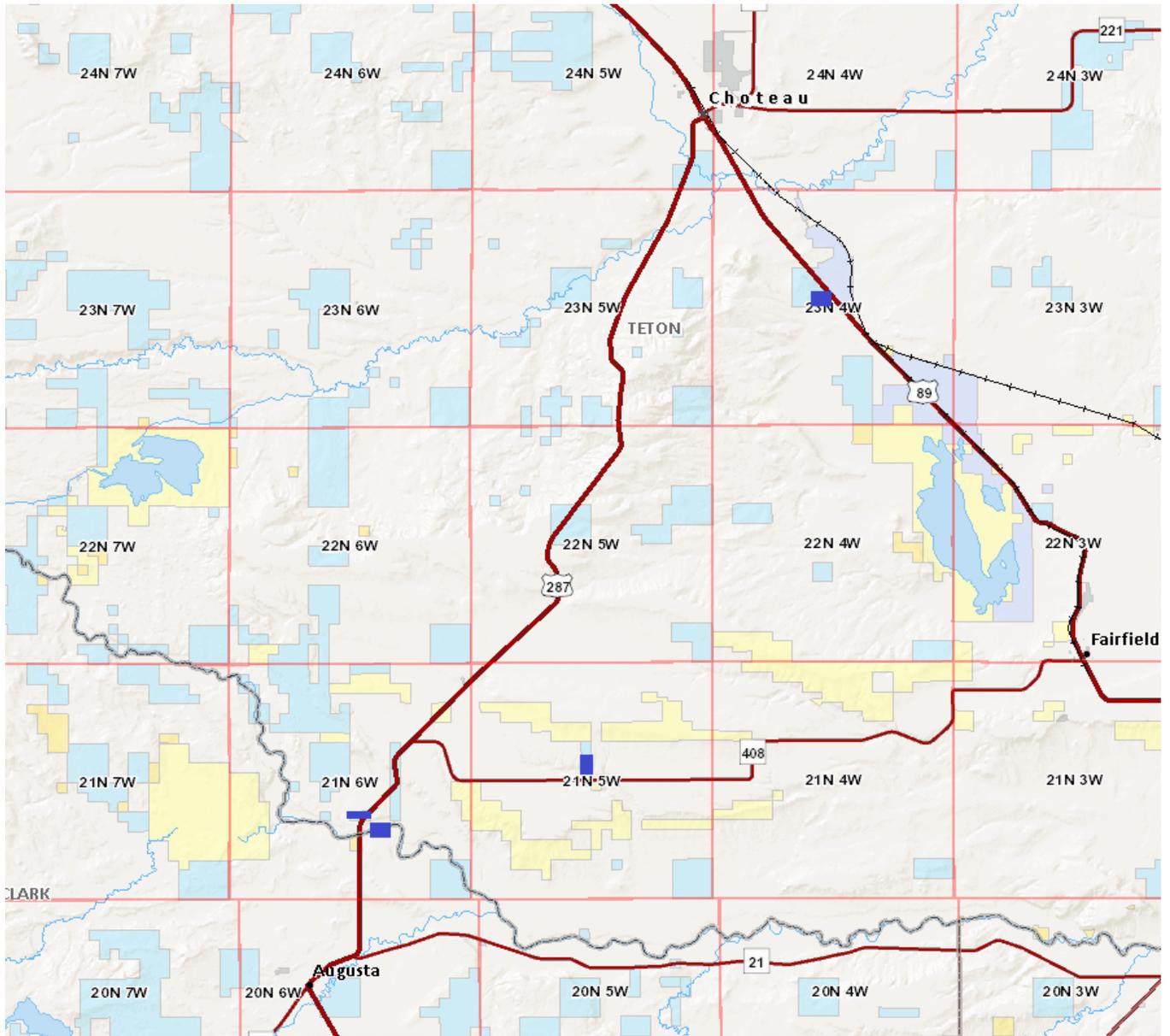
September 18, 2017



Application #s 17765 & 17766 – NWE

Rights of Way Applications

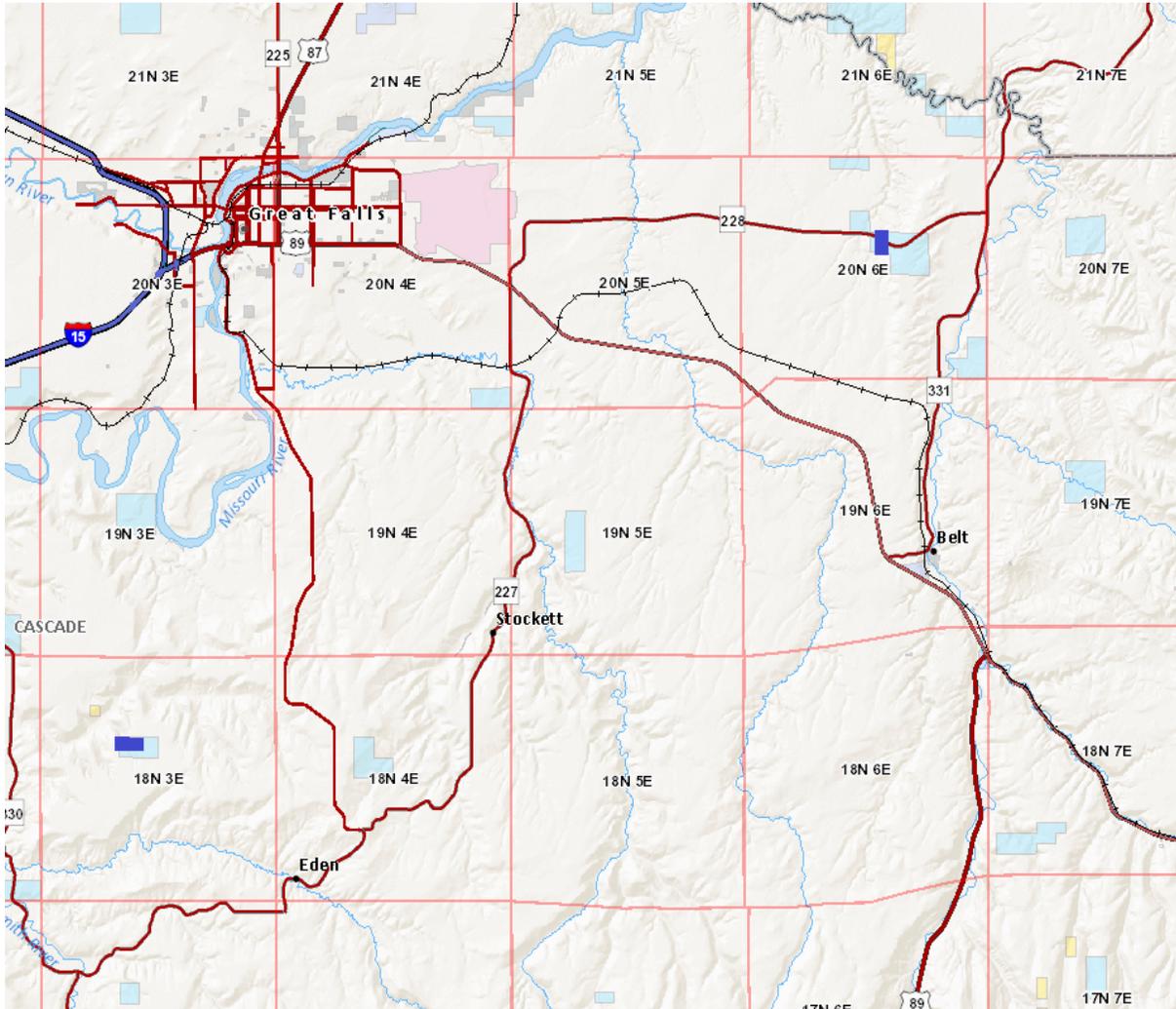
September 18, 2017



Application #s 17767 – 17769, 17783 – NWE

Rights of Way Applications

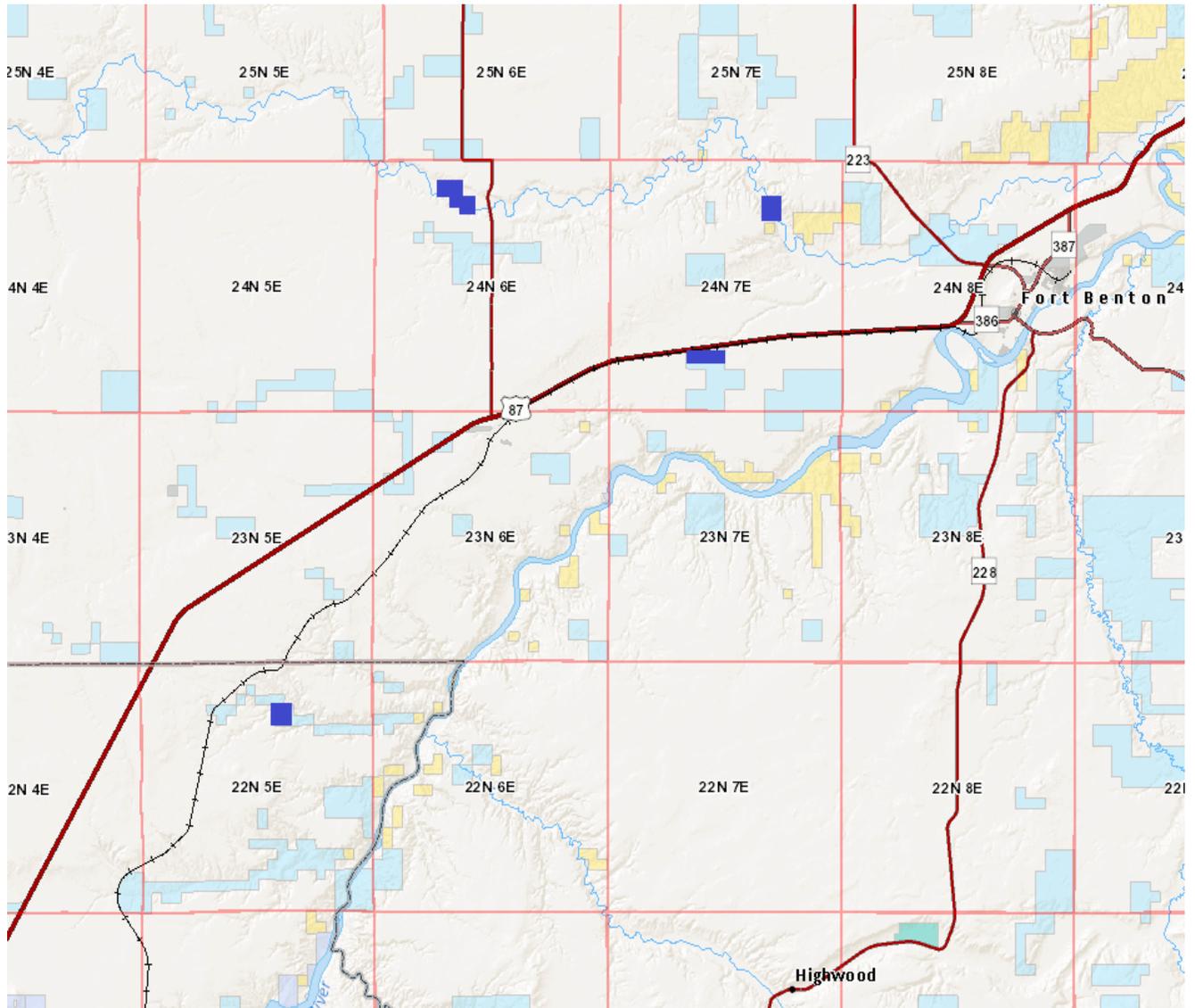
September 18, 2017



Application #s 17770, 17780, 17787 – NWE

Rights of Way Applications

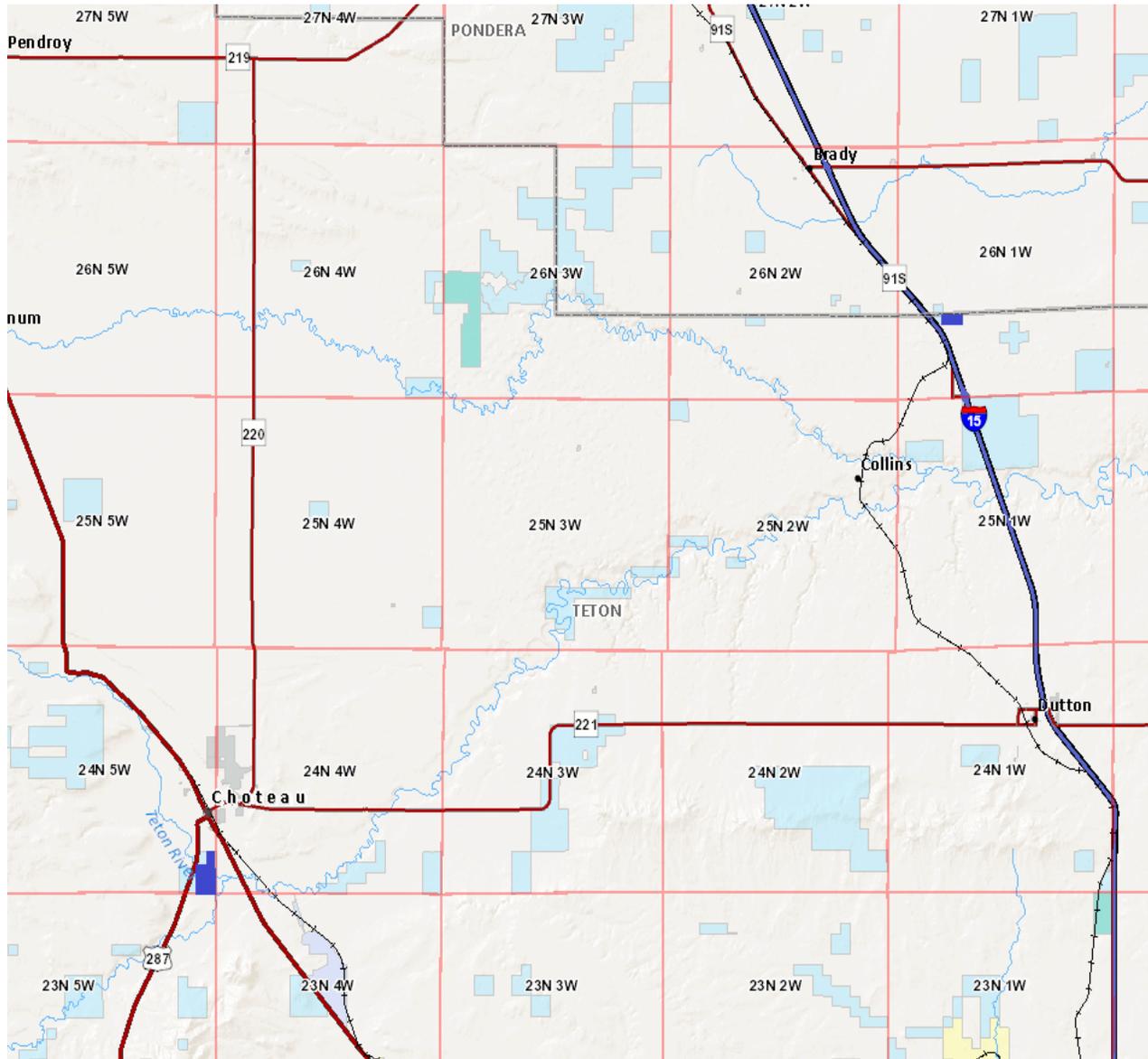
September 18, 2017



Application #s 17774 – 17776, 17781, 17788 & 17789 – NWE

Rights of Way Applications

September 18, 2017



Application #s 17784 – 17786 – NWE

Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18049
R/W Purpose: a buried 4" natural gas pipeline
Lessee Agreement: ok
Acreage: 1.26
Compensation: \$1668.00
Legal Description: 20-foot strip through NW4SE4, NE4SW4, SE4NW4, Sec. 16, Twp. 36N, Rge. 2E, Toole County
Trust Beneficiary: Common Schools

Item Summary

Northwestern Energy has submitted individual applications for: a buried natural gas pipeline; a 220 volt electric distribution line; and a natural gas meter station site. These installations were previously authorized and constructed under a Land Use License issued in 2007. The applications are necessary to convert the temporary land use license authorization to easements. The natural gas pipeline is recommended to be a 30-year term easement, consistent with other non-historic pipelines, while the electric distribution line and associated meter station site are recommended to be permanent. Northwestern Energy has agreed to compensation in the amount of \$15/rod which is consistent with other installations in the area for the natural gas pipeline, while the compensation for the electric facilities have been established utilizing current market value of the state land.

DNRC Recommendation

The director recommends approval of this application and the following two applications as a 30-year term easement for the natural gas pipeline and permanent easements for the electric facilities.

Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18050
R/W Purpose: a buried 220 volt electric distribution line
Lessee Agreement: ok
Acreage: 0.24
Compensation: \$100.00
Legal Description: 15-foot strip through NW4SE4, Sec. 16, Twp. 36N, Rge. 2E,
Toole County
Trust Beneficiary: Common Schools

Item Summary

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18051
R/W Purpose: a natural gas meter station site
Lessee Agreement: ok
Acreage: 0.05
Compensation: \$100.00
Legal Description: tract of land in the NW4SE4, Sec. 16, Twp. 36N, Rge. 2E, Toole County
Trust Beneficiary: Common Schools

Item Summary

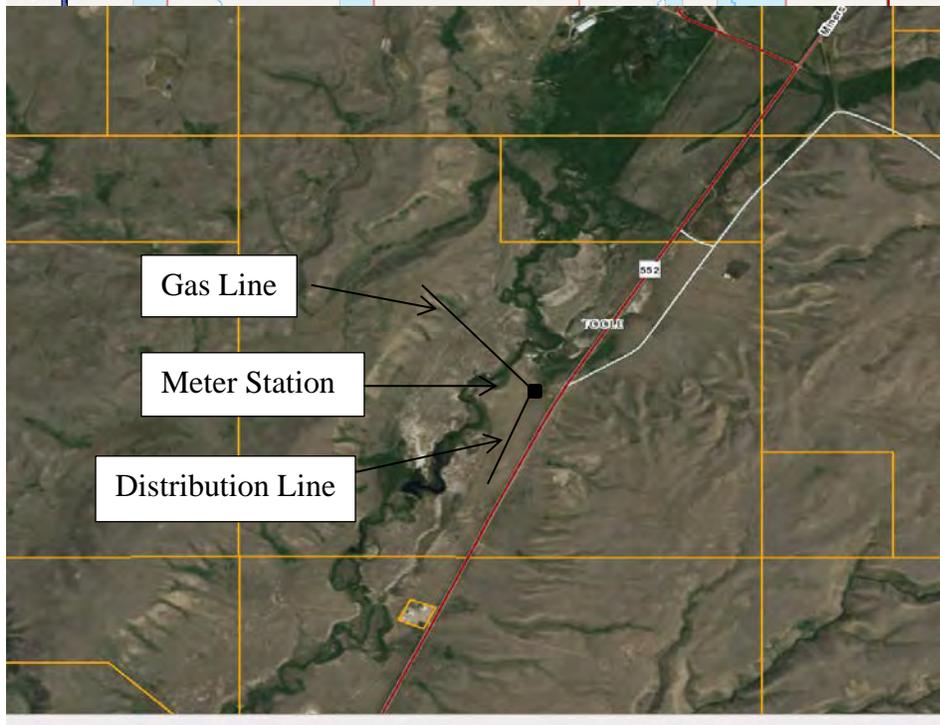
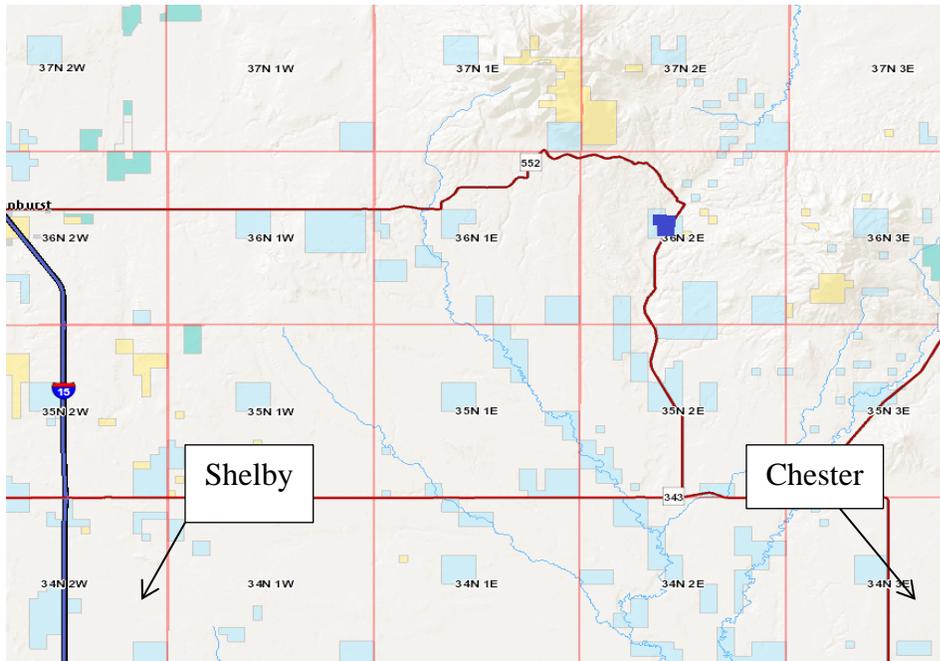
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Rights of Way Applications

September 18, 2017



Application #s 18049 – 18051 – NWE

Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: ONEOK Bakken Pipeline, LLC
 PO Box 871
 Tulsa, OK 74102

Application No.: 17762
 R/W Purpose: a 10" buried natural gas pipeline
 Lessee Agreement: ok
 Acreage: 0.39
 Compensation: \$1443.00
 Legal Description: 50-foot strip through SW4NE4, Sec. 2, Twp. 26N, Rge. 59E,
 Roosevelt County
 Trust Beneficiary: Public Buildings

Item Summary

ONEOK Bakken Pipeline, LLC, & ONEOK Rockies Midstream, LLC, have made individual applications for multiple 10" & 12" natural gas pipelines. The pipelines were previously authorized and installed under a Land Use License issued in 2012. These applications are to convert the license to 30-year term easements. ONEOK Bakken Pipeline, LLC, & ONEOK Rockies Midstream, LLC, have 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 30-year term easements for these natural gas pipelines.

Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: ONEOK Bakken Pipeline, LLC
PO Box 871
Tulsa, OK 74102

Application No.: 17763
R/W Purpose: a 12" buried natural gas pipeline
Lessee Agreement: ok
Acreage: 0.43
Compensation: \$1594.00
Legal Description: 50-foot strip through SW4NE4, Sec. 2, Twp. 26N, Rge. 59E,
Roosevelt County
Trust Beneficiary: Public Buildings

Item Summary

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DNRC Recommendation

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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: ONEOK Rockies Midstream, LLC
2700 Lincoln Ave
Sidney MT 59270

Application No.: 17764
R/W Purpose: a 12" buried natural gas pipeline
Lessee Agreement: ok
Acreage: 2.81
Compensation: \$10,402.00
Legal Description: 50-foot strip through Lot 1, W2NW4, Sec. 36, Twp. 27N, Rge. 59E,
Roosevelt County
Trust Beneficiary: Common Schools

Item Summary

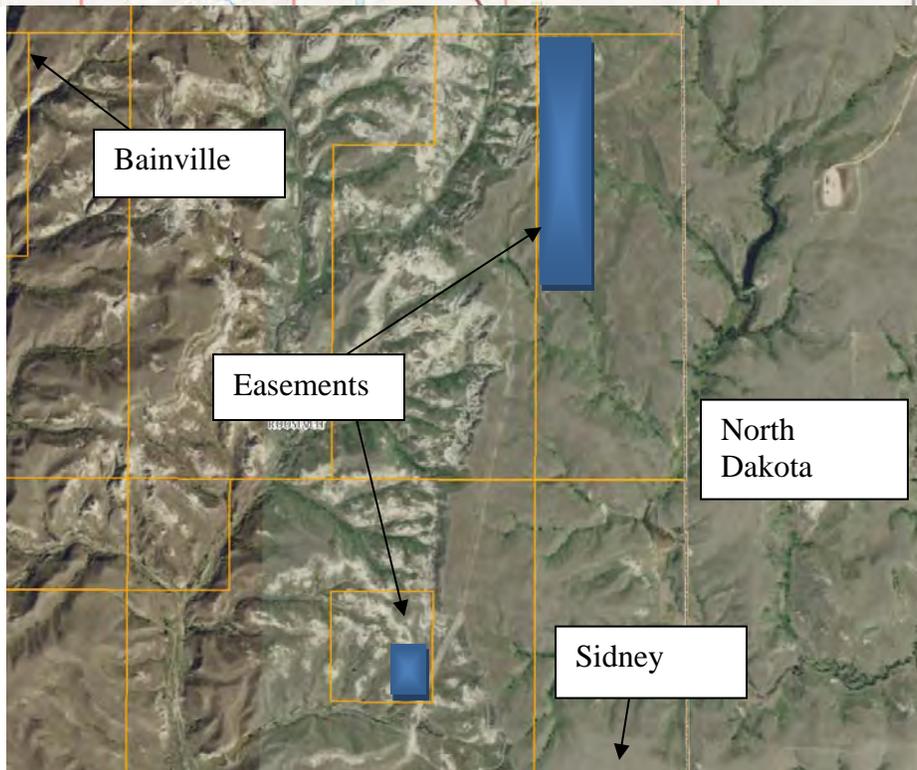
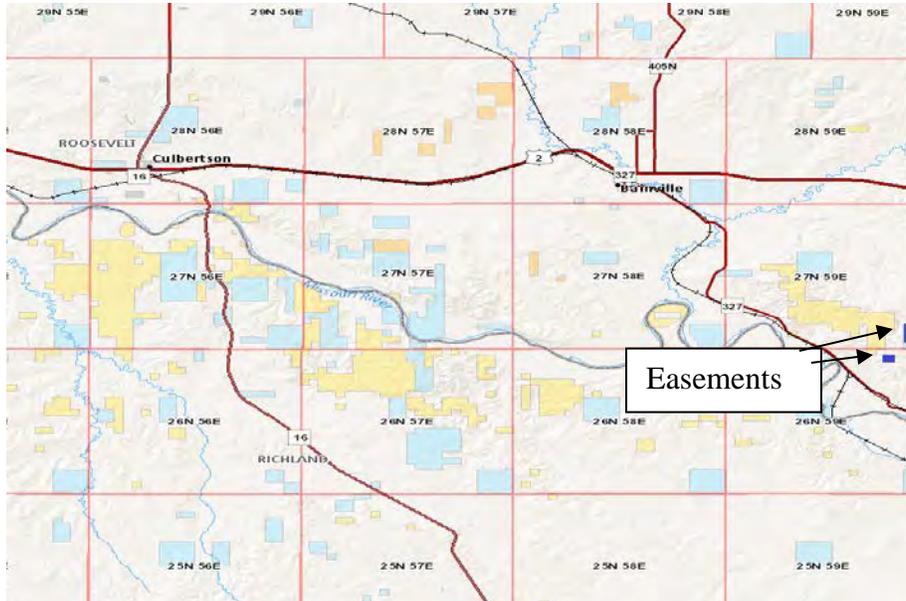
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Rights of Way Applications

September 18, 2017



Application #s 17762 – 17764 – ONEOK Bakken Pipeline & ONEOK Rockies Midstream
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Rights of Way Applications

September 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18058
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.1
Compensation: \$100.00
Legal Description: 16-foot strip through NE4NE4, Sec. 36, Twp. 2N, Rge. 57E,
Carter County
Trust Beneficiary: Common Schools

Item Summary

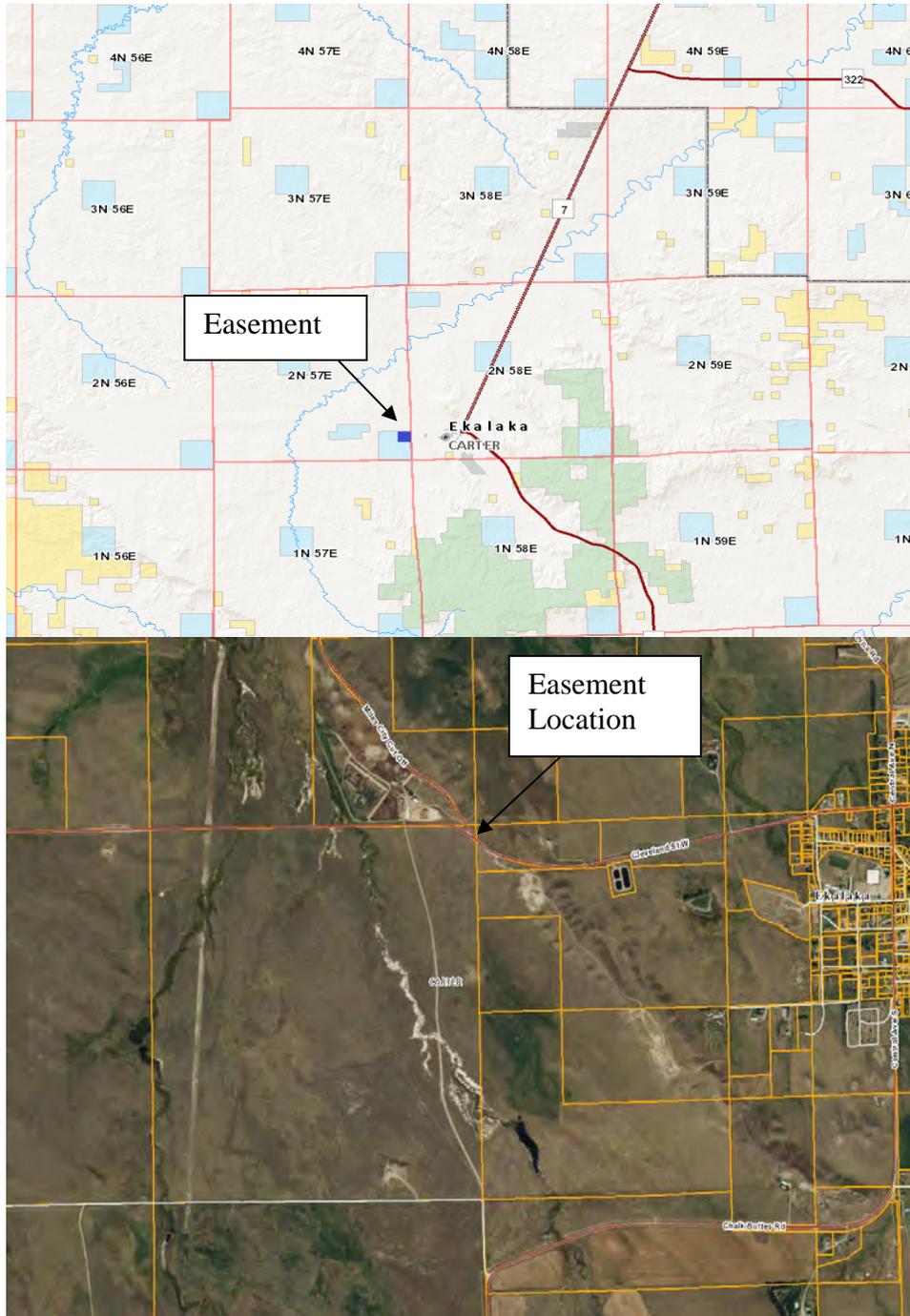
Mid-Rivers Telephone Cooperative, Inc., has made application for a buried fiber optic cable. The proposed line will be located east of the Miles City Cutoff Road and will include a horizontal bore crossing of this road while the remainder of the installation will be completed under the rip/trench static plow method. The alignment was chosen to follow existing communication utilities and the existing traveled way. Other routes were considered and eliminated for topographical, environmental, and economic reasons.

DNRC Recommendation

The director recommends approval of this buried fiber optic cable.

Rights of Way Applications

September 18, 2017



Application # 18058 – Mid-Rivers Telephone

**Land Board Agenda Item
September 18, 2017**

0917-9B Amendment to the Stillwater-Lazy Swift Easement Exchange

Location: Flathead County

Trust Benefits: Common Schools, MSU 2nd Grant, MSU Morrill,
Eastern College-MSU/Western Montana-UM, MT Tech,
Pine Hills School, Public Buildings, School for Deaf & Blind

Trust Revenue: \$71,145 net balance owed to state

Item Summary

The Land Board approved the Stillwater-Lazy Swift Easement Exchange between the state and Weyerhaeuser and Trust for Public Lands (TPL) at the May 22, 2017 Land Board meeting. The approved exchange provides a combination of access rights for all parties, most notably for all lawful purposes and resource management as well as providing for public access to portions of state land.

The easement exchange proposal was predicated on TPL purchasing all 21 parcels of land (13,344 acres) from Weyerhaeuser and subsequently entering into a conservation easement on 5 parcels of land in the Swift Creek drainage with the Bonneville Power Administration (BPA) and the remaining 16 parcels of land in the Lazy Creek drainage being under conservation easement with the Department of Fish, Wildlife and Parks (FWP). As a result, the Land Board's approval of the easement exchange was contingent upon the purchase of all 21 sections of land at one time and placement of the conservation easements thereafter.

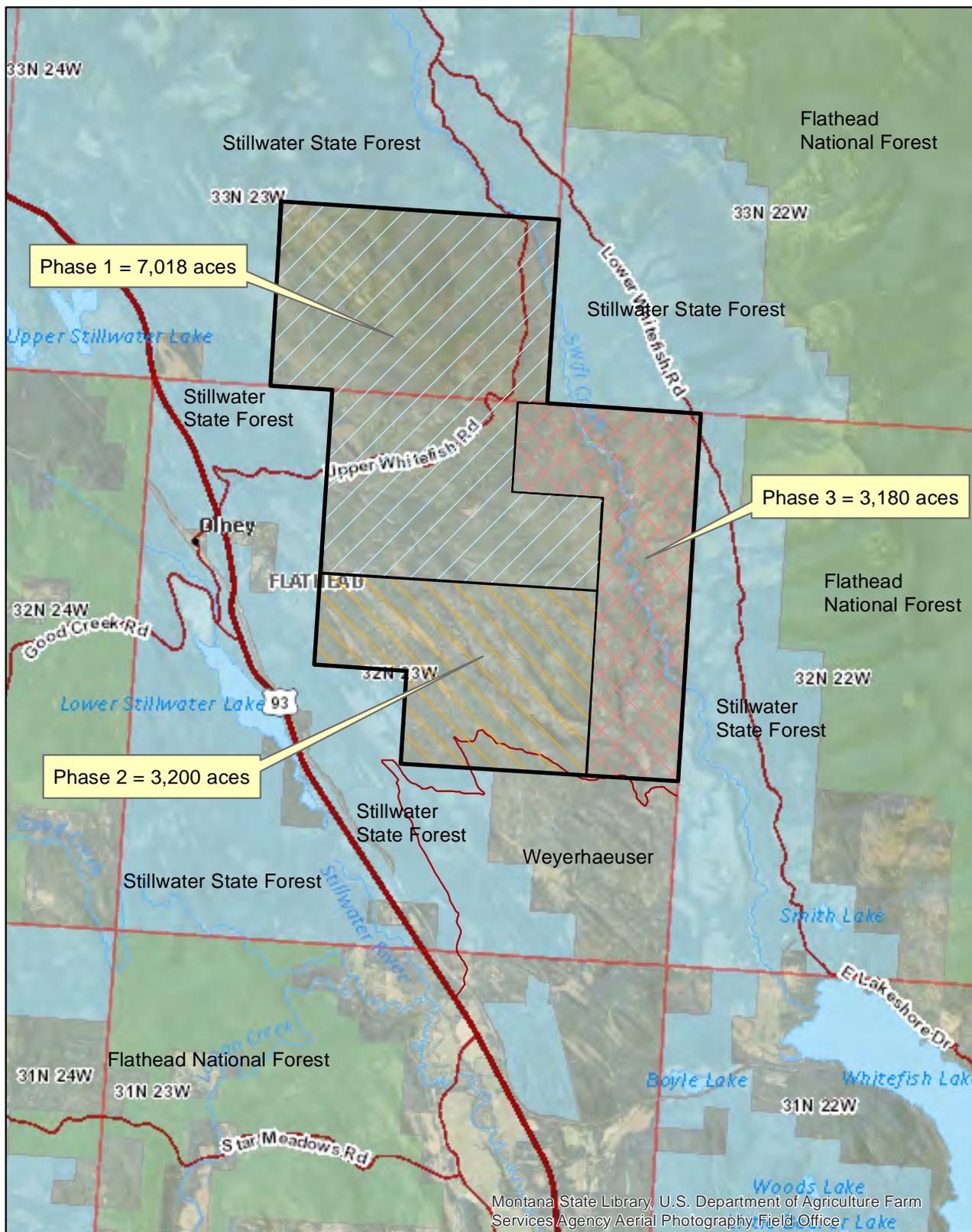
Since the Land Board's approval of the right of way easement exchange, the agencies and Weyerhaeuser have completed purchase agreements, conservation easements, and management plans for the Lazy Creek portion (10,218 acres), to be closed with a phased acquisition in 2017 and 2018. TPL has obtained a year option on the 5-parcel Swift Creek section (3,200 acres) to secure funding and close on Phase 3 "Swift Creek". Phases 1 and 2 closings are contingent upon the access easements being exchanged accordingly to complete the conservation acquisition by TPL and subsequently DNRC for the 10,218-acre block of lands.

As a result of the complexities associated with the acquisition phases, the Land Board's conditional approval of the easement exchange passed in May 2017 would result in easements not being exchanged and recorded, thus jeopardizing the conservation strategies for the Phase 1 and Phase 2 acquisitions currently in stages of completion.

DNRC Recommendation

The director requests that the Land Board amend the May 22, 2017 approval of the Stillwater-Lazy Swift Easement Exchange Agreement to allow the road access easements to be exchanged and conveyed, as well as the agreed conservation easements in conjunction with the proposed phased acquisition for this project.

Stillwater Lazy-Swift



Location: Flathead County, MT
 Date: 5 SEPT 2017
 Prepared By: RMW
 Projection: NAD83 Montana State Plane



- Project Area
- Phase 1
- Phase 2
- Phase 3
- Road Access

