

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

ACTION ITEMS

1217-1 Montana Heritage Commission: Johnson Land Donation

Benefits: N/A (non-trust land)

Location: Madison County

APPROVED 5-0

1217-2 Timber Sales

A. Henderson Hill

Benefits: Public Buildings

Location: Mineral

B. Lolo Peak Salvage

Benefits: Common Schools

Location: Missoula, Ravalli Counties

C. Tornilla Creek

Benefits: Common Schools

Location: Sanders

APPROVED 5-0

1217-3 Oil and Gas Lease Sale (December 5, 2017)

Benefits: Common Schools, MSU Morrill Trust, Public Land Trust-Navigable Rivers

Location: Big Horn, Garfield, Glacier, Powder River, Richland, Roosevelt, Sweet Grass, Toole Counties

APPROVED 5-0

1217-4 Informational Item: Biennial Cabin Site Lease Rate Review (September 2015 – September 2017)

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

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

1217-5 Easements

Benefits: Common Schools, Montana Tech, Public Buildings, Public Land Trust, Veterans Home

Location: Cascade, Chouteau, Dawson, Flathead, Lewis & Clark, Liberty, Missoula, Park, Toole, Yellowstone Counties

APPROVED 5-0

1217-6 Informational Item: Forest Insect and Disease Update

Benefits: N/A

Location: statewide

PUBLIC COMMENT

1217-1

MONTANA HERITAGE COMMISSION:
JOHNSON LAND DONATION

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

1217-1 Montana Heritage Commission: Johnson Land Donation

Location: Madison County

Trust Benefits: N/A (non-trust)

Trust Revenue: N/A

Item Summary

Ms. Evalyn Batten Johnson is the current owner of a 6.708 acre parcel of land identified as Certificate of Survey No. 7/1594, Portion of Batten Placer 1232 within Sections 21 and 22 in Township 6 South, Range 3 West, Madison County. Ms. Johnson has offered to donate this parcel to the Montana Heritage Preservation & Development Commission (the Commission) with the caveat that the property be restricted to use by the Commission. The parcel does not have any owner improvements located upon it; however a portion of the property is occupied by train tracks operated by the state-owned Alder Gulch Short Line Railroad. Operation of the railroad is limited to tourist traffic from Memorial Day through Labor Day, and the short line railroad transports riders between Virginia City and Nevada City. Currently there is not a legally binding agreement or easement in place that would allow the railroad tracks to remain in place should Ms. Johnson sell the property or otherwise dispose of it. The Commission owns the adjacent parcels to Ms. Johnson, and the donation would block up the Commission's ownership and solidify the ability to continue operation of the short line railroad.

Appraisal, Hazardous Materials, Public Notice

The parcel was initially appraised in October 2016 by a certified general appraiser, with an updated appraisal completed November 2017. The conclusion of value of the parcel is \$92,000. As the proposal is to donate the parcel, no monetary compensation would be paid to Ms. Johnson.

A Phase I environmental study was completed on the property in November 2017. The report did not identify any issues or concerns regarding hazardous materials. Tailings piles are present on the property, however no hazardous materials were identified or found. Further, environmental databases accessed do not contain any information regarding hazardous materials being present on the parcel. It is concluded that there are no environmental concerns associated with this parcel.

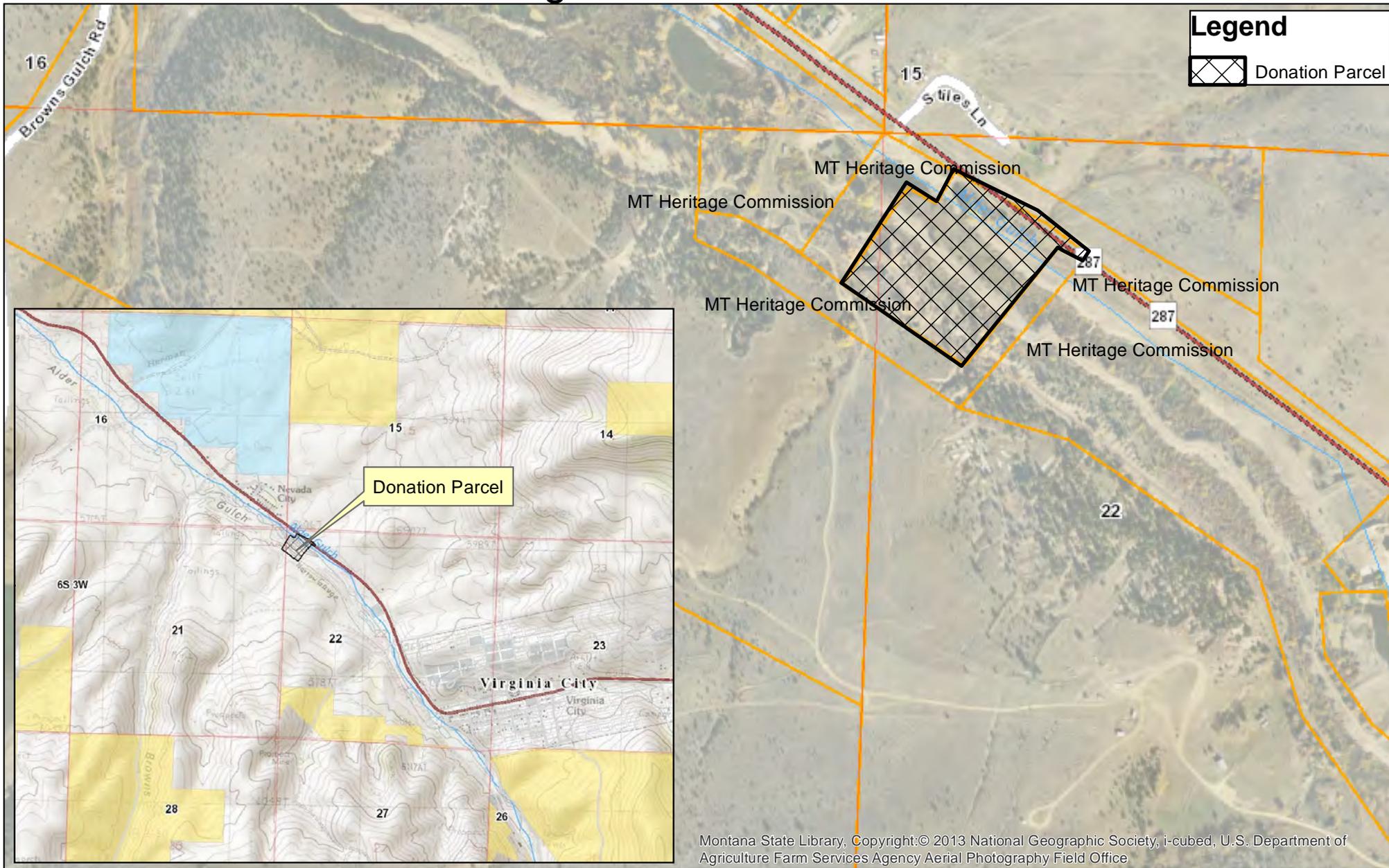
On June 9, 2017, the Commission held a public hearing for the donation of this parcel. Public comment was received from the land donor, the land donor's attorney, and a local resident. All comments were positive and supportive of the land donation. The Commission approved the acquisition of the donation pending a favorable hazardous materials study. Notice has been provided in local newspapers as well as on the Commission's website soliciting further public comment specific to the Land Board meeting and proposed action.

Department Recommendation

The Commission requests the Land Board approve the donation of the Johnson parcel to the Montana Heritage Preservation & Development Commission.

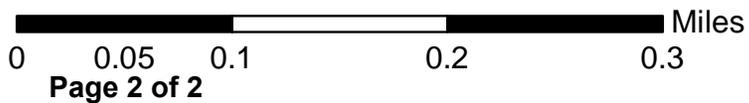
Montana Heritage Commission Donation Parcel

1217-1



Location: Madison County, MT
Prepared by: RMW
Prepared on: 07 DEC 2017
Projection: NAD 1983 - MT State Plane

Legal Description: S22, T06 S, R03 W,
C.O.S. 7/1594, POR of Batten Placer 1232



1217-2

TIMBER SALES

- A. Henderson Hill
- B. Lolo Peak Salvage
- C. Tornilla Creek

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

1217-2A Timber Sale: Henderson Hill**Location: Mineral County****Sections 19 & 30, T19N, R29W****Trust Benefits: Public Buildings****Trust Revenue: \$264,670 (estimated, minimum bid)****Item Summary**

Location: The Henderson Hill Timber Sale is located approximately 13 miles west of St. Regis, MT.

Size and Scope: This sale includes 5 harvest units (294 acres) of tractor and skyline logging.

Volume: The estimated volume is 16,890 tons (2.6 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$15.29 per ton, which would generate approximately \$264,670 for the Public Buildings Trust and approximately \$55,392 in Forest Improvement fees.

Prescription: This sale has a harvest prescription of individual tree selection. This prescription will provide variability by maintaining uneven-aged seral species and ensuring that a mix of shade-intolerant and tolerant species exists post-harvest. All units have been affected by some level of mountain pine beetle mortality, with the highest mortality being in lodgepole pine. This prescription will remove trees affected by insects, disease, and undesirable genetics. Timber harvest will remove ponderosa pine, Douglas-fir, western larch, lodgepole pine, white fir, and white pine.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 1.62 miles of new permanent road construction and 4.3 miles of road maintenance.

Access: Access has been obtained to this timber sale via a cost share agreement with the Lolo National Forest.

Public Comments: Five comments were received. The Confederated Salish and Kootenai Tribes reminded 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. Montana Fish, Wildlife, and Parks commented on potential effects of harvesting in big game winter/spring range. A DNRC wildlife biologist analyzed big game in the environmental assessment. Two comments were in support of the proposed project. An adjacent landowner was concerned with aesthetics since he recently built his house near the project area. The project leader took measures to space the sale unit boundary and leave a few more trees on the visible ridge to mitigate impacts to the landowner's viewshed.

DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Henderson Hill Timber Sale.

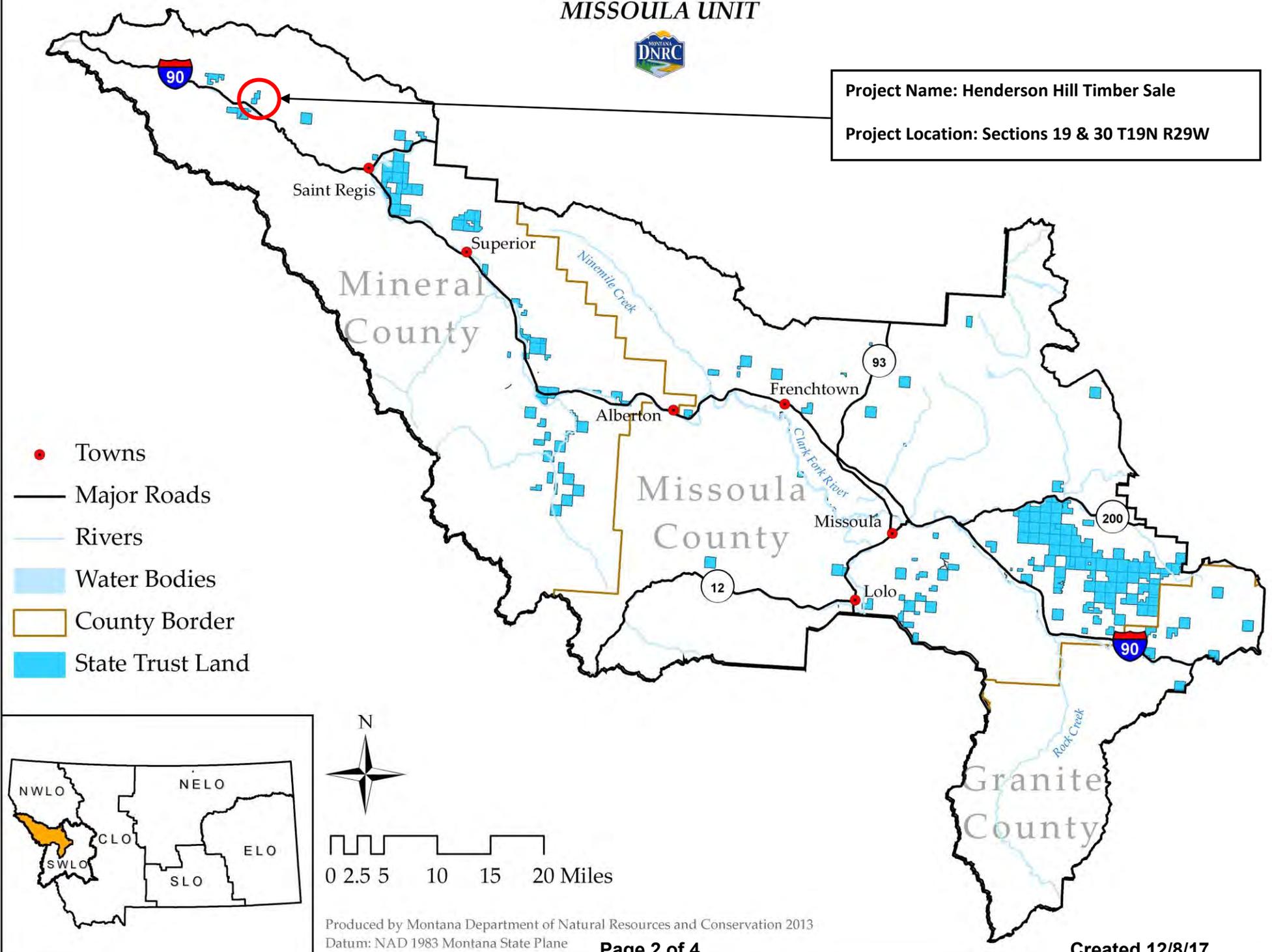
HENDERSON HILL TIMBER SALE VICINITY MAP

MISSOULA UNIT

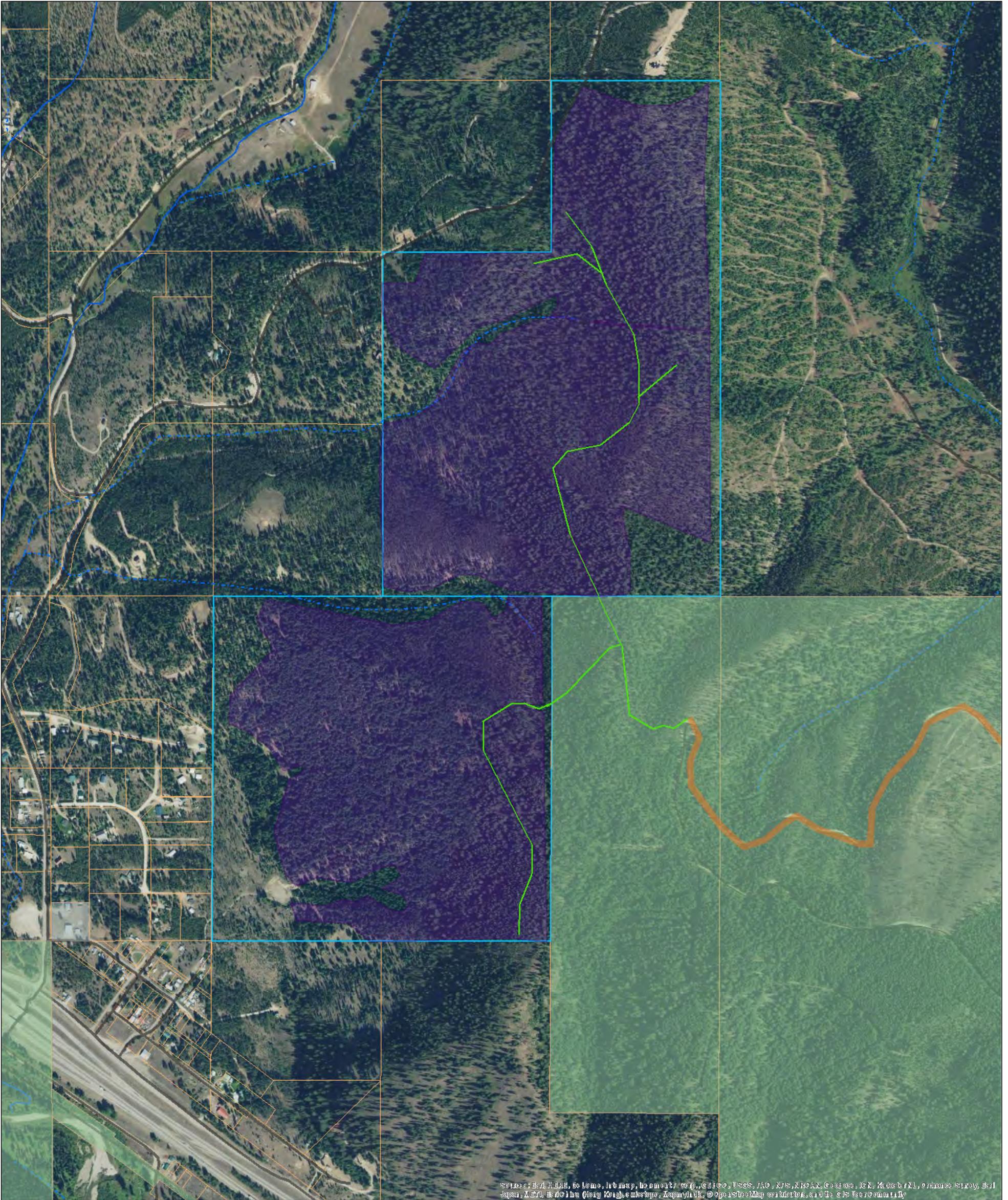
1217-2A



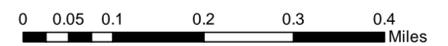
Project Name: Henderson Hill Timber Sale
Project Location: Sections 19 & 30 T19N R29W



Henderson Hill Timber Sale Harvest Unit Map



Source: Esri, HERE, DeLorme, Intermap, increment p., GEBCO, USGS, FAO, NPS, NRCAN, GeBCast, IGN, Karttunen, Orange Street, 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 | MT FWP |



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

1217-2B Timber Sale: Lolo Peak Salvage

Location: Missoula and Ravalli County

Section 16, T10N, R20W

Section 16, T11N, R20W

Trust Benefits: Common Schools

Trust Revenue: \$36,445 (estimated, minimum bid)

Item Summary

Location: The Lolo Peak Salvage Timber Sale is located approximately 2 miles southeast of Lolo and Florence, MT.

Size and Scope: The sale includes 10 harvest units (*402 acres*) of tractor and skyline logging.

Volume: The estimated volume is 12,028 tons (*2.2 MMBF*) of sawlogs.

Estimated Return: The minimum bid is \$3.03 per ton, which would generate approximately \$36,445 for the Common Schools Trust and approximately \$45,586 in Forest Improvement fees.

Prescription: This salvage project is the result of the 2017 Lolo Peak Fire. This sale has salvage harvest and single tree selection prescriptions. Fire killed and damaged trees will be harvested in both sections. Single tree selection will be used to harvest green timber with poor form and vigor and those infested with insects or disease. Timber harvest will remove ponderosa pine, Douglas-fir, and western larch.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 3.5 miles of new permanent road construction, 1.4 miles of road reconstruction, 0.2 miles of road reclamation, and 7 miles of road maintenance.

Access: Access is obtained through a temporary road use permit with MetLife and the US Forest Service.

Public Comments: Twelve comments were received. One commenter was concerned about soil disturbance and weeds, wildlife security, and new roads. The spread of noxious weeds will be mitigated by equipment washing and weed spraying. The roads will be closed to motorized public access post-harvest so there would be negligible changes to wildlife security habitat. Also, there would be mitigations implemented on road construction activities. The Northern Cheyenne Tribal Historic Preservation Officer commented that there was a finding of no effect on the project area. Two commenters requested the new roads be left open for motorized public access. The proposed roads will be closed to motorized public access due to the roads being accessed through private land. One commenter had questions about using seed to revegetate the area. DNRC will spread grass seed on newly disturbed roads. Seven commenters were supportive of the proposed project.

DNRC Recommendation

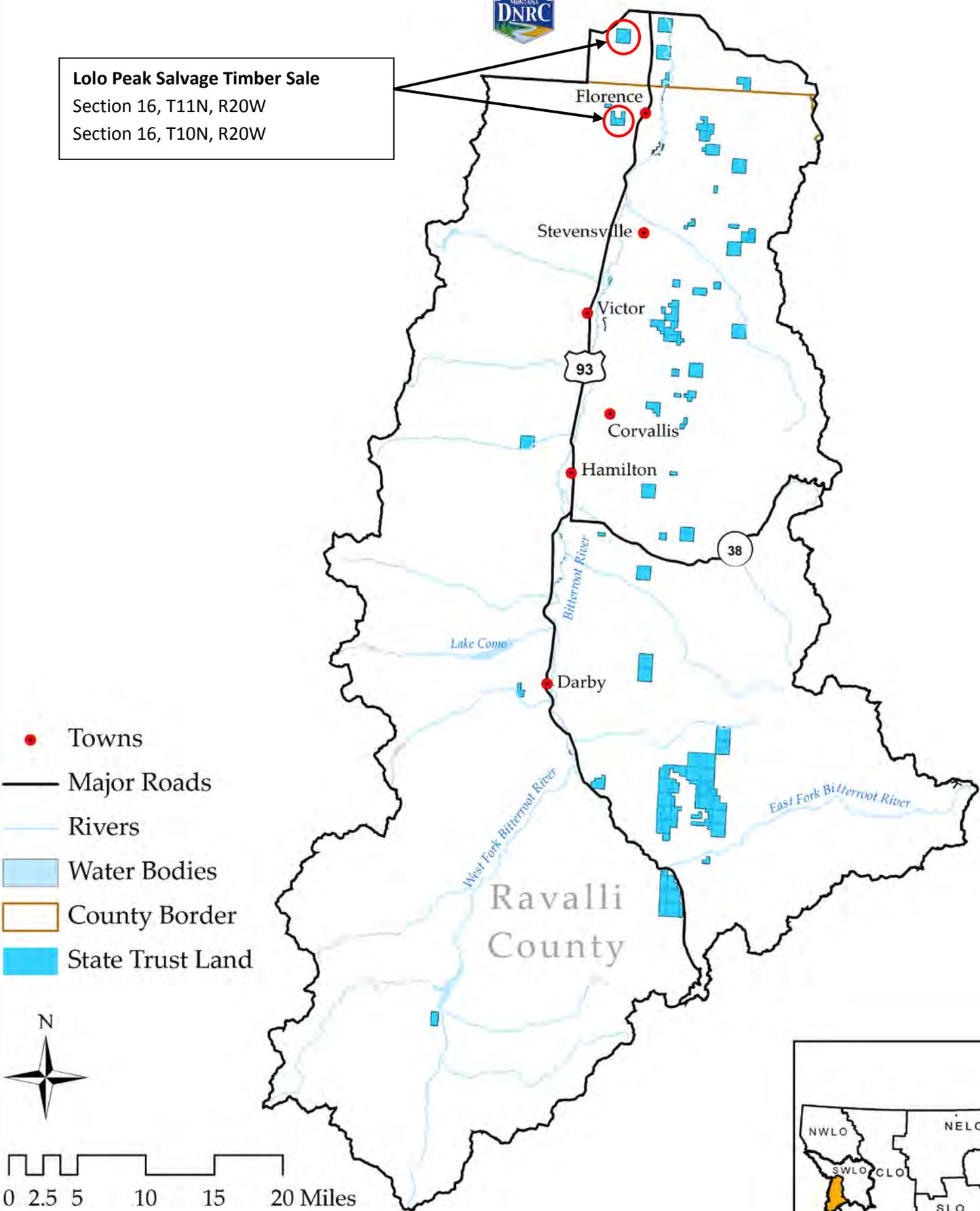
The director recommends the Land Board direct DNRC to sell the Lolo Peak Salvage Timber Sale.

LOLO PEAK SALVAGE TIMBER SALE VICINITY MAP 1217-2B

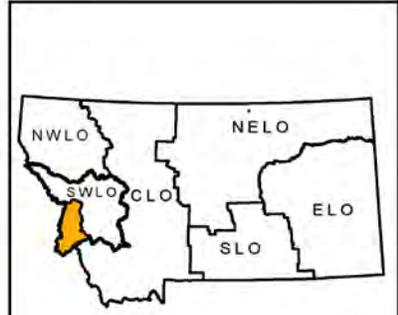
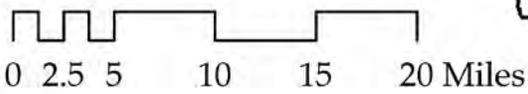
HAMILTON UNIT



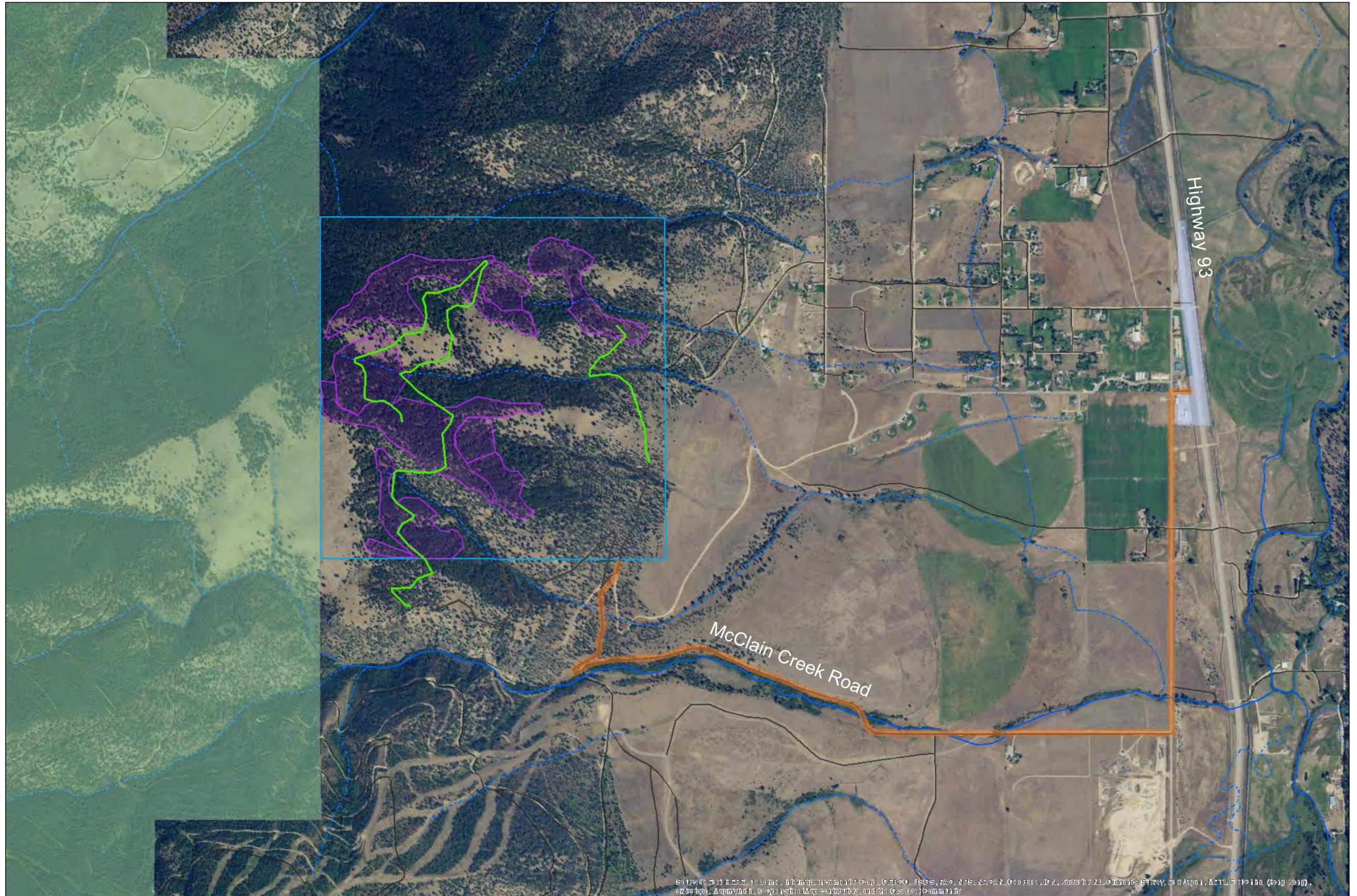
Lolo Peak Salvage Timber Sale
 Section 16, T11N, R20W
 Section 16, T10N, R20W



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



Lolo Peak Salvage Timber Sale Harvest Unit and Haul Route Map

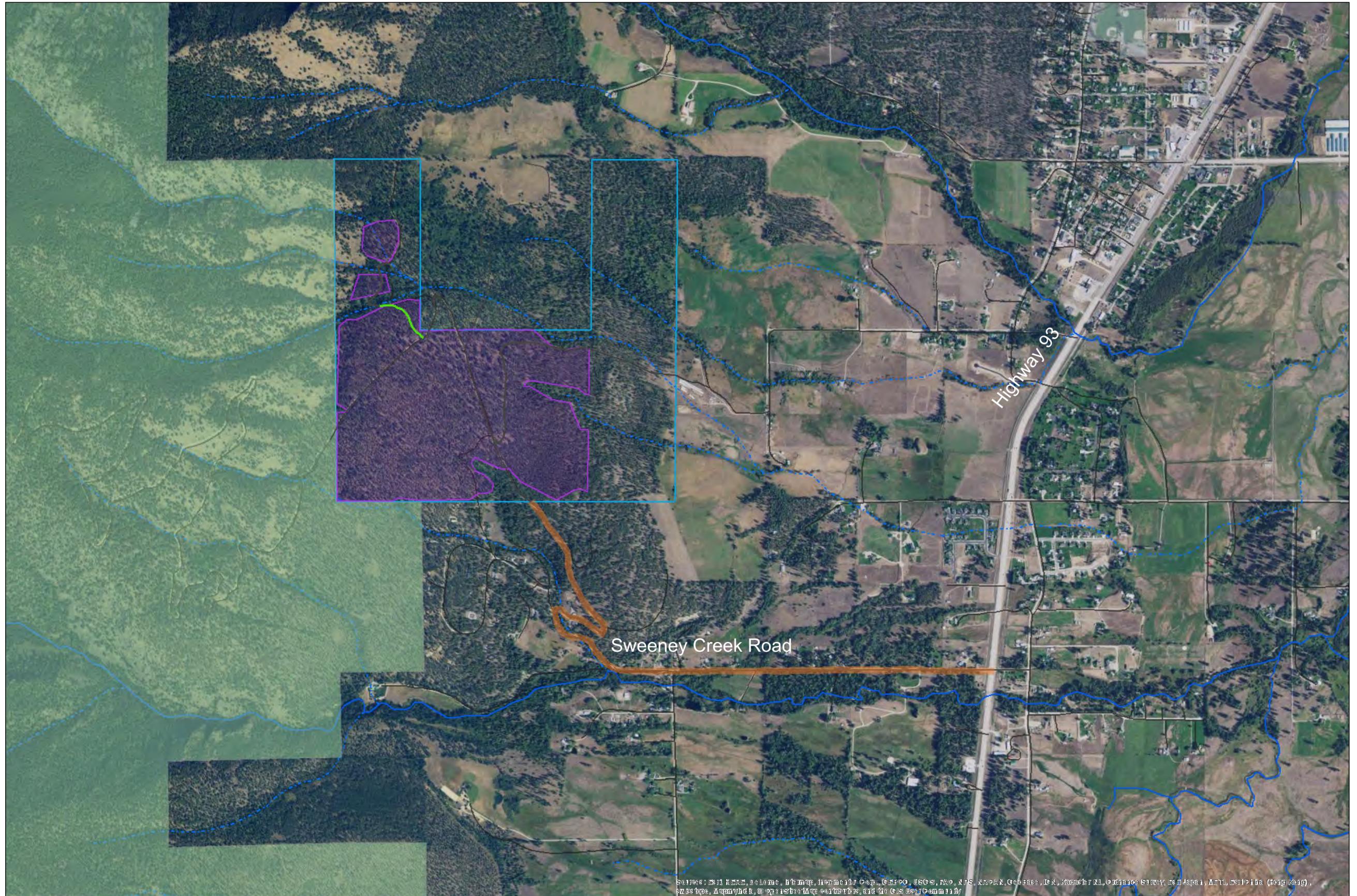


Source: Keri Hulse, DeLone, Intermap, Intermap Corp., ©2010, USGS, FAO, NPS, NRCAN, Geobase, IGN, Kasashe, XL, Orange Sky, Esri, DeLorme, GeoEye, (GeoEye), Swire, Mapbox, © OpenStreetMap contributors, and the GIS User Community

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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 | MT FWP |



Lolo Peak Salvage Timber Sale Harvest Unit and Haul Route Map



Source: MT DNR, Delorme, Inmap, Intermap, Geopoint, USGS, NOAA, NPS, NADAN, Geobase, IGN, Kagame XL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, Mapbox, @opentopomap 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 |  MT FWP |



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

1217-2C Timber Sale: Tornilla Creek

Location: Sanders County

Section 26 T26N R27W

Trust Benefits: Common Schools

Trust Revenue: \$317,688 (estimated, minimum bid)

Item Summary

Location: The Tornilla Creek Timber Sale is approximately 36 miles north of Plains, MT.

Size and Scope: The sale includes 4 harvest units (238 acres) of skyline and tractor logging.

Volume: The estimated harvest volume is 17,360 tons (2.8 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$18.30 per ton, which would generate approximately \$317,688 for the Common Schools Trust and approximately \$67,530 in Forest Improvement fees.

Prescription: This sale has seed tree and shelterwood harvest prescriptions. This treatment would capture the value of aging, diseased, and dying trees while reducing future fuel load by removing dead trees. Timber harvest will remove Douglas-fir, western larch, lodgepole pine, Engelmann spruce, grand fir, western hemlock, and subalpine fir.

Road Construction: The Department of Natural Resources and Conservation (DNRC) is proposing 2.36 miles of new road construction, 0.38 miles of road reconstruction, and 6.2 miles of road maintenance.

Access: Access is obtained through a DNRC–Weyerhaeuser cooperator agreement road system on the Tornilla Creek Road and South Fork Tornilla Road system. A temporary road use permit has also been obtained for access on the Weyerhaeuser ACM #9991 road. A temporary road use permit has been obtained from Tungsten Holdings.

Public Comments: Two comments were received. The Confederated Salish and Kootenai Tribes 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 Thompson River Grazing Co-op supports the project but asked DNRC to keep one gate closed during the grazing season. During the summer season of 2017 gates were kept closed to keep cattle contained within grazing allotments.

DNRC Recommendation

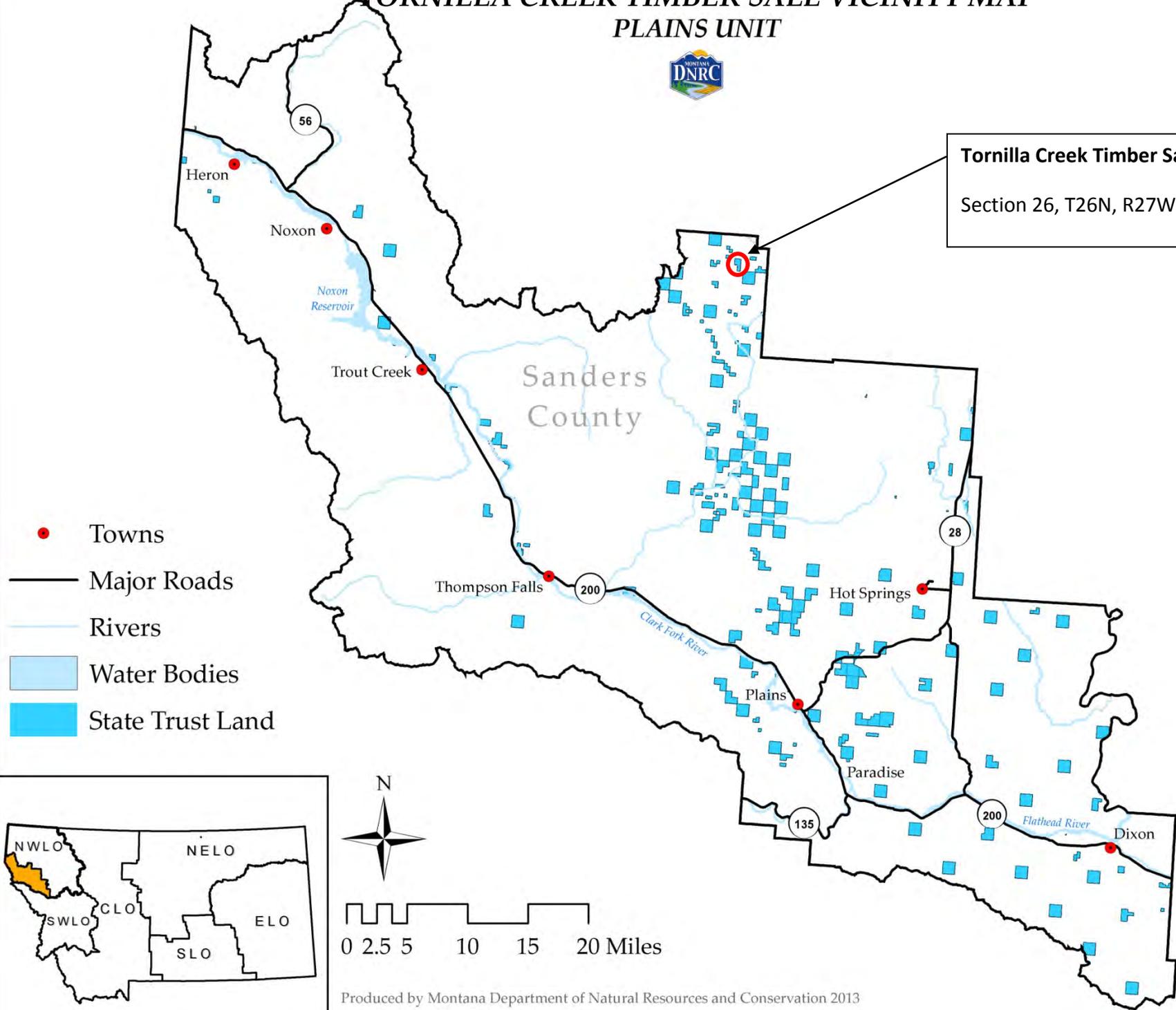
The director recommends the Land Board direct DNRC to sell the Tornilla Creek Timber Sale.

TORNILLA CREEK TIMBER SALE VICINITY MAP PLAINS UNIT

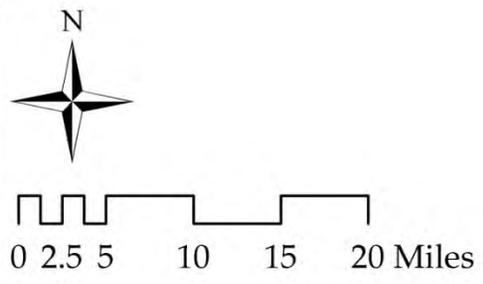
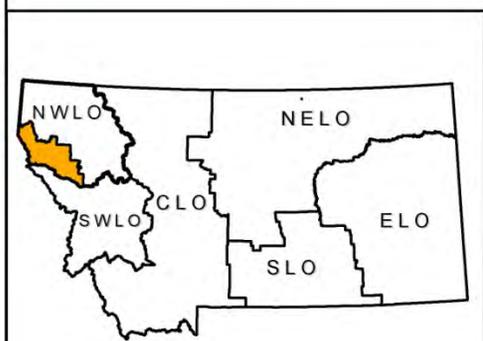
1217-2C



Tornilla Creek Timber Sale
Section 26, T26N, R27W

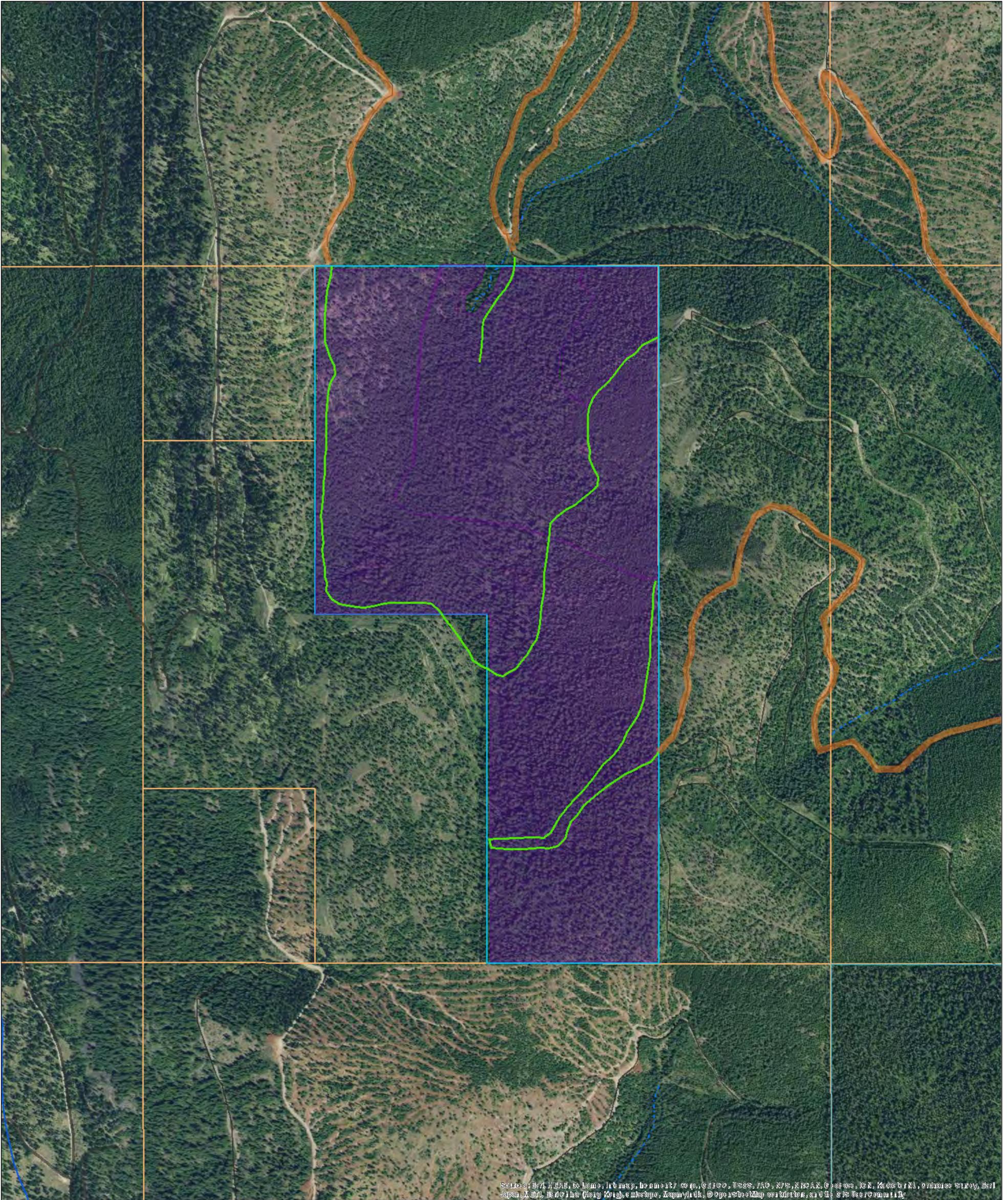


- Towns
- Major Roads
- Rivers
- Water Bodies
- State Trust Land



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

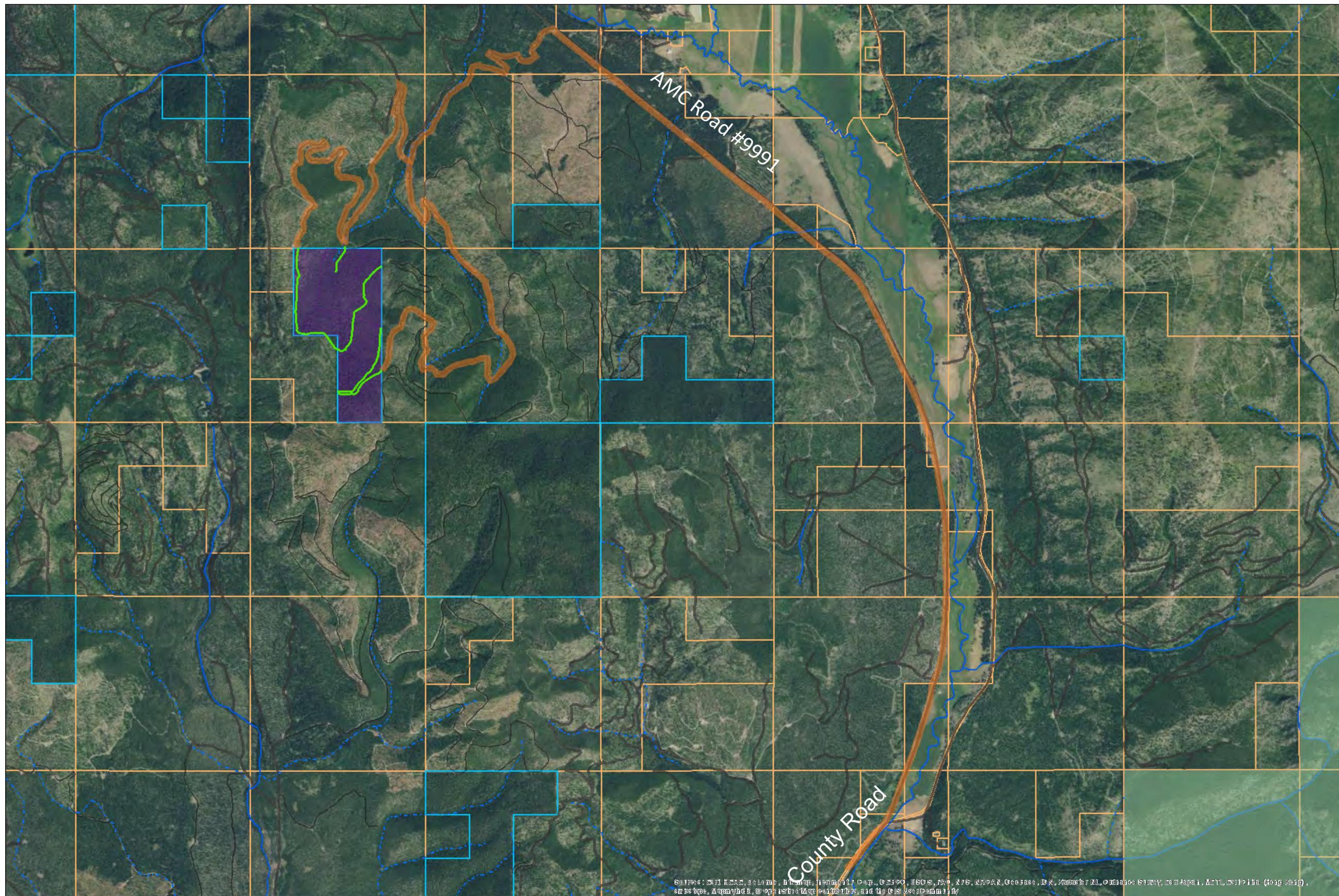
Tornilla Creek Timber Sale Harvest Unit Map



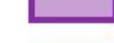
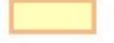
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|  Existing Road |  Perennial Stream |  USFS Land |
|  New Road |  Intermittent Stream |  Private Land |
|  Temporary Road |  Proposed Harvest Units |  BLM Land |
|  Haul Route |  DNRC Surface Tracts | |



Tornilla Creek Timber Sale Haul Route Map



Source: MT DNR, Del Norte, Inc., Map, Inc., GeoEye, USDA, NPS, NADAN, Google, IGN, Microsoft, Ordnance Survey, Esri, DeLorme, AeroGRID, 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 | | |



1217-3

OIL AND GAS LEASE SALE
(DECEMBER 5, 2017)

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

1217-3 Oil and Gas Lease Sale (December 5, 2017)

**Location: Big Horn, Garfield, Glacier, Powder River, Richland, Roosevelt,
Sweet Grass, Toole Counties**

**Trust Benefits: Common Schools, MSU Morrill Trust (ACI), Public Land
Trust–Navigable Rivers**

Trust Revenue: \$194,406.19

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on December 5, 2017 in the Montana Conference Room at DNRC's headquarters building in Helena, MT. A total of 59 tracts were offered for lease. Fifty-nine tracts were leased for a total of \$194,406.19. The 59 tracts that were sold covered a total of 26,865.40 acres. The average bid per acre was \$7.24.

The high competitive bid for the December 5, 2017 sale was \$76.00 per acre and the largest total bid was \$34,528.32 for Tract 1 in Big Horn County.

DNRC Recommendation

The director requests Land Board approval to issue the leases from the December 5, 2017 oil and gas lease sale.

State of Montana
Oil & Gas Lease Sale - December 5, 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, December 5, 2017.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Big Horn									
1	1, 2, 3, 4, 5, 6, 7	7.5.S	41.E	36	Lots 1 - 8, N2S2	454.32	\$76.00	\$34,528.32	HOOVER & STACY, INC.
2	1, 2, 3, 4, 5, 6, 7, 9	8.S	42.E	36	All	640.00	\$35.00	\$22,400.00	CARIBOU LAND AND LIVESTOCK MONTANA LLC
3	1, 2, 3, 4, 5, 6, 7, 9, 13	8.S	43.E	6	Lots 6, 7, SE4, E2SW4	332.23	\$35.00	\$11,628.05	CARIBOU LAND AND LIVESTOCK MONTANA LLC
4	1, 2, 3, 4, 5, 6, 7, 9, 13	8.S	43.E	7	Lots 1, 2, 3, 4, E2W2, E2	664.64	\$33.00	\$21,933.12	CARIBOU LAND AND LIVESTOCK MONTANA LLC
5	1, 2, 3, 4, 5, 6, 7, 9	8.S	43.E	18	N2NE4	80.00	\$35.00	\$2,800.00	CARIBOU LAND AND LIVESTOCK MONTANA LLC
6	1, 2, 3, 4, 5, 6, 10	9.S	42.E	16	All	640.00	\$44.00	\$28,160.00	HOOVER & STACY, INC.
Garfield									
7	1, 2, 3, 4, 5, 6, 7, 9	15.N	30.E	36	NE4, NE4NW4, NE4SE4	240.00	\$63.00	\$15,120.00	BALLARD EXPLORATION COMPANY, INC.
Glacier									
8	1, 2, 3, 4, 5, 6	37.N	5.W	15	NW4, NW4NE4, S2NE4, W2SW4, below the base of the Sawtooth formation	* 360.00	\$1.50	\$540.00	SANDS OIL COMPANY
9	1, 2, 3, 4, 5, 6	37.N	5.W	16	SW4, E2NE4, E2NW4, below the base of the Sawtooth formation	* 320.00	\$1.50	\$480.00	SANDS OIL COMPANY
10	1, 2, 3, 4, 5, 6	37.N	5.W	16	W2NW4, W2NE4, SE4	* 320.00	\$1.50	\$480.00	SANDS OIL COMPANY
11	1, 2, 3, 4, 5, 6, 12	37.N	6.W	23	E2W2, E2, below the base of the Sun River Dolomite formation	* 480.00	\$1.50	\$720.00	SANDS OIL COMPANY
12	1, 2, 3, 4, 5, 6	37.N	6.W	25	N2NE4, below the base of the Sun River Dolomite formation	* 80.00	\$1.50	\$120.00	SANDS OIL COMPANY
13	1, 2, 3, 4, 5, 6, 12	37.N	6.W	36	All, below the base of the Mission Canyon formation	640.00	\$1.50	\$960.00	SANDS OIL COMPANY
Powder River									
14	1, 2, 3, 4, 5, 6, 7, 9	6.S	53.E	16	All	640.00	\$1.50	\$960.00	KNAPP OIL CORPORATION
15	1, 2, 3, 4, 5, 6, 7, 9	6.S	53.E	36	All	640.00	\$1.50	\$960.00	KNAPP OIL CORPORATION
Richland									
16	1, 2, 3, 4, 5, 6, 18	21.N	56.E	16	All	640.00	\$1.50	\$960.00	L6NRG, LLC
17	1, 2, 3, 4, 5, 6, 8, 18	23.N	51.E	8	N2	320.00	\$1.50	\$480.00	L6NRG, LLC
18	1, 2, 3, 4, 5, 6, 18	23.N	51.E	14	W2	320.00	\$1.50	\$480.00	L6NRG, LLC
19	1, 2, 3, 4, 5, 6, 18	23.N	51.E	16	All	640.00	\$1.50	\$960.00	L6NRG, LLC
20	1, 2, 3, 4, 5, 6, 8, 18	23.N	54.E	36	All	640.00	\$3.50	\$2,240.00	KRAKEN OIL & GAS LLC
21	1, 2, 3, 4, 5, 6, 7, 18	24.N	51.E	36	All	640.00	\$1.50	\$960.00	L6NRG, LLC
22	1, 2, 3, 4, 5, 6, 7, 18	24.N	52.E	16	All	640.00	\$1.50	\$960.00	L6NRG, LLC
23	1, 2, 3, 4, 5, 6, 18	24.N	52.E	28	N2	* 320.00	\$1.50	\$480.00	L6NRG, LLC
24	1, 2, 3, 4, 5, 6, 18	24.N	52.E	36	All	640.00	\$1.50	\$960.00	L6NRG, LLC
25	1, 2, 3, 4, 5, 6, 18	25.N	55.E	12	NW4NW4, S2NW4, SW4	280.00	\$9.00	\$2,520.00	KRAKEN OIL & GAS II LLC

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Richland									
26	1, 2, 3, 4, 5, 6, 7, 18	25.N	56.E	12	W2	320.00	\$6.00	\$1,920.00	L6NRG, LLC
27	1, 2, 3, 4, 5, 6, 18	26.N	55.E	36	All	640.00	\$5.00	\$3,200.00	KRAKEN OIL & GAS II LLC
28	1, 2, 3, 4, 5, 6, 8, 18	26.N	56.E	3	Lots 1, 4, SW4NW4	* 120.54	\$11.00	\$1,325.94	KRAKEN OIL & GAS II LLC
29	1, 2, 3, 4, 5, 6, 13, 18	26.N	56.E	10	W2	* 320.00	\$11.00	\$3,520.00	KRAKEN OIL & GAS II LLC
30	1, 2, 3, 4, 5, 6, 17, 18	26.N	56.E	11	S2SE4, SE4SW4	120.00	\$2.00	\$240.00	KRAKEN OIL & GAS II LLC
31	1, 2, 3, 4, 5, 6, 17, 18	26.N	56.E	12	SW4SW4	40.00	\$3.00	\$120.00	KRAKEN OIL & GAS II LLC
32	1, 2, 3, 4, 5, 6, 13, 18	26.N	56.E	16	W2, SE4NE4, E2SE4	* 440.00	\$2.00	\$880.00	KRAKEN OIL & GAS II LLC
33	1, 2, 3, 4, 5, 6, 11, 18	26.N	56.E	18	W2SE4, E2SW4	160.00	\$2.00	\$320.00	KRAKEN OIL & GAS II LLC
34	1, 2, 3, 4, 5, 6, 13, 18	26.N	56.E	21	N2NE4, SE4NE4	* 120.00	\$2.00	\$240.00	KRAKEN OIL & GAS II LLC
35	1, 2, 3, 4, 5, 6, 18	26.N	56.E	36	All	* 640.00	\$2.00	\$1,280.00	KRAKEN OIL & GAS II LLC
36	1, 2, 3, 4, 5, 6, 11, 14, 15, 18	27.N	57.E	20	Lots 5, 6, 7, 8, Missouri Riverbed and related acreage	201.36	\$1.50	\$302.04	JBLM MONTANA, INC.
37	1, 2, 3, 4, 5, 6, 7, 18	27.N	57.E	30	Lots 6, 7, SE4NE4, SE4, NE4SW4	313.72	\$1.50	\$470.58	JBLM MONTANA, INC.
38	1, 2, 3, 4, 5, 6, 7, 18	27.N	57.E	31	Lots 6, 7, NE4, N2SE4	333.75	\$1.50	\$500.62	JBLM MONTANA, INC.
Roosevelt									
39	1, 2, 3, 4, 5, 6, 17, 18	28.N	56.E	16	Lots 1, 2, 3, 4, N2, N2S2	642.28	\$6.00	\$3,853.68	L6NRG, LLC
40	1, 2, 3, 4, 5, 6, 7, 18	28.N	56.E	34	SW4NE4, W2SE4	120.00	\$16.00	\$1,920.00	KRAKEN OIL & GAS II LLC
41	1, 2, 3, 4, 5, 6, 8, 18	28.N	56.E	35	All	640.00	\$10.00	\$6,400.00	KRAKEN OIL & GAS II LLC
Sweet Grass									
42	1, 2, 3, 4, 5, 6, 9	1.N	15.E	12	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
43	1, 2, 3, 4, 5, 6, 7, 9, 11	2.N	13.E	36	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
44	1, 2, 3, 4, 5, 6, 7, 9, 11	2.N	14.E	16	W2, NE4	* 480.00	\$1.50	\$720.00	CRAZY MOUNTAIN OIL AND GAS LLC
45	1, 2, 3, 4, 5, 6, 7, 9	2.N	15.E	16	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
46	1, 2, 3, 4, 5, 6, 7, 9	2.N	15.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
47	1, 2, 3, 4, 5, 6, 7, 11	3.N	13.E	16	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
48	1, 2, 3, 4, 5, 6, 7, 11	3.N	13.E	36	E2NW4, E2, S2SW4	* 480.00	\$1.50	\$720.00	CRAZY MOUNTAIN OIL AND GAS LLC
49	1, 2, 3, 4, 5, 6, 7	3.N	14.E	16	Lots 1, 2, 3, 4, S2N2, S2	642.56	\$1.50	\$963.84	CRAZY MOUNTAIN OIL AND GAS LLC
50	1, 2, 3, 4, 5, 6, 9, 13	3.N	14.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
51	1, 2, 3, 4, 5, 6, 7, 13	4.N	13.E	8	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
52	1, 2, 3, 4, 5, 6, 7, 13	4.N	13.E	16	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
53	1, 2, 3, 4, 5, 6, 7, 11	4.N	13.E	20	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
54	1, 2, 3, 4, 5, 6, 7, 9, 13	4.N	13.E	36	All	* 640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
55	1, 2, 3, 4, 5, 6, 11, 12, 13	4.N	14.E	16	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
56	1, 2, 3, 4, 5, 6, 7	4.N	14.E	36	All	640.00	\$1.50	\$960.00	CRAZY MOUNTAIN OIL AND GAS LLC
Toole									
57	1, 2, 3, 4, 5, 6, 13	35.N	1.E	25	NE4	* 160.00	\$1.50	\$240.00	JOHNSON GEOPHYSICAL LTD.
58	1, 2, 3, 4, 5, 6	35.N	1.E	35	W2E2, E2NW4, SE4SE4, NE4SW4	320.00	\$1.50	\$480.00	JOHNSON GEOPHYSICAL LTD.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Toole									
59	1, 2, 3, 4, 5, 6, 16	34.N	1.W	16	W2W2, SE4NW4, E2SW4, * all formations and NE4NW4 including all formations except the Madison Group	320.00	\$1.50	\$480.00	SOG RESOURCES

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

Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	26,865.40	59

Oil and Gas Lease Sale Summary

Total Tracts	59
Total Acres	26,865.40
Total Bid Revenue	\$194,406.19
Average Bid Per Acre	\$7.24

State of Montana
Oil & Gas Lease Sale - December 5, 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 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
- 9 This lease is located within 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.
- 10 This lease is located within designated sage grouse core 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.
- 11 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.
- 12 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.

- 13 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.
- 14 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.
- 15 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.
- 16 This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well(s) and any existing facilities. The lessee may not enter the well(s) until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation. The(se) well(s) must be returned to commercial production or plugged and the well site (s) reclaimed within 18 months from the effective date of this lease.
- 17 Lessee shall avoid gravel permit areas and shall contact and coordinate with the gravel permittee and TLMD regarding proposed oil and gas activities. No surface occupancy of the permitted gravel operations is allowed without written approval of TLMD.
- 18 If whooping cranes are observed on-site, construction and/or maintenance activities shall be suspended until birds leave the area.

1217-4

INFORMATIONAL ITEM:
BIENNIAL CABIN SITE LEASE RATE REVIEW
(SEPTEMBER 2015 – SEPTEMBER 2017)

**Land Board Agenda Informational Item
December 18, 2017**

**1217-4 Informational Item: Biennial Cabin Site Lease Rate Review
(September 2015 – September 2017)**

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

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

Trust Revenue: N/A

Item Summary

The Trust Lands Management Division (TLMD) is required to provide to the Land Board a review of cabin site lease rates every two years. The review includes data from all cabin site lease bids within the two-year period and a review of the data by an economist.

This review requirement was established in September 2015 through a settlement agreement to a civil suit (Montrust III).

Lease Rates

(as established in the settlement agreement)

New Bidding:

Cabin site leases on unleased lots are issued through a competitive bidding process. The bid rate is a percentage of the Department of Revenue (DOR) land value, and the bid amount is the first year's lease fee.

- 6.5%: All initial bidding starts at 6.5% for 60 days;
- 5.0%: The rate may be reduced to 5% for an additional 60 days.
- Less than 5%: The rate may be incrementally reduced after bidding has been unsuccessful at 6.5% and 5%, only in neighborhoods with vacancy rates over 30%.
- Minimums: Minimum Rate is 3.5%, and the minimum annual rent is \$800.

Renewals:

All cabin site leases have a right to renew upon expiration without competitive bidding.

- 5%: All renewals are offered at 5% of the land value.
- Minimums: The annual rent shall never be below \$800.

Background (Cabin Site Lease Rate Legislation and Litigation)

1983: HB 391 set fee values at 5% of the Lease value of the property. Lessees protested and legislative negotiations adjusted the rate to a 3.5% lease rate.

1989: SB 226 attempted to clarify the 3.5% into law with the final language reading: 77-1-208, MCA, 1(a) "the fee must be 3.5% of the appraised value of the cabin site".

1993: SB 424 eliminated the 3.5% annual lease rate, substituting the language now in statute: (1) The board shall set the annual fee based on full market value of each site as determined by department of revenue appraisal.

1999: Montanans for Responsible Use of School Trust (Montrust) filed suit against the Land Board and the Department of Natural Resources and Conservation (DNRC) challenging that the 3.5% was “significantly below fair market value”, and prevailed. This ruling was rooted in Article X of the Montana Constitution. Following the 1999 decision, in 2000 the Land Board adopted a new 5% lease rate to be phased in over 5 years.

2008: The DOR appraisals increased dramatically from the previous appraisal cycle for most cabin site leases, resulting in significant, unprecedented increases in lease fees. In anticipation of vacancies and resulting loss in revenue due to the fee increase, DNRC and the Land Board adopted a compromise policy (entitled **Alternative 3B**) which uses 5% of an adjusted appraised value based on the average appreciation of state leases, and increased annually by a Lease Fee Indicator, which is limited to a minimum of 3.25% and maximum of 6.5%.

2011: SB409 directed DNRC to institute an open competitive bidding process for currently vacant lots with an initial minimum bid level of 2% of appraised value. It was passed by the legislature and became law without the Governor’s signature.

2012: Judge Jeffery Sherlock (Helena District Court) enjoined DNRC from instituting the new leasing rules promulgated under SB409. Montrust III is the name of the civil suit that was initiated by Montrust in 2012 against the State of Montana, Land Board, and DNRC. Montrust was joined by the Board of Regents as Intervenor-Plaintiff, and DNRC was joined by Montana State Leaseholder’s Association as Intervenor-Defendant. The Plaintiffs alleged that the administrative rules regarding lease fee calculation methods for cabin and home site leases on state trust land violated the fiduciary, trust, and constitutional duties of the State of Montana, the Land Board, and DNRC, and failed to secure for the trust a full market value rate of return. Montrust III alleged that the rules related to both SB409 and Alternative 3B created lease fees below full market value.

2015: A Settlement Agreement to resolve Montrust III was executed between all four parties, approved by the Land Board, and subsequently approved by the District Court. DNRC then adopted Administrative Rules to implement the settlement agreement in June 2016.

Settlement Agreement Key Points

(and subsequent ARM 36.25.1001-36.25.1021)

- Voided all rules implementing SB409 (2011) and the lease fee calculations of Alternative 3B.
- Provided that all current leases remain in place until expiration.
- Established lease fee rates for renewals at 5%, and lease fee rates for new bidding will be adjustable based on vacancy rates (between 6.5% and 3.5%).
- The minimum annual lease fee for all renewals and/or new bidding will be \$800.
- Lease bid rates will be reviewed by the Land Board every two years.

Summary

Between September 2015 and September 2017, DNRC renewed 30 leases at 5% and conducted five rounds of competitive bidding. Although DNRC could not start competitive bidding until June 2016 when Administrative Rules were finalized, the department received a record number of bids and a general heightened interest in the leasing program during the 15 months of bidding: 29 bids were received for 26 lots, and to date 22 competitively bid leases have been executed.



Montana State Trust Lands Cabin Site Lease Rate Review 2017

Background

The settlement agreement reached in 2015 between MonTrust and the Board of Regents, and the DNRC and MT State Leaseholders Association stipulated that the results of implementing the settlement would be reviewed and considered by the Land Board every two years. In June of 2016, the Department finalized new Administrative Rules (ARM 36.25.1001-36.25.2021) for cabin site leasing implementing the terms of the settlement. All new bidding shall start at 6.5% of the Department of Revenue (DOR) value for the land, and after 60 days, the minimum bid may be reduced to 5%. Additionally, the ARM allows for the minimum bid rate to be further reduced after 60 days of bidding at 5%, for neighborhoods with high vacancy rates (30% or higher).

Implementation

Upon adoption of the ARM to implement the settlement, DNRC made vacant cabin sites available for bid. The first round of bidding set minimum annual lease rates at 6.5% of the 2014 appraised lot values, and opened in June 2016. In following rounds of bidding, the minimum bid rate was set at 5% for most sites, however minimum bid rates for sites in high-vacancy neighborhoods (more than 30% of lots vacant) continued to drop. The rates and results are summarized in Table 1, and more detail is shown in Exhibit A. These bidding cycles spanned roughly one year, and 29 bids were received on 26 lots.

Table 1. Summary of Bids on Vacant Cabinsites

Bidding Period	Minimum Bid Rate	Lots Posted	Bids Received	Average Bid Rate	Portion of Posted Lots Receiving Bids	Lots with More Than 1 Bid
June-August 2016	6.50%	76	6	7%	7.9%	0
August-October 2016	5.00%	63	2	5.15%	3.2%	0
December-January 2017	5% or 4.5%	58	5	5.60%	8.6%	0
March-May 2017	5% or 4.5%	62	4	4.78%	6.5%	0
June-July 2017	5% or 4.0%	65	12	4.60%	13.8%	3
Total over first 5 Bidding rounds:		76	29	5.43%	30%	3

~bid rates lower than 5% only set for neighborhoods with >30% vacancy. Lots with no previous bidding cycles set at 6.5%

Program Vacancy and Competitive Bidding Results

Over the time frame from June 2016 through the end of September 2017, 21 new leases were signed as a result of the bidding process, with 1 additional new lease pending signature. The 22 new leases produced in the first 5 rounds of bidding, out of an average of 65 advertised sites, suggests an annual absorption rate of approximately 30%. Over the same time frame, 13 existing leases were

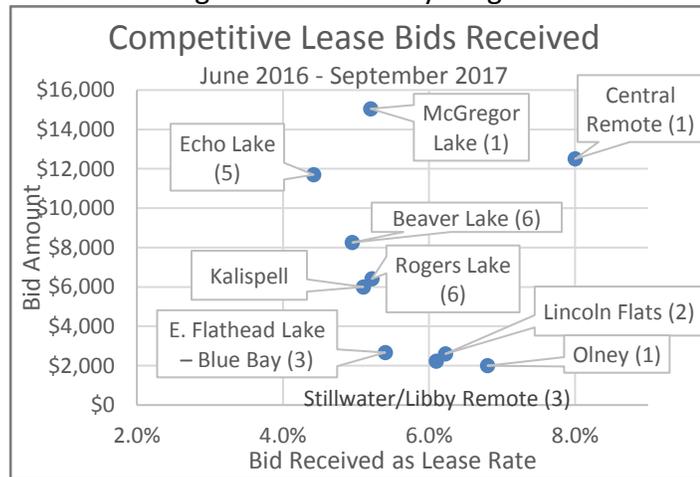
Table 2. Neighborhood Bidding Summary

Neighborhood	Average Bid Received	Average Bid Amount	Count of Bids	Vacancy at June 2016 Start of Bidding	Vacancy as of September 15, 2017
Beaver Lake	5.0%	\$8,255	6	47%	25%
Central Remote	8.0%	\$12,501	1	14%	7%
E. Flathead Lake – Blue Bay	5.4%	\$2,667	3	42%	38%
Echo Lake	4.4%	\$11,701	5	41%	37%
Lincoln Flats	6.2%	\$2,601	2	6%	6%
McGregor Lake	5.2%	\$15,050	1	50%	58%
Olney	6.8%	\$2,000	1	3%	0%
Rogers Lake	5.2%	\$6,410	6	72%	65%
Stillwater/Libby Remote	6.1%	\$2,235	3	13%	7%
Kalispell Remote	5.1%	\$6,000	1	24%	24%
Grand Total	5.4%	\$6,964	29	14% statewide	14% statewide

terminated for non-payment. Bidding results shown in Table 2 reveal that McGregor Lake was the only neighborhood to show an increased vacancy. While one new competitively bid lease was completed, McGregor also had one new lease termination. The cause of the rising vacancy rate in McGregor Lake is purely due to 4 active sites being sold and dropped from the inventory used to calculate vacancy. This is a good illustration of the impact to vacancy rates of selling mostly actively leased sites. Net of the 13 new vacancies, 9 new leases is a net annual absorption rate of 13.9%. At this absorption rate, it would take roughly 7 years to approach zero vacancy. The next Rate Review in two years should show whether this pace is realistic.

The cumulative results of new competitive bidding since the new leasing rules were implemented are consistent with the ideal market lease rates identified in recent studies of the market for residential lease sites. The most recent study of Montana cabin sites found the true full market lease rate should fall between 4.9% and 8.6% (Bioeconomics 2015.)

Chart 1. Average Bid Received by Neighborhood



Currently active cabin site leases are billed according to four distinct lease fee calculation methods, until all contracts have been renewed on the new template. The average lease rate across all active leases in 2017, when comparing 2017 contract rent with the appraised values applied, is 5.15%. Details are shown in Exhibit B.

Data from non-family transfers of improvements on active leases since the 2015 rate analysis (Bioeconomics, Cabin Site Lease Rate Valuation Analysis: 2015 Addendum to 2011 Report, 2015) were analyzed using the same model as the 2015 report followed. The sale price received by lessees for their improvements was compared to the MT Department of Revenue's assessed value of the improvements. (Details are shown in Exhibit C.) A wide range of differences are found, with some selling under value and some gaining a profit (Leasehold Value) over the assessed value. The Leasehold Value is used in calculating what a full market lease rate would be, and from 2015 – 2017 this implicit lease rate averaged 5.75%. While lower than the mean implicit rate over the 2011-2014 years of 6.7%, this is consistent with the full market rates identified by Bioeconomics (2011 and 2015 update.)

Table 3. Implicit Market Lease Rate: Nonfamily lease transfers, 2015-2017

Year	Average Implied Market Lease Rate	Non-family Transfers of Leases with Improvements
2015	5.81%	18
2016	6.26%	7
2017	5.03%	6
2015-2017 Average/Total	5.75%	31

Assuming ongoing rounds of competitive bidding continue to produce similar results, the vacancy rates in most neighborhoods should fall over the next 1-2 years. However, the legislatively mandated cabin site sales program is reducing the inventory and as DNRC divests of active lease sites, this effectively pushes the vacancy percentage higher in neighborhoods with multiple sales. Given the opposing effects of new leases and selling active leases on vacancy rates, it may be several more years before the leasing program reaches some form of equilibrium vacancy rate. Table 4 shows a simple comparison of statewide vacancy data from June 2016 to September 2017 and illustrates the effect selling active leases has on countering the new leasing activity to hold vacancy rates high when compared to the working inventory.

Table 4. Total Working Cabin Site Inventory and Sales/Vacancy Rate

	Active	Vacant	Working Inventory	Sold	Vacancy Rate
June 2016	654	106	760	39	13.95%
September 2017	614	98	712	71	13.76%

While the vacancy rate remains in the 12 – 14% range, as it has since 2013 when the main impacts of large cabin site rent increases related to the 2008 appraisal cycle had leveled off, Chart 2 illustrates that the higher vacancy rate has not resulted in falling program revenues.

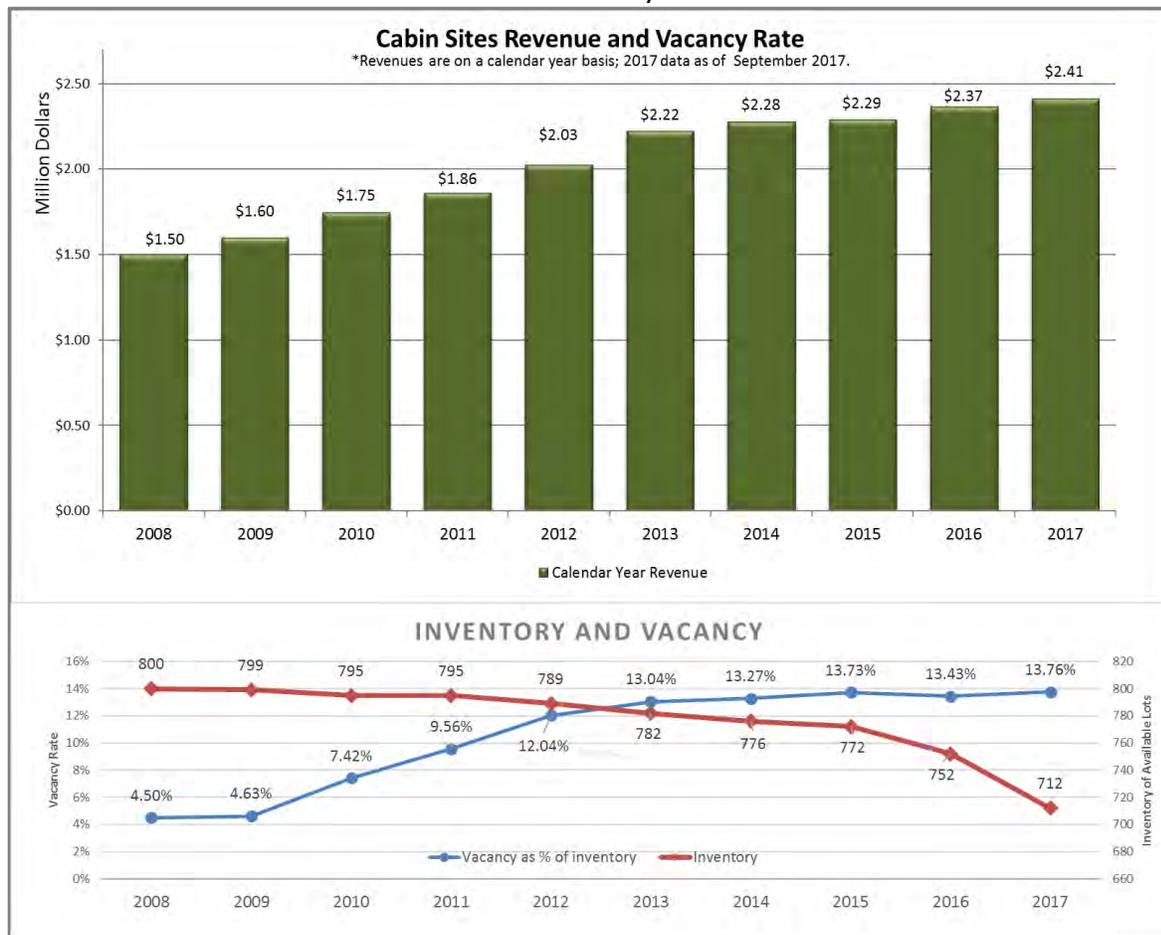
Table 5. Competitive Bidding in Recent Years

Bidding Period	Minimum Bid Rate	Competitively Bid Leases Signed
2012	5.00%	6
2013	5.00%	6
2014	5.00%	2
2015	5.00%	4
Total over Calender Years 2012-2015:		18

During the years prior to the settlement in 2015, competitive bidding happened with a minimum bid of 5% and relatively few new leases were signed. Results from calendar year 2012 through 2015 are provided in Table 5. The numbers suggest that the bidding activity for cabin sites on state land

has increased dramatically. The exact cause of the increased activity is difficult to measure; improved housing markets may play a part but the change may also be due to a measure of stability returning to the leasing program since reaching the final 2015 settlement agreement.

Chart 2. Cabin Sites 10 Year Revenue and Vacancy Rate



Conclusion and Recommendation

The results of competitive bids received (average 5.4%) and of sales of improvements through non-family lease transfers (mean implicit market rate of 5.75%) are indicative of a market for cabin site leasing which can continue to support a 5% or higher lease rate. However, these competitive bidding data only represent one year. DNRC recommends continuing to hold minimum bids for vacant sites in low-vacancy neighborhoods at or above 5%, while recognizing that several high vacancy (greater than 30%) neighborhoods persist and there are still a large number of vacant sites which have received no bids through several rounds of bidding.

Qualifications

This report was produced by DNRC's Trust Lands Economist, Brett Holzer (MS Applied Economics, Montana State University 2005.) Mr. Holzer has worked in the Real Estate Management Bureau of the Trust Lands Division since 2008.

References

Bioeconomics, I. (2011). *Cabin Site Lease Rate Valuation Analysis*.

Bioeconomics, I. (2015). *Cabin Site Lease Rate Valuation Analysis: 2015 Addendum to 2011 Report*.

Exhibit A: Results of Competitive Bidding for Cabin Sites

6.5% MINIMUM BID RATE for all available leases Bidding: Opened June 2016 – Closed August 2016						
Lease Number	Unit	Neighborhood	Minimum Bid Rate	Bid Amount	Actual Bid Rate	Improvements
3071958	Boz	Central Remote	6.50%	\$12,501	8%	Yes
3053160	STU	Stillwater/Libby Remote	6.50%	\$2,200	7.50%	Yes
3052018	STU	Beaver Lake (Lot 42)	6.50%	\$12,000	7.10%	Yes
3052764	KU	Rogers Lake (Lot 33)	6.50%	\$6,200	6.60%	Yes – Bidder is former lessee
3052590	KU	Rogers Lake (Lot 34)	6.50%	\$7,700	6.50%	Yes – Bidder is former lessee
3052911	STU	Olney (Lot 19)	6.50%	\$2,000	6.80%	No
Average Bid Rate: 7%						

5% MINIMUM BID RATE for all available leases Bidding: Opened August 2016 – Closed October 2016						
Lease Number	Unit	Neighborhood	Minimum Bid Rate	Bid Amount	Actual Bid Rate	Improvements
3051988	KU	McGregor Lake (Lot 27)	5%	\$15,050	5.20%	Yes
3052438	KU	Rogers Lake (Lot 18)	5%	\$6,300	5.10%	Yes
Average Bid Rate: 5.15%						

4.5%-5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened December 2016 – Closed January 2017						
Lease Number	Unit	Neighborhood	Minimum Bid Rate	Bid Amount	Actual Bid Rate	Improvements
3053274	KU	E. Flathead Lake – Blue Bay (Lot 22)		\$2,601	5.50%	No
3052867	KU	E. Flathead Lake – Blue Bay (Lot 13)		\$2,601	5.60%	No
3062397	CLW	Lincoln Flats (Lot 23)		\$2,601	6.25%	Yes
3062688	CLW	Lincoln Flats (Lot 14)		\$2,601	6.20%	No
3052658	STW	Beaver Lake (Lot 18)		\$7,225	4.50%	Yes
Average Bid Rate: 5.6%						

4.5%-5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened March 2017 – Closed May 1, 2017						
Lease Number	Unit	Neighborhood	Minimum Bid Rate	Bid Amount	Actual Bid Rate	Improvements
3052449	STW	Beaver Lake (Lot 10)	5%	\$8,510	5%	No
3053306	KU	E. Flathead Lake – Blue Bay (Lot 23)	5%	\$2,800	5.10%	No
3051564	KU	Echo Lake (Lot 35)	4.50%	\$12,850	4.50%	Yes
3052841	KU	Rogers Lake (Lot 6)	4.50%	\$3,525	4.50%	Yes
Average Bid Rate: 4.78%						

4%-6.5% MINIMUM BID RATES based on neighborhood vacancy Bidding: Opened June 1, 2017 – Closed July 31, 2017						
Lease Number	Unit	Neighborhood	Minimum Bid Rate	Bid Amount	Actual Bid Rate	Improvements
3051552	KU	Echo Lake (Lot 28)	4%	\$12,500	5%	Yes – Private
				\$11,002	4.40%	
3053396	KU	Echo Lake (Lot 20)	4%	\$11,675.50	4.20%	No – Demo
3051587	KU	Echo Lake (Lot 38)	4%	\$10,476	4%	Yes – Trust
3052598	STU	Beaver Lake (Lot 5)	4%	\$8,215	5%	Yes – Trust
				\$6,700	4.10%	
3052642	STU	Beaver Lake (Lot 11A)	4%	\$6,880	4%	Yes – Private
3052572	KU	Rogers Lake (Lot 2)	4%	\$6,021	4.10%	Yes – Trust
3052806	KU	Rogers Lake (Lot 26)	4.50%	\$8,712	4.50%	Yes – Private
3053037	KU	Woods Bay (Lot 2)	5%	\$6,000	5.10%	Yes – Pending through 8/9
3053099	STU	Stillwater Remote (Lot 1)	5%	\$2,424	5.80%	Yes – Private
				\$2,080	5%	
Average Bid Rate: 4.6%						

Exhibit B: Summary of DNRC Cabinsite Lot Values and 2017 Rents as a Percent of Lot Value

Neighborhoods by Land Area	Billing Method								Total Average 2014 Value	Total 2017 Rent- Avg Percent of Value
	Alternative 3B		5% of Appraised Value		Annual 2% Increase		Fixed (Minimum)			
	Average 2014 Value	2017 Rent- Avg Percent of Value	Average 2014 Value	2017 Rent- Avg Percent of Value	Average 2014 Value	2017 Rent- Avg Percent of Value	Average 2014 Value	2017 Rent- Avg Percent of Value		
CLO										
Central Remote	\$64,099	4.92%	\$35,880	5.00%	\$152,270	5.80%			\$74,679	5.05%
CLO Total	\$64,099	4.92%	\$35,880	5.00%	\$152,270	5.80%			\$74,679	5.05%
ELO										
Eastern Remote	\$21,441	1.72%	\$20,934	5.00%	\$35,940	5.00%	\$5,719	24.21%	\$18,795	9.40%
ELO Total	\$21,441	1.72%	\$20,934	5.00%	\$35,940	5.00%	\$5,719	24.21%	\$18,795	9.40%
NELO										
NorthEast Remote	\$20,096	4.81%	\$17,193	5.00%	\$23,895	5.00%	\$10,488	8.05%	\$19,507	5.05%
NELO Total	\$20,096	4.81%	\$17,193	5.00%	\$23,895	5.00%	\$10,488	8.05%	\$19,507	5.05%
NWLO										
Ashley Creek	\$36,281	8.91%							\$36,281	8.91%
Beaver Lake	\$177,044	5.76%			\$166,700	4.69%			\$173,350	5.38%
E Lake Shore - Flathead	\$320,395	5.48%	\$44,276	5.00%	\$46,341	5.61%			\$283,717	5.45%
Echo Lake	\$284,999	4.43%	\$188,910	5.00%	\$265,950	4.50%			\$269,298	4.52%
Fishtrap Creek	\$18,757	2.29%	\$15,742	5.00%					\$18,087	2.89%
Kalispell Remote	\$68,544	6.35%	\$66,800	5.00%	\$50,781	5.00%			\$67,460	6.20%
Libby Creek			\$50,600	5.00%					\$50,600	5.00%
McGregor lake	\$299,200	3.98%			\$288,400	5.32%			\$298,120	4.12%
Mudd Creek	\$22,290	2.42%	\$21,622	5.00%					\$22,190	2.80%
Olney Region	\$36,935	3.87%	\$43,950	5.00%	\$29,594	6.89%			\$36,926	3.99%
Plains Remote	\$19,797	2.84%	\$18,342	4.75%					\$19,297	3.50%
Rogers Lake	\$99,467	10.28%			\$131,800	4.36%			\$107,550	8.80%
Stillwater-Libby Remote	\$37,644	6.22%			\$27,950	6.32%			\$36,260	6.23%
Thompson Creek	\$24,270	2.05%	\$15,931	5.00%					\$18,711	4.02%
NWLO Total	\$105,169	4.72%	\$44,093	4.89%	\$146,927	5.03%			\$101,315	4.76%
SLO										
Southern Remote	\$27,033	7.46%			\$39,056	5.00%			\$28,750	7.11%
SLO Total	\$27,033	7.46%			\$39,056	5.00%			\$28,750	7.11%
SWLO										
Clearwater River Eastside	\$64,393	4.03%	\$75,515	5.00%	\$85,556	5.10%			\$65,756	4.13%
Clearwater River Westside	\$82,231	4.26%	\$81,261	5.00%					\$82,143	4.33%
Elbow Lake	\$72,467	5.38%	\$81,216	5.00%	\$80,890	5.00%			\$75,893	5.23%
Fish Creek	\$13,842	8.32%	\$14,490	5.00%	\$16,662	5.00%	\$14,046	5.70%	\$14,596	5.79%
Grant Creek	\$90,296	5.30%							\$90,296	5.30%
Lincoln Flats - Lincoln Area	\$42,338	5.81%	\$41,612	5.00%					\$42,302	5.77%
Morrell Creek East	\$29,629	5.42%	\$42,941	5.00%					\$34,954	5.25%
Morrell Creek West	\$39,511	3.78%	\$33,766	5.00%					\$36,064	4.51%
Morrell Flats	\$51,947	5.13%	\$48,504	5.00%	\$42,185	5.00%			\$48,812	5.03%
Placid Lake	\$243,160	4.74%	\$246,686	5.00%	\$245,144	5.05%			\$246,198	4.98%
Seeley Lake Development	\$51,922	3.83%	\$103,491	5.00%					\$58,576	3.98%
Seeley Lake East Outlet	\$76,108	8.42%	\$64,427	5.00%	\$55,103	5.00%			\$70,352	6.83%
Seeley Lake North	\$53,742	3.62%	\$52,991	5.00%					\$53,242	4.54%
Seeley Lake West Outlet	\$73,906	8.94%	\$65,751	5.00%					\$70,644	7.36%
SouthWest Remote	\$42,039	7.25%	\$63,384	5.00%	\$54,541	5.00%			\$50,543	6.25%
Sperry Grade	\$89,330	5.01%							\$89,330	5.01%
SWLO Total	\$66,042	5.27%	\$112,679	5.00%	\$103,153	5.03%	\$14,046	5.70%	\$82,031	5.18%
Grand Total	\$74,713	4.99%	\$90,168	4.98%	\$108,344	5.10%	\$9,292	14.04%	\$78,975	5.15%

Exhibit C: Non-Family Cabin Site Transfers, 2015-2017.

Transfer Date	Neighborhood	Selling Price	Cadastral Value-Improvements	Leaseholder Value	Cadastral Land Value	Leaseholder Value / Land Value	Implied Market Lease Rate
6/4/2015	Lincoln Gulch	\$6,000	\$17,031	-\$11,031	\$41,500	-26.58%	4.21%
9/8/2017	Beaver Lake	\$85,000	\$68,270	\$16,730	\$173,000	9.67%	7.45%
1/1/2017	Central Remote	\$140,000	\$148,260	-\$8,260	\$54,200	-15.24%	6.86%
6/19/2017	Central Remote	\$2,401	\$61,930	-\$59,529	\$157,264	-37.85%	2.27%
2/12/2015	Clearwater River Eastside	\$55,000	\$48,340	\$6,660	\$51,437	12.95%	4.04%
10/2/2015	Clearwater River Eastside	\$30,000	\$1,250	\$28,750	\$84,713	33.94%	5.43%
6/30/2016	Clearwater River Eastside	\$41,000	\$6,390	\$34,610	\$50,130	69.04%	6.38%
7/6/2016	Echo Lake	\$40,000	\$30,090	\$9,910	\$270,945	3.66%	3.29%
5/29/2015	Elbow Lake	\$90,000	\$35,240	\$54,760	\$81,943	66.83%	7.17%
7/16/2015	Elbow Lake	\$59,000	\$49,410	\$9,590	\$78,055	12.29%	4.99%
12/9/2016	Elbow Lake	\$173,000	\$71,850	\$101,150	\$81,781	123.68%	9.70%
1/21/2016	Grant Creek	\$277,000	\$231,080	\$45,920	\$90,296	50.85%	6.99%
12/9/2015	Kalispell Remote	\$25,000	\$4,380	\$20,620	\$92,300	22.34%	4.55%
12/23/2015	Lincoln Flats	\$40,000	\$30,340	\$9,660	\$42,115	22.94%	6.12%
8/24/2015	Morrell Flats	\$61,500	\$47,740	\$13,760	\$20,347	67.63%	7.76%
6/8/2016	Morrell Flats	\$47,000	\$55,180	-\$8,180	\$40,068	-20.42%	4.15%
3/24/2017	Morrell Flats	\$70,000	\$26,300	\$43,700	\$115,550	37.82%	3.26%
1/5/2015	Mudd Creek	\$58,000	\$27,770	\$30,230	\$26,326	114.83%	6.56%
8/6/2015	Mudd Creek	\$38,000	\$30,030	\$7,970	\$23,869	33.39%	3.50%
2/10/2015	Placid Lake	\$77,500	\$52,226	\$25,274	\$251,224	10.06%	3.96%
3/3/2015	Seeley Lake Development	\$68,000	\$76,071	-\$8,071	\$52,820	-15.28%	3.08%
8/7/2015	Seeley Lake Development	\$14,000	\$26,690	-\$12,690	\$54,530	-23.27%	4.14%
8/31/2015	Seeley Lake Development	\$34,500	\$27,400	\$7,100	\$54,340	13.07%	3.95%
6/6/2016	Seeley Lake Development	\$300,000	\$106,460	\$193,540	\$252,197	76.74%	7.92%
8/1/2016	Seeley Lake Development	\$37,000	\$26,590	\$10,410	\$44,311	23.49%	4.97%
4/24/2017	Seeley Lake Development	\$10,000	\$35,000	-\$25,000	\$50,270	-49.73%	2.72%
11/3/2015	Seeley Lake East Outlet	\$259,000	\$74,550	\$184,450	\$88,285	208.93%	14.43%
6/5/2015	Seeley Lake West Outlet	\$250,000	\$91,094	\$158,906	\$87,119	182.40%	14.00%
1/26/2017	SouthWest Remote	\$160,000	\$161,410	-\$1,410	\$53,874	-2.62%	4.93%
9/23/2015	Sperry Grade	\$35,000	\$39,590	-\$4,590	\$93,656	-4.90%	4.64%
7/29/2016	Sperry Grade	\$107,000	\$60,380	\$46,620	\$83,482	55.84%	6.68%
7/22/2015	Stillwater-Libby Remote	\$20,000	\$41,790	-\$21,790	\$43,950	-49.58%	1.97%
6/8/2017	Stillwater-Libby Remote	\$12,000	\$860	\$11,140	\$34,700	32.10%	7.69%

1217-5

EASEMENTS

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

1217-5 Easements

Location: Cascade, Chouteau, Dawson, Flathead, Lewis & Clark, Missoula, Park, Toole, Yellowstone

Trust Benefits: Common Schools, Montana Tech, Public Buildings, Public Land Trust, Veteran's Home

**Trust Revenue: Common Schools=\$11,974
Montana Tech=\$976
Public Buildings=\$2,092
Public Land Trust=\$11,779
Veteran's Home=\$14,000**

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Northwestern Energy	New Utility	Permanent	30-31
City of Shelby	New Storm Water Ditch	Permanent	32-34
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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte, MT 59701
Application No.:	17400
R/W Purpose:	a 100kV overhead electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	0.28
Compensation:	\$1598.00
Legal Description:	30-foot strip across the Clark Fork River in NE4SE4, Sec. 21 & NW4SW4, Sec. 22, Twp. 13N, Rge. 19W, Missoula County
Trust Beneficiary:	Public Land Trust

Item Summary

Northwestern Energy has made application for multiple overhead electric distribution and transmission lines and natural gas pipelines 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 and natural gas pipelines as historic rights of ways

DNRC Recommendation

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

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17401
R/W Purpose: a 10.75" buried natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.31
Compensation: \$1705.00
Legal Description: 50-foot strip across the Flathead River in SW4SW4, Sec. 6 &
NW4NW4, Sec. 7, Twp. 30N, Rge. 19W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17432
R/W Purpose: a 7.2Kv overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.2
Compensation: \$475.00
Legal Description: 10-foot strip across the Clark Fork River in N2NE4, Sec. 1,
Twp. 13N, Rge. 21W & SE4SE4, Sec. 36, Twp. 14N, Rge.
21W, Missoula County

Trust Beneficiary: Public Land Trust and Common Schools

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17434
R/W Purpose: a 7.2kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.11
Compensation: \$857.00
Legal Description: 10-foot strip across the Bitterroot river in N2SW4, Sec. 26,
Twp. 13N, Rge. 20W, Missoula County
Trust Beneficiary: Public Land Trust & Common Schools

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17439
R/W Purpose: a 4" natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.14
Compensation: \$799.00
Legal Description: 20-foot strip across the Bitterroot River in N2SW4, Sec. 26,
Twp. 13N, Rge. 20W, Missoula County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17459
R/W Purpose: a 4" buried natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 1.4
Compensation: \$14,000
Legal Description: 20-foot strip through E2SW4, Sec. 18, Twp. 30N, Rge. 20W,
Flathead County
Trust Beneficiary: Veteran's Home

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17463
R/W Purpose: a 6" natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.04
Compensation: \$300.00
Legal Description: 20-foot strip across the Stillwater River in NW4NW4, Sec. 31, Twp. 29N, Rge. 21W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17464
R/W Purpose: an 8" natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.06
Compensation: \$3000.00
Legal Description: 30-foot strip across the Swan River in NE4SE4, Sec. 36,
Twp. 27N, Rge. 20W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17466
R/W Purpose: a 4" natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$150.00
Legal Description: 20-foot strip across the Whitefish River in SE4NW4, Sec. 32,
Twp. 29N, Rge. 21W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17467
R/W Purpose: a 4" buried natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.06
Compensation: \$255.00
Legal Description: 20-foot strip across the Whitefish River in SE4SE4, Sec. 36,
Twp. 31N, Rge. 22W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17468
R/W Purpose: a 4" natural gas pipeline
Lessee Agreement: N/A (Historic)
Acreage: 0.02
Compensation: \$150.00
Legal Description: 20-foot strip across the Whitefish River in SW4SE4, Sec. 29,
Twp. 29N, Rge. 21W, Flathead County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte, MT 59701
Application No.:	17470
R/W Purpose:	a 10.75" buried natural gas pipeline
Lessee Agreement:	N/A (Historic)
Acreage:	0.06
Compensation:	\$450.00
Legal Description:	50-foot strip across the Whitefish River in SE4NE4, NE4SE4, Sec. 5, Twp. 28N, Rge. 21W, Flathead County
Trust Beneficiary:	Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17985
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.16
Compensation: \$288.00
Legal Description: 10-foot strip across the Missouri River in NW4NW4, Sec. 5,
Twp. 19N, Rge. 3E & SW4SW4, Sec. 32, Twp. 20N, Rge.
3E, Cascade County

Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 17987
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.13
Compensation: \$163.00
Legal Description: 10-foot strip across the Missouri River in NE4NW4, Sec. 10,
Twp. 19N, Rge. 3E, Cascade County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18004
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 4.13
Compensation: \$2478.00
Legal Description: 30-foot strip through SE4NE4, E2SE4, SW4SE4, Sec. 19 &
N2NW4, S2NW4, NW4NE4, Sec. 30, Twp. 19N, Rge. 3W,
Cascade County
Trust Beneficiary: Common Schools

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18006
R/W Purpose: a 12.47kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.65
Compensation: \$390.00
Legal Description: 30-foot strip through NW4SE4, Sec. 26, Twp. 19N, Rge. 4W,
Lewis & Clark County
Trust Beneficiary: Common Schools

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18007
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.97
Compensation: \$776.00
Legal Description: 30-foot strip through SE4SW4, Sec. 17, Twp. 20N, Rge. 2E,
Cascade County
Trust Beneficiary: Montana Tech

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18008
R/W Purpose: a 24.94kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.25
Compensation: \$200.00
Legal Description: 30-foot strip through SW4NW4, Sec. 20, Twp. 20N, Rge. 2E,
Cascade County
Trust Beneficiary: Montana Tech

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18009
R/W Purpose: a 100kV overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.19
Compensation: \$262.00
Legal Description: 30-foot strip across the Sun River in SE4NE4, N2SE4, Sec.
1, Twp. 20N, Rge. 2E, Cascade County
Trust Beneficiary: Public Land Trust

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte, MT 59701
Application No.:	18025
R/W Purpose:	a 12.47kV overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	2.64
Compensation:	\$924.00
Legal Description:	30-foot strip through N2NE4, SE4NE4, Sec. 33, Twp. 24N, Rge. 9E, Chouteau County
Trust Beneficiary:	Common Schools

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18026
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 3.82
Compensation: \$3820.00
Legal Description: 30-foot strip through S2NW4, NE4SW4, N2SE4, Sec. 34,
Twp. 24N, Rge. 9E, Chouteau County
Trust Beneficiary: Common Schools

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Rights of Way Applications

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APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18027
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.27
Compensation: \$270.00
Legal Description: 30-foot strip through SE4SE4, Sec. 16, Twp. 24N, Rge. 10E,
Chouteau County
Trust Beneficiary: Common Schools

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Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 East Park
Butte, MT 59701

Application No.: 18028
R/W Purpose: a 12.47kV overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.07
Compensation: \$1070.00
Legal Description: 30-foot strip through SW4SW4, Sec. 17, Twp. 24N, Rge.
11E, Chouteau County
Trust Beneficiary: Common Schools

Item Summary

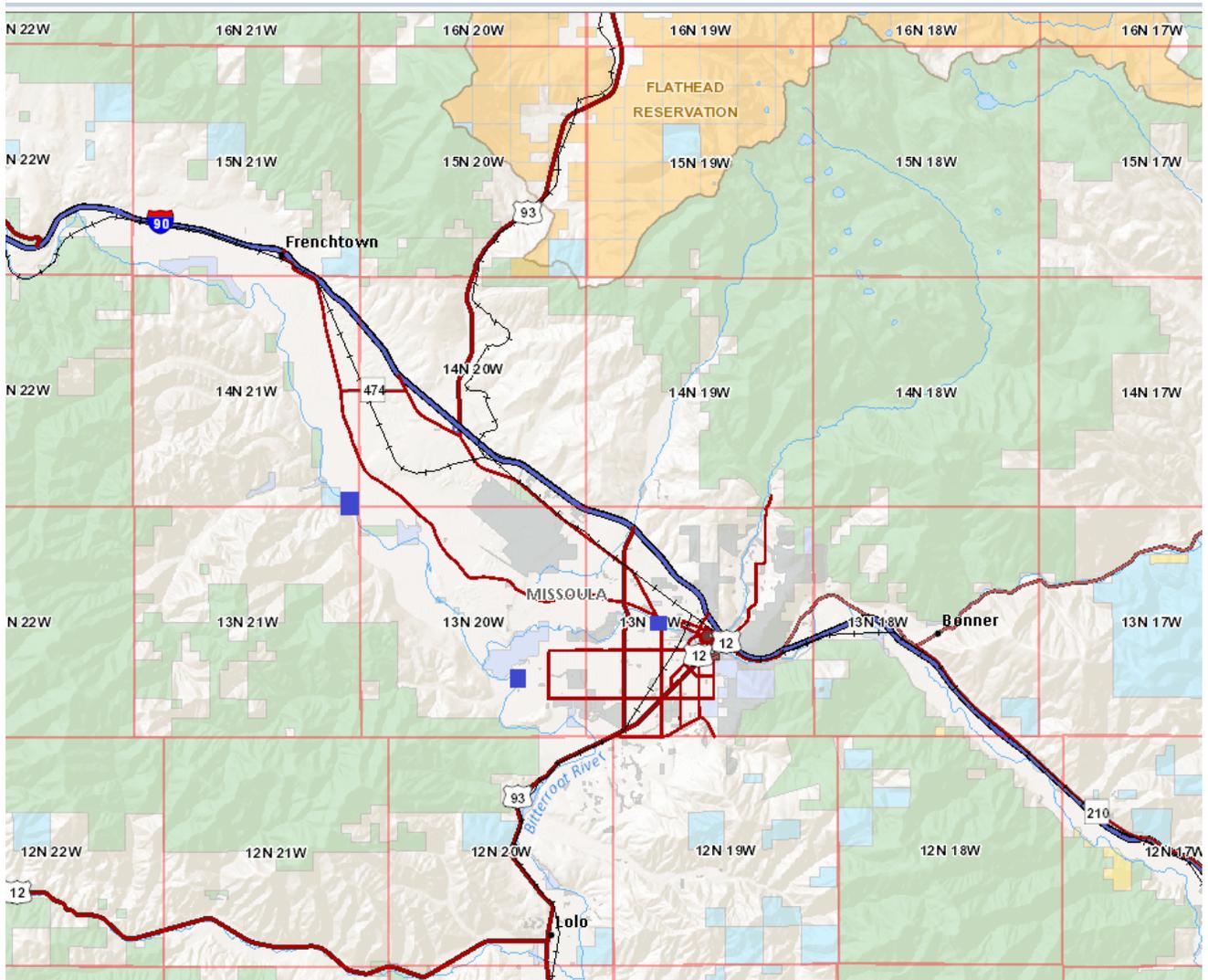
See page 1

DNRC Recommendation

See page 1

Rights of Way Applications

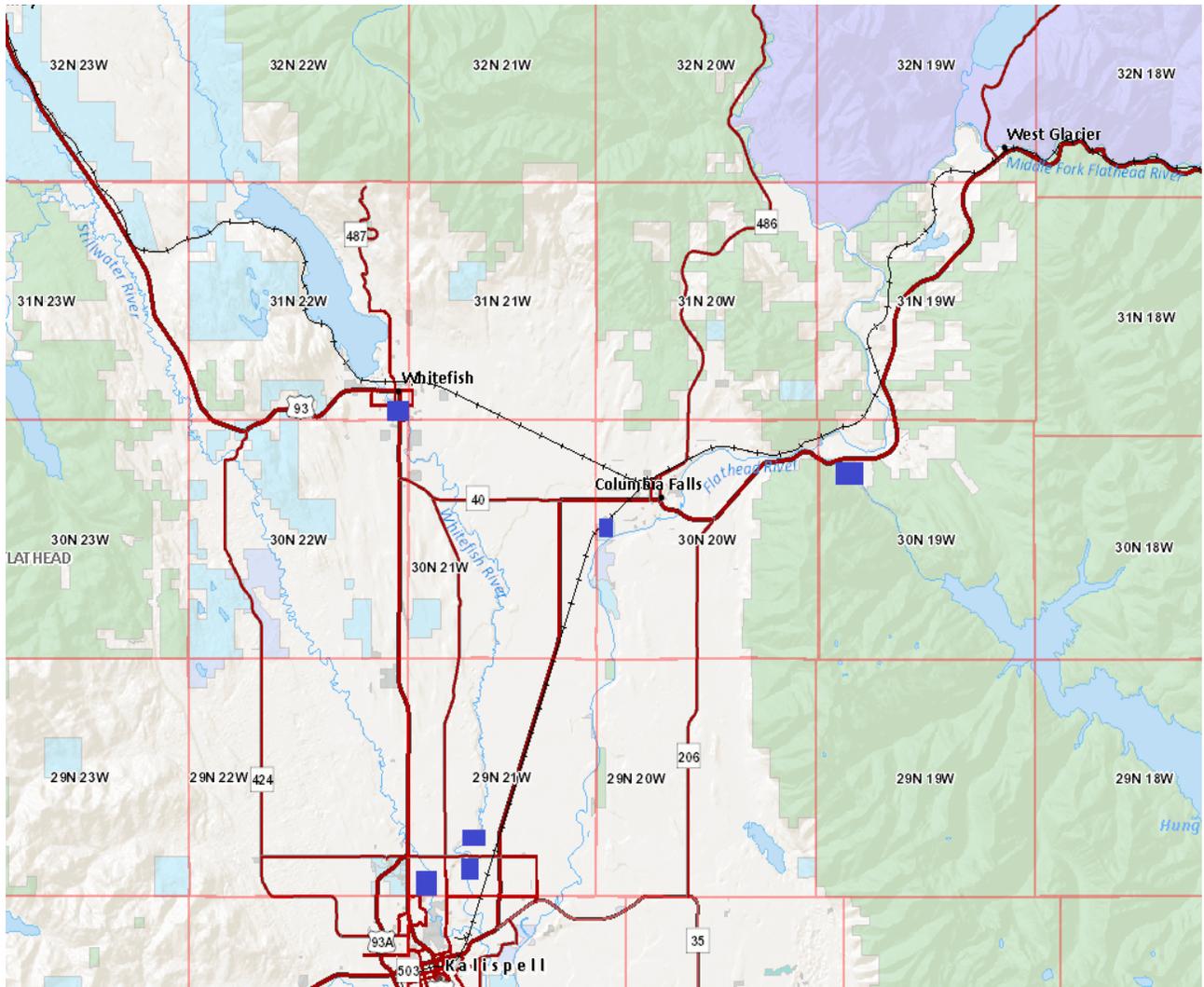
December 18, 2017



Application #s 17400, 17432, 17434, 17439 – Northwestern Energy

Rights of Way Applications

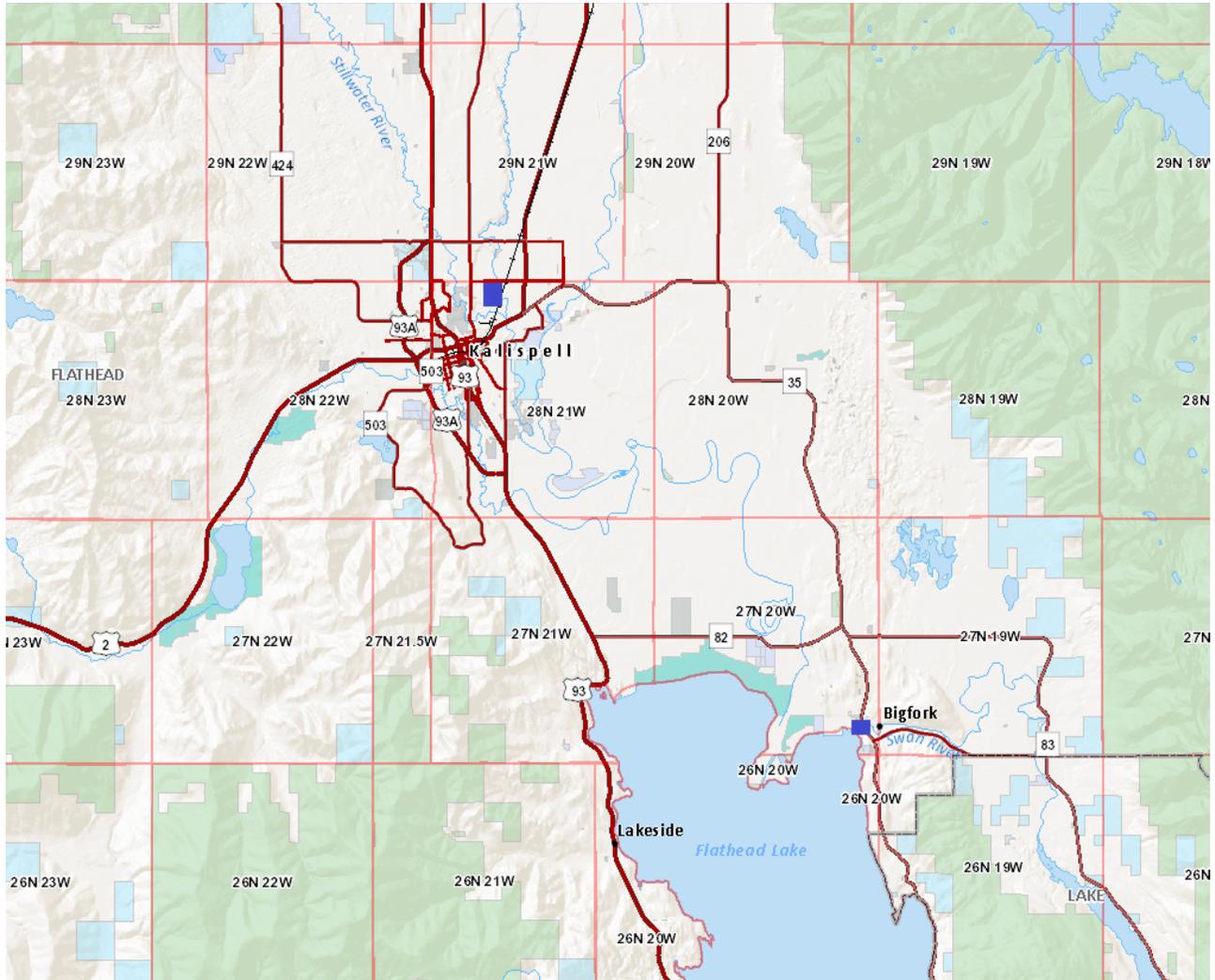
December 18, 2017



Application #s 17401, 17459, 17463, 17466 – 17468 – Northwestern Energy

Rights of Way Applications

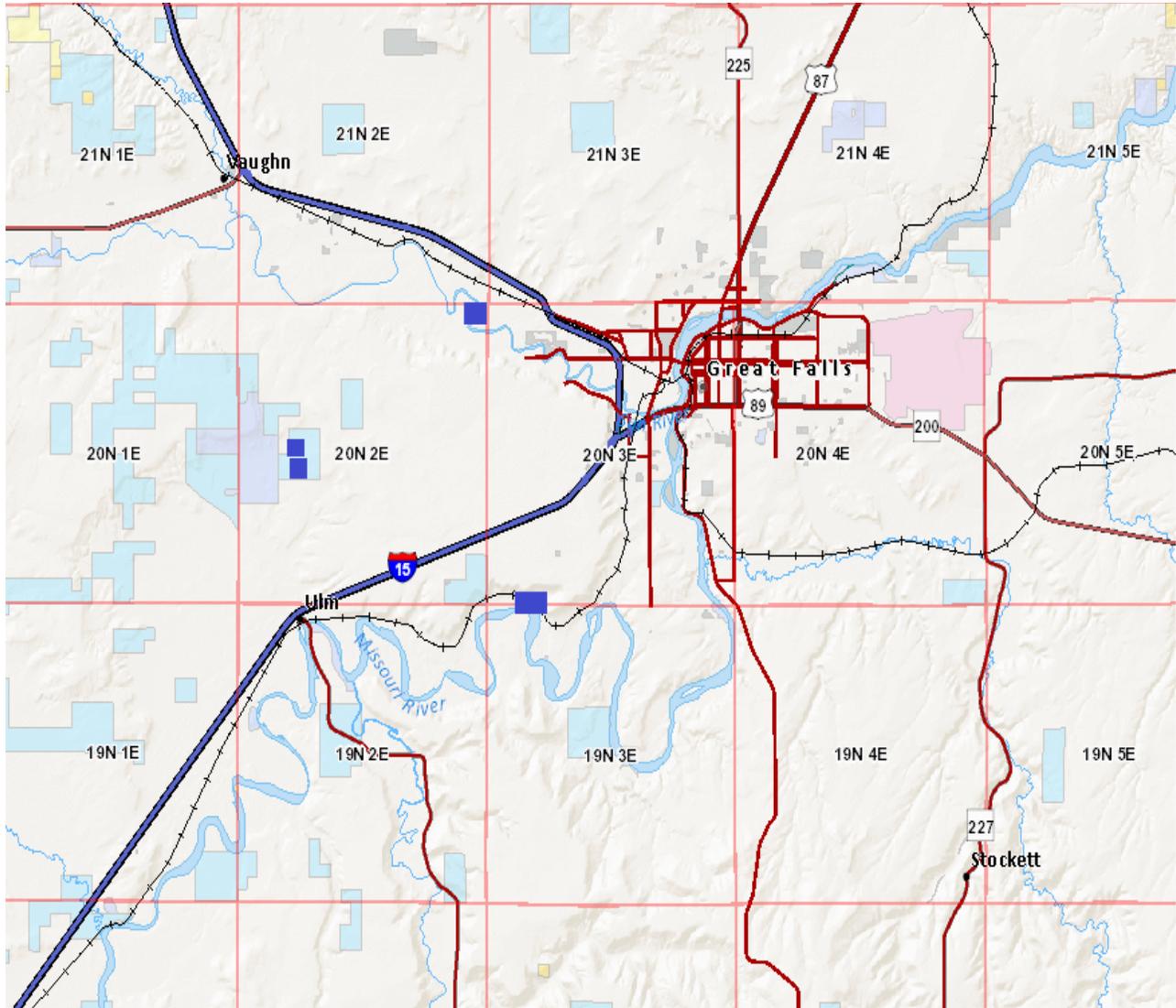
December 18, 2017



Application #s 17464 & 17470 – Northwestern Energy

Rights of Way Applications

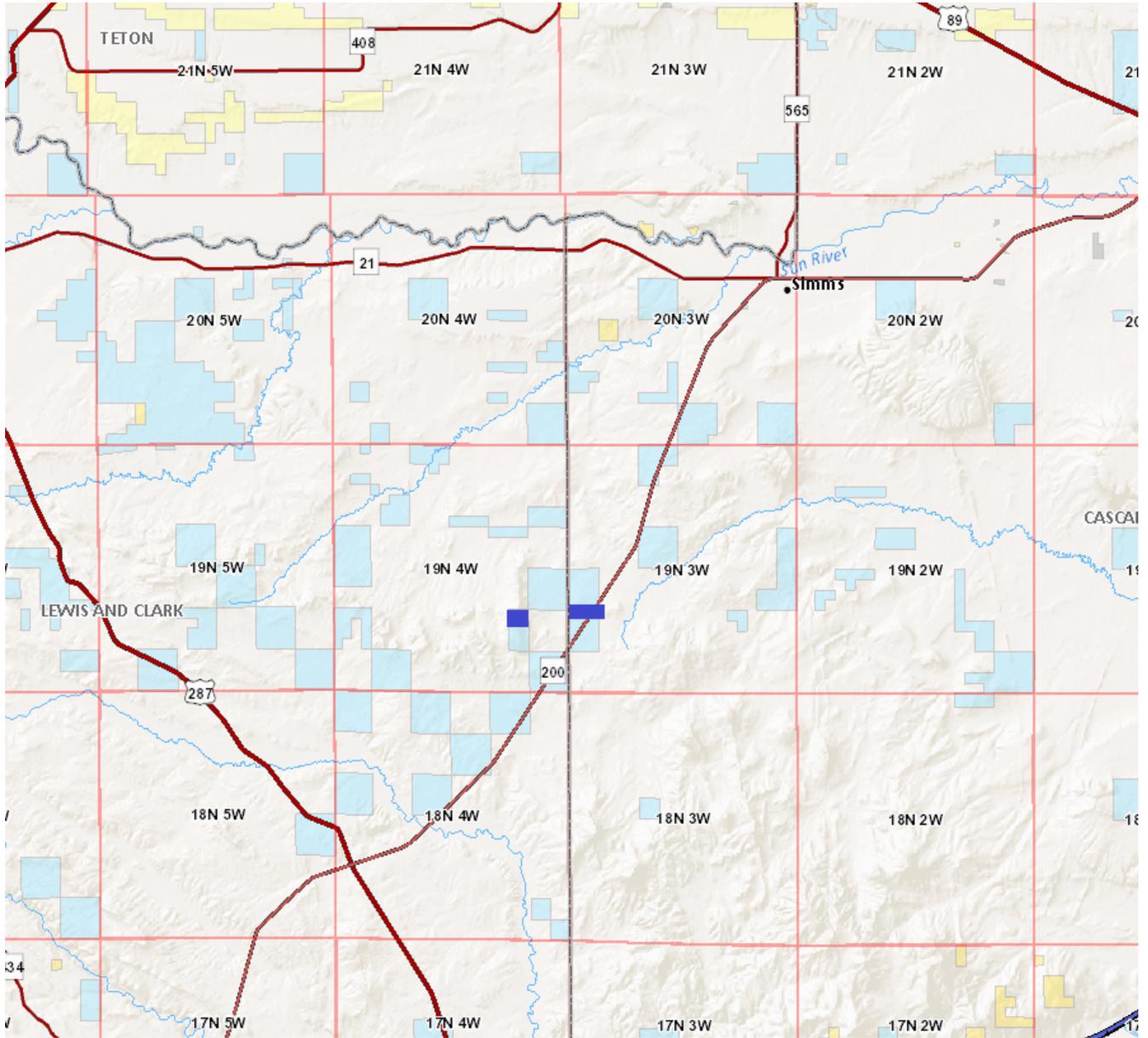
December 18, 2017



Application #s 17985, 17987, 18007 – 18009 – Northwestern Energy

Rights of Way Applications

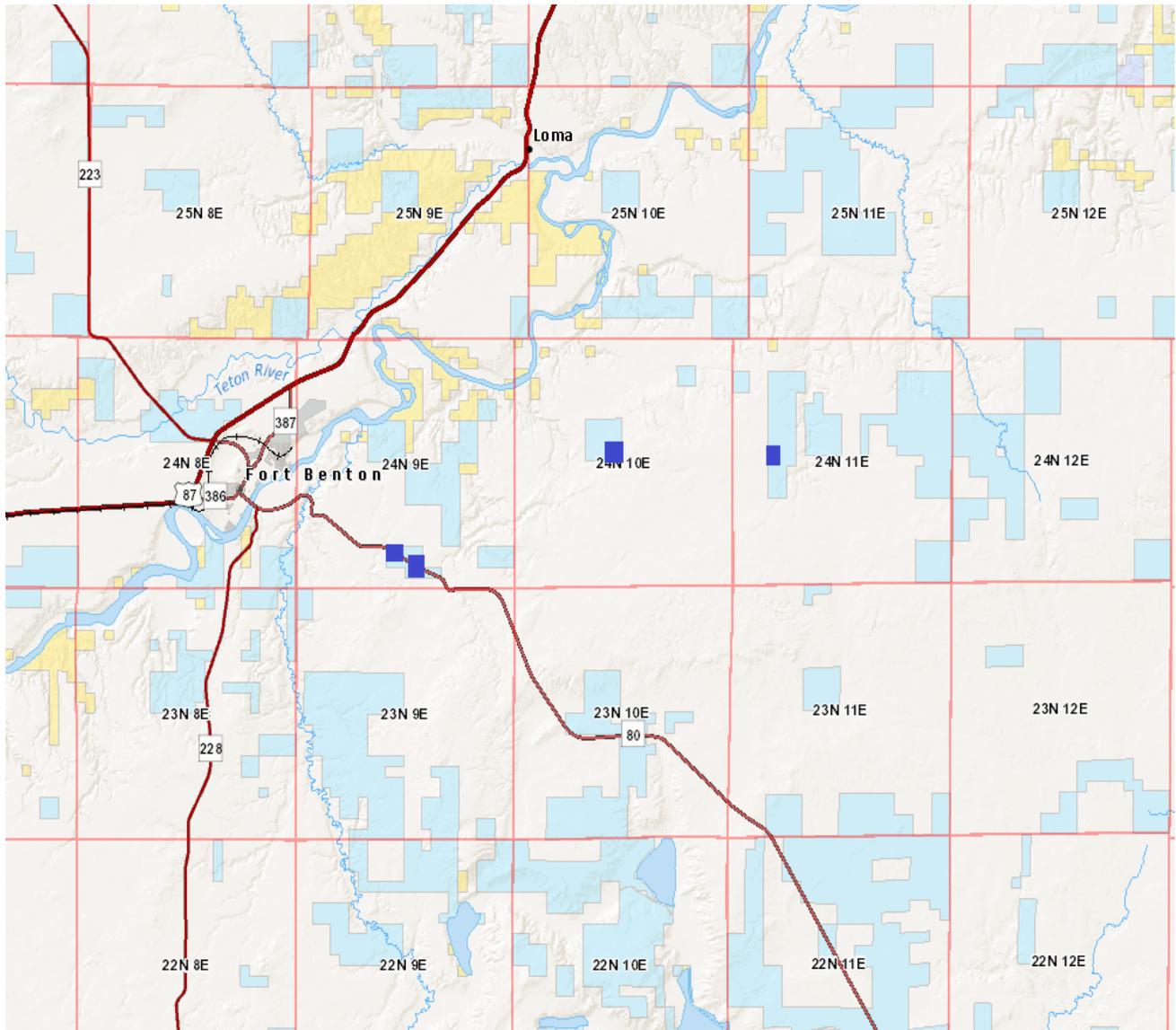
December 18, 2017



Application #s 18004 & 18006 – Northwestern Energy

Rights of Way Applications

December 18, 2017



Application #s 18025 – 18028 – Northwestern Energy

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 East Park Butte, MT 59701
Application No.:	17596
R/W Purpose:	a 15kV overhead electric distribution line
Lessee Agreement:	N/A (Navigable River)
Acreage:	0.28
Compensation:	\$1924.00
Legal Description:	30-foot strip across the Yellowstone River in NW4SE4, Sec. 7, Twp. 2S, Rge. 10E, Park County
Trust Beneficiary:	Public Land Trust

Item Summary

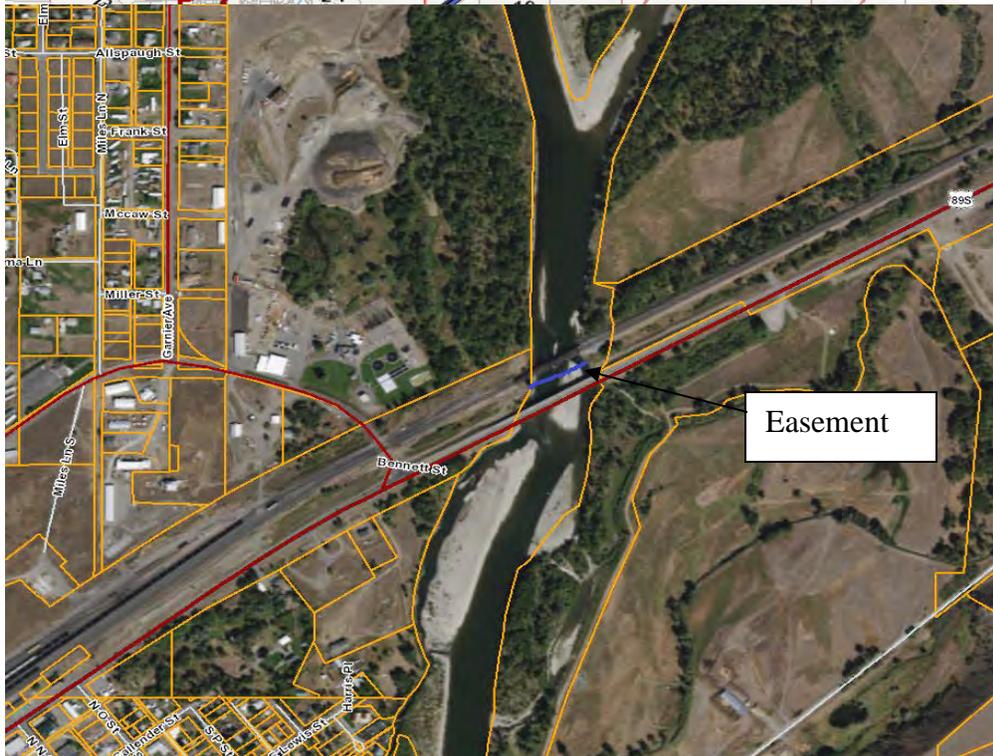
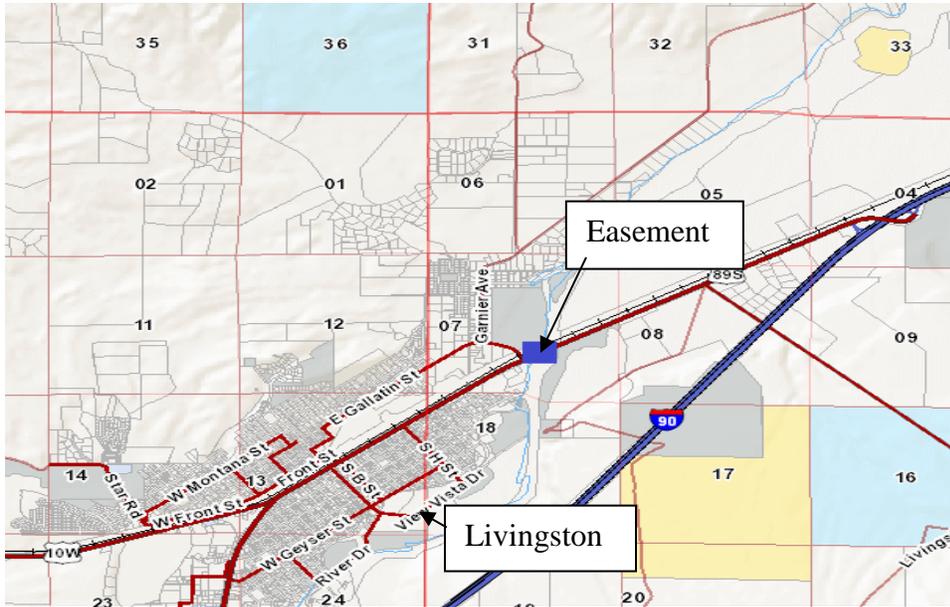
Northwestern Energy has made application for a new 15kV overhead electric distribution line across the Yellowstone River near Livingston. This project involves connecting two substations to increase the electric reliability to the east end of Livingston and the Livingston Hospital. Existing conductor infrastructure on the west side of the river will support a new connection to the circuit east of the river without the need of replacing existing structures and upgrading of the existing conductors. Other options explored would have required a major rebuild of existing facilities. Permits required for the overhead crossing have been obtained.

DNRC Recommendation

The director recommends approval of this electric distribution line across the Yellowstone River.

Rights of Way Applications

December 18, 2017



Application # 17596 – Northwestern Energy

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	City of Shelby 112 1st Street South Shelby, MT 59474
Application No.:	18123
R/W Purpose:	construction and maintenance of a storm water ditch
Lessee Agreement:	ok
Acreage:	0.61
Compensation:	\$1891.00
Legal Description:	Four tracts of land within NW4SE4, Sec. 27, Twp. 32N, Rge. 2W, Toole County
Trust Beneficiary:	Public Buildings

Item Summary

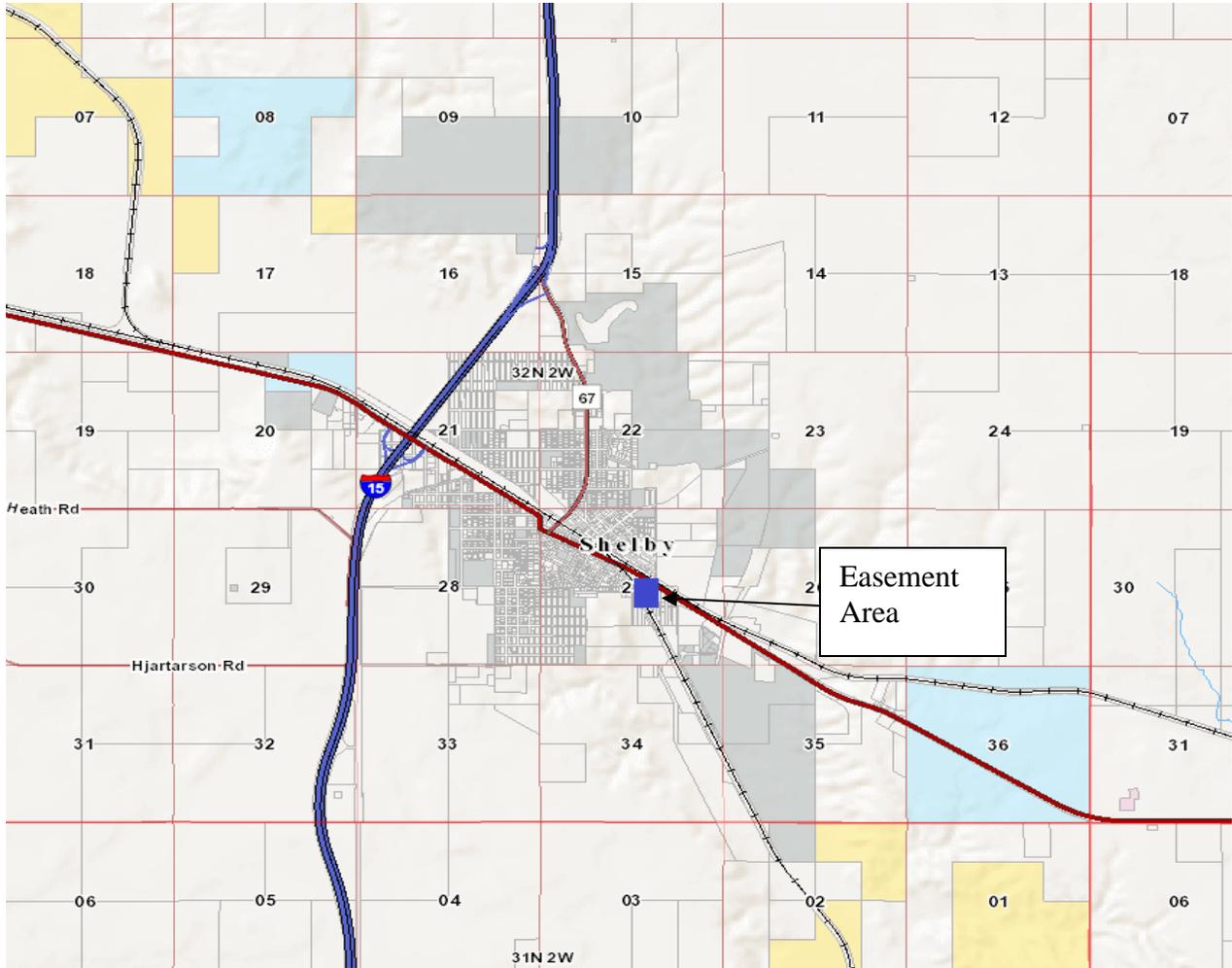
The City of Shelby has made application for the construction and maintenance of a storm water ditch to serve the City of Shelby and is associated with proposed storm water improvements for the City. The purpose is to provide general drainage for the City's storm water system. The proposed alignment parallels the rail road tracks in the City and follows an existing storm water ditch. Occupancy permits needed from BNSF have been obtained.

DNRC Recommendation

The director recommends approval of this storm water ditch.

Rights of Way Applications

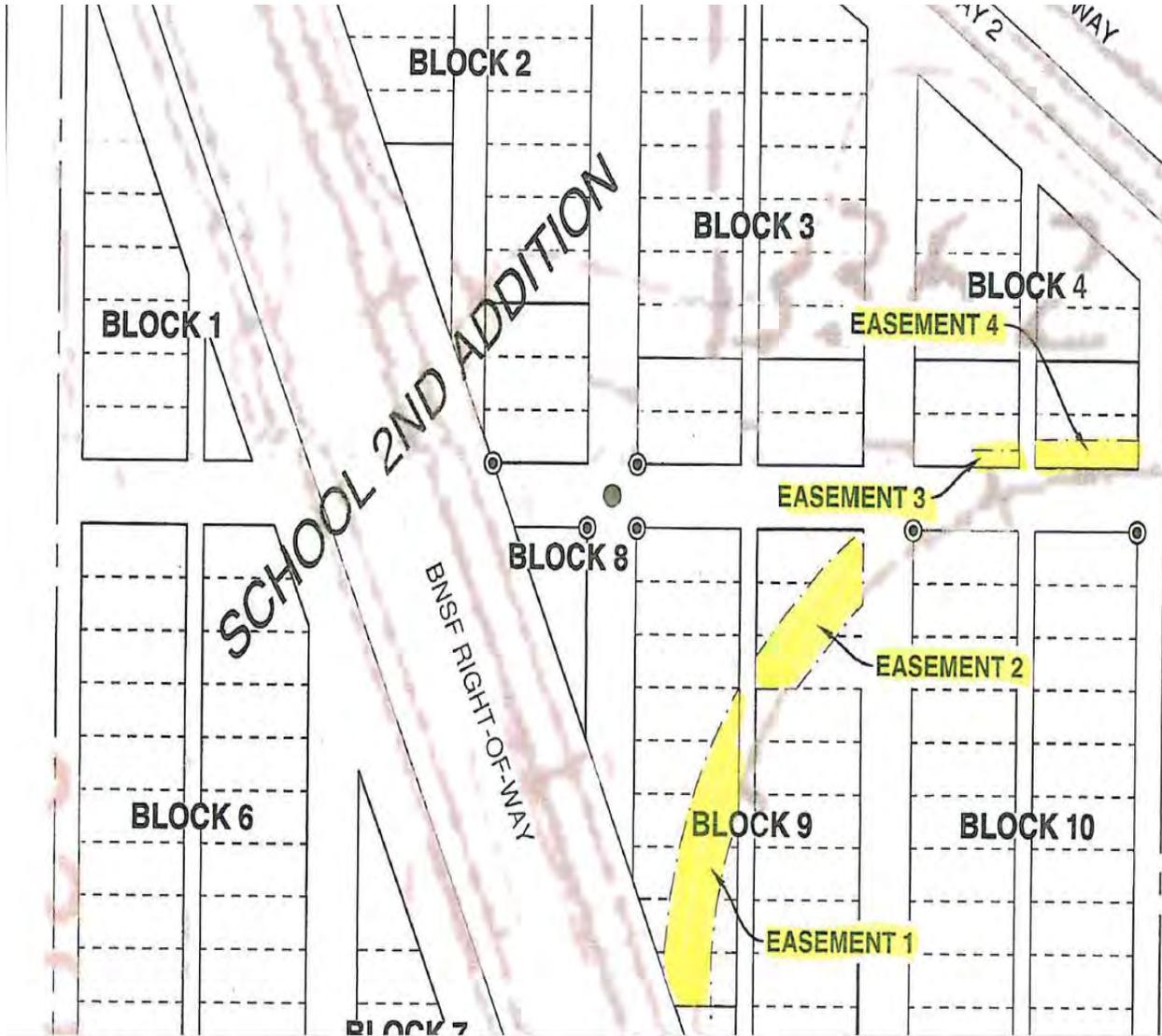
December 18, 2017



Application # 18123 City of Shelby Vicinity Map

Rights of Way Applications

December 18, 2017



Application # 18123 – City of Shelby 34

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Coop. Assn., Inc. PO Box 1220 Havre, MT 59501
Application No.:	18124
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.21
Compensation:	\$1089.00
Legal Description:	20-foot strip through W2W2 of Lots 4 & 5, Sec. 6, Twp. 30N, Rge. 13E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

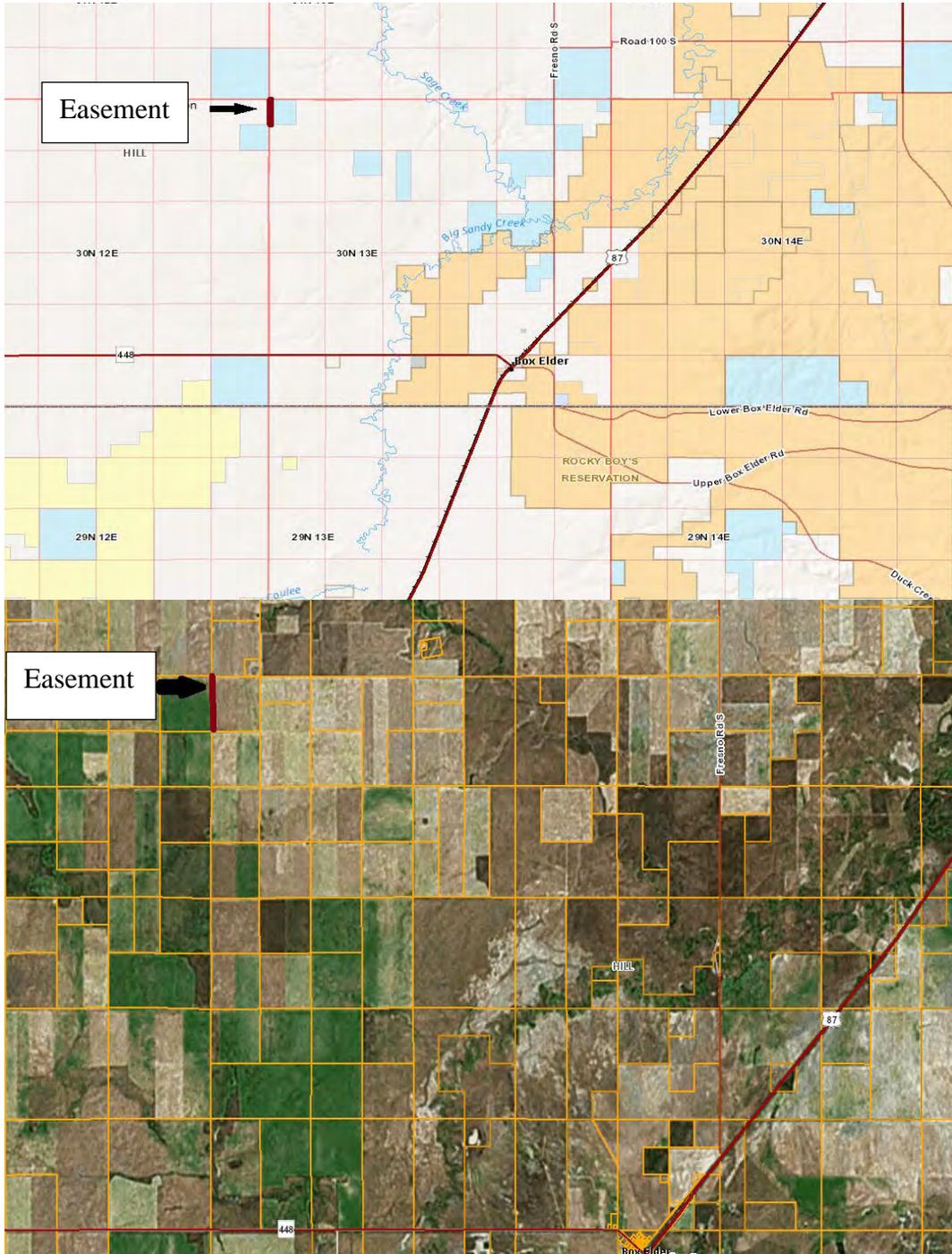
Triangle Telephone Cooperative Association, Inc., has made application to install new underground telecommunications facilities to upgrade their current facilities and services to the Box Elder Exchange serving area in and around Box Elder, MT. These improvements will offer state-of-the-art telecommunications toll and distribution facilities, as well as future growth capabilities. The proposed route was determined as the most direct route between terminus locations while also providing access to existing and future network considerations. This route will provide accessibility for construction and maintenance since it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this buried telecommunications cable.

Rights of Way Applications

December 18, 2017



Application # 18124 – Triangle Telephone

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Coop. Assn., Inc. PO Box 1220 Havre, MT 59501
Application No.:	18125
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.67
Compensation:	\$201.00
Legal Description:	20-foot strip through NE4NW4, Sec. 27, Twp. 33N, Rge. 14E, Hill County
Trust Beneficiary:	Public Buildings

Item Summary

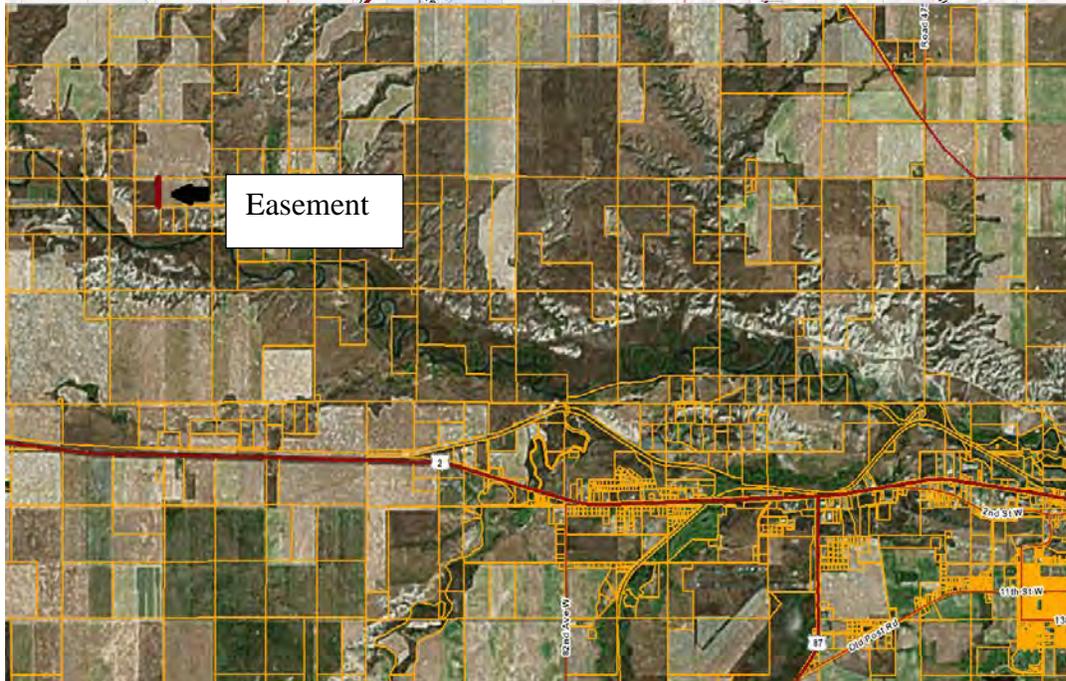
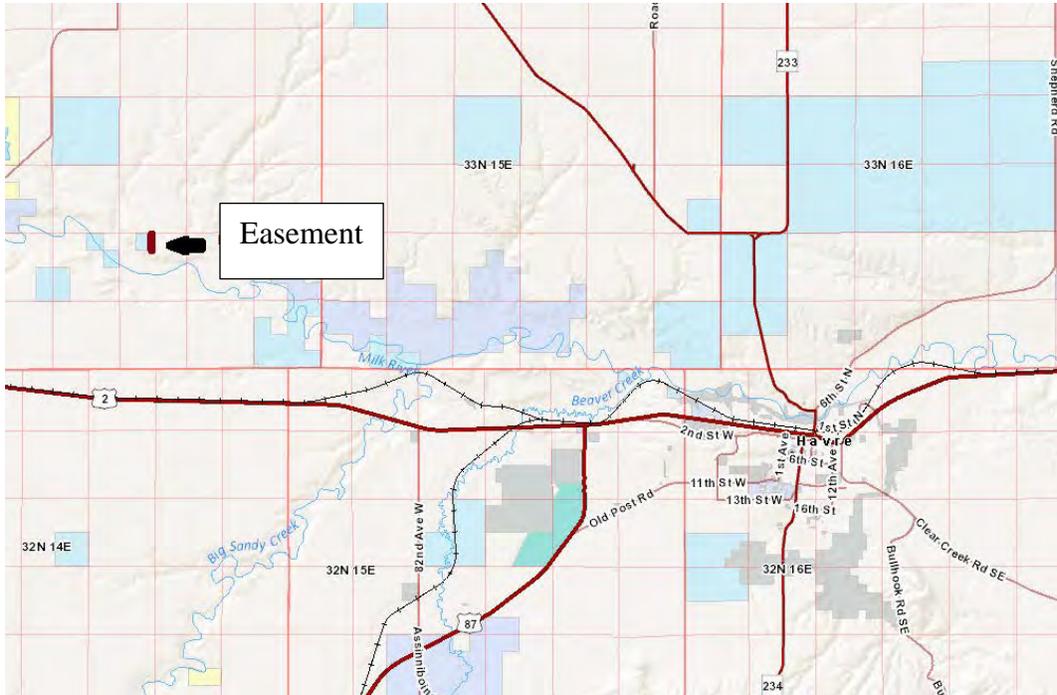
Triangle Telephone Cooperative Association, Inc., has made application to install new underground telecommunications facilities to upgrade their current facilities and services to the Simpson Exchange serving area north of Havre, MT. These improvements will offer state-of-the-art telecommunications toll and distribution facilities, as well as future growth capabilities. The proposed route was determined as the most direct route between terminus locations while also providing access to existing and future network considerations. This route will provide accessibility for construction and maintenance since it is located primarily along existing roadways.

DNRC Recommendation

The director recommends approval of this buried telecommunications cable.

Rights of Way Applications

December 18, 2017



Application # 18125 – Triangle Telephone

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	CHS, Inc. PO Box 909 Laurel, MT 59044
Application No.:	18127
R/W Purpose:	an outfall discharge structure
Lessee Agreement:	N/A (Navigable River)
Acreage:	0.12
Compensation:	\$100.00
Legal Description:	tract of land in Government Lot 3 in the Yellowstone River, Sec. 15, Twp. 2S, Rge. 24E, Yellowstone County
Trust Beneficiary:	Public Land Trust

Item Summary

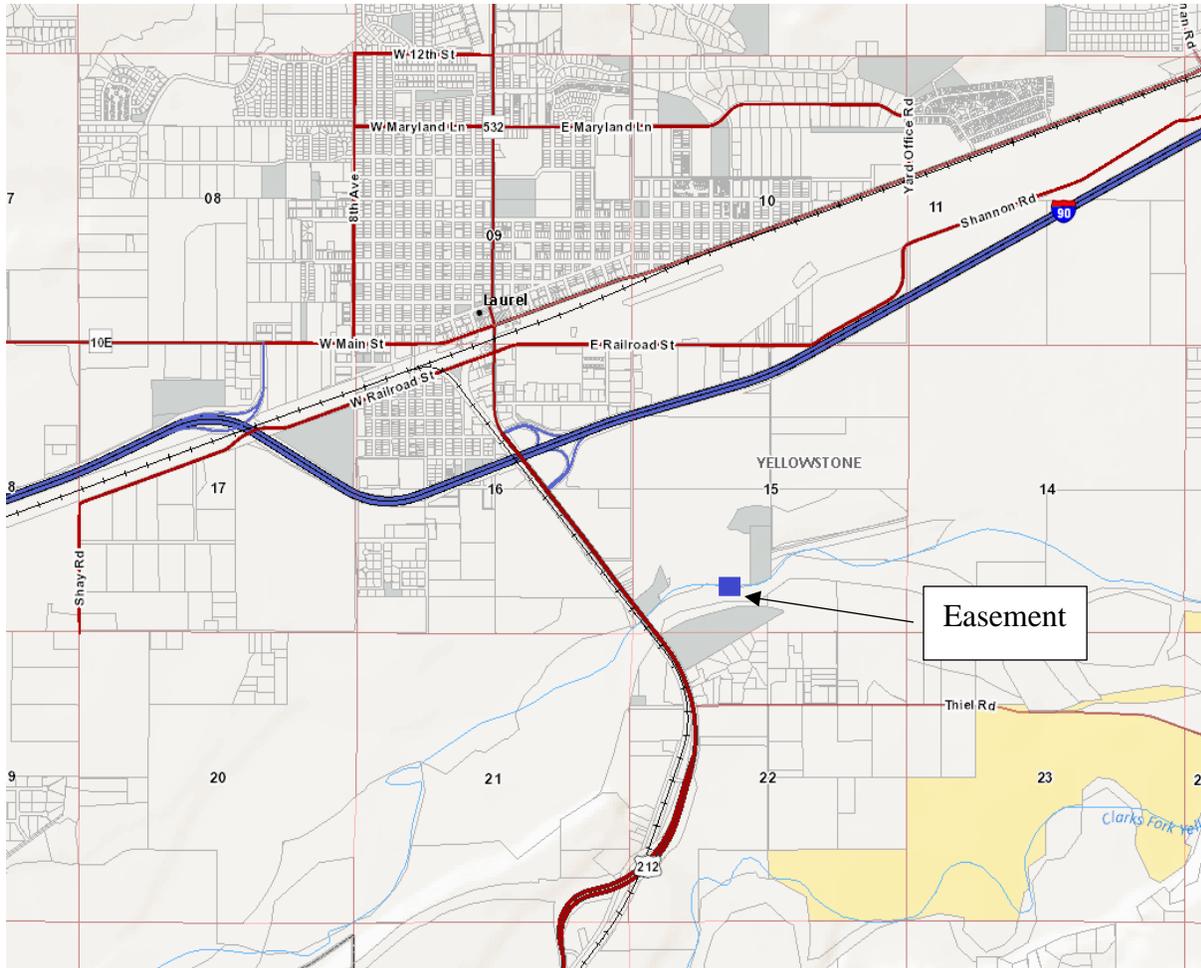
Cenex Harvest States, Inc., has made application for an outfall discharge structure in the Yellowstone River. The outfall structure will be located on a parcel owned by the City of Laurel, adjacent and downstream of the Billings Bench Water Association intake structure; on the bank of the river just below the low water mark. This structure must be located in close proximity to the river to utilize the approved mixing zone, reduce potential for bank/channel erosion, and meet design requirements. Further, the new structure is necessary to achieve the discharge requirements set in the MPDES (Montana Pollutant Discharge Elimination System) permit; permit # MT0000264.

DNRC Recommendation

The director recommends approval of this outfall structure in the Yellowstone River.

Rights of Way Applications

December 18, 2017



Application # 18127 – CHS, Inc.

Rights of Way Applications

December 18, 2017



Application # 18127 – CHS

Rights of Way Applications

December 18, 2017

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Telephone Cooperative PO Box 280 Circle, MT 59215
Application No.:	18128
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	3.09
Compensation:	\$1236.00
Legal Description:	16-foot strip through S2SW4, NE4SW4, N2SE4, E2NE4, Sec. 36, Twp. 17N, Rge. 51E, Dawson County
Trust Beneficiary:	Common Schools

Item Summary

Mid-Rivers Telephone Cooperative has made application to install a new buried telecommunications cable. This project is located in Lindsay, MT and is anticipated to begin the spring of 2018. This alignment was chosen to follow existing communications utilities and the existing traveled way. Other routes were considered and eliminated for topographical, environmental and economic reasons. The line will be constructed using the rip/trench static plow method.

DNRC Recommendation

The director recommends approval of this buried telecommunications cable.

1217-6

INFORMATIONAL ITEM:
FOREST INSECT AND DISEASE UPDATE

Land Board Agenda Item
December 18, 2017

1217-6 **Informational Item: Forest Insect and Disease Update**

Location: N/A
Trust Benefits: N/A
Trust Revenue: N/A

Item Summary

The Department of Natural Resources and Conservation (DNRC) will present an update to the Land Board on the general state and health of forested state trust lands.