

**AGENDA**  
**REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS**  
**Monday, April 16, 2018 at 9:00 am**  
**State Capitol, Room 303**  
**Helena, MT**

**ACTION ITEMS**

**0418-1 Timber Sales**

**A. 28 Mile**

*Benefits: Common Schools*

*Location: Sanders County*

**B. Horn Mountain Limited Access**

*Benefits: Common Schools*

*Location: Madison County*

**C. Huntley Butte**

*Benefits: Common Schools*

*Location: Stillwater County*

**APPROVED 5-0**

**0418-2 Land Banking Parcels: Final Approval for Sale**

*Benefits: Common Schools*

*Location: McCone County*

**APPROVED 5-0**

**0418-3 Land Acquisition: Preliminary Approval for Purchase-BNSF**

*Benefits: Common Schools*

*Location: Big Horn County*

**APPROVED 5-0**

**0418-4 Cabin and Home Site Sales: Preliminary Approval for Sale**

*Benefits: Common Schools, Public Buildings, Montana Tech, MSU 2<sup>nd</sup>*

*Location: Flathead, Lewis & Clark, McCone, Missoula, Pondera, Prairie, and Sanders Counties*

**APPROVED 5-0**

**0418-5 Cabin and Home Site Sales: Final Approval for Sale**

**A. Sale 849**

*Benefits: Montana Tech*

*Location: Flathead County*

**B. Sales 864, 865, 866, 883**

*Benefits: MSU 2<sup>nd</sup>, Pine Hills*

*Location: Missoula County*

**C. Sale 875**

*Benefits: Common Schools*

*Location: Sanders County*

**APPROVED 5-0**

**0418-6 Easements**

*Benefits: Common Schools, MSU-Eastern/UM-Western, Public Buildings, Public Land Trust, University of Montana*

*Location: Blaine, Chouteau, Custer, Daniels, Gallatin, Garfield, Lewis & Clark, Liberty, Park, Phillips, Richland, Sanders, Sweet Grass, Toole, Valley and Wheatland Counties*

**0418-7 INFORMATIONAL ITEM: Otter Creek Update**

*Benefits: Common Schools*

*Location: Powder River County*

**APPROVED 5-0**

**PUBLIC COMMENT**

# 0418-1

## TIMBER SALES:

- A. 28 Mile
- B. Horn Mountain Limited Access
- C. Huntley Butte

**Land Board Agenda Item  
April 16, 2018**

**0418-1A Timber Sale: 28 Mile**

**Location: Sanders County**

**Section 36, T25N, R27W**

**Trust Beneficiaries: Common Schools**

**Trust Revenue: \$615,324 (estimated, minimum bid)**

**Item Summary**

**Location:** The 28 Mile Timber Sale is located approximately 30 miles north of Plains, MT.

**Size and Scope:** The sale includes 7 harvest units (*431 acres*) of tractor logging

**Volume:** The estimated harvest volume is 20,795 tons (*3.1 MMBF*) of sawlogs.

**Estimated Return:** The minimum bid is \$29.59 per ton, which would generate approximately \$615,324 for the Common Schools Trust and approximately \$73,614 in Forest Improvement fees.

**Prescription:** This sale has a harvest prescription of a modified shelterwood treatment that will capture the value of trees susceptible to insect and disease while reducing future fuel load. Timber harvest will remove ponderosa pine, Douglas-fir, western larch, and lodgepole pine.

**Road Construction/Maintenance:** The Department of Natural Resources and Conservation (DNRC) is proposing 0.4 miles of road reconstruction and 3.6 miles of road maintenance.

**Access:** Access is obtained through the Bend-Mandy Way Reciprocal Access Agreement and a temporary road use permit with Weyerhaeuser.

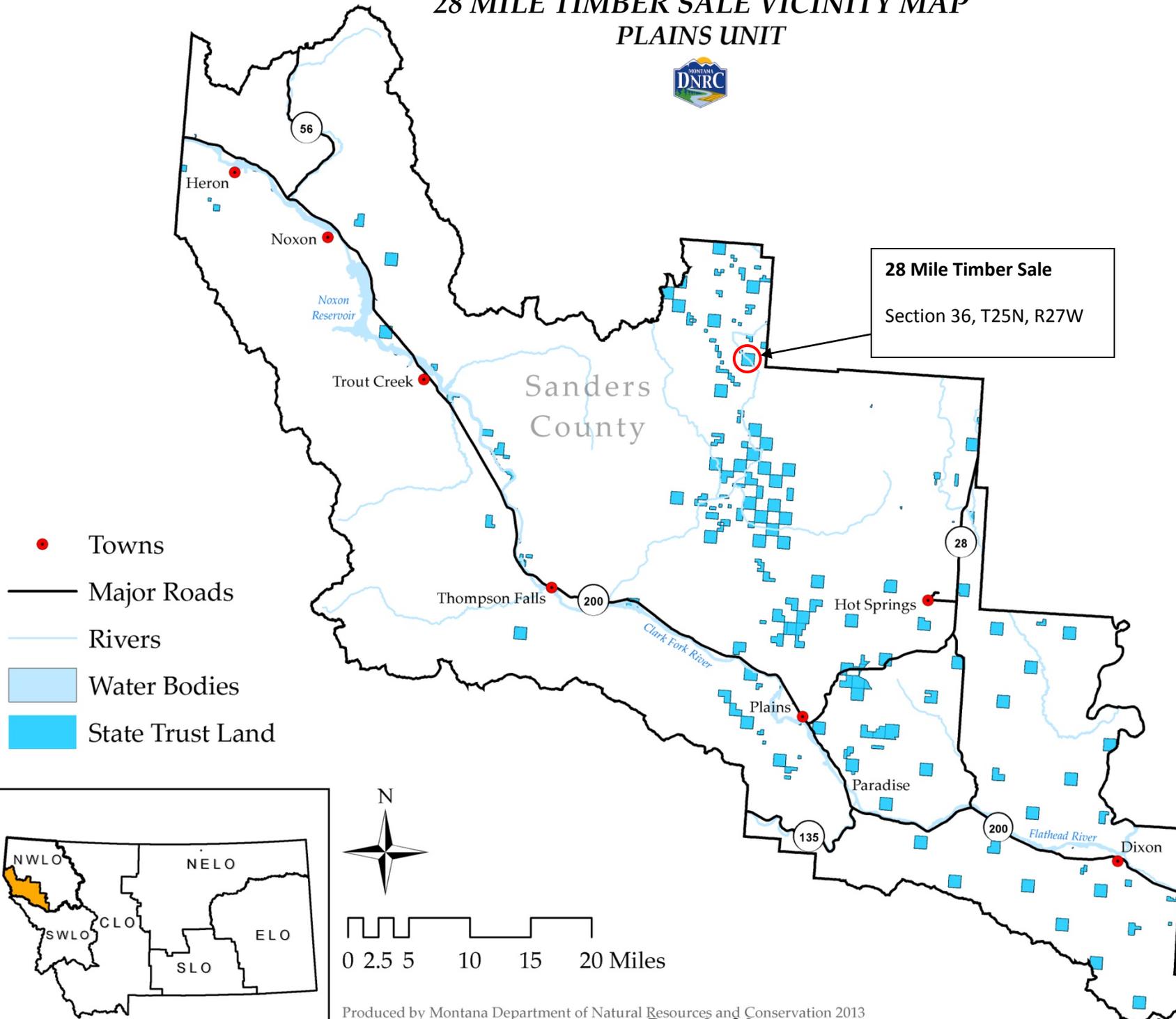
**Public Comments:** One comment was received. A landowner was concerned with aesthetics and old growth. This timber sale will manage old growth and retain old growth characteristics. The parcel is located in a managed forest and will look similar to the surrounding landscape. Internal and external issues and concerns were incorporated into project planning and design.

**DNRC Recommendation**

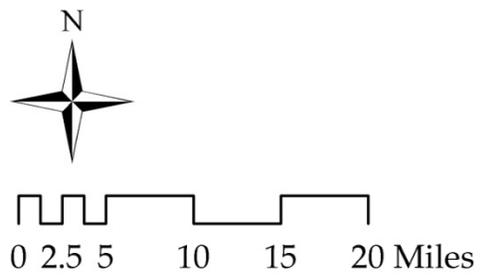
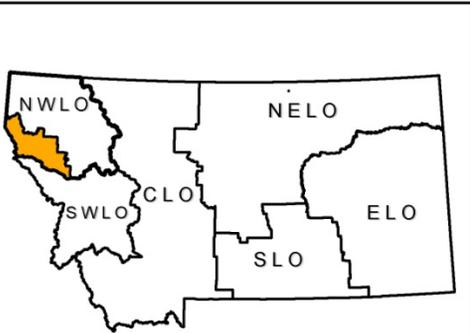
The director recommends the Land Board direct DNRC to sell the 28 Mile Timber Sale.

# 28 MILE TIMBER SALE VICINITY MAP PLAINS UNIT

0418-1A



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





**Land Board Agenda Item  
April 16, 2018**

**0418-1B Timber Sale: Horn Mountain Limited Access**

**Location: Madison County**

**Sections 28 & 29, T12S, R02E**

**Trust Beneficiaries: Common Schools**

**Trust Revenue: \$17,712.50 (Negotiated Rate for Limited Access**

**Sale)**

**Item Summary**

**Location:** The Horn Mountain Limited Access Timber Sale is located approximately 21 miles northwest of West Yellowstone, MT.

**Size and Scope:** The sale includes 1 harvest unit (*54 acres*) of tractor logging.

**Volume:** The estimated harvest volume is 1,625 tons (*250 MBF*) of sawlogs.

**Estimated Return:** The negotiated rate is \$10.90 per ton. This sale would generate approximately \$17,712.50 for the Common Schools Trust and \$1,787.50 in Forest Improvement fees.

**Prescription:** This sale has a harvest prescription of group shelterwood and seed tree treatments that will improve the health, vigor and productivity of the forest stands. Timber harvest will remove Douglas-fir.

**Road Construction/Maintenance:** The Department of Natural Resources and Conservation (DNRC) is proposing 1,250 feet of new temporary road construction, 4,300 feet of road reconstruction, and 1.0 mile of road maintenance.

**Access:** The purchaser has obtained access to this timber sale via a private landowner.

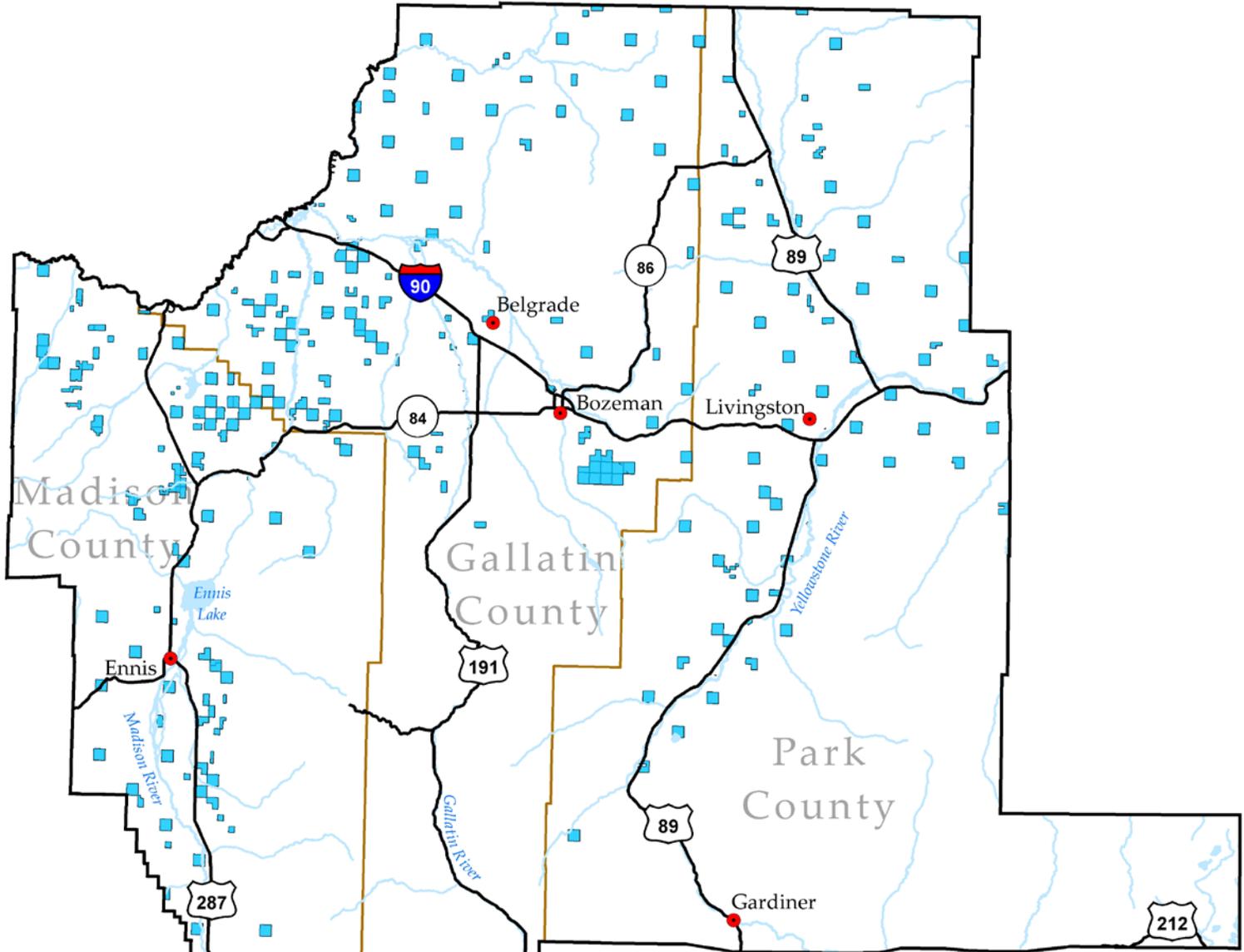
**Public Comments:** One comment was received from the Confederated Salish and Kootenai Tribes Tribal Historic Preservation Department with no concerns and recommendation that the project proceed.

**DNRC Recommendation**

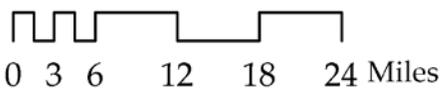
The director recommends the Land Board direct DNRC to sell the Horn Mountain Limited Access Timber Sale.

# HORN MOUNTAIN LIMITED ACCESS TIMBER SALE VICINITY MAP BOZEMAN UNIT

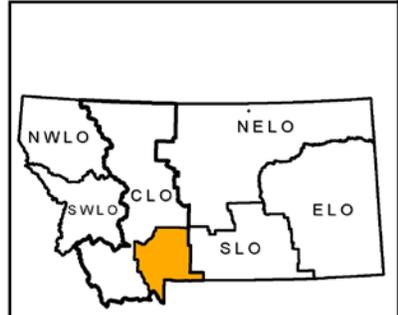
0418-1B



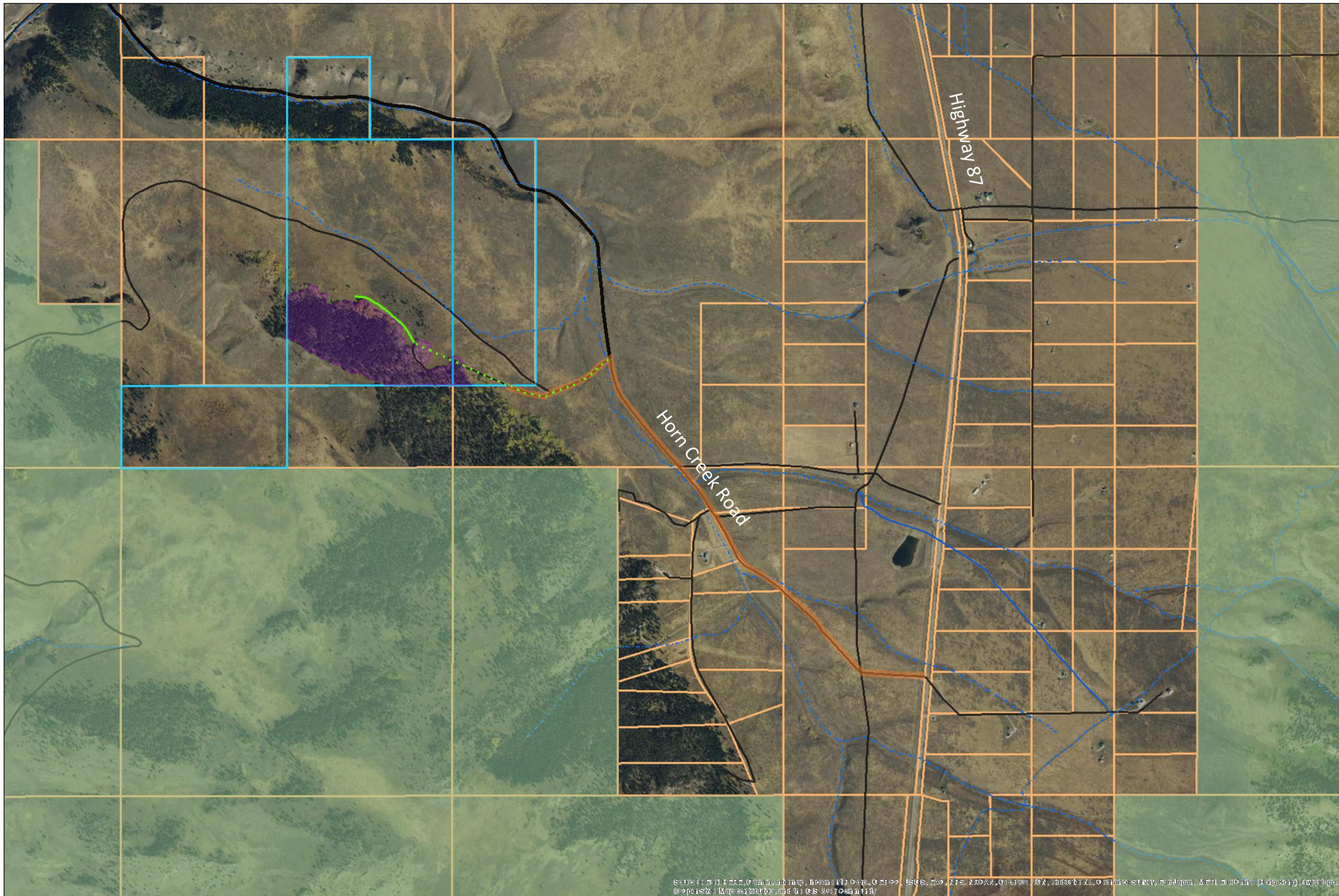
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



**Horn Mountain Limited Access  
Timber Sale**  
Sections 28 & 29, T12S, R02E



# Horn Mountain Limited Access Timber Sale Haul Route Map



Source: 2017 USDA, Comin, Intermap, Invenio, Corp, GeoEye, USGS, FAO, NPS, NGA, Google, IGN, Kadaster NL, Ordnance Survey, Esri, DeLorme (Hong Kong), Swisstopo, @opentopomap contributors, and the GIS User Community

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





**Land Board Agenda Item  
April 16, 2018**

**0418-1C    Timber Sale: Huntley Butte**

**Location: Stillwater County  
Section 36, T 2S, R19E  
Trust Beneficiaries: Common Schools  
Trust Revenue: \$12,323 (estimated, minimum bid)**

**Item Summary**

**Location:** The Huntley Butte Timber Sale is located approximately 3 miles southwest of Columbus, MT.

**Size and Scope:** The sale includes 1 unit (*119 acres*) of tractor logging.

**Volume:** The estimated harvest volume is 3,094 tons (*476 MBF*) of sawlogs and 6,135 tons of non-sawlog (pulp).

**Estimated Return:** The minimum bid is \$2.00 per ton for sawlog and \$1.00 per ton for non-sawlog. This sale would generate approximately \$12,323 for the Common School Trust and \$959 in Forest Improvement fees.

**Prescription:** This sale has a harvest prescription of individual tree selection to improve forest health and productivity. Timber harvest will remove ponderosa pine.

**Road Construction/Maintenance:** The Department of Natural Resources and Conservation (DNRC) is proposing 2.8 miles of new permanent road construction, 2.1 miles of road reconstruction, and 5 miles of road maintenance.

**Access:** Access is obtained via Huntley County Road.

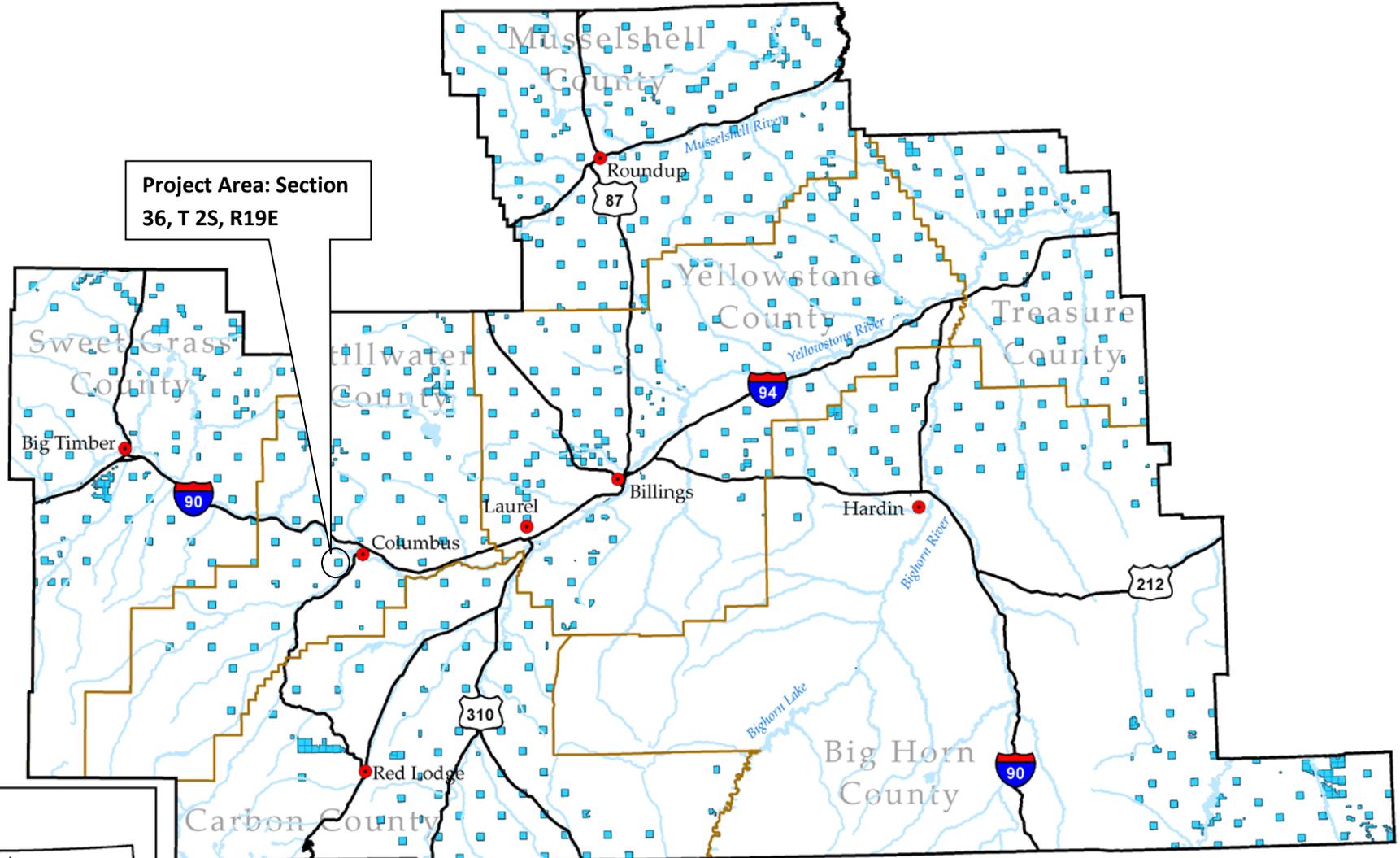
**Public Comments:** DNRC received 8 comments. The Confederated Salish and Kootenai Tribes Tribal Historic Preservation Officer had no concerns at this time. Adjacent landowners said they were not against sale but concerned about clearcutting and regrowth. They were also concerned about roads being open to the public post-harvest. No clearcutting is planned for this sale and roads will be gated. A few commenters were concerned about weed infestation and spread. Noxious weed control and mitigation was incorporated into sale planning and design. DNRC received comments in support of the project for fire hazard mitigation and supplying timber for the local economy.

**DNRC Recommendation**

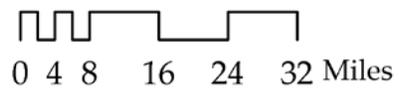
The director recommends the Land Board direct DNRC to sell the Huntley Butte Timber Sale.

# Huntley Butte Timber Sale Vicinity Map

## SOUTHERN LAND OFFICE



Project Area: Section  
36, T 2S, R19E



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

Updated 4/5/18





# 0418-2

LAND BANKING PARCELS:  
FINAL APPROVAL FOR SALE

**0418-2 Land Banking Parcel: Final Approval for Sale**

**Location: McCone County**  
**Trust Benefits: Common Schools**  
**Trust Revenue: \$90,000**

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting final approval on one parcel totaling approximately 240 acres nominated for sale in McCone County. The sale was nominated by the lessee and the parcel is located approximately 10 miles southeast of Wolf Point, Montana.

<b>Sale #</b>	<b># of Acres</b>	<b>Legal</b>	<b>Nominator</b>	<b>Trust</b>
245	240±	SW1/4, W1/2SE1/4, T26N-R48E Sec. 35	Mary Dillon	Common Schools

The sale parcel has been used primarily for livestock grazing purposes. The parcel has average productivity for grazing lands statewide.

The parcel is not legally accessible by DNRC nor the public.

No potentially negative issues were identified through the MEPA process regarding the sale of this parcel.

**Economic Analysis:**

Short-term – The rate of return on the sale parcel is 1.25%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.78% on acquisitions with income generated from annual lease payments.

**Cultural/Paleontological Resources:**

The state parcel nominated for sale was inventoried to Class III standards for cultural and paleontological resources. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified. A formal report of findings has been prepared and filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

**Background:**

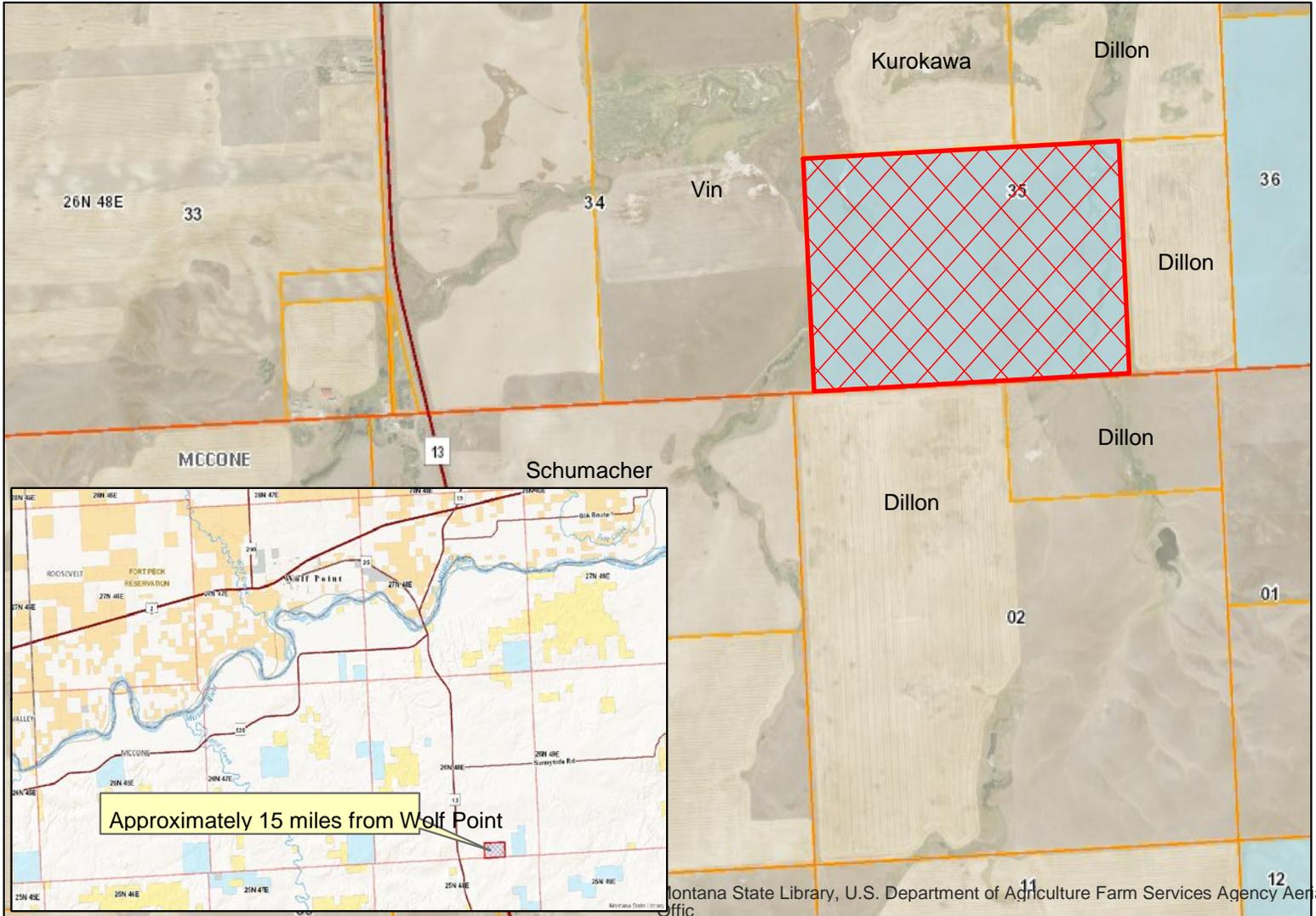
In July 2017, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process. In January 2018, minimum bid was set at \$90,000.

Sale #	Appraised Value With Access	Appraised Value per acre	Final Bid
245	\$90,000	\$375	\$90,000

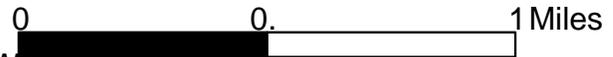
**DNRC Recommendation**

The director recommends final approval of Land Banking Sale #245 at the value shown above. The sale will be closed within 30 days of final approval by the Land Board.

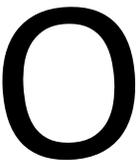
**Sale #245**  
SW¼, W½SE¼  
T26N-R48E Sec. 35



Location: McCone County, MT  
 Legal Description: S35, T26 N, R48 E, SW4: W2SE4  
 Prepared by: RMW  
 Prepared on: 2 JAN 2018  
 Projection: NAD 1983 - MT State Plane



 Sale #245



# 0418-3

LAND ACQUISITION:  
PRELIMINARY APPROVAL FOR  
PURCHASE

**Land Board Agenda Item  
April 16, 2018**

**0418-3 Land Banking Acquisition: Preliminary Approval for Purchase**

**Location: Big Horn County**  
**Trust Benefits: Common Schools**  
**Trust Revenue: N/A**

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) was contacted by BNSF Railway (BNSF) for a potential land acquisition of 6.07± acres available for sale in Big Horn County.

**Proposed Acquisition:**

These acres include approximately 6.07± acres of an abandoned BNSF railroad bed. This is a strip of land 100ft wide which divides DNRC school trust land in half within the E2SW4, W2SE4 of Sec. 27, Twp. 2N, Rge. 33E. The DNRC parcel is currently dryland grazing. The purchase of this 100ft strip will make this parcel whole and allow DNRC to manage the parcel more efficiently in the future. An appraisal will need to be completed to determine value. An application will be submitted to BNSF to purchase with the offer price being the appraised value.

**Selection Considerations:**

The Department has conducted a review of this property nominated for acquisition per Administrative Rule 36.25.813 (3).

**Access:** The state parcel has legal access from Carlton Road, which is a county road on the south side of the parcel.

**Revenue:** The current rate of return (ROR) on the DNRC parcel is 0.49% with grazing. The purchase of the BNSF strip would not directly change the ROR for the parcel but will provide full ownership and control over the parcel for consideration of other uses such as agricultural or commercial leasing with higher potential returns

**Use:** The parcel is currently used for grazing purposes, with future potential for agriculture.

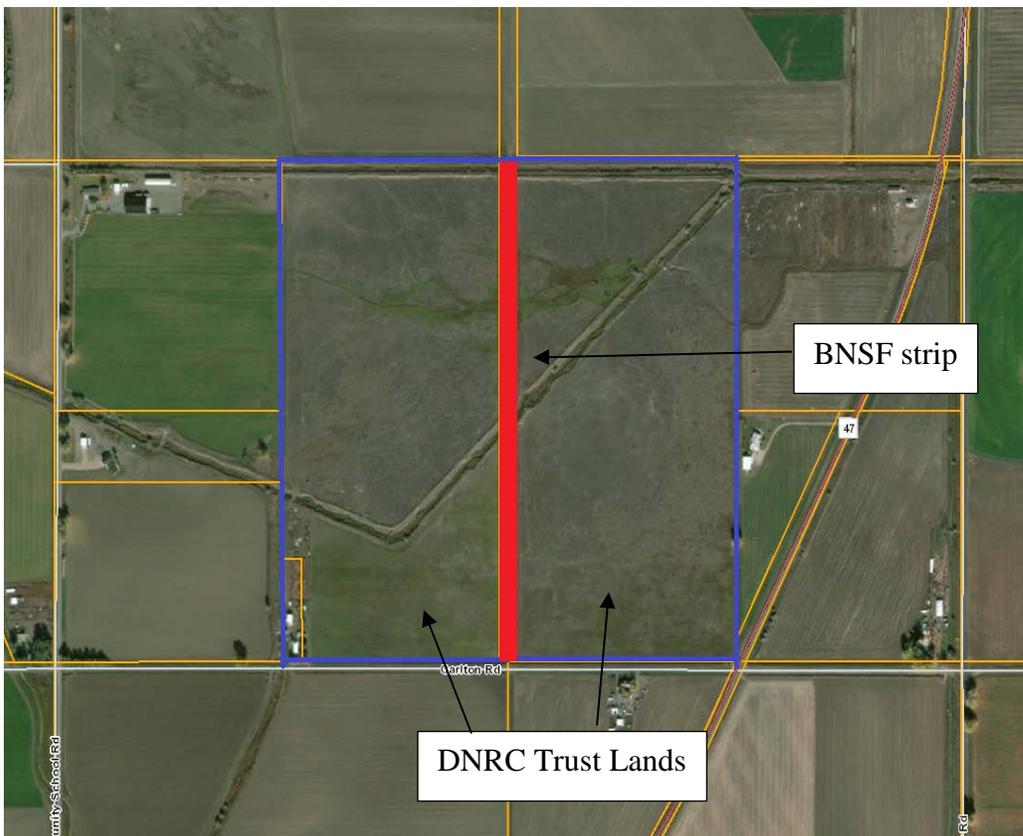
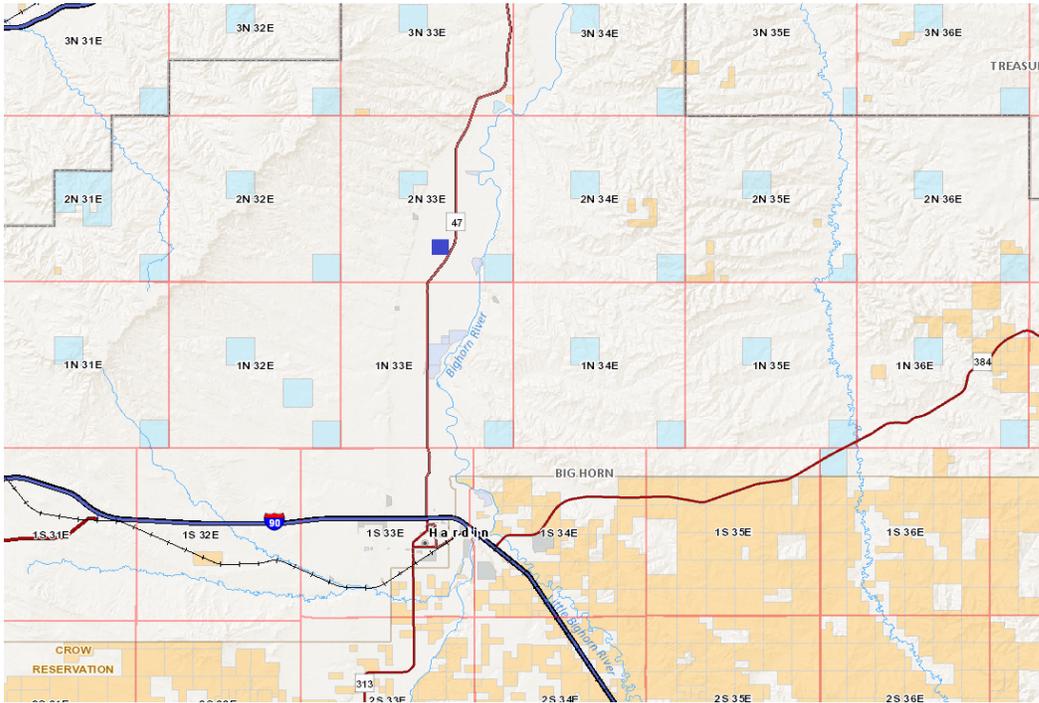
**Location:** The property is located approximately two miles north of Hardin, MT in Big Horn County, near Highway 47.

**Cooperation:** DNRC will contact BNSF and Big Horn 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 BNSF parcel for further consideration for acquisition.



BNSF Land Banking Acquisition

# 0418-4

CABIN AND HOME SITE SALES:  
PRELIMINARY APPROVAL FOR SALE

**Land Board Agenda Item  
April 16, 2018**

**0418-4 Cabin and Home Site Sales: Preliminary Approval for Sale**

Location: Flathead, Lewis & Clark, McCone, Missoula, Pondera, Prairie,  
Sanders Counties

Trust Benefits: Common Schools, Public Buildings, Montana Tech, MSU 2<sup>nd</sup>

Trust Revenue: (appraisal to be completed after preliminary approval)

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of 41 cabin and home sites nominated for sale in Flathead, Lewis & Clark, McCone, Missoula, Pondera, Prairie, and Sanders Counties. These sales were nominated by the lessees and DNRC in conjunction with the Cabin and Home Site Sale Program.

<b>Sale Number</b>	<b># of Acres</b>	<b>Legal</b>	<b>Nominator</b>	<b>Trust</b>
970	8.37	PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4 T16N-R47E, Sec. 36, Prairie County	Cathie Dolatta	Common Schools
971	<10	Unsurveyed lot in PT W2SW4 T17N-R46E, Sec. 16, McCone County	Michael Thoeny	Common Schools
972	7.46	Unsurveyed lot in SE4SE4, T27N-R1E, Sec. 36, Pondera County	R&L Petersen Farm, LLC	Common Schools
973	0.46	N2NE4 T23N-R27W, Sec. 12, Sanders County	Kenneth & Katrina Strowbridge	Public Buildings
974	0.9	SE4NW4 T24N-R27W, Sec. 26, Sanders County	George Croft & Pam Sandall	Common Schools
975	0.42	Lot 1, West Side of Thompson River T23N-R27W, Sec. 26, Sanders County	Deborah Allen	Common Schools
976	1.124	Lot 8, Echo Lake T27N-19W, Sec. 5, Flathead County	Richard D. & Deborah Ellen Northcott	Montana Tech
977	4.537	Lot 25, Echo Lake T27N-19W, Sec. 5, Flathead County	Kevin & Jeannette Zemp	Montana Tech
978	1.434	Lot 28, Echo Lake T27N-19W, Sec. 5, Flathead County	Leisha & Ronald Cook	Montana Tech
979	1.471	Lot 35, Echo Lake T27N-19W, Sec. 5, Flathead County	Ryan James	Montana Tech

980	1.485	Lot 36, Echo Lake T27N-19W, Sec. 5, Flathead County	Randall Fitzner	Montana Tech
981	0.327	Lot 3, Echo Lake T27N-19W, Sec. 5, Flathead County	DNRC	Montana Tech
982	1.124	Lot 17, Echo Lake T27N-19W, Sec. 5, Flathead County	DNRC	Montana Tech
801	1.866	Lot 31, Echo Lake T27N-19W, Sec. 5, Flathead County	DNRC	Montana Tech
983	2.361	Lot 4, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Steve & Jennifer Burrough	Montana Tech
984	2.238	Lot 5, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Lonnie & Catherine Collinsworth	Montana Tech
985	1.802	Lot 7, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Barnes Revocable Trusts	Montana Tech
986	2.41	Lot 10, Beaver Lake T31N-R22W, Sec. 20, Flathead County	John Ulitsch	Montana Tech
987	2.011	Lot 11A, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Dennis Theissen, et al.	Montana Tech
988	1.296	Lot 13, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Ginger Theissen & Nicolette R. Ward	Montana Tech
989	1.235	Lot 18, Beaver Lake T31N-R22W, Sec. 20, Flathead County	Felicia & Dave Hutchison	Montana Tech
1038	1	Lot 10, Lincoln Flats T14N-R8W, Sec. 16, Lewis & Clark County	Michael & Martha Bourgault, Jean Ferfearn	Common Schools
990	1.432	Lot 14, Lincoln Flats T14N-R8W, Sec. 16, Lewis & Clark County	DNRC	Common Schools
991	1.079	Lot 23, Lincoln Flats T14N-R8W, Sec. 16, Lewis & Clark County	DNRC	Common Schools
992	1.250	Lot 3, Placid Lake East T16N-R15W, Sec. 28, Missoula County	Sally Rusk	MSU 2 <sup>nd</sup>
993	1.739	Lot 8, Placid Lake East T16N-R15W, Sec. 28, Missoula County	Michael B. & Robin L. Hall	MSU 2 <sup>nd</sup>
994	1.816	Lot 9, Placid Lake East T16N-R15W, Sec. 28, Missoula County	Crystal Kirchhoff & Susan Kowalczyk	MSU 2 <sup>nd</sup>
995	2.037	Lot 1, Placid Lake West T16N-R15W, Sec. 30,	Terry Vick	MSU 2 <sup>nd</sup>

		Missoula County		
996	0.951	Lot 2, Placid Lake West T16N-R15W, Sec. 30, Missoula County	Nick Natalie- Lopuch	MSU 2 <sup>nd</sup>
997	1.437	Lot 6, Placid Lake West T16N-R15W, Sec. 30, Missoula County	Heidi Wadsworth	MSU 2 <sup>nd</sup>
998	2.511	Lot 9, Placid Lake West T16N-R15W, Sec. 30, Missoula County	Margaret Coldiron	MSU 2 <sup>nd</sup>
999	0.815	Lot 11, Placid Lake West T16N-R15W, Sec. 30, Missoula County	James E. Nelson	MSU 2 <sup>nd</sup>
1000	0.769	Lot 12, Placid Lake West T16N-R15W, Sec. 30, Missoula County	David & Nancy Kinsey, et al.	MSU 2 <sup>nd</sup>
1001	0.853	Lot 13, Placid Lake West T16N-R15W, Sec. 30, Missoula County	Louis C. Erck Revocable Trust	MSU 2 <sup>nd</sup>
1002	0.511	Lot 15, Placid Lake West T16N-R15W, Sec. 30, Missoula County	Beverly Jean Mitchell Family Trust	MSU 2 <sup>nd</sup>
1003	1.188	Lot 5, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Mark & Timothy Latrielle	MSU 2 <sup>nd</sup>
1004	1.774	Lot 7, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Ronald & Nancy Michaelson	MSU 2 <sup>nd</sup>
1005	1.233	Lot 8, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Marvin Gilbert	MSU 2 <sup>nd</sup>
1006	1.208	Lot 13, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Thomas & Denise Talarico	MSU 2 <sup>nd</sup>
1007	0.86	Lot 22, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Dale Spettigue & Joseph Gollette	MSU 2 <sup>nd</sup>
1008	1.862	Lot 24, Seeley Outlet West T16N-R15W, Sec. 4, Missoula County	Raymond G. Cebulski	MSU 2 <sup>nd</sup>

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

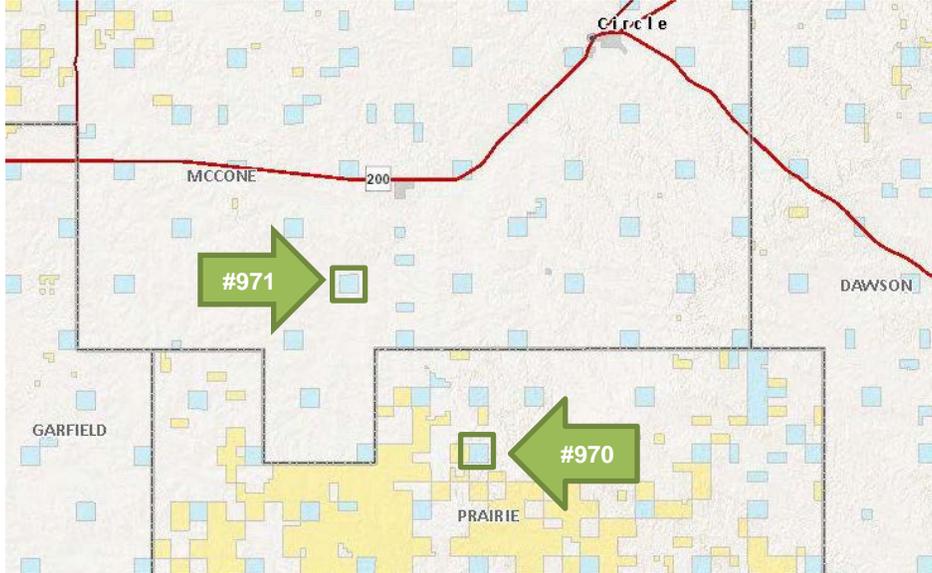
Preliminary approval allows DNRC to enter these sites in the Cabin/Home Site Sales process, the next step of which is an appraisal by a Montana general certified appraiser in spring of 2019. After appraisal, these sites will be brought to the Land Board again to set the minimum bid for the land and maximum value of any improvements.

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

**DNRC Recommendation**

The director recommends the Land Board grant preliminary approval to sell these cabin and home sites.

### PRAIRIE & MCCONE COUNTY SALES

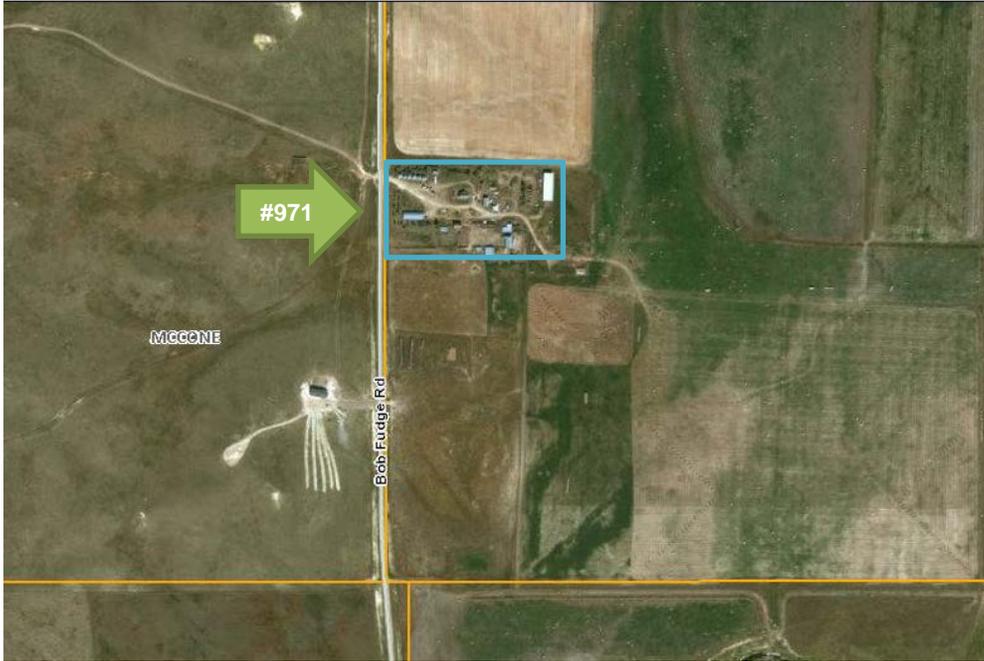


#### Prairie County

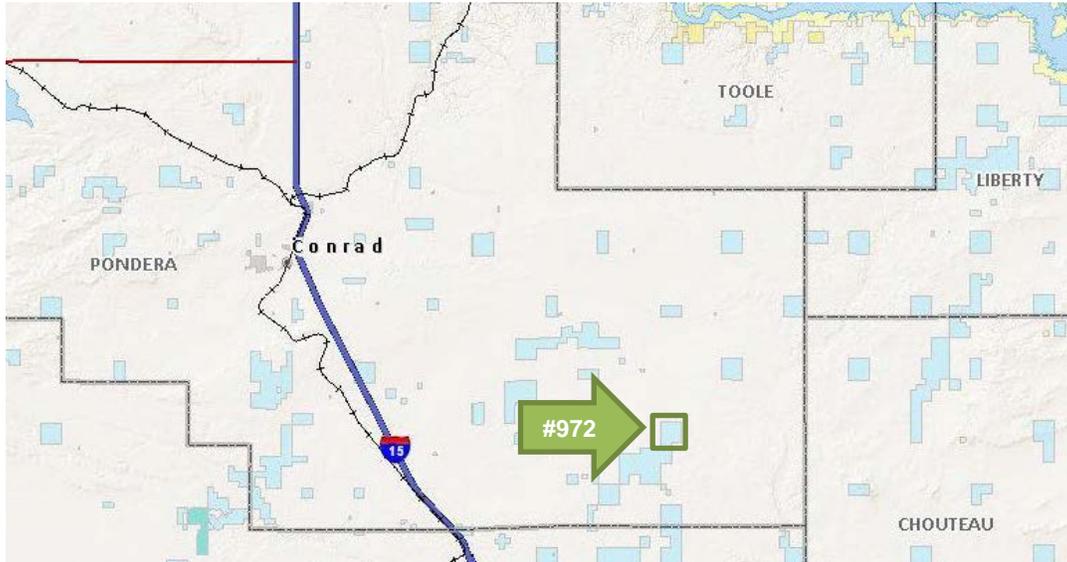
Unsurveyed lot in PT SE4NE4SW4, PT NE4SE4SW4, PT SW4NW4SE4, PT NW4SW4SE4  
T16N-R47E, Sec. 36



**McCone County**  
Unsurveyed lot in PT W2SW4, T17N-R46E, Sec. 16



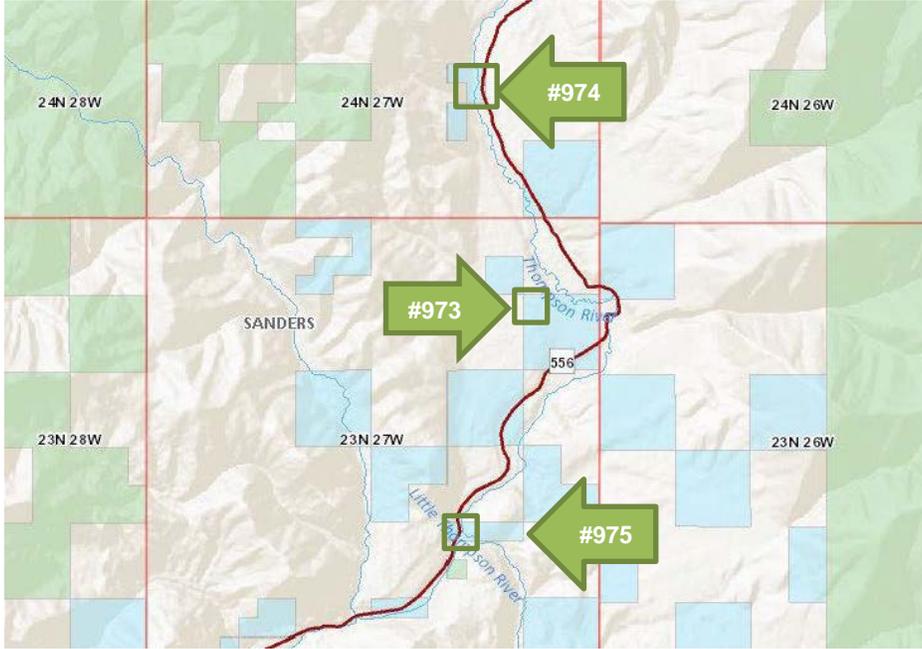
PONDERA COUNTY SALE



Unsurveyed lot in SE4SE4, T27N-R1E, Sec. 36, Pondera County



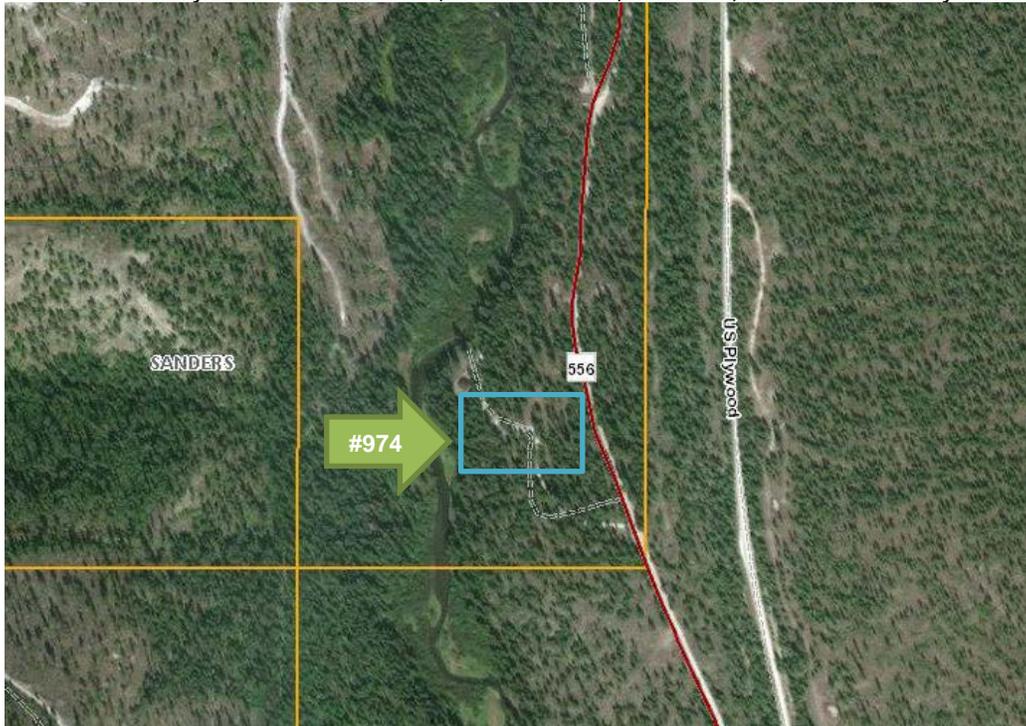
### SANDERS COUNTY SALES



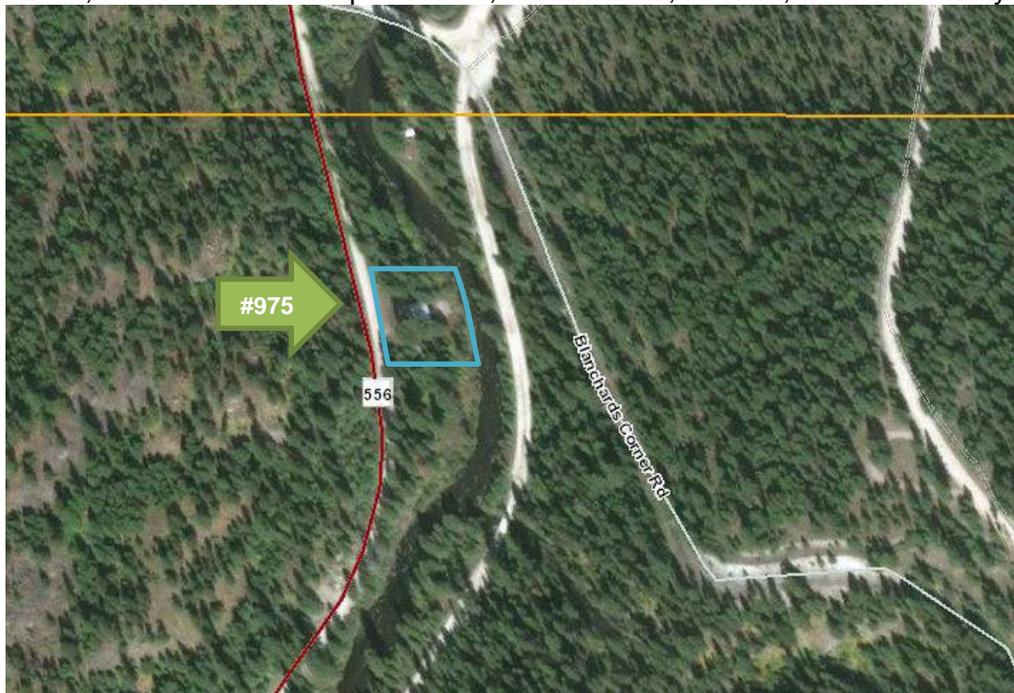
Unsurveyed lot in N2NE4, T23N-R27W, Sec. 12, Sanders County



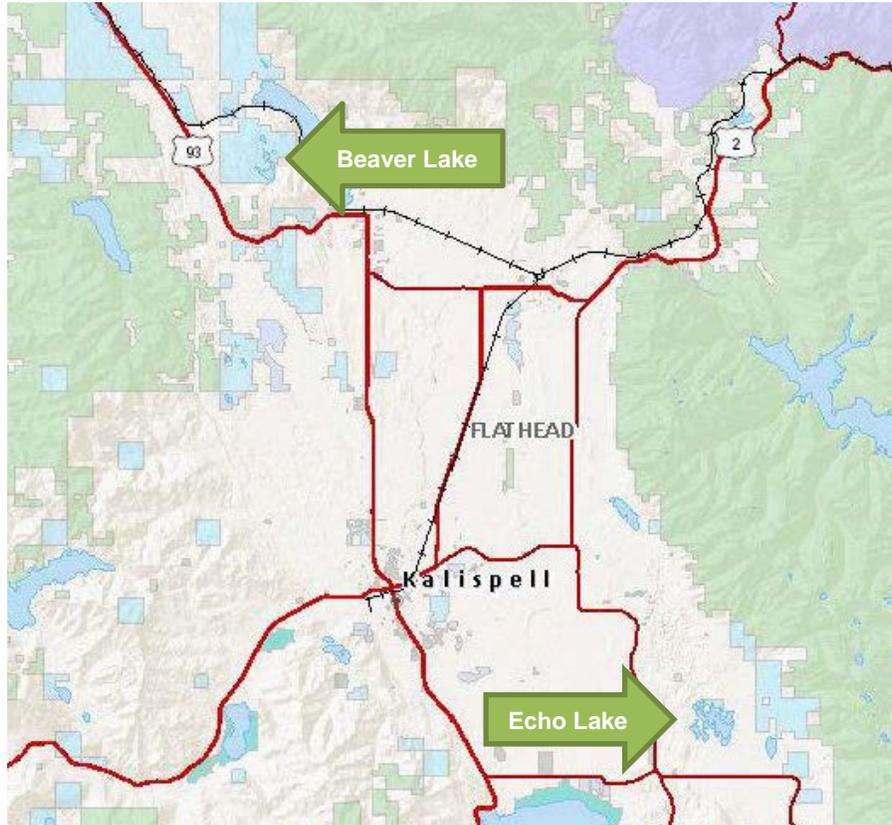
Unsurveyed lot in SE4NW4, T24N-R27W, Sec. 26, Sanders County



Lot 1, West Side of Thompson River, T23N-R27W, Sec. 26, Sanders County



### FLATHEAD COUNTY SALES



### Echo Lake

T27N-19W, Sec. 5, Flathead County



**Beaver Lake**  
T31N-R22W, Sec. 20, Flathead County



LEWIS & CLARK COUNTY SALES



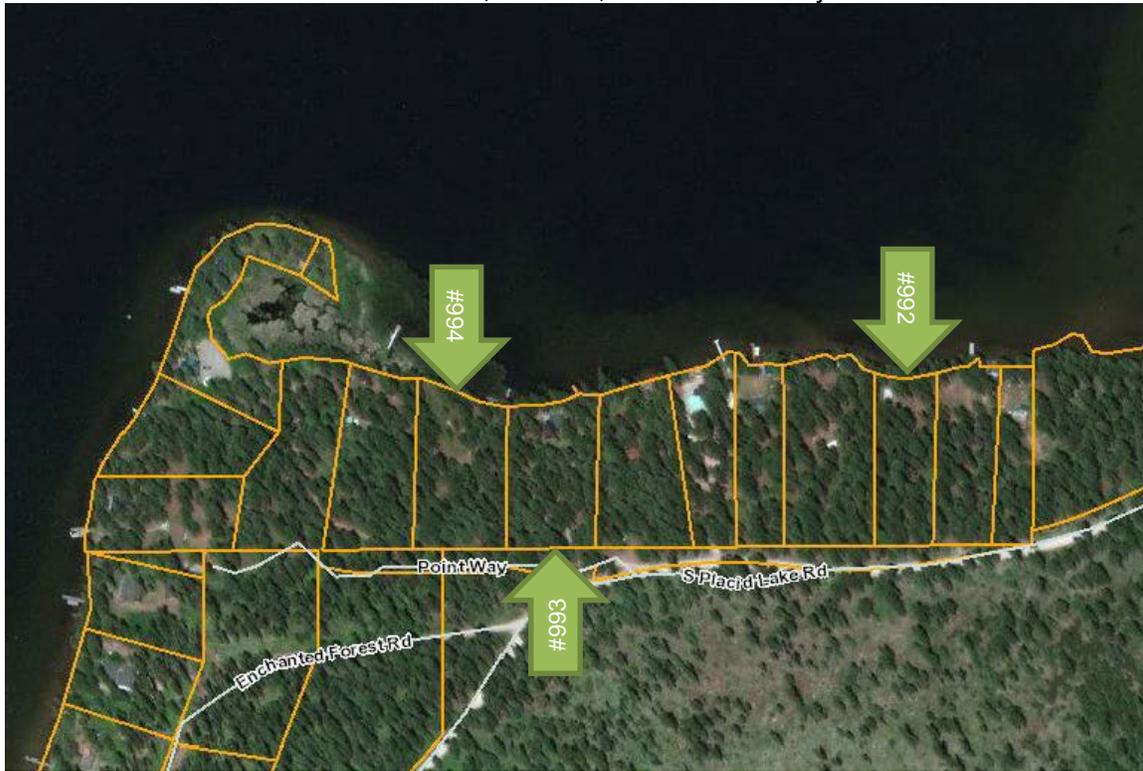
**Lincoln Flats**  
T14N-R8W, Sec. 16, Lewis & Clark County



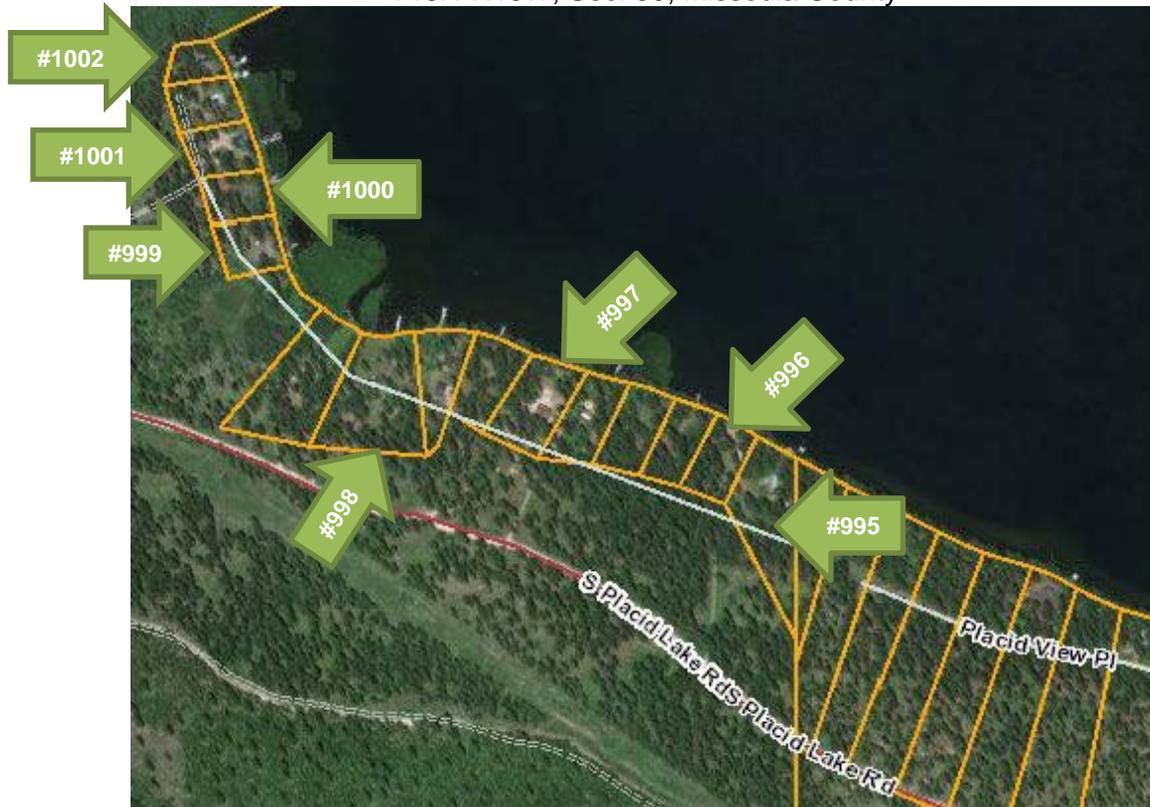
MISSOULA COUNTY SALES



**Placid Lake East**  
T16N-R15W, Sec. 28, Missoula County



**Placid Lake West**  
T16N-R15W, Sec. 30, Missoula County



**Seeley Lake Outlet West**  
T16N-R15W, Sec. 4, Missoula County



# 0418-5

CABIN AND HOME SITE SALES:  
FINAL APPROVAL FOR SALE

**Land Board Agenda Item  
April 16, 2018**

**0418-5A Cabin and Home Sites: Final Approval for Sale – Flathead County**

**Location: Flathead County**  
**Trust Benefits: Montana Tech**  
**Trust Revenue: \$229,000**

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for sale of 1 cabin site nominated for sale in Flathead County. This sale was nominated by DNRC in conjunction with the Cabin and Home Site Sale Program.

<b>Sale #</b>	<b># of Acres</b>	<b>Legal</b>	<b>Nominator</b>	<b>Trust</b>
849	1.08	Lot 18, Echo Lake, T27N-R19W, Sec. 5 Flathead County	DNRC	Montana Tech

The parcels is classified as a cabin/home site. It is currently vacant and produces less than average income for residential leases statewide.

The parcel will be sold with the access provided to the current lessee under their lease agreement.

**Economic Analysis**

Short term – The average rate of return is as follows:

<b>Sale #</b>	<b>Rate of Return</b>
849	0.00%

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.

**Background**

Sale #849 was granted preliminary approval to continue through the cabin site sale evaluation process in January 2017. In October 2017, the Land Board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised values below:

<b>Sale #</b>	<b>Minimum Bid for the Land</b>	<b>Maximum Value of Improvements</b>
849	\$229,000	N/A

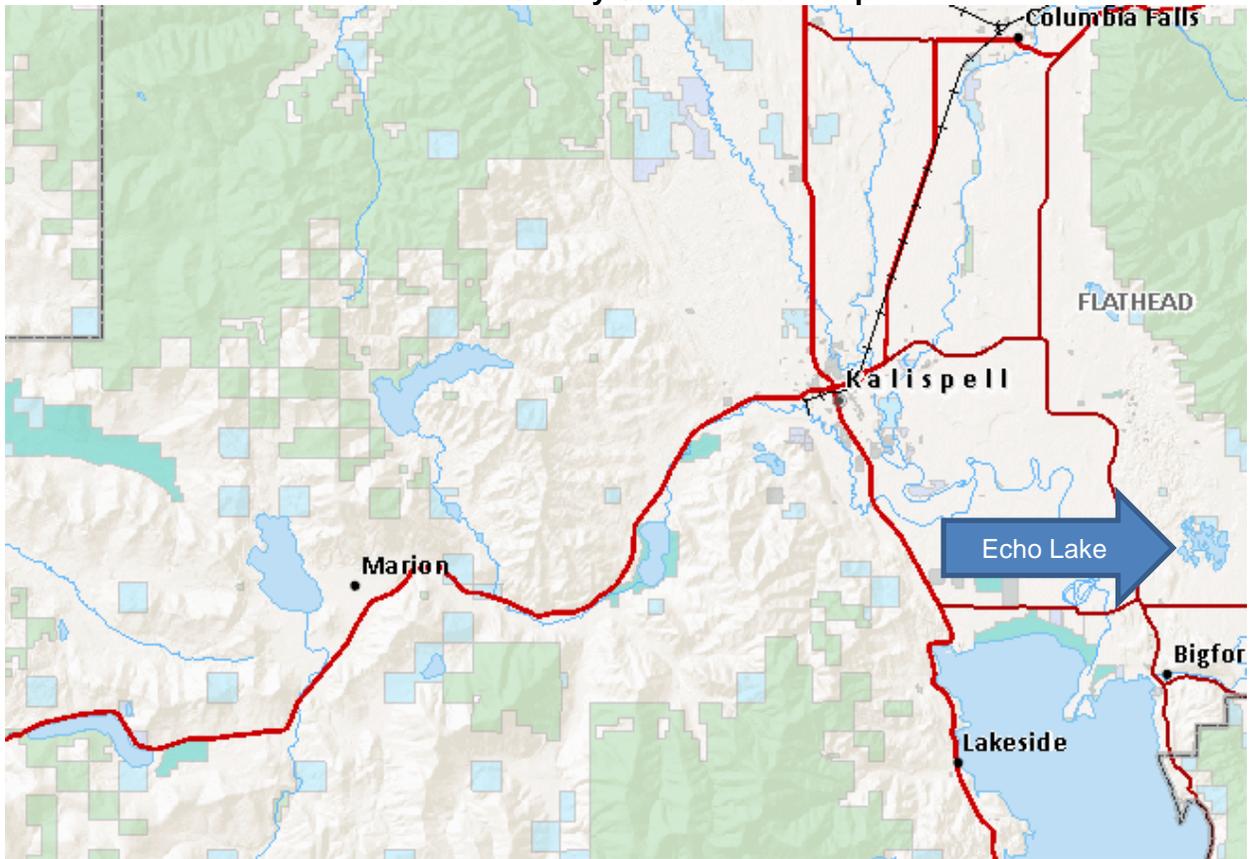
**Sale Price**

Sale #849 sold at public auction on April 5, 2018. There was one bidder for the sale from a private Montana citizen. The parcel sold for the minimum bid amount listed above.

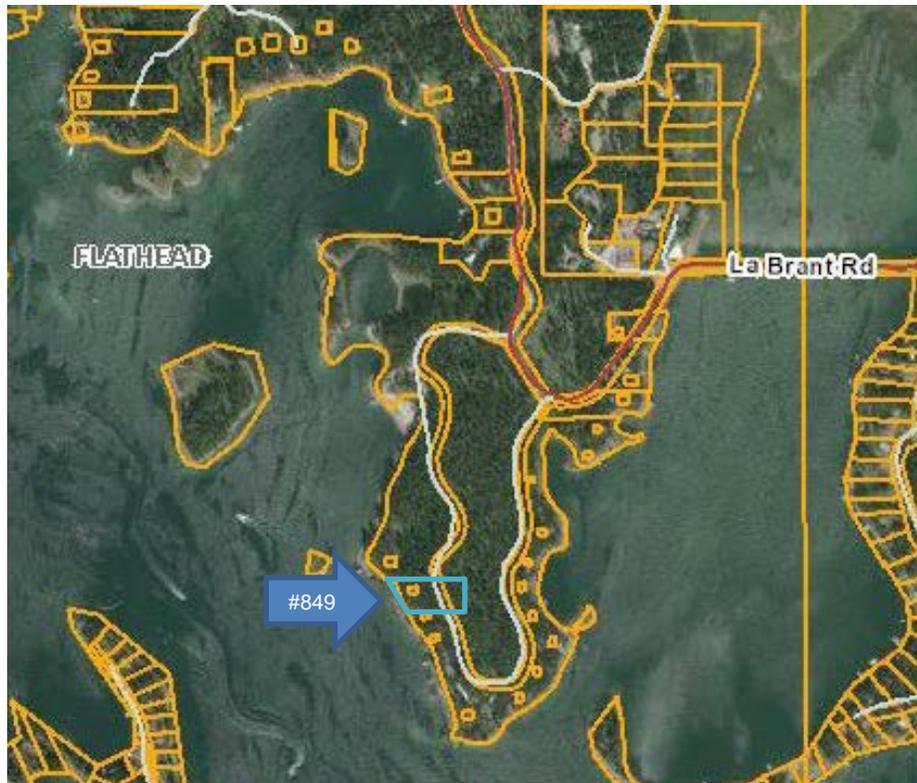
**DNRC Recommendation**

The director recommends final approval for the cabin site lot at the value shown above. The sale will close within 30 days of final approval by the Land Board.

Flathead County Sale Location Map



Echo Lake Sale No. 849



**Land Board Agenda Item  
April 16, 2018**

**0418-5B Cabin and Home Sites: Final Approval for Sale – Missoula County**

**Location: Missoula County**  
**Trust Benefits: MSU 2<sup>nd</sup>, Pine**  
**Hills Trust Revenue: \$1,398,000**

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for sale of 4 cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

<b>Sale #</b>	<b># of Acres</b>	<b>Legal</b>	<b>Nominator</b>	<b>Trust</b>
864	1.247	Lot 11, Placid Lake, T16N-15W, Sec. 28 Missoula County	Thomas & Debra Beaudette	MSU 2 <sup>nd</sup>
865	1.205	Lot 6, Placid Lake, T16N-15W, Sec. 28 Missoula County	Ron & Merna Terry	MSU 2 <sup>nd</sup>
866	1.091	Lot 5, Placid Lake, T16N-15W, Sec. 28 Missoula County	Jeffrey L. & Kathleen B. Cunniff Living Trust	MSU 2 <sup>nd</sup>
883	1.03	Lot 18, Elbow Lake, T15N-R14W, Sec. 20 Missoula County	Patrick Dougherty & Tom Ward	Pine Hills

All parcels are currently leased as cabin/home sites and produce an average income for residential leases statewide.

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

**Economic Analysis**

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

<b>Sale #</b>	<b>Rate of Return</b>	<b>Sale #</b>	<b>Rate of Return</b>
864	1.834%	866	2.102%
865	1.919%	883	1.951%

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.

### **Background**

Sale #883 received preliminary approval in May 2017, and the minimum bid for the land and maximum value of compensation for the improvements were set at the value below in February 2018. Sale #s 864, 865, and 866 received preliminary approval in January 2017. Values for Sale #866 were set as shown below in July 2017. In November 2017, values for Sale #s 864 and 865 were set as show below.

<b>Sale #</b>	<b>Minimum Bid for the Land</b>	<b>Maximum Value of Improvements</b>
864	\$443,000	\$555,000
865	\$420,000	\$377,000
866	\$380,000	\$192,000
883	\$155,000	\$94,000

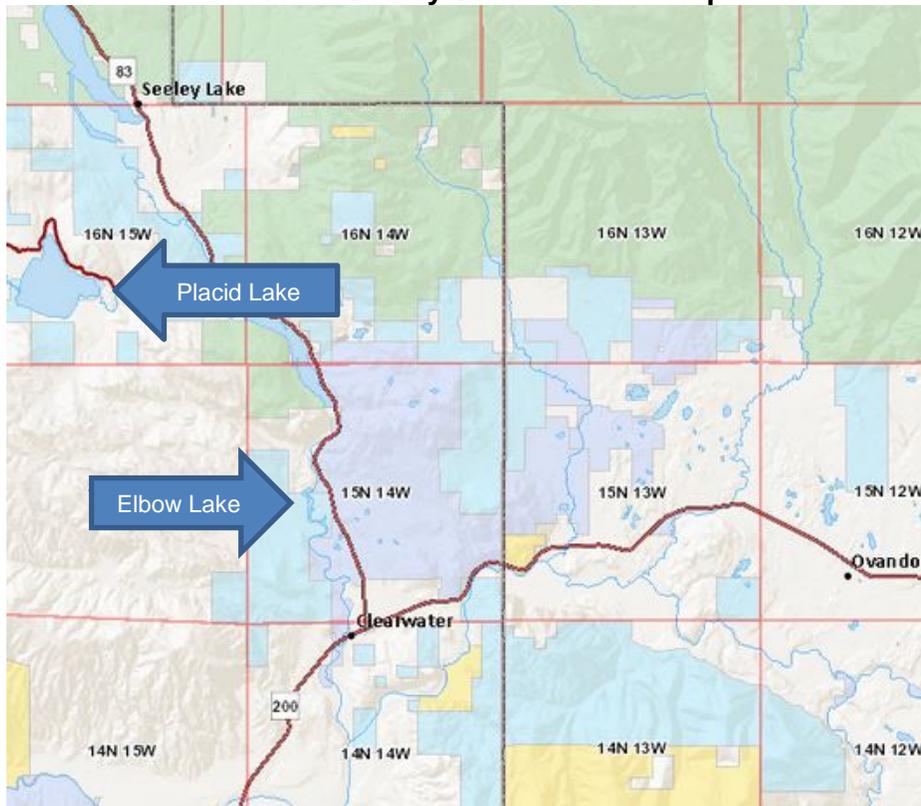
### **Sale Price**

These sales sold at public auction on April 6, 2018. There was one bidder per sale, and bidders for all sales were the current lessees. All parcels were sold for the minimum bid amounts listed above.

### **DNRC Recommendation**

The director recommends final approval for the cabin site lots at the values shown above. The sales will close within 30 days of final approval by the Land Board.

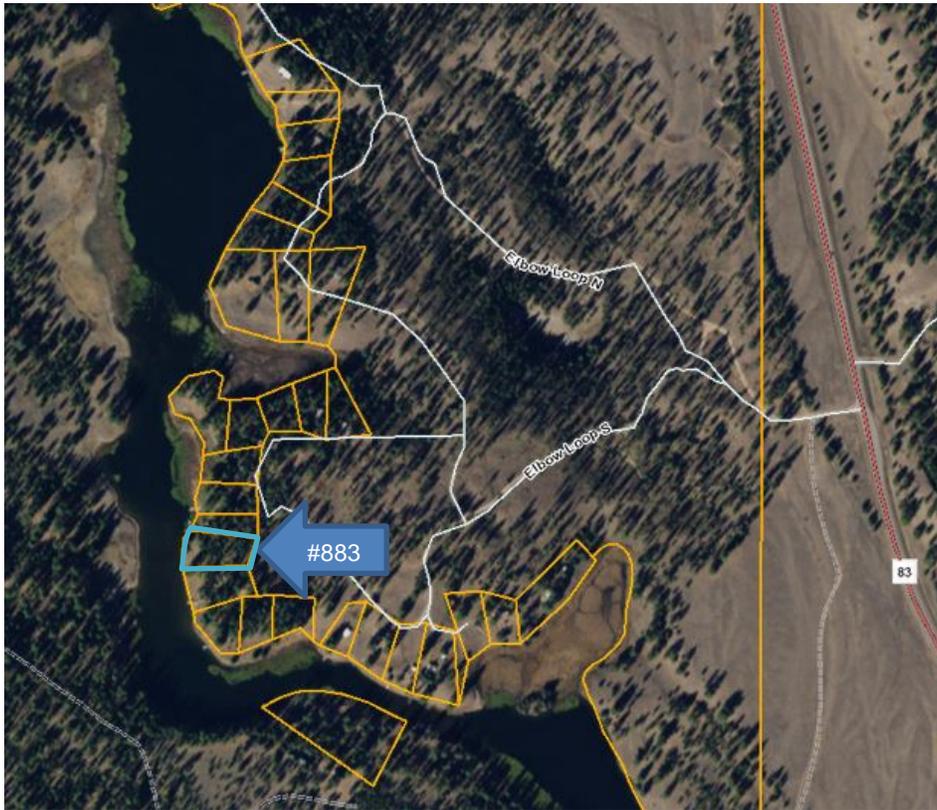
### Missoula County Sales Location Map



### Placid Lake East Sales



Elbow Lake Sale



**Land Board Agenda Item  
April 16, 2018**

**0418-5C Cabin and Home Sites: Final Approval for Sale – Sanders County**

**Location: Sanders County**  
**Trust Benefits: Common Schools**  
**Trust Revenue: \$40,000**

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for sale of 1 cabin site nominated for sale in Sanders County. This sale was nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

<b>Sale #</b>	<b># of Acres</b>	<b>Legal</b>	<b>Nominator</b>	<b>Trust</b>
875	1.27	Lot in NW4NW4, T23N-R27W, Sec. 34 Sanders County	Donna Davis & Denise White	Common Schools

The parcel is currently leased as a cabin/home site and produces an average income for residential leases statewide.

The parcel will be sold with the access provided to the current lessee under their lease agreement.

**Economic Analysis**

Short term – The average rate of return is as follows:

<b>Sale #</b>	<b>Rate of Return</b>
875	1.506%

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.

**Background**

Sale #875 received preliminary approval in May 2017. In January 2018, the Land Board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised value below:

<b>Sale #</b>	<b>Minimum Bid for the Land</b>	<b>Maximum Value of Improvements</b>
875	\$40,000	\$130,000

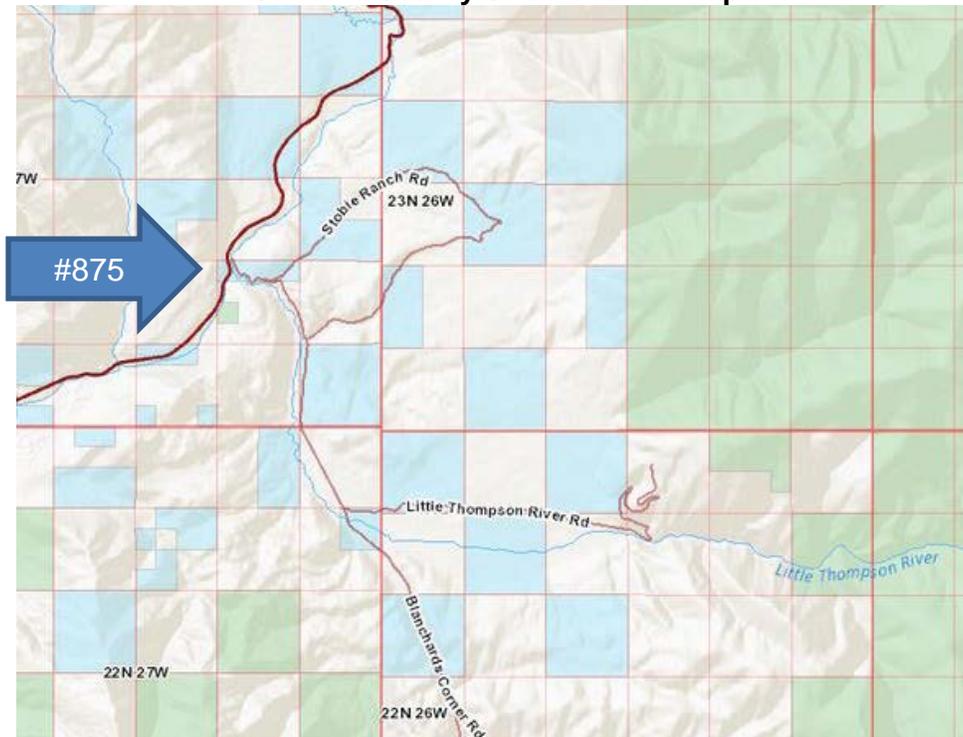
**Sale Price**

Sale #875 sold at public auction on April 5, 2018. There was one bidder who was the current lessee. The parcel sold for the minimum bid amount listed above.

**DNRC Recommendation**

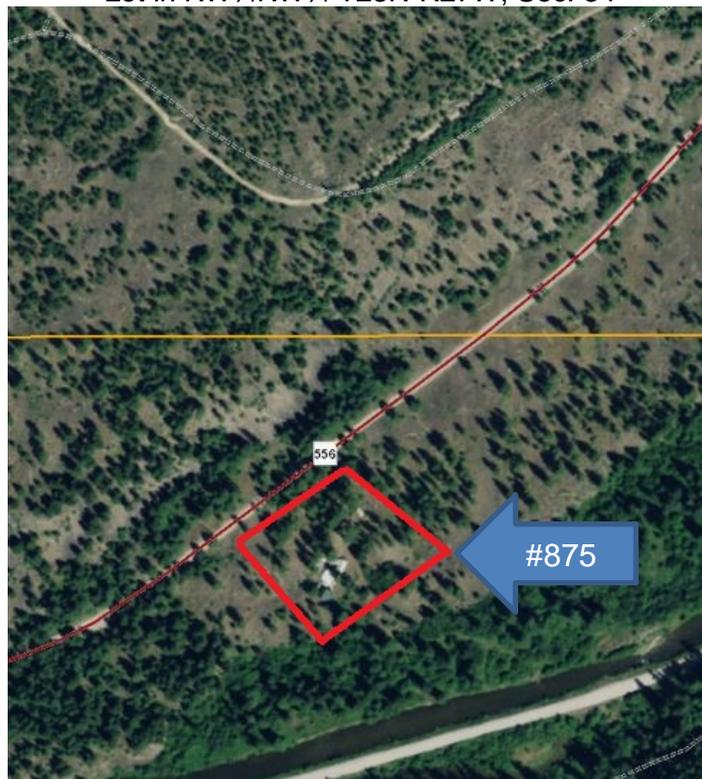
The director recommends final approval for the cabin site lot at the value shown above. The sale will close within 30 days of final approval by the Land Board.

### Sanders County Sale Location Map



### Sale #875

Lot in NW¼NW¼ T23N-R27W, Sec. 34



0418-6

EASEMENTS

**Land Board Agenda Item  
April 16, 2018**

**0418-6 Easements**

**Location:** Blaine, Chouteau, Custer, Daniels, Gallatin, Garfield, Lewis & Clark, Liberty, Park, Phillips, Richland, Sanders, Sweet Grass, Toole, Valley, Wheatland

**Trust Benefits:** Common Schools, MSU-Eastern/UM-Western, Public Buildings, Public Land Trust, University of Montana

**Trust Revenue:** Common Schools = \$86,817  
MSU-E/UM-W = \$67,488  
Public Buildings = \$3,180  
Public Land Trust = \$62,034  
University of Montana = \$16,520

**Item Table of Contents**

<b>Applicant</b>	<b>Right-of-Way Purpose</b>	<b>Term</b>	<b>Page(s)</b>
WBI Energy Midstream	Buried Natural Gas Pipeline	30-year	1-3
Gallatin County	Public Recreation Trail	Permanent	4-5
Northwestern Energy	Historic Utility Facilities	Permanent	6-14, 47-51
MT. Dept. of Transportation	Highway Bridge Reconstruction	Permanent	15-16
Nemont Telephone Coop.	Buried Fiber Optic Cable	Permanent	17-21
Triangle Telephone Coop.	Buried Telecomm. Cable	Permanent	22-24
Dry Prairie Rural Water Authority	Buried Water Line	Permanent	25-28
MCR Transmission LLC	Buried Natural Gas Pipeline	30-year	29-30
Oneok Rockies Midstream LLC	Buried Natural Gas Pipeline	30-year	31-36
Royce Ponessa	Historic Private Access	Permanent	37-38
Teton Land Corp.	Historic Private Access	Permanent	39-40
Garfield County	Historic County Road	Permanent	41-42
Philip T. Johnson	Historic Private Access	Permanent	43-44
Lewis Morris Family Trust	Historic Private Access	Permanent	45-46

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	WBI Energy Midstream, LLC 1250 West Century Avenue Bismarck, ND 58503
Application No.:	18056
R/W Purpose:	a buried 6" and a buried 8" natural gas pipeline
Lessee Agreement:	ok
Acreage:	4.36
Compensation:	\$6,301.00
Legal Description:	30-foot strips through NE4NW4, W2NE4, SE4NW4, NE4SW4, S2SW4, Sec. 16, Twp. 32N, Rge. 32E, Phillips County
Trust Beneficiary:	Common Schools

Item Summary

WBI Energy has made application for 6" and 8" natural gas pipelines. The pipelines were previously authorized and installed under a Land Use License issued in 2006. This, and the following application, is to convert the License to 30-year term easements. WBI Energy has agreed to compensation in the amount of \$17/rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of these 30-year term easements for natural gas pipelines.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: WBI Energy Midstream, LLC  
1250 West Century Avenue  
Bismarck, ND 58503

Application No.: 18057  
R/W Purpose: a buried 8" natural gas pipeline  
Lessee Agreement: ok  
Acreage: 3.86  
Compensation: \$5,771.00  
Legal Description: 30-foot strip through S2NE4, SE4NW4, N2SW4, Sec. 36,  
Twp. 32N, Rge. 32E, Phillips County  
Trust Beneficiary: Common Schools

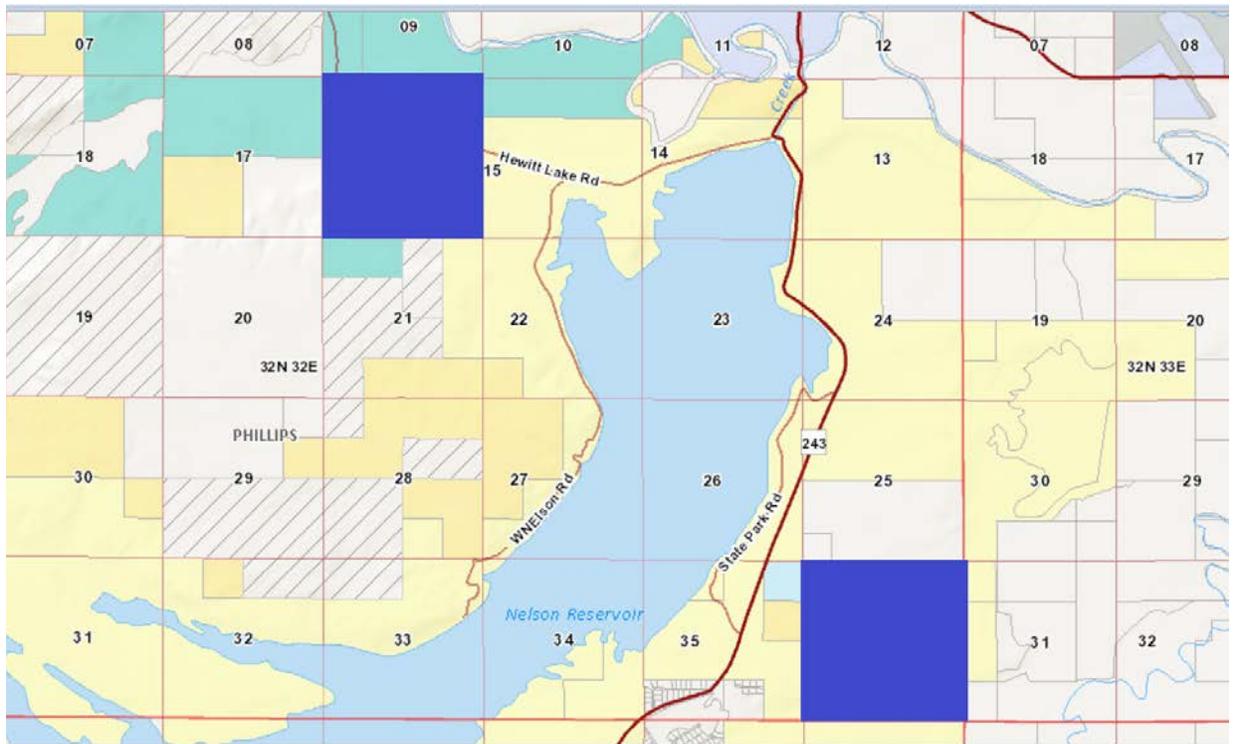
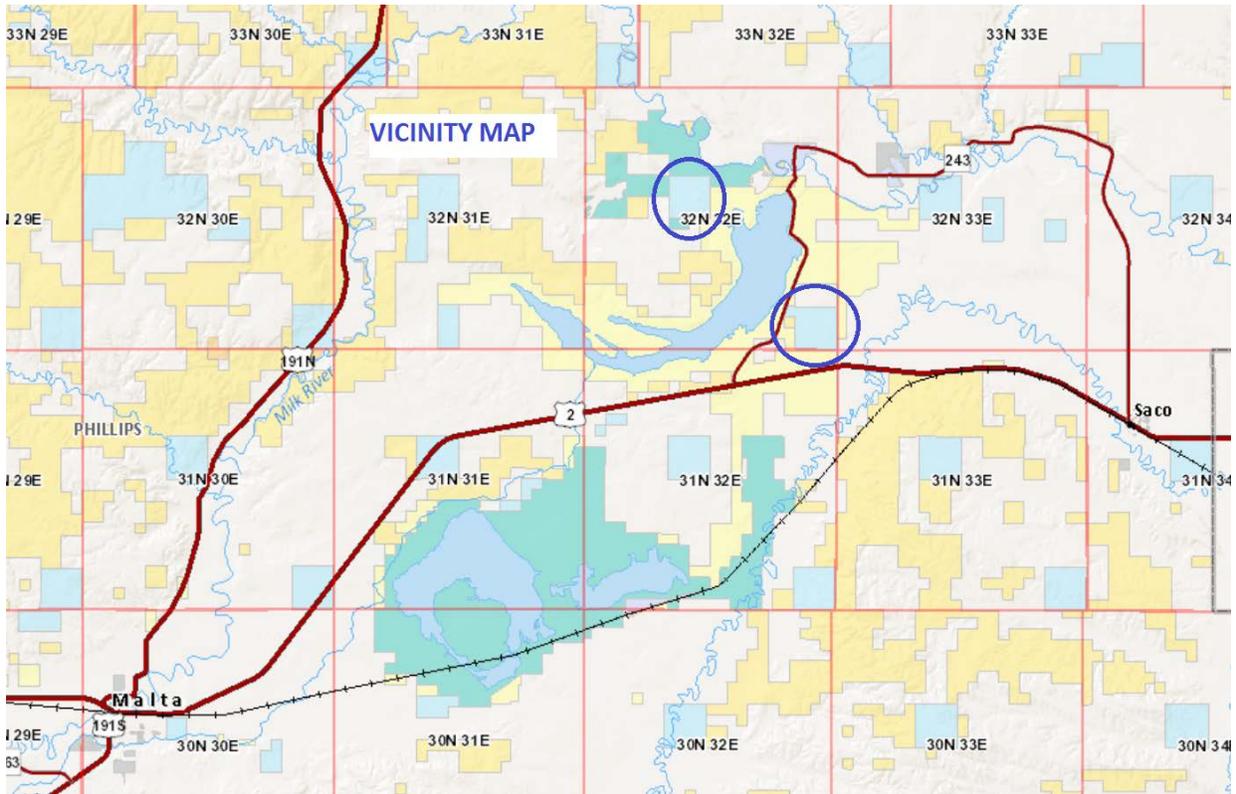
Item Summary

See page \*\*

DNRC Recommendation

See recommendation on page \*\*

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Gallatin County  
311 W Main  
Bozeman, MT 59715

Application No.: 18121  
R/W Purpose: a non-motorized public recreational trail known as the Painted Hills Trail

Lessee Agreement: ok  
Acreage: 5.92  
Compensation: \$67,488.00  
Legal Description: a tract of land through NW4, Sec. 28, Twp. 2S, Rge. 6E, Gallatin County

Trust Beneficiary: MSU-Eastern/UM Western

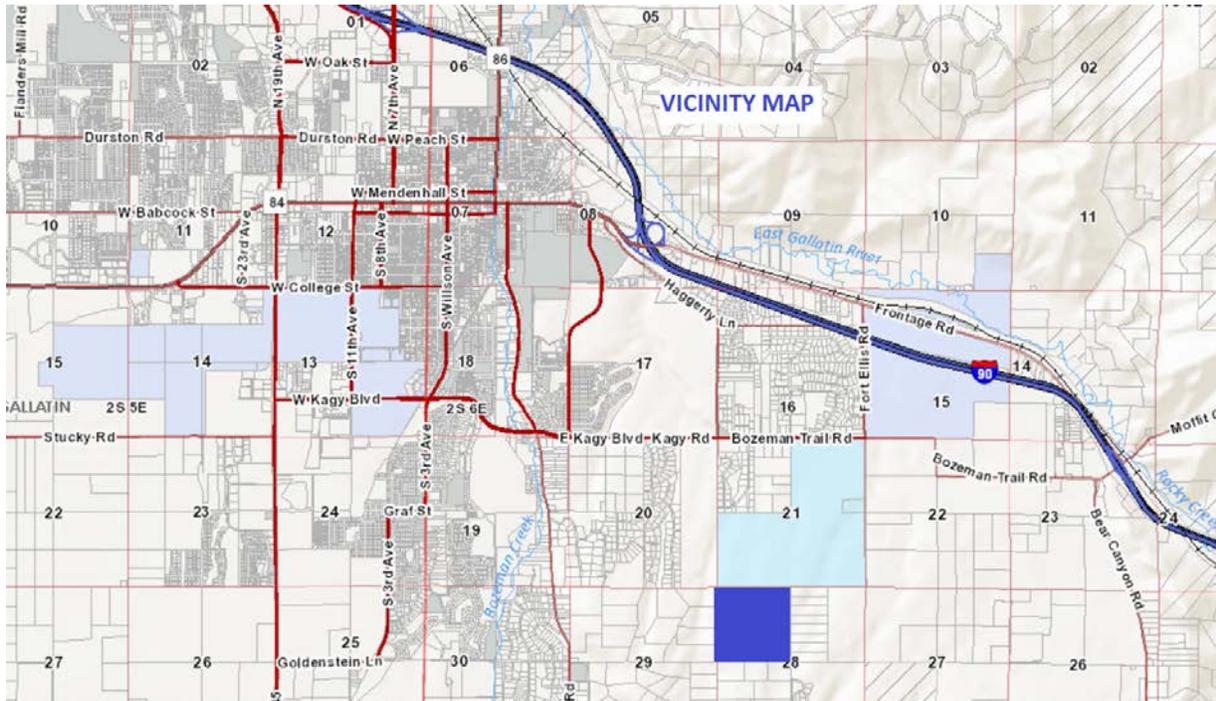
Item Summary

Gallatin County has made application for a public recreation trail across the above-described parcel of State Land. The trail segment is the connecting portion of the Main Street to the Mountains trail system located along the southeastern side of Bozeman and the DNRC has been engaged with the proposal since 2014. Gallatin County has partnered with Gallatin Valley Land Trust to meet the obligations of constructing and maintaining this new trail segment. A trail construction, maintenance and monitoring plan will be required. To ensure the least impact to the State Land, a corridor for the easement was required rather than a basic lineal foot-print. This was necessary to maintain the value of the trust land as well as eliminate uneconomic remainder slivers of land that could result in competing management issues.

DNRC Recommendation

The director recommends approval of this public trail corridor in Bozeman.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 E. Park Butte, MT 59701
Application No.:	18146
R/W Purpose:	an overhead 69 kV electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	2.19
Compensation:	\$697.00
Legal Description:	40-foot strip through S2SW4, Sec. 36, Twp. 33N, Rge. 21E, Blaine County
Trust Beneficiary:	Common Schools

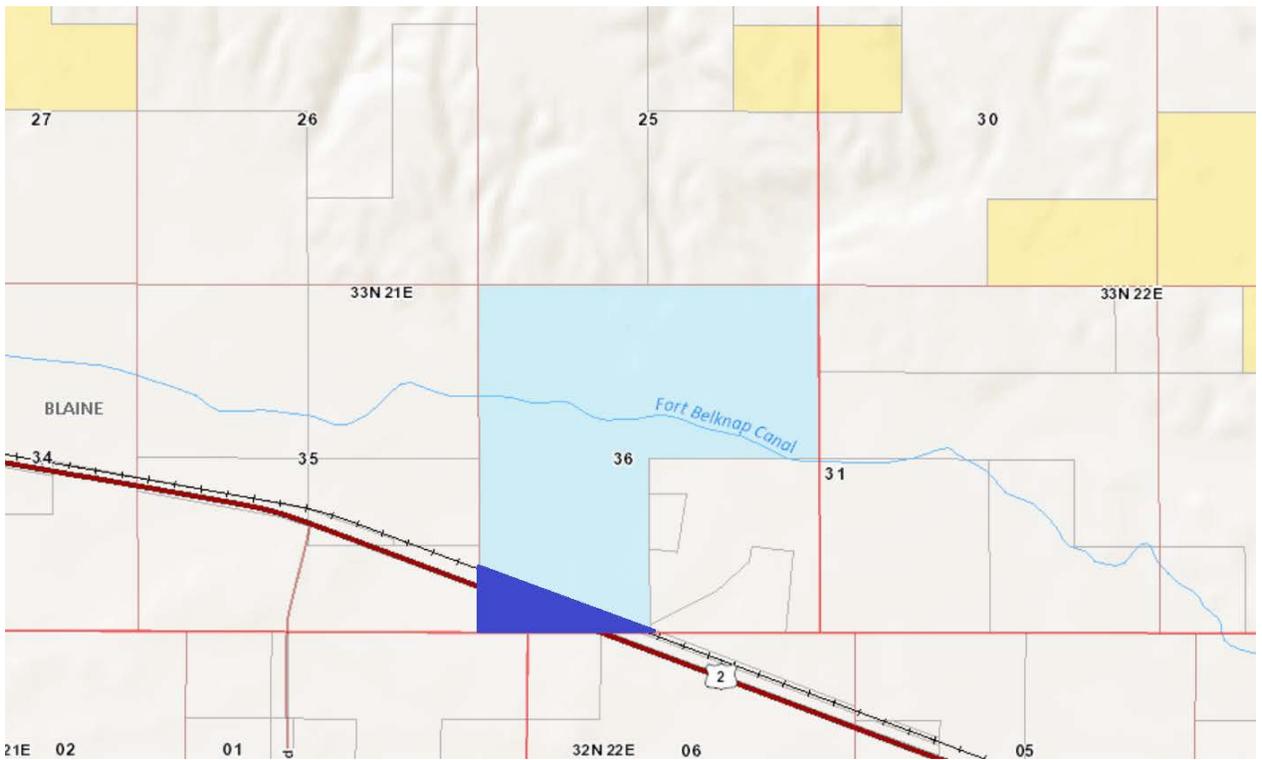
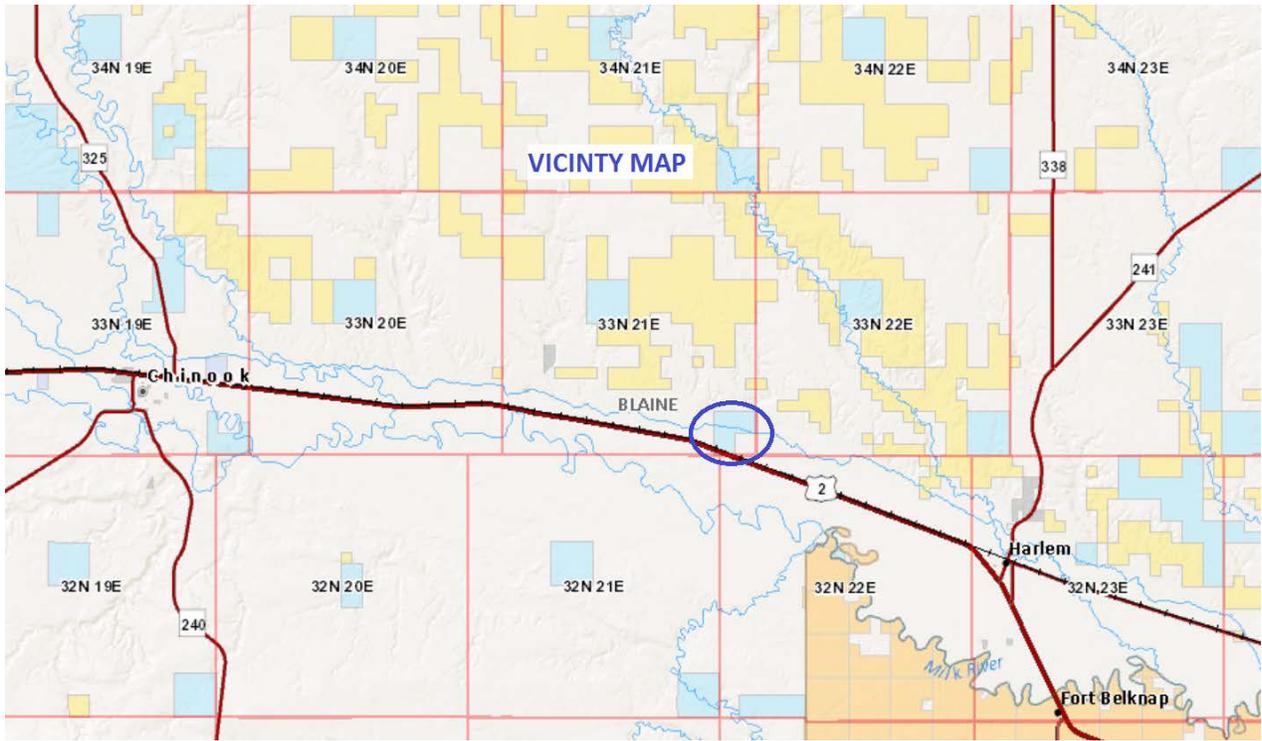
Item Summary

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.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18147  
R/W Purpose: a buried 12" natural gas transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 4.42  
Compensation: \$1,326.00  
Legal Description: 50-foot strip through SE4NW4, E2SW4, Sec. 3, Twp. 29N,  
Rge. 18E, Blaine County  
Trust Beneficiary: Common Schools

Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18148  
R/W Purpose: a buried 12" natural gas transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 2.42  
Compensation: \$726.00  
Legal Description: 50-foot strip through E2NW4, Sec. 10, Twp. 29N, Rge, 18E,  
Blaine County  
Trust Beneficiary: Common Schools

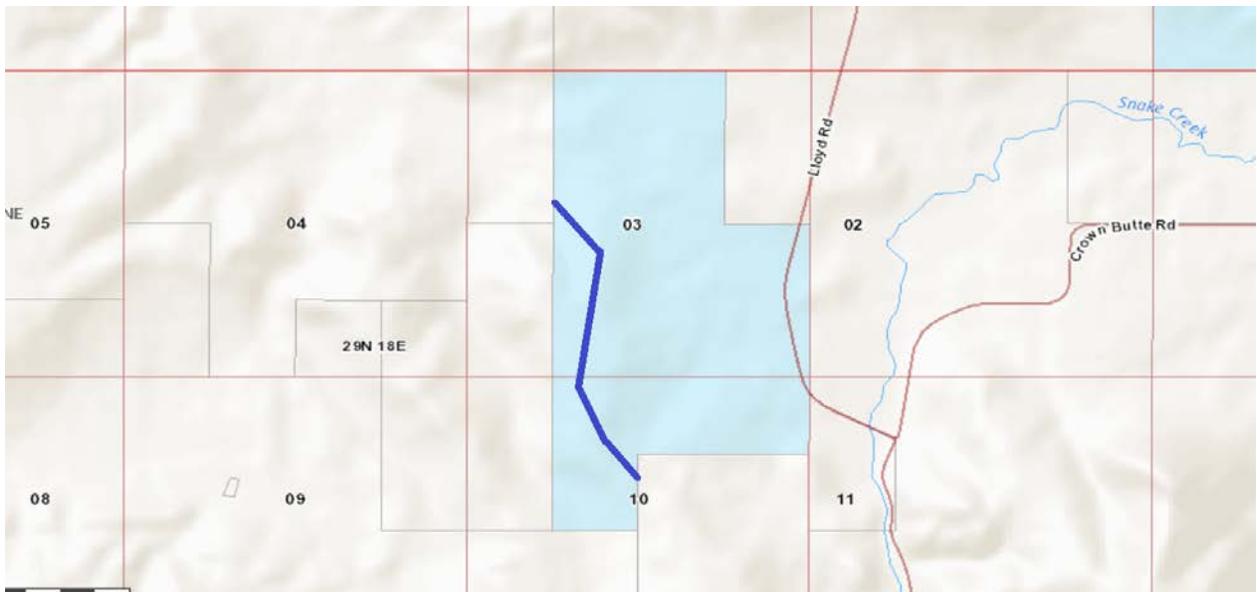
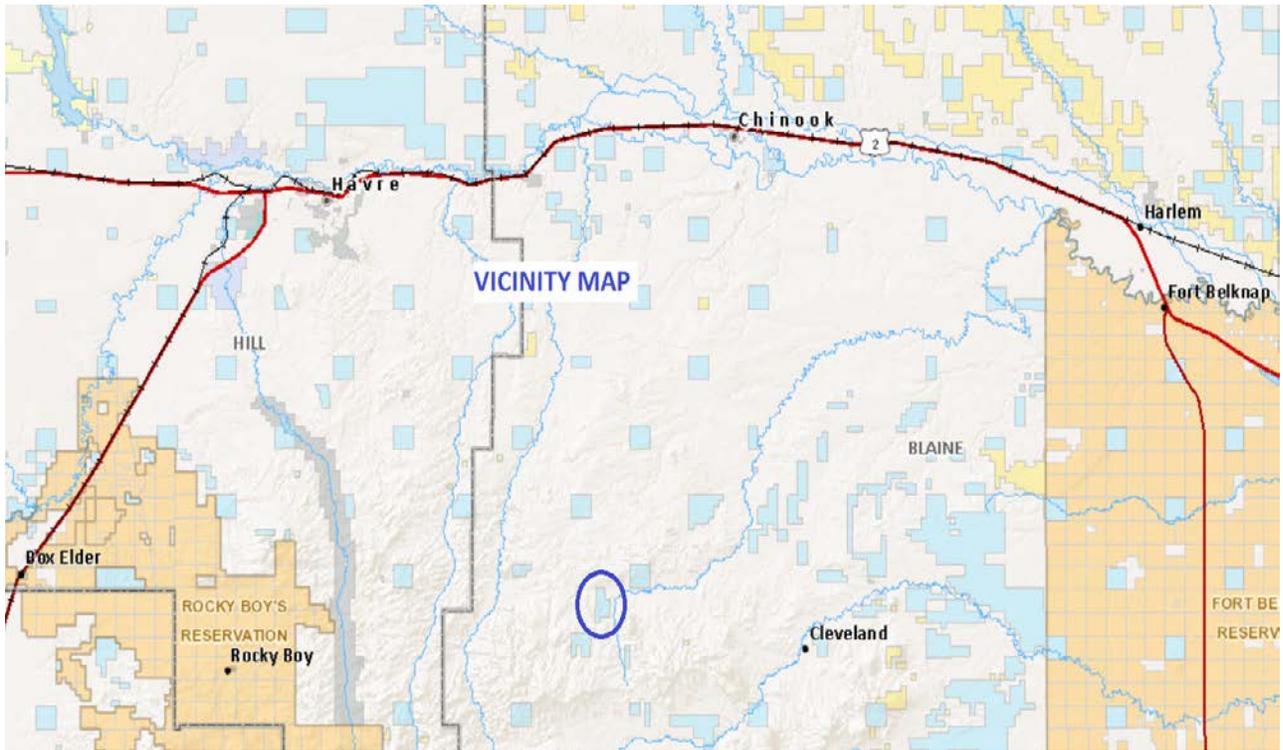
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation

---



R/W App. #'s 18147 & 18148

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18149  
R/W Purpose: a buried 16" natural gas transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 1.00  
Compensation: \$300.00  
Legal Description: 50-foot strip through SE4SE4, Sec. 36, Twp. 35N, Rge. 19E,  
Blaine County  
Trust Beneficiary: Common Schools

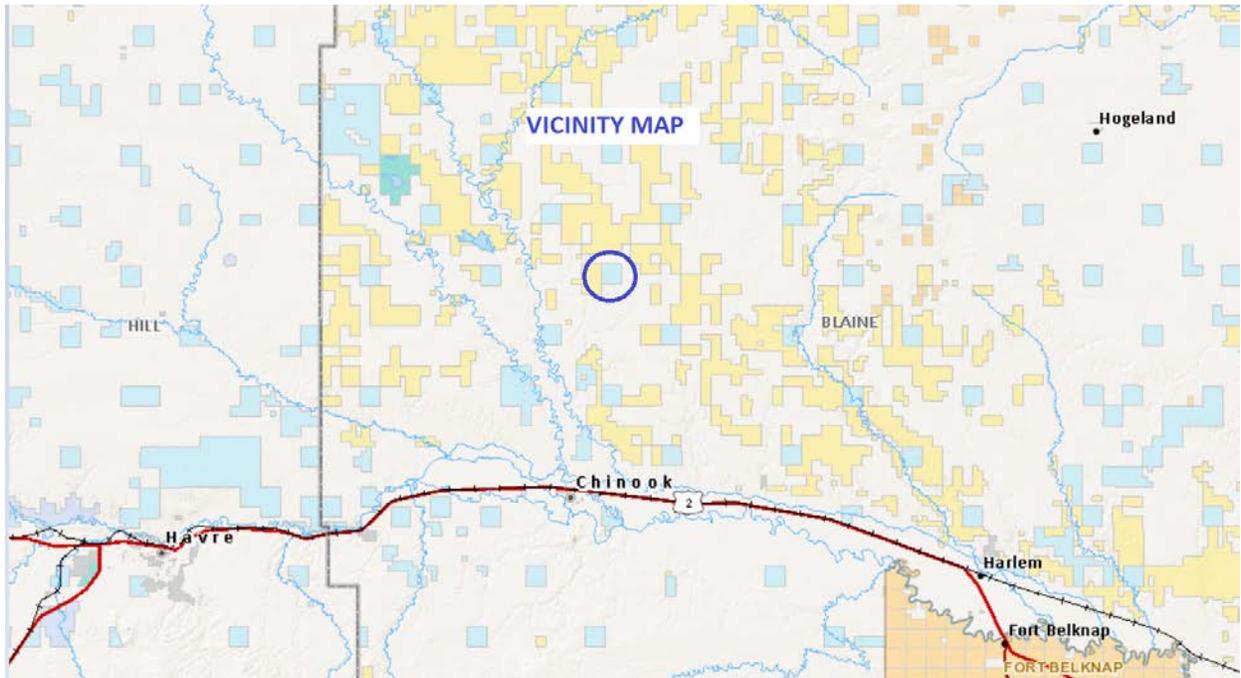
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 E. Park Butte, MT 59701
Application No.:	18150
R/W Purpose:	an overhead 69 kV electric transmission line with a 12.47 kV distribution underbuilt
Lessee Agreement:	N/A (Historic)
Acreage:	4.85
Compensation:	\$1,455.00
Legal Description:	40-foot strip through E2E2, Sec. 36, Twp. 29N, Rge. 6E, Liberty County
Trust Beneficiary:	Common Schools

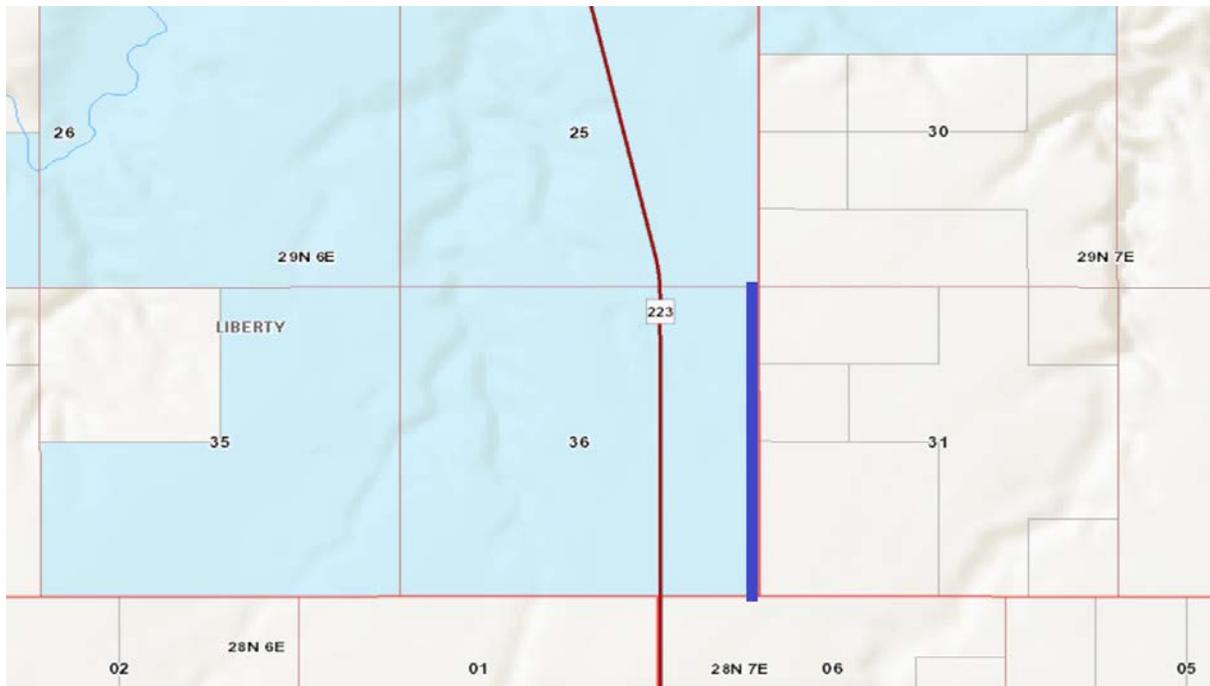
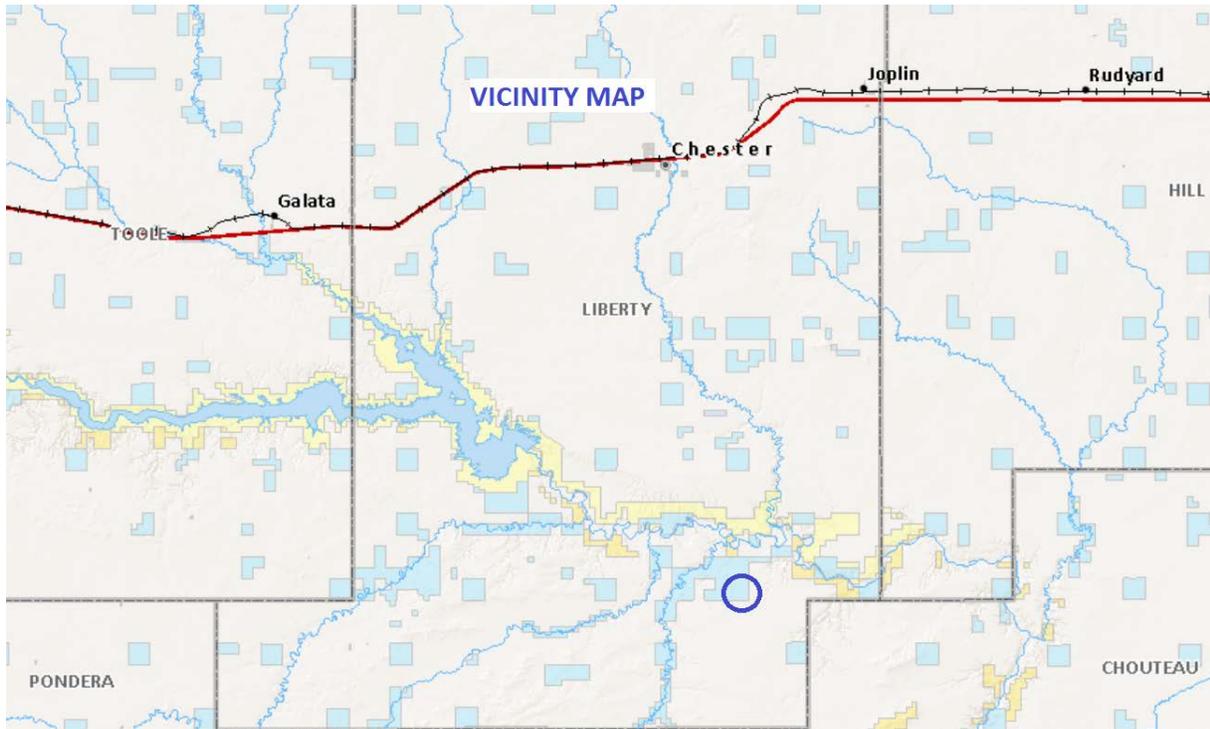
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Montana Dept. of Transportation P O Box 201001 Helena, MT 59620-1001
Application No.:	18165
R/W Purpose:	highway bridge construction and maintenance, including occupancy by public utilities
Lessee Agreement:	N/A (Navigable River)
Acreage:	1.36
Compensation:	\$60,634.00
Legal Description:	tract of land across the Clark Fork River in Gov. Lot 7 in Sec. 7 and Gov. Lot 2 in Sec. 8, Twp. 24N, Rge. 31W, Sanders County
Trust Beneficiary:	Public Land Trust

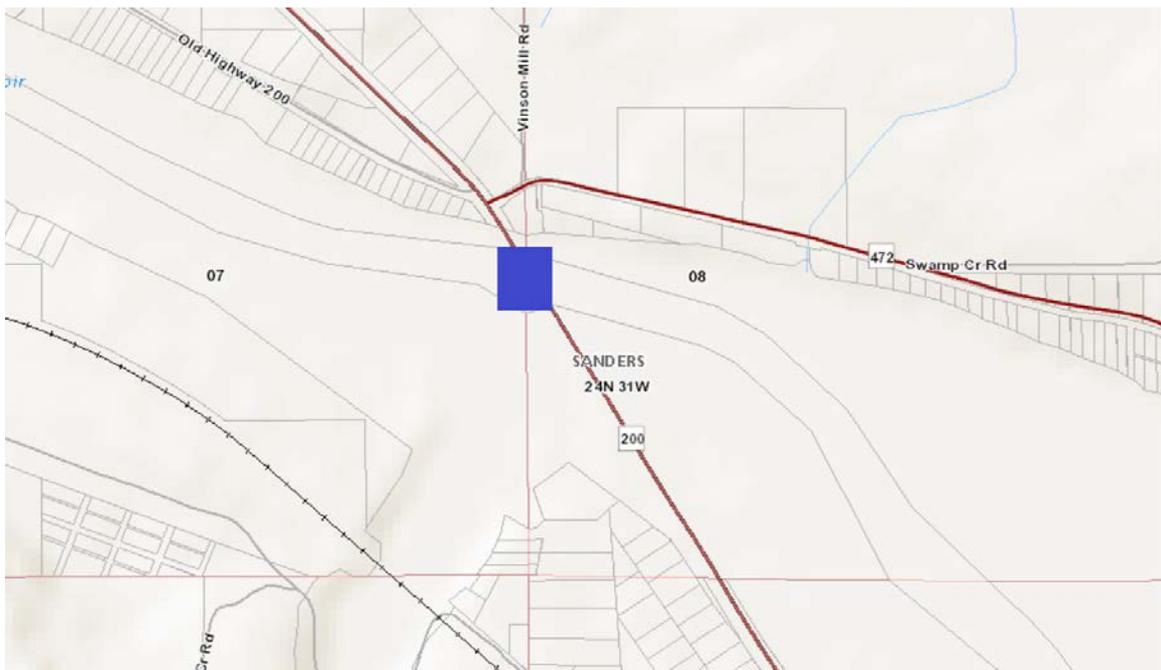
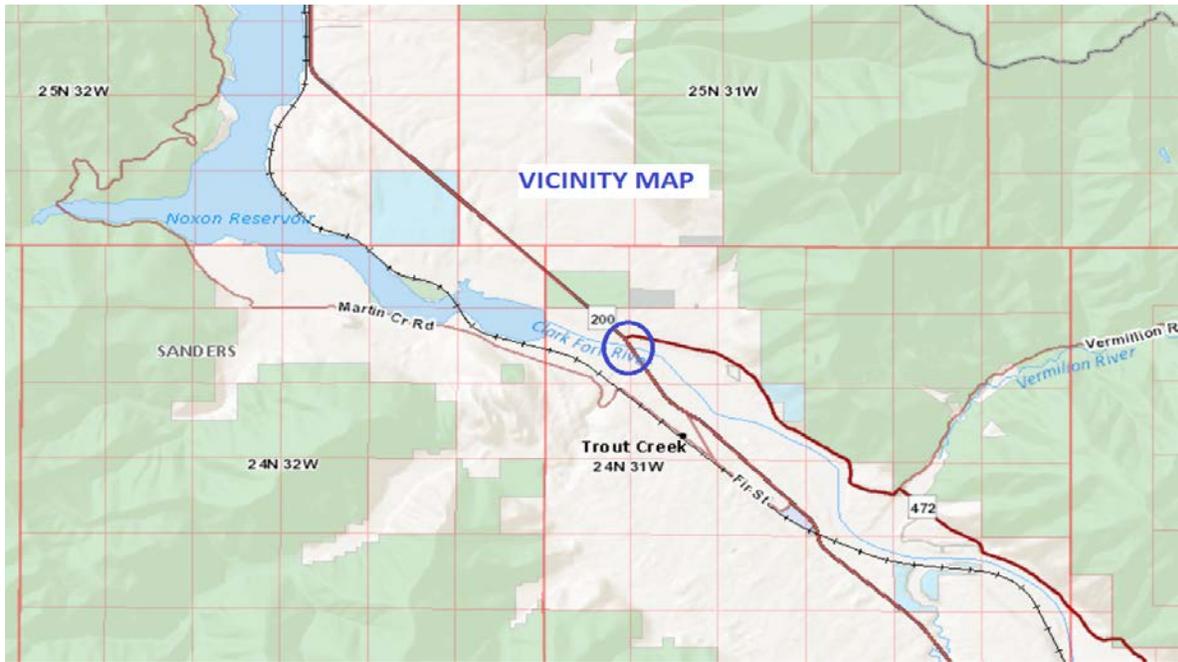
Item Summary

The MDT is proposing to rehabilitate the existing bridge over the Clark Fork River approximately one-mile northwest of the town of Trout Creek on Highway 200. The scope of the project is complete replacement of the bridge deck, constructing new bridge rail and expansion joints and guardrail replacement to address structural deficiency and to meet current standards for safety.

DNRC Recommendation

The director recommends approval of the proposed easement to MDT.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Nemont Telephone Cooperative, Inc. P O Box 600 Scobey, MT 59263
Application No.:	18166
R/W Purpose:	a buried fiber optic telecommunications cable
Lessee Agreement:	ok
Acreage:	0.85
Compensation:	\$255.00
Legal Description:	20-foot strip through Gov. Lots 1 & 2, Sec. 1, Twp. 36N, Rge. 43E, Daniels County
Trust Beneficiary:	Common Schools

Item Summary

Nemont Telephone Cooperative is proposing to construct a new cellular tower and fiber optic telecommunications cable in rural Daniels County to provide enhanced service to rural customers. The proposed fiber optic route was chosen due to it being the most direct and least impactful to the lands involved and is the most cost-effective method to complete the project. The fiber optic cable will be installed using a vertical plow and will be backfilled and seeded upon completion.

DNRC Recommendation

The director recommends approval of the Nemont Telephone applications.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18167  
R/W Purpose: a buried fiber optic telecommunications cable  
Lessee Agreement: ok  
Acreage: 1.95  
Compensation: \$1,248.00  
Legal Description: 20-foot strip through W2W2, Sec. 17, Twp. 36N, Rge. 47E,  
Daniels County  
Trust Beneficiary: Common Schools

Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18168  
R/W Purpose: a buried fiber optic telecommunications cable  
Lessee Agreement: ok  
Acreage: 1.24  
Compensation: \$372.00  
Legal Description: 20-foot strip through SW4SE4, NW4SE4, Sec. 34, Twp. 37N,  
Rge. 43E, Daniels County  
Trust Beneficiary: Common Schools

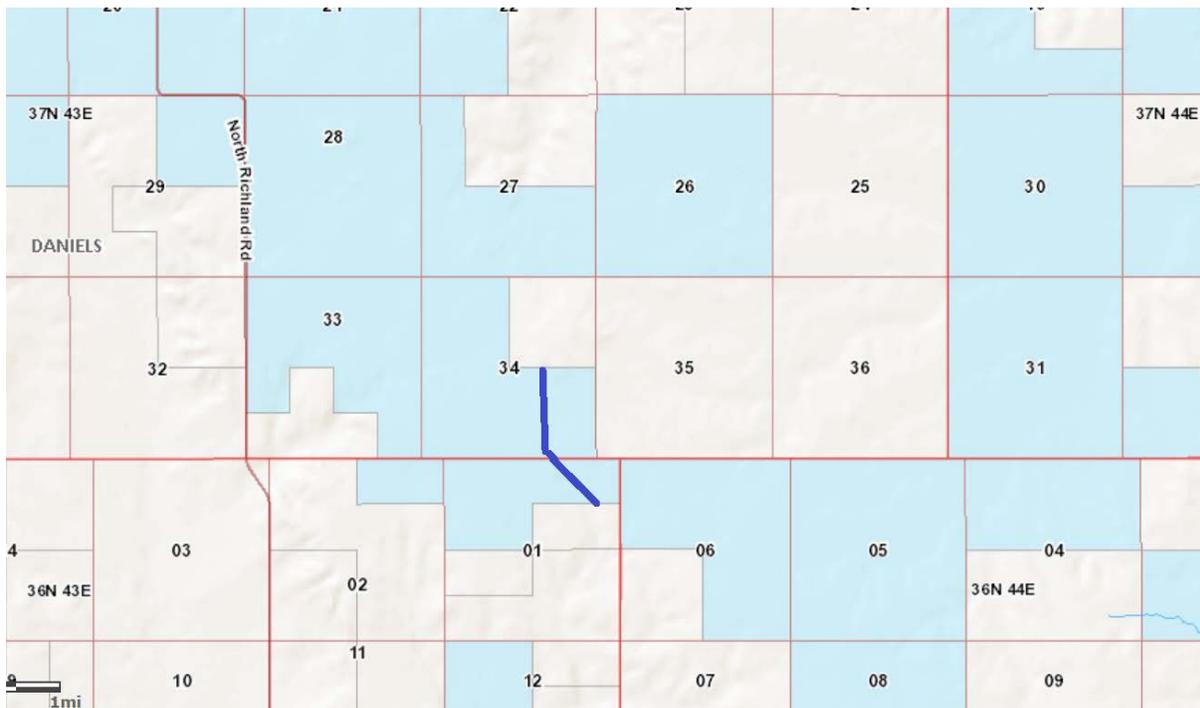
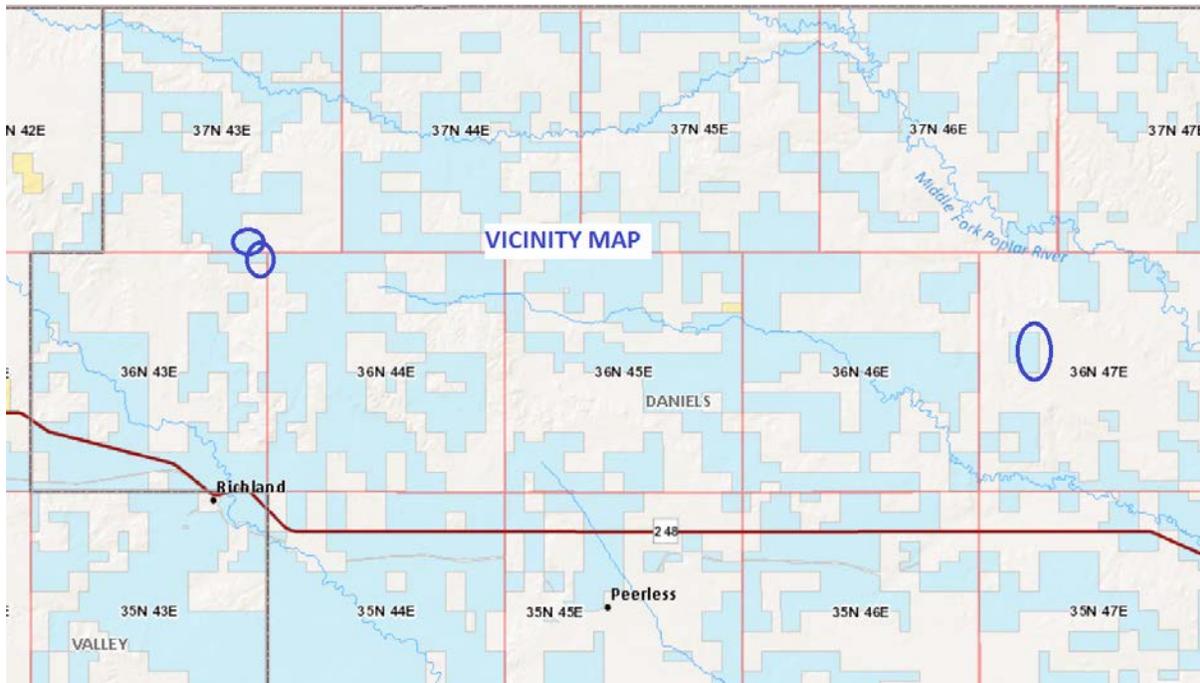
Item Summary

See page \*\* for summary.

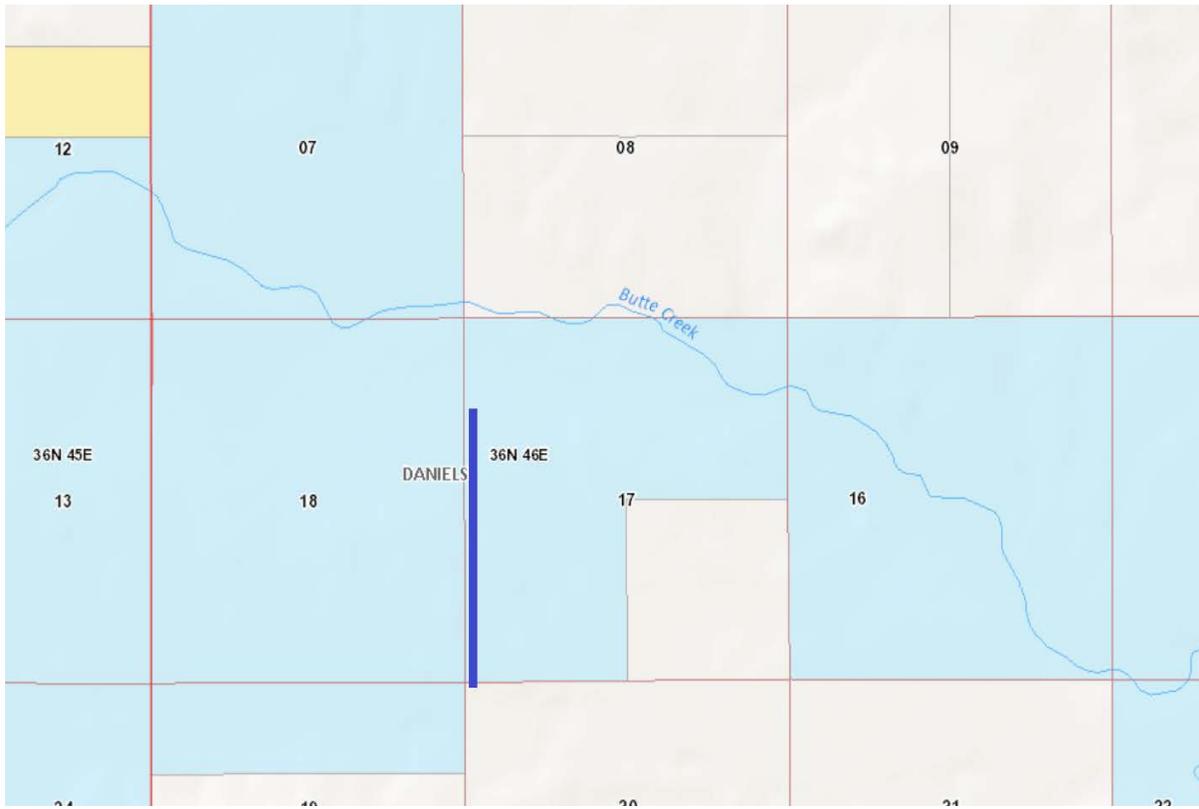
DNRC Recommendation

See page \*\* for recommendation.

---



R/W App. #'s 18166 & 18168



R/W App. #18167

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Assoc., Inc. P O Box 1220 Havre, MT 59501
Application No.:	18169
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.30
Compensation:	\$651.00
Legal Description:	20-foot strip through NW4NE4, E2NE4, Sec. 36, Twp. 6N, Rge. 16E, Wheatland County
Trust Beneficiary:	Common Schools

Item Summary

Triangle Telephone is proposing to install new buried telecommunications facilities to upgrade current services to the Melville exchange service area. The proposed route is the most direct between terminus locations and will also provide future network capabilities. The corridor lies primarily along existing roadways for ease of construction and maintenance.

DNRC Recommendation

The director recommends approval of Triangle Telephone's utility request.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Triangle Telephone Cooperative Assoc., Inc.  
P O Box 1220  
Havre, MT 59501

Application No.: 18170  
R/W Purpose: a buried telecommunications cable  
Lessee Agreement: ok  
Acreage: 3.29  
Compensation: \$2,470.00  
Legal Description: 20-foot strip through NE4NE4, W2E2, SE4SW4, Sec. 36,  
Twp. 5N, Rge. 14E, Sweet Grass County  
Trust Beneficiary: Common Schools

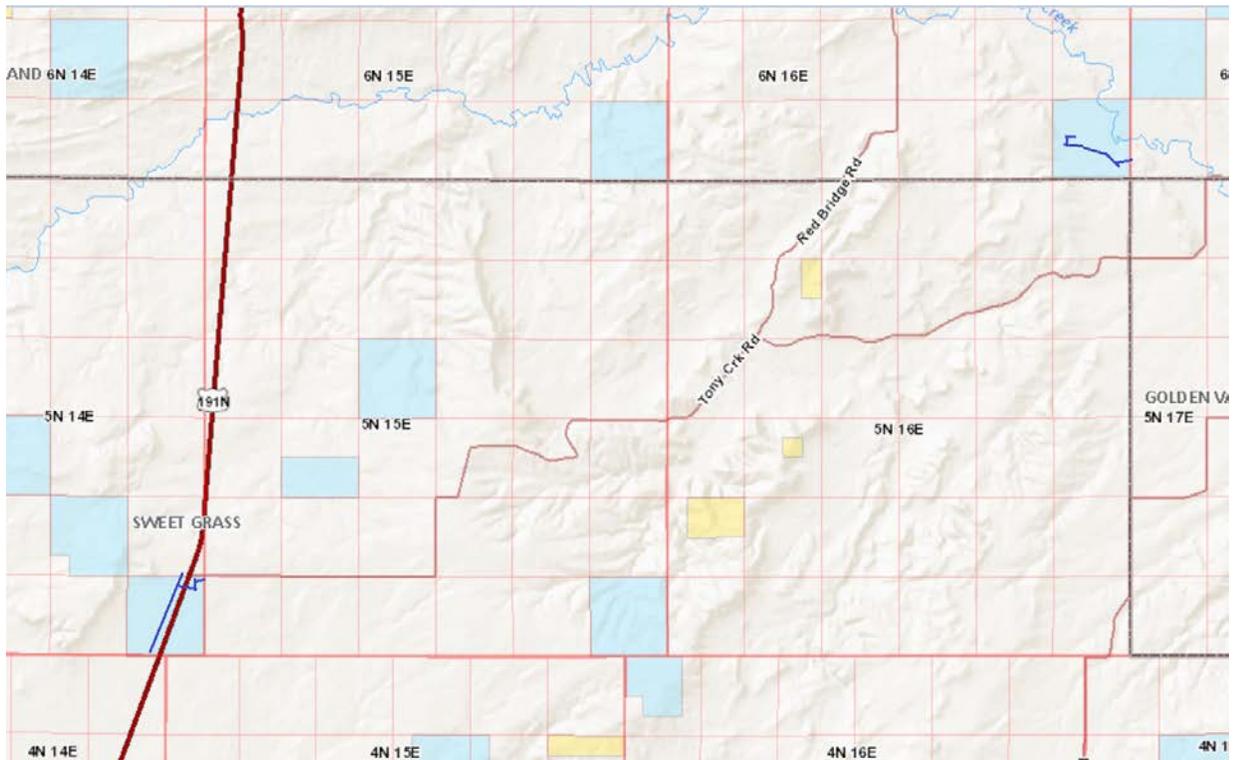
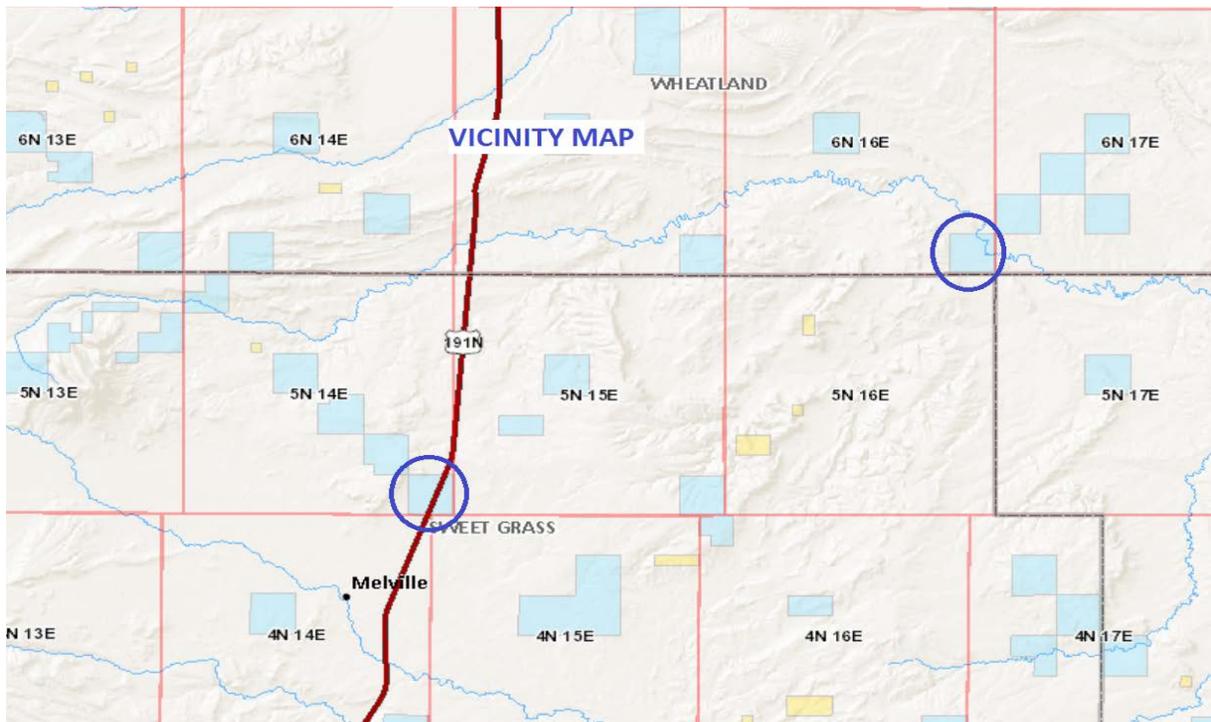
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Dry Prairie Rural Water Authority P O Box 577 Culbertson, MT 59218
Application No.:	18171
R/W Purpose:	a buried 12" water pipeline
Lessee Agreement:	ok
Acreage:	0.13
Compensation:	\$100.00
Legal Description:	30-foot strip through SW4SW4, Sec. 16, Twp. 28N, Rge. 40E, Valley County
Trust Beneficiary:	Common Schools

Item Summary

Dry Prairie Rural Water Authority has made application for a buried water pipeline to serve the rural area in Valley County. The proposed pipeline is part of the federally funded water system under construction to bring quality drinking water to the Fort Peck area. The selected route is the most cost effective for the project.

DNRC Recommendation

The director recommends approval of the Dry Prairie pipeline request.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Dry Prairie Rural Water Authority  
P O Box 577  
Culbertson, MT 59218

Application No.: 18172  
R/W Purpose: a buried 12" water pipeline  
Lessee Agreement: ok  
Acreage: 0.53  
Compensation: \$159.00  
Legal Description: 30-foot strip through N2SW4, Sec. 36, Twp. 28N, Rge. 41E,  
Valley County  
Trust Beneficiary: Common Schools

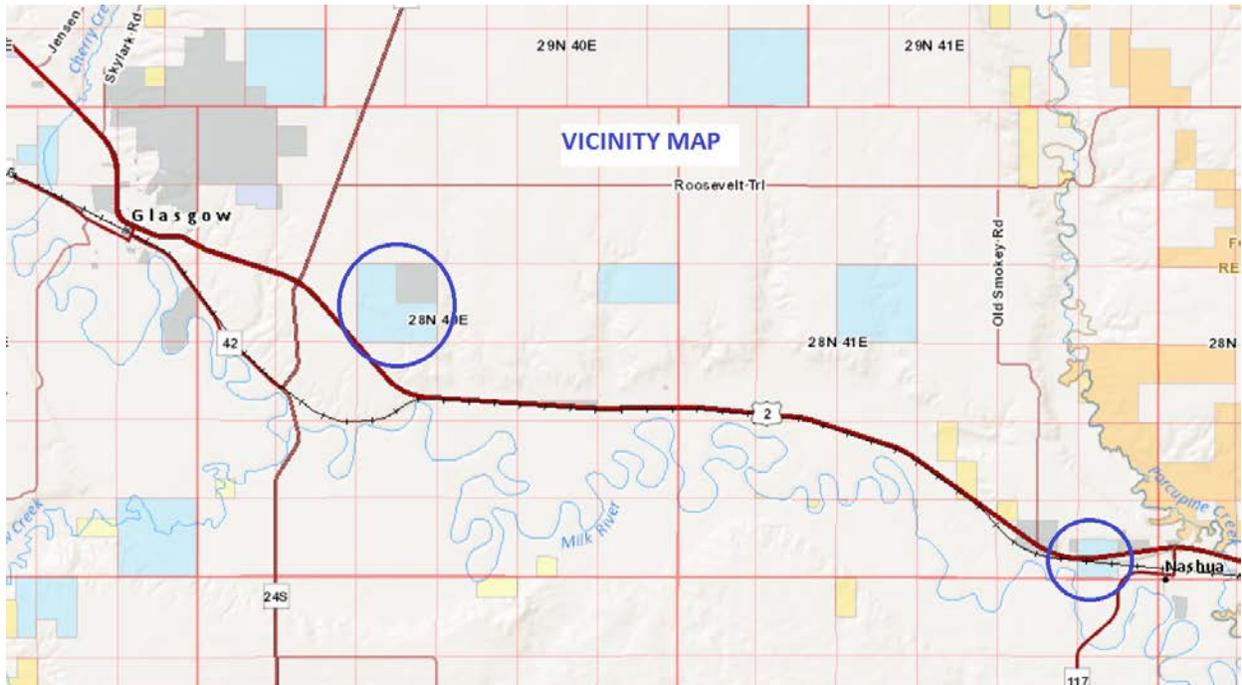
Item Summary

See page \*\* for summary.

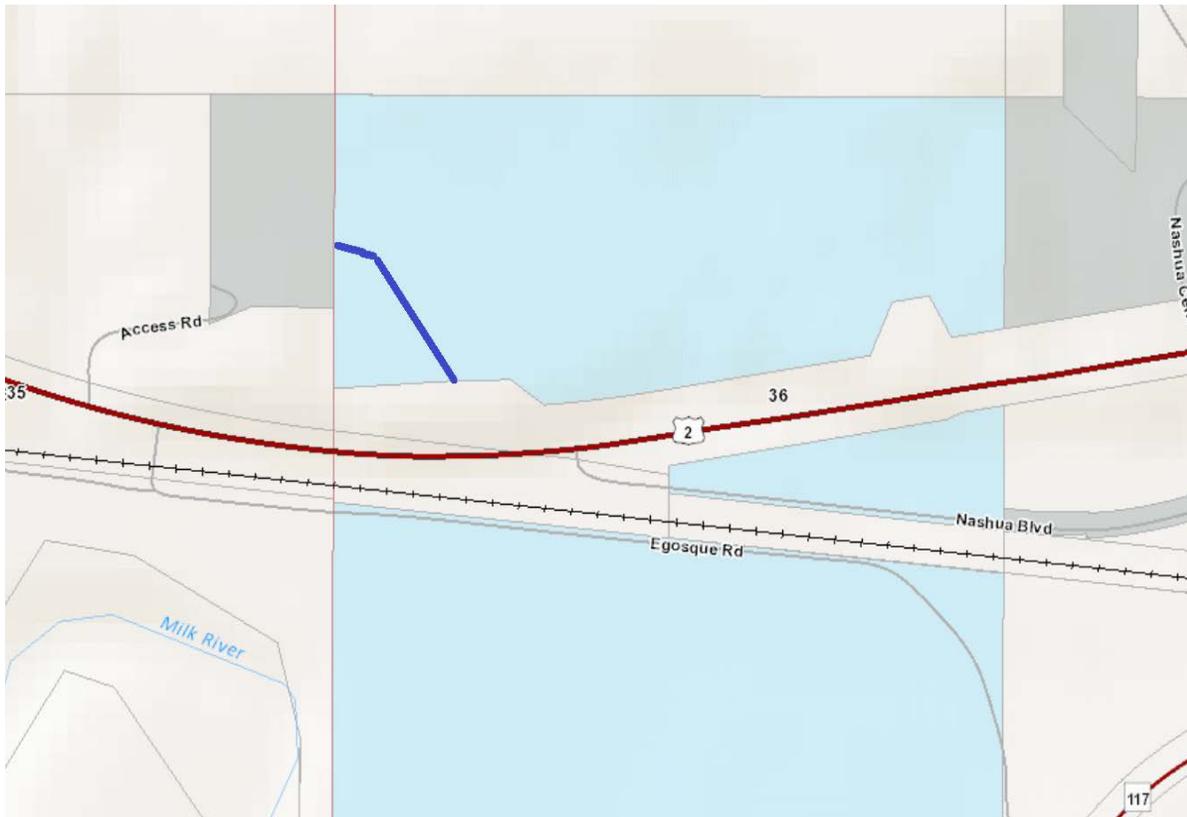
DNRC Recommendation

See page \*\* for recommendation.

---



R/W App. #18171



R/W App. #18172

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	MCR Transmission, LLC P O Box 716 Shelby, MT 59424
Application No.:	18173
R/W Purpose:	a buried 4" natural gas pipeline
Lessee Agreement:	ok
Acreage:	1.61
Compensation:	\$3,180.00
Legal Description:	20-foot strip through SE4, Sec. 9, Twp. 35N, Rge. 2E, Toole County
Trust Beneficiary:	Public Buildings

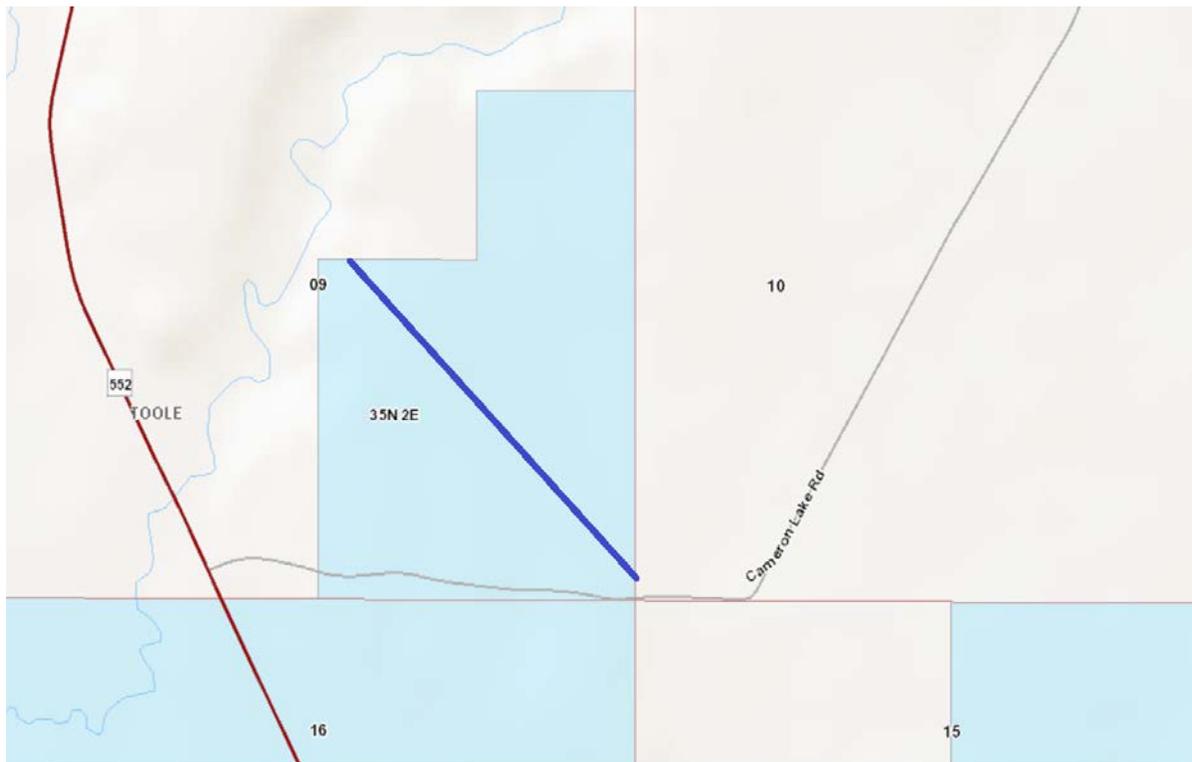
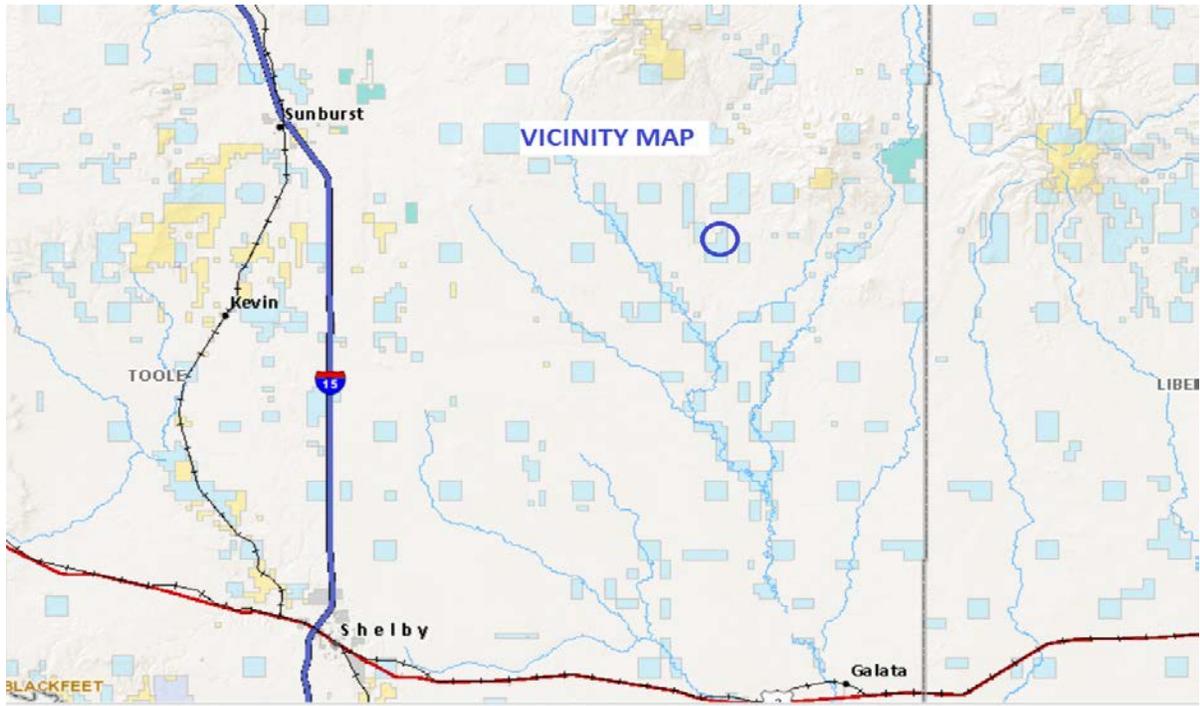
Item Summary

MCR Transmission, LLC has made application for a 4" natural gas pipeline. The pipeline was previously authorized and installed under a Land Use License issued in 2007. This application is to convert the License to a 30-year term easement. MCR Transmission has agreed to compensation in the amount of \$15/rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of this 30-year term easement for MCR Transmission, LLC.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Oneok Rockies Midstream LLC 896 25th Street SE Sidney, MT 59270
Application No.:	18174
R/W Purpose:	a buried 4" natural gas pipeline
Lessee Agreement:	ok
Acreage:	0.86
Compensation:	\$7,969.00
Legal Description:	20-foot strip through NE4, Sec. 16, Twp. 25N, Rge. 59E, Richland County
Trust Beneficiary:	Common Schools

Item Summary

Oneok Rockies Midstream, LLC has made application for a 4" natural gas pipeline. The pipeline was previously authorized and installed under a Land Use License issued in 2007. This application is to convert the License to 30-year term easements. Oneok Rockies Midstream, LLC has agreed to compensation in the amount of \$70/rod which is consistent with other installations in the area.

DNRC Recommendation

The director recommends approval of a 30-year term easement to Oneok Rockies Midstream LLC.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Oneok Rockies Midstream LLC  
896 25th Street SE  
Sidney, MT 59270

Application No.: 18175  
R/W Purpose: two buried 4" natural gas pipelines  
Lessee Agreement: ok  
Acreage: 0.31  
Compensation: \$2,899.00  
Legal Description: two 20-foot strips through SW4SW4, Sec. 36, Twp. 26N,  
Rge. 54E, Richland County  
Trust Beneficiary: Common Schools

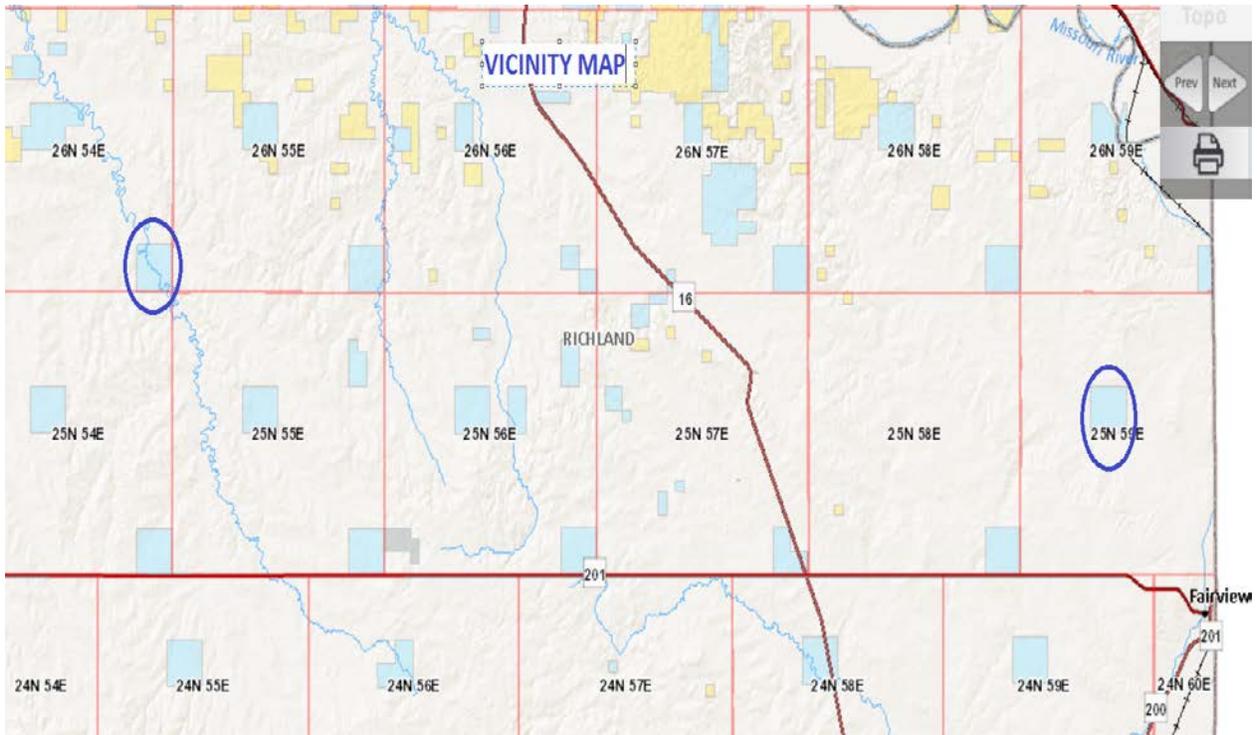
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

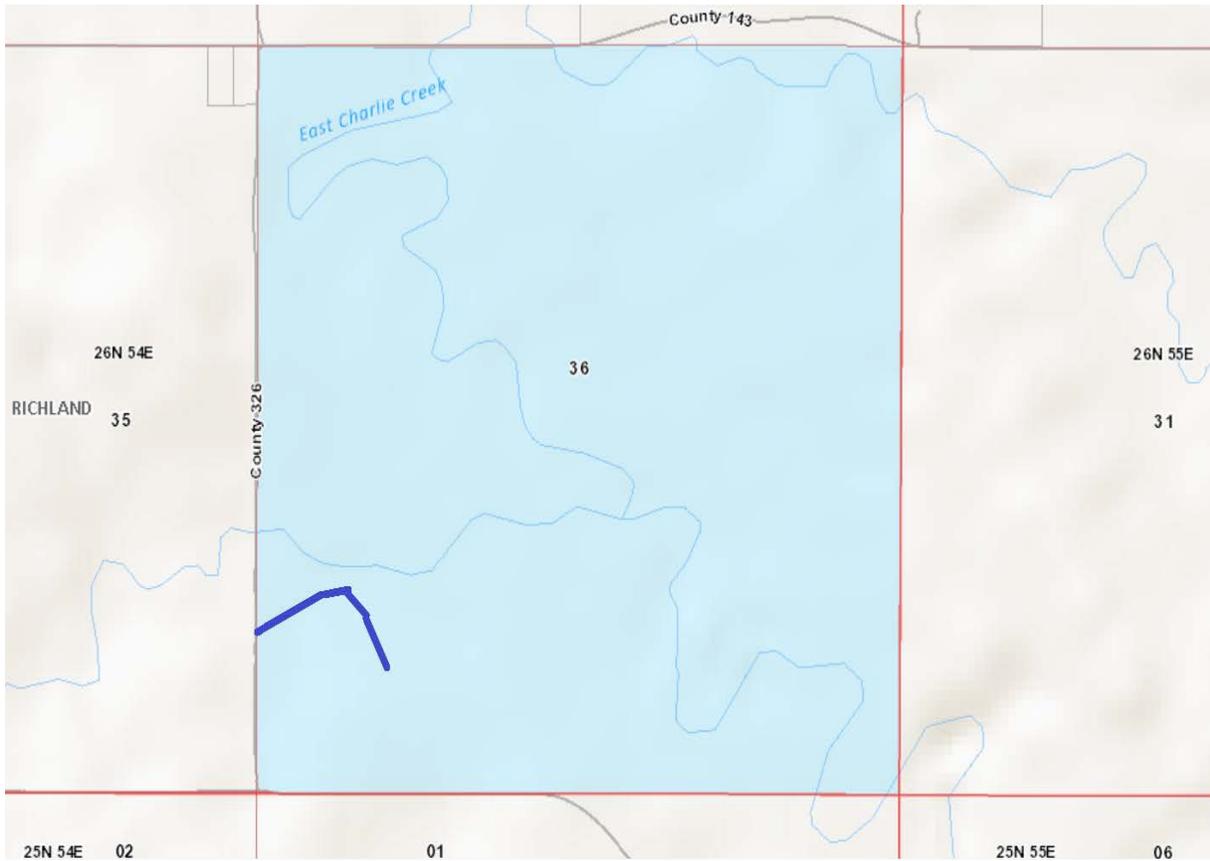
---



R/W App. #'s 18174 & 18175



R/W App. #18174



R/W App. #18175

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Oneok Rockies Midstream LLC  
896 25th Street SE  
Sidney, MT 59270

Application No.: 18176  
R/W Purpose: a buried 6" natural gas pipeline  
Lessee Agreement: ok  
Acreage: 1.41  
Compensation: \$13,034.00  
Legal Description: 20-foot strip through S2SW4, SW4SE4, Sec. 36, Twp. 27N,  
Rge. 53E, Richland County  
Trust Beneficiary: Common Schools

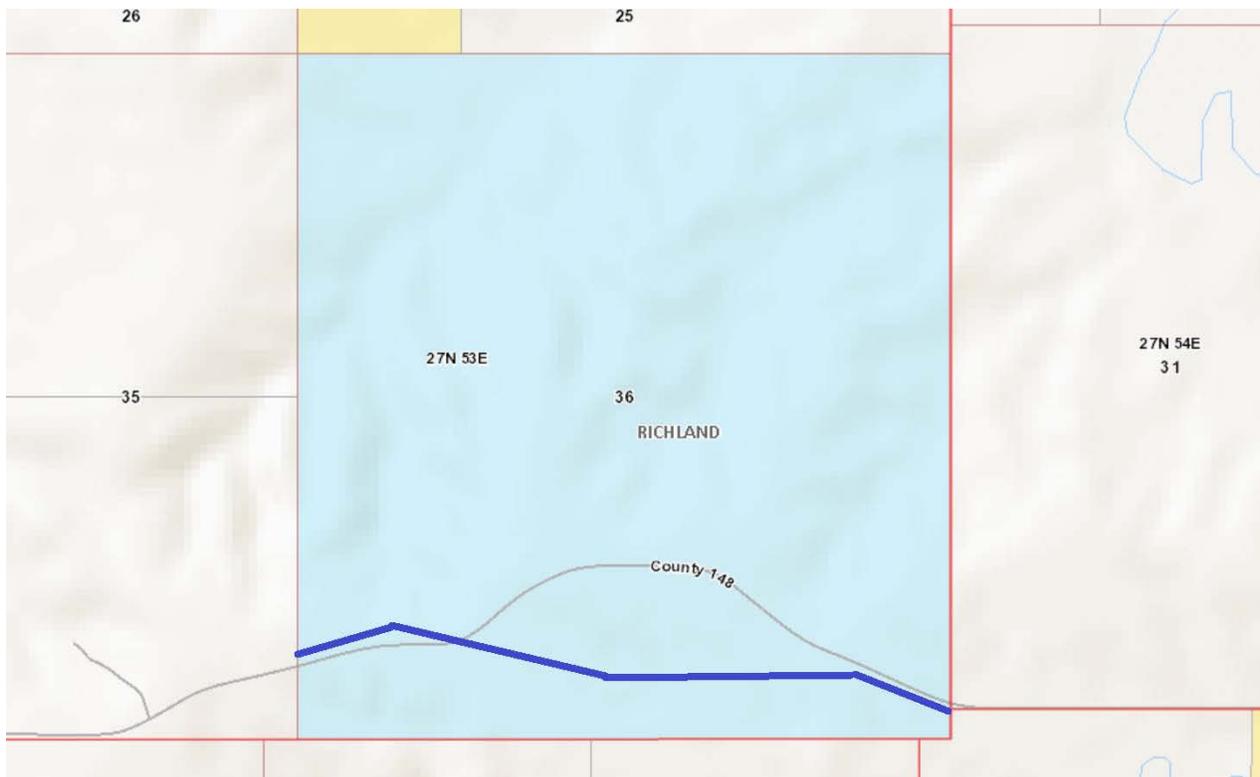
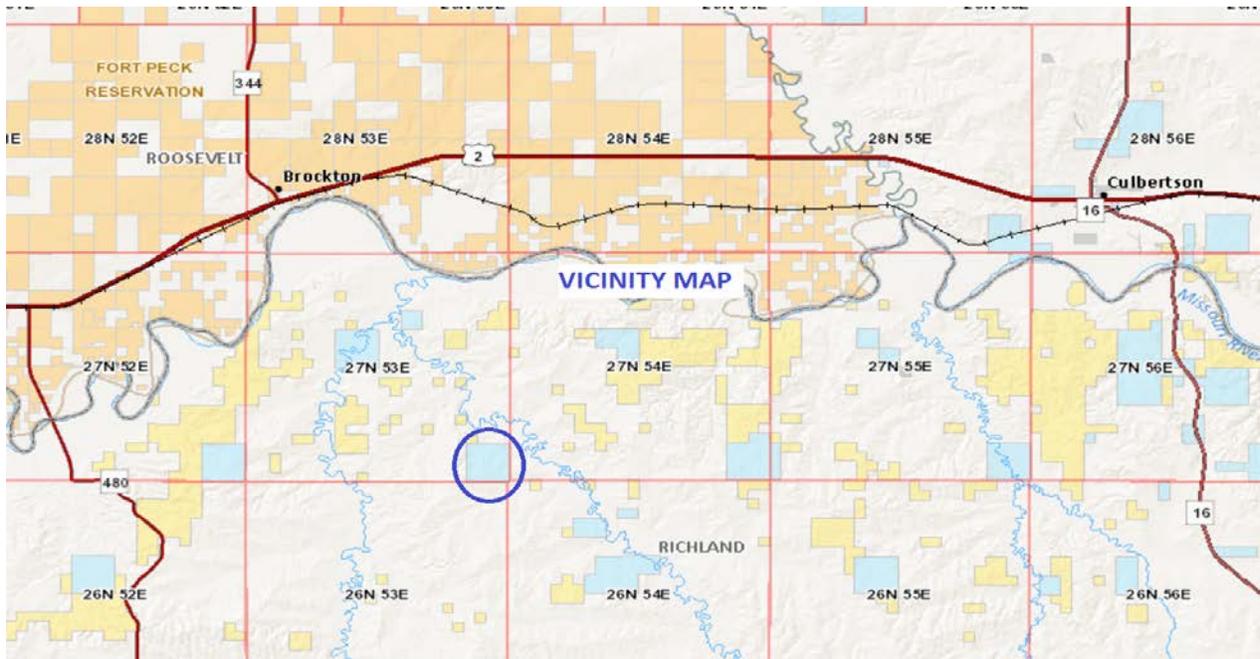
Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Royce Ponessa P O Box 171 Angela, MT 59312
Application No.:	18177
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	1.92
Compensation:	\$768.00
Legal Description:	15-foot strip through S2SW4, N2SE4, Sec. 16, Twp. 10N, Rge. 45E, Custer County
Trust Beneficiary:	Common Schools

Item Summary

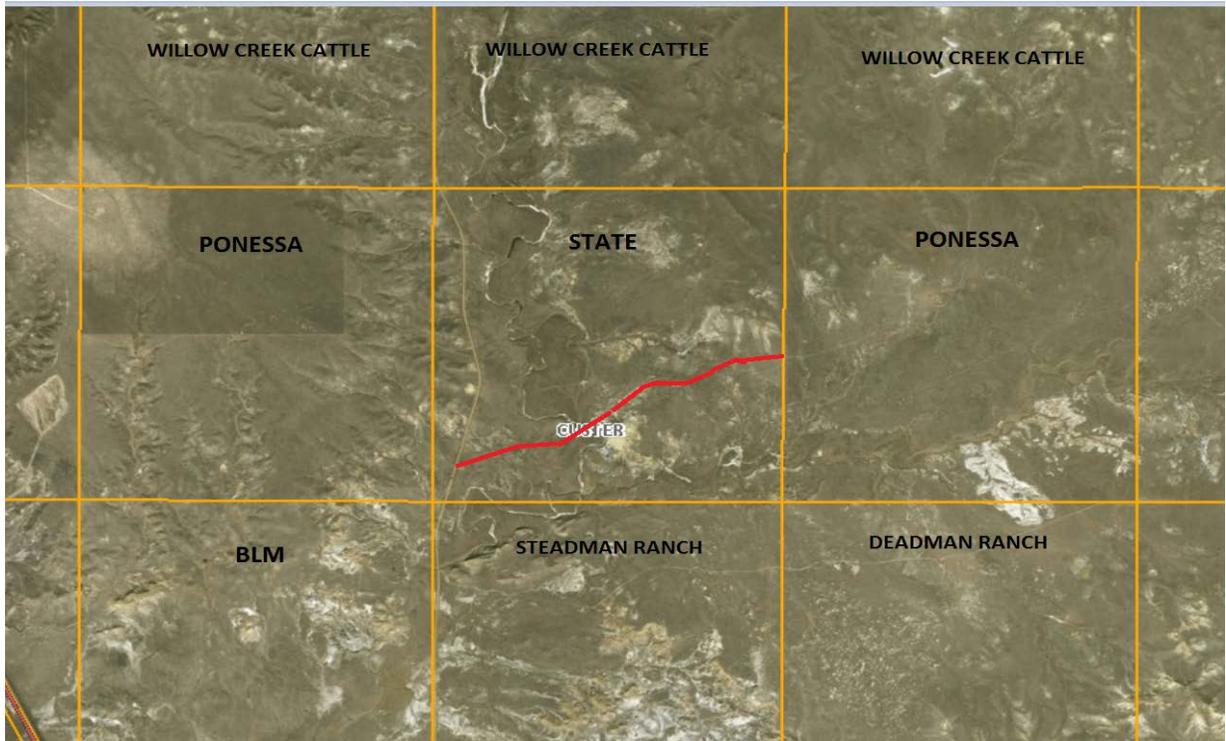
Royce Ponessa has made application for the use of an existing road for conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. State Land affected by this access road is legally accessible via County Road 109, therefore reciprocal access is not viable. The private property to be accessed is described as:

- Sec. 15, Twp. 10N, Rge. 45E – All

DNRC Recommendation

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

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Teton Land Corp  
P O Box 782  
Fort Benton, MT 59442

Application No.: 18178  
R/W Purpose: a private access for the purpose of conducting normal farming and ranching operations

Lessee Agreement: N/A (Historic)  
Acreage: 1.25  
Compensation: \$438.00  
Legal Description: 20-foot strip through S2SE4, Sec. 9 and NW4NE4, Sec. 16, Twp. 24N, Rge. 8E, Chouteau County  
Trust Beneficiary: Common Schools

Item Summary

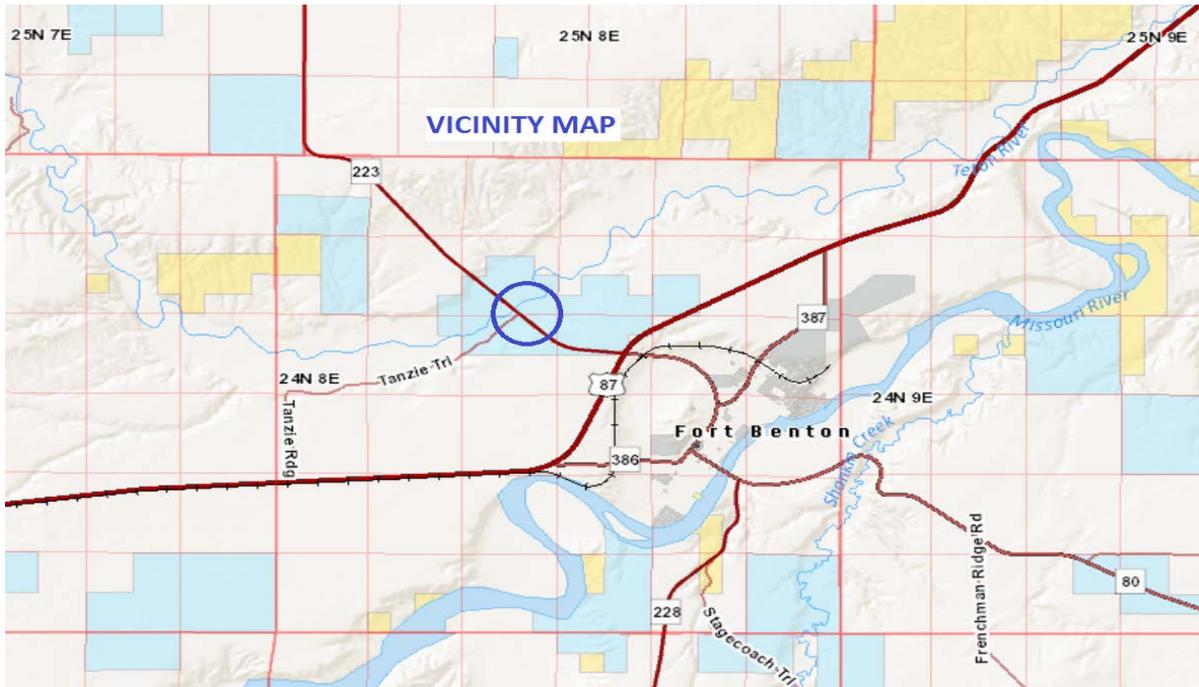
Teton Land Corporation has made application for the use of an existing road for conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. State Lands affected by this easement request, as well as adjacent State Land, are all legally accessed through multiple public and internal roads, therefore reciprocal access is not viable. The private property to be accessed is described as:

- Sec. 10, Twp. 24N, Rge. 8E – NWNW, W2NE, NENE, NWSW, E2NW, S2SWNW, N2SW4NW4

DNRC Recommendation

The director recommends approval of this historic private access request.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Garfield County P O Box 7 Jordan, MT 59337
Application No.:	18179
R/W Purpose:	a public county road known as Edwards Road
Lessee Agreement:	N/A (Historic)
Acreage:	3.63
Compensation:	\$1,452.00
Legal Description:	30-foot strip through E2E2, Sec. 36, Twp. 19N, Rge. 34E, Garfield County
Trust Beneficiary:	Common Schools

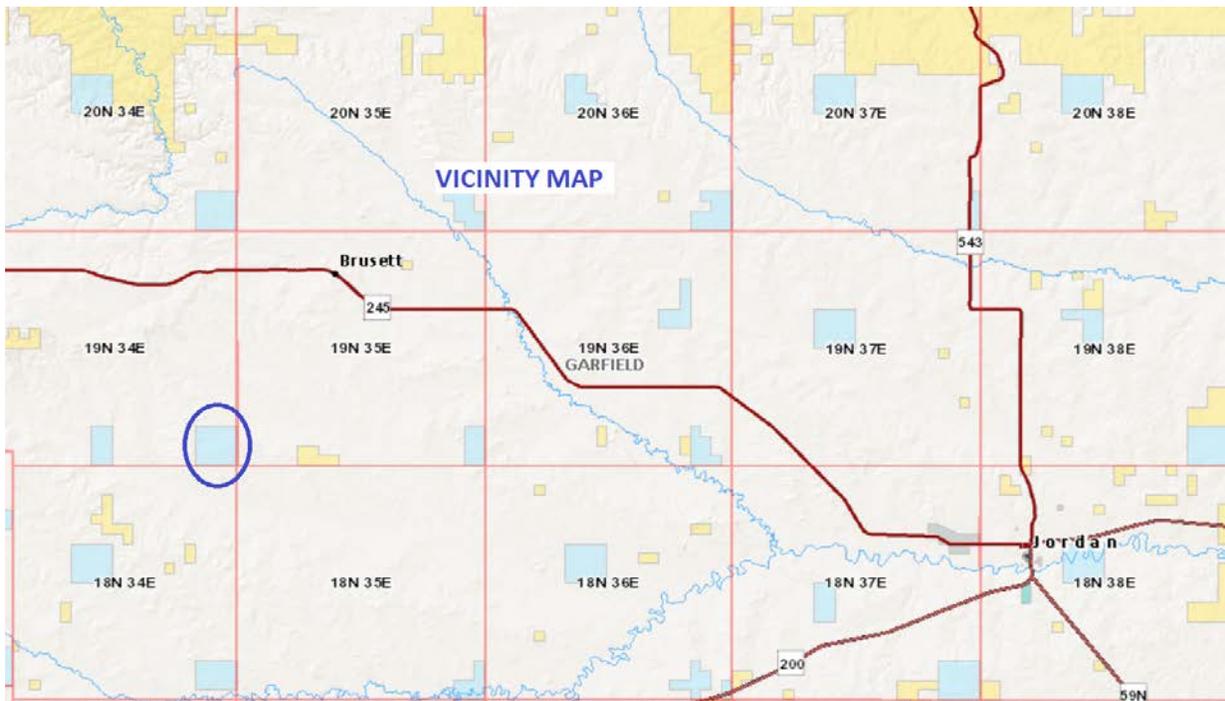
Item Summary

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

DNRC Recommendation

The director recommends approval of this historic county road easement request.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Philip T. Johnson 2270 14th Rd. NE Dutton, MT 59433
Application No.:	18180
R/W Purpose:	a private access road for the purpose of conducting normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	2.46
Compensation:	\$738.00
Legal Description:	40-foot strip through W2W2, Sec. 16, Twp. 23N, Rge. 1W, Teton County
Trust Beneficiary:	Common Schools

Item Summary

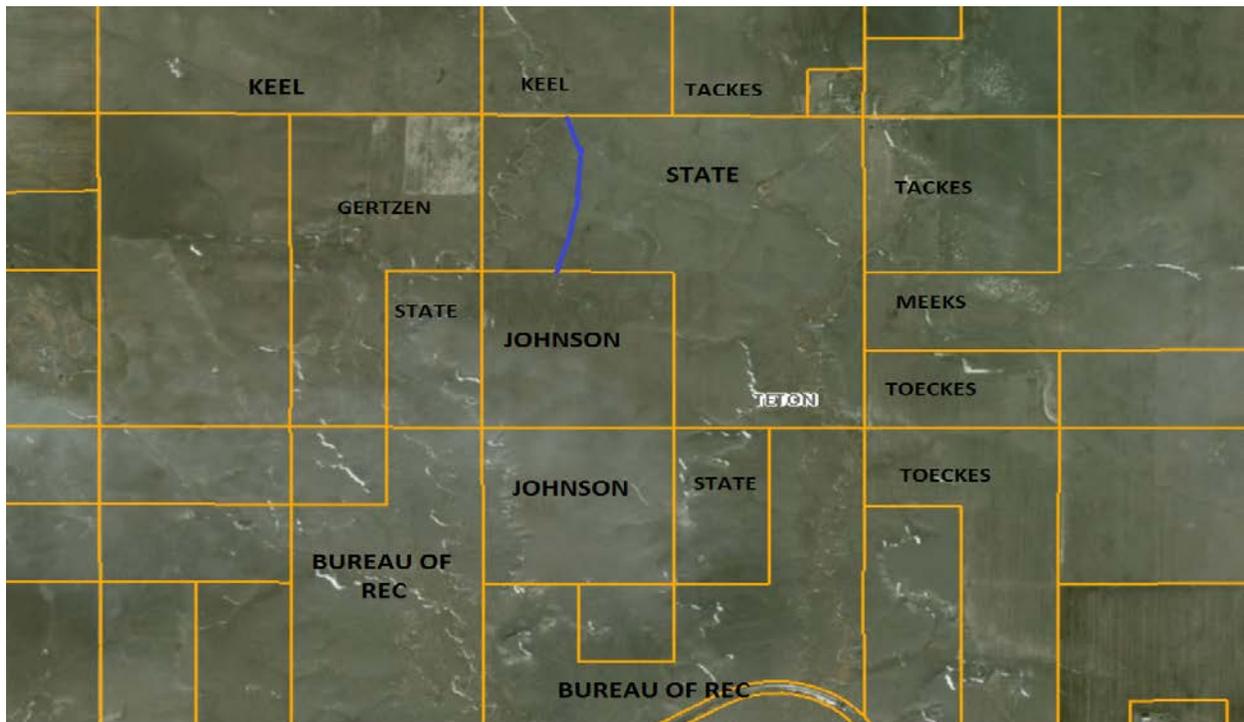
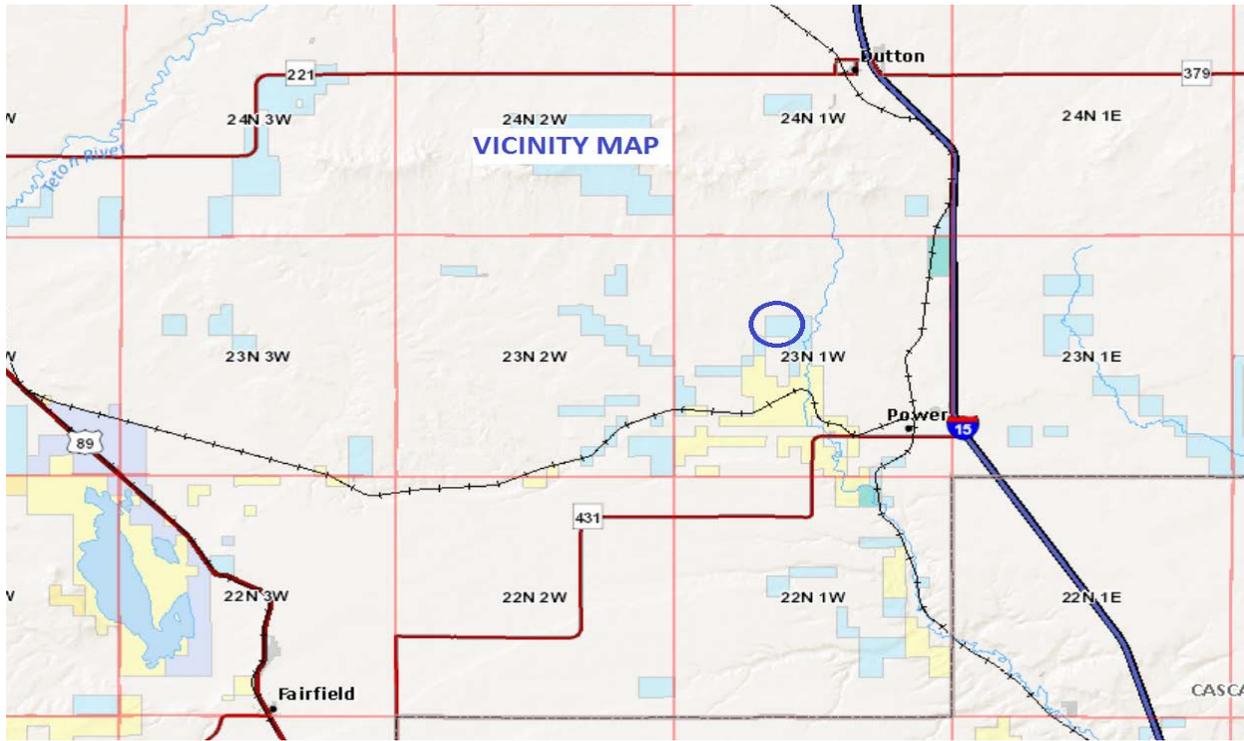
Philip Johnson has made application for the use of an existing road for conducting normal farming and ranching operations. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. State Land affected by this easement request is legally accessed through a public road. The private property to be accessed is described as:

- Sec. 16, Twp. 23N, Rge. 1W – SW4
- Sec. 21, Twp. 23N, Rge. 1W – NW4

DNRC Recommendation

The director recommends approval of this historic private access easement request.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Lewis Morris Family Trust %Terrie Kolker, P O Box 9735 Helena, MT 59604
Application No.:	18181
R/W Purpose:	a private access road to a single family residence and associated outbuildings and to conduct normal farming, ranching and resource management activities
Lessee Agreement:	N/A (Historic)
Acreage:	1.01
Compensation:	\$808.00
Legal Description:	20-foot strip through NE4NE4, Sec. 30, Twp. 13N, Rge. 3W, Lewis & Clark County
Trust Beneficiary:	Common Schools

Item Summary

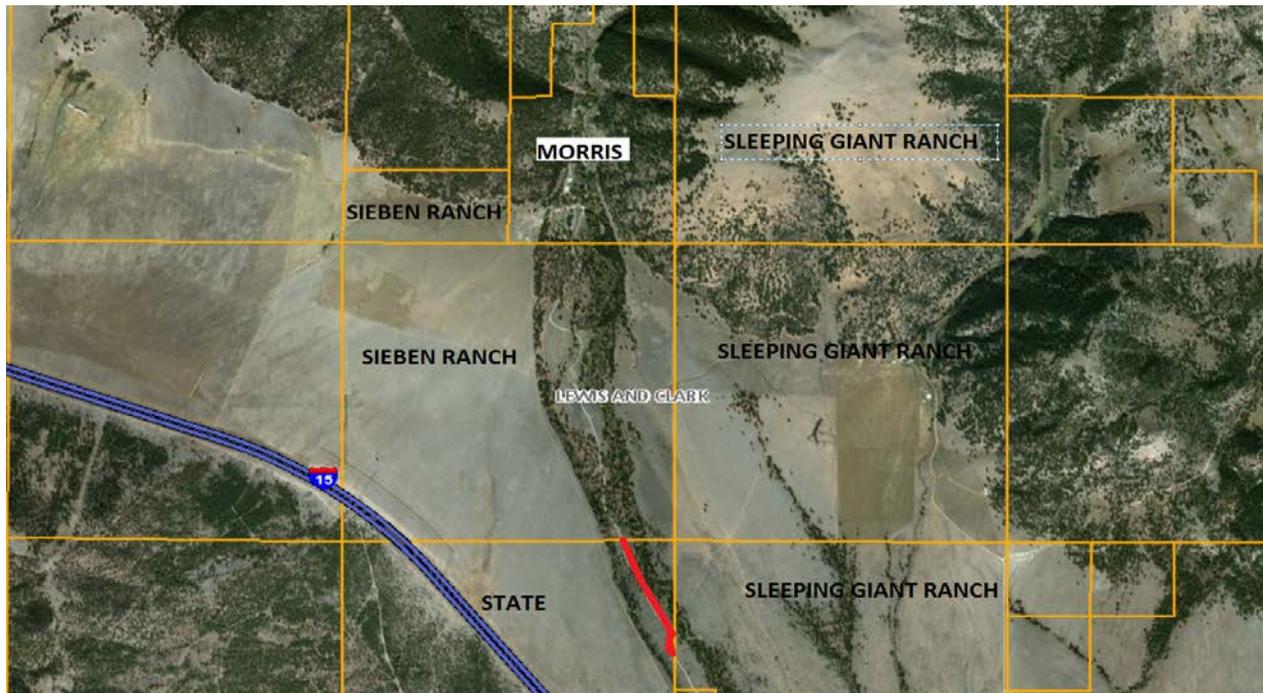
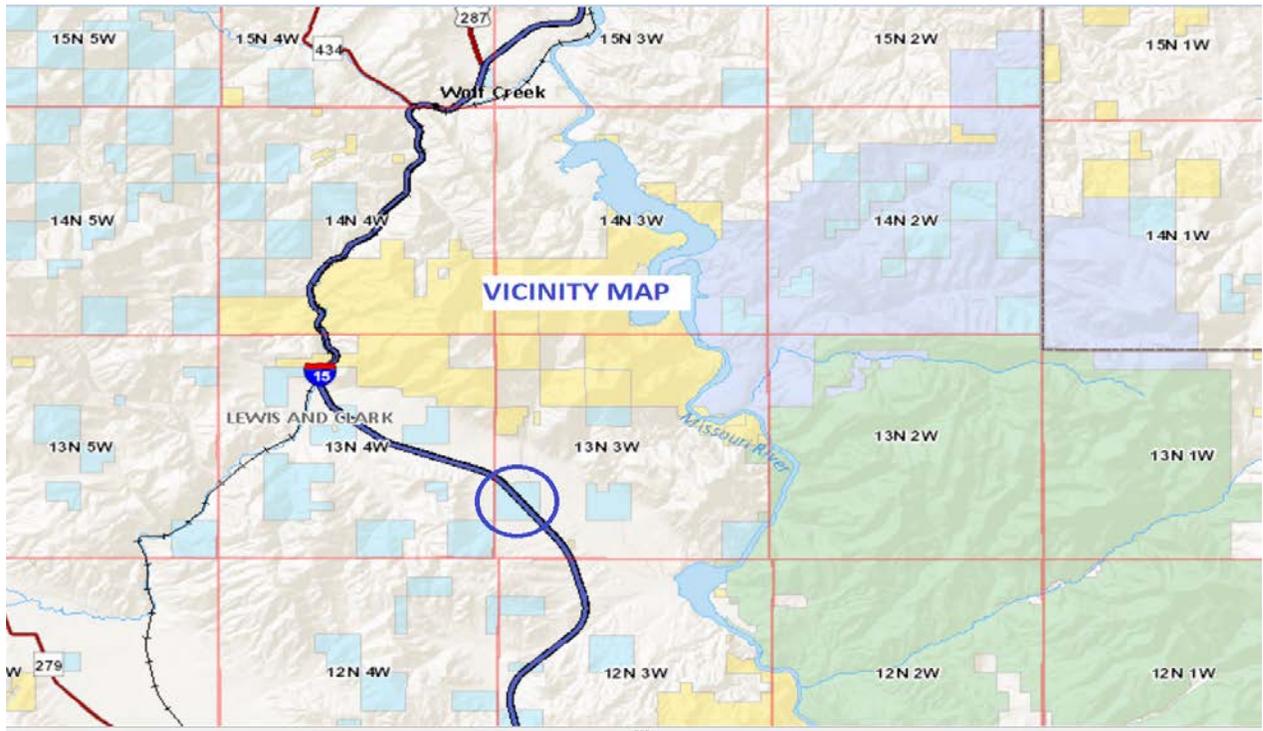
The Lewis Morris Family Trust has made application for the use of an existing road to access an existing single-family residence and to conduct normal farming and ranching operations as well as resource management of their private property. The road has been in place for years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. State Land affected by this easement request is landlocked. The private property to be accessed is described as:

- Sec. 18, Twp. 13N, Rge. 3W – SE4; N2NE4NE4; SW4NE4NE4; E2SW4NE4;  
W2SE4NE4

DNRC Recommendation

The director recommends approval of this historic private access easement request.

---



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18182  
R/W Purpose: a 69 kv overhead electric transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 5.09  
Compensation: \$20,360.00  
Legal Description: 40-foot strip through E2NW4, NW4NE4, NE4SW4, S2SW4,  
Sec. 16, Twp. 4S, Rge. 9E, Park County  
Trust Beneficiary: Common Schools

Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18183  
R/W Purpose: a 69 kv overhead electric transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 4.13  
Compensation: \$16,520.00  
Legal Description: 40-foot strip through NE4NW4, S2NW4, NW4NE4, Sec. 32,  
Twp. 4S, Rge. 9E, Park County  
Trust Beneficiary: University of Montana

Item Summary

See page \*\* for summary.

DNRC Recommendation

See page \*\* for recommendation.

---

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy  
11 E. Park  
Butte, MT 59701

Application No.: 18184  
R/W Purpose: a 69 kv overhead electric transmission line  
Lessee Agreement: N/A (Historic)  
Acreage: 0.28  
Compensation: \$1,400.00  
Legal Description: 30-foot strip across the Yellowstone River in SE4SE4, Sec. 11  
and NE4NE4 Sec. 14, Twp. 5S, Rge. 8E, Park County  
Trust Beneficiary: Public Land Trust

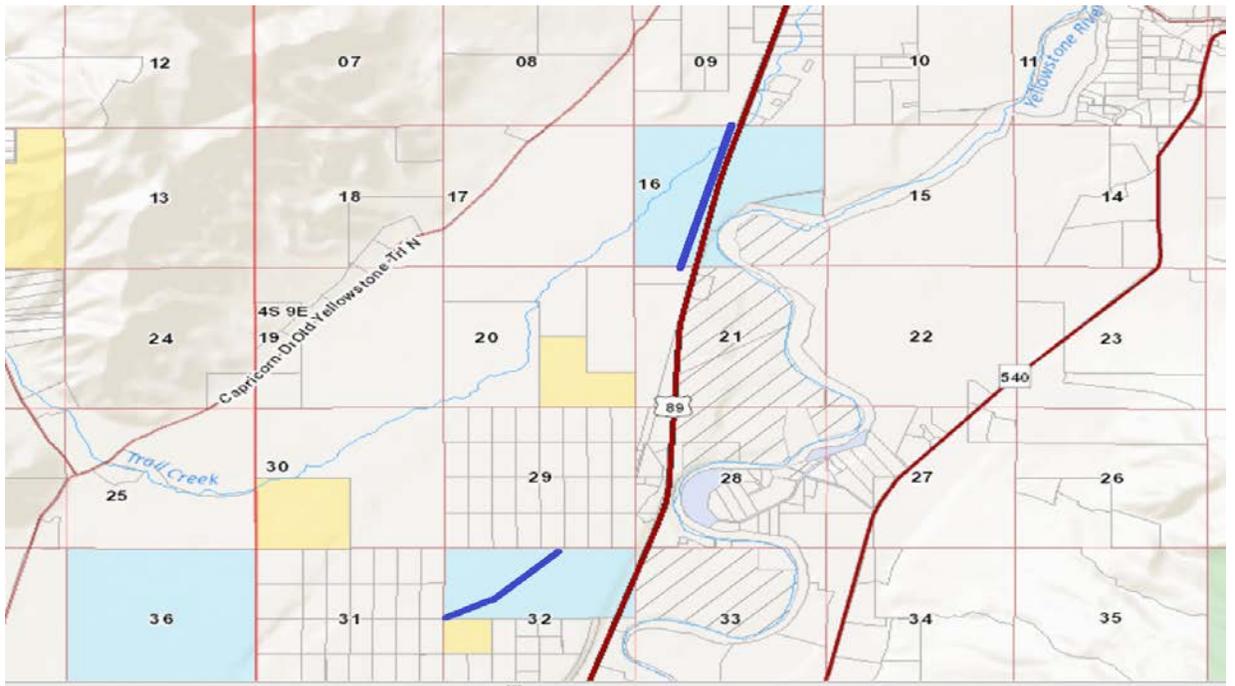
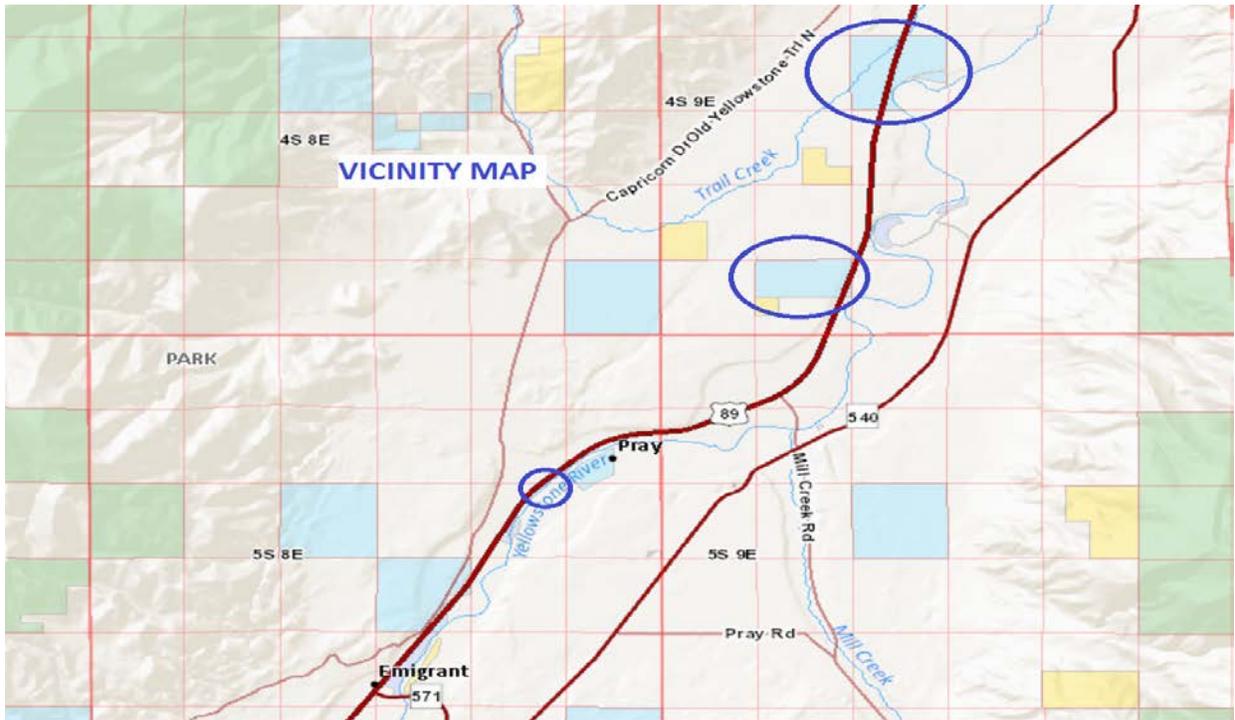
Item Summary

See page \*\* for summary.

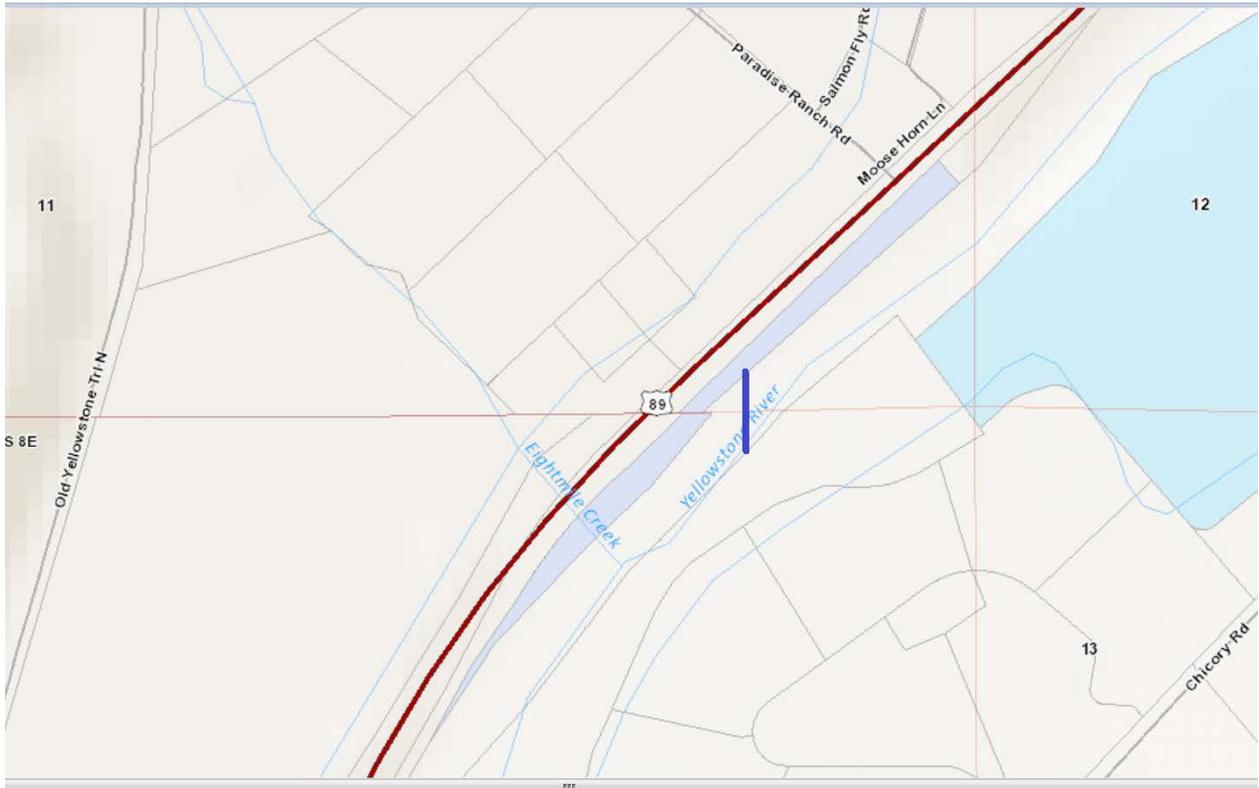
DNRC Recommendation

See page \*\* for recommendation.

---



R/W App. #'s 18182 & 18183



R/W App. #18184

# 0418-7

INFORMATIONAL ITEM:

Otter Creek Update

**Land Board Agenda Item  
April 16, 2018**

**0418-7 INFORMATION ITEM: Otter Creek Update**

**Location: Powder River County**  
**Trust Benefits: Common Schools**  
**Trust Revenue: \$86,068,228 Cumulative through 2018**

**Item Summary**

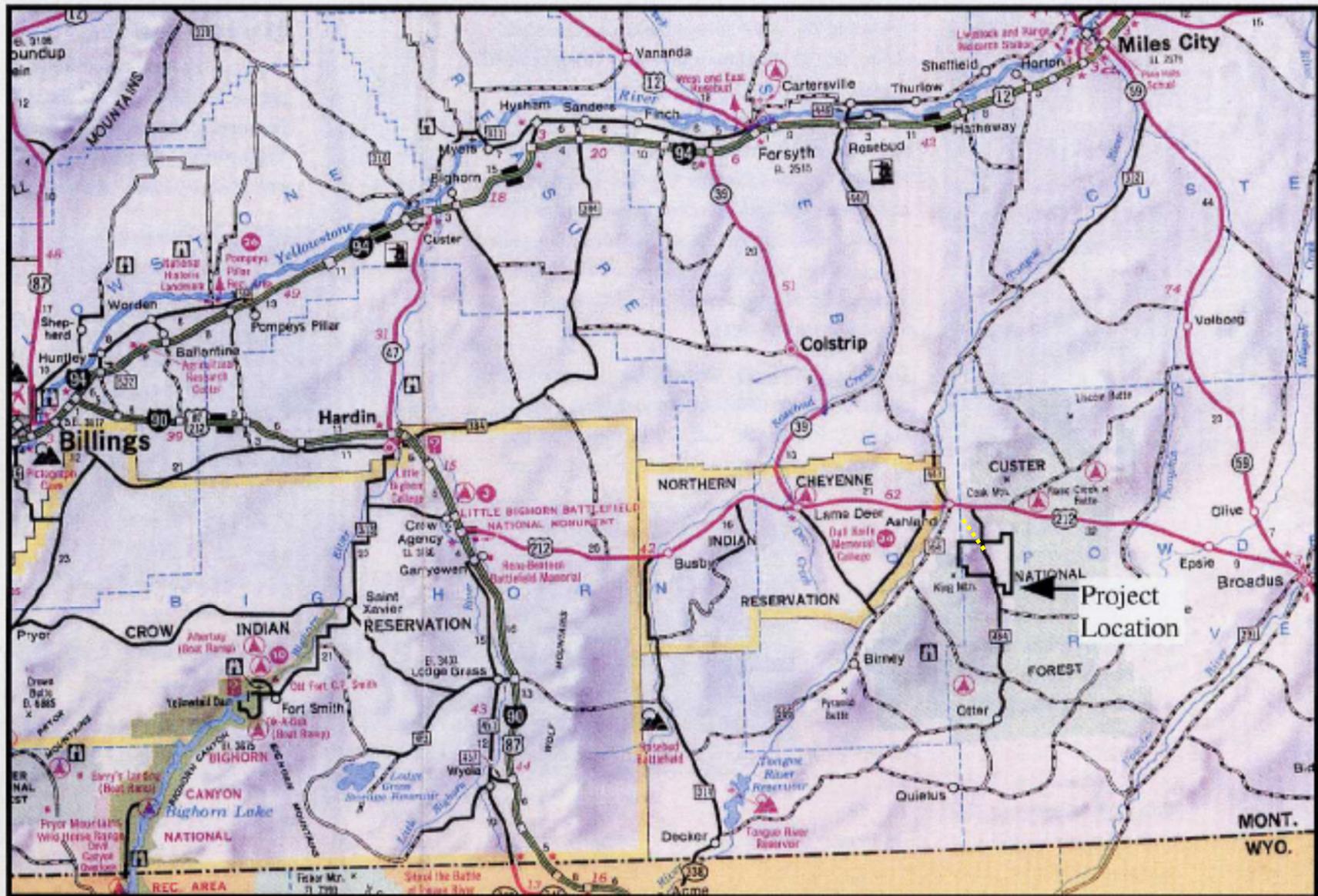
The State acquired 7,623 acres of Federal mineral rights at Otter Creek in 2002 to offset the adverse impacts to Montana from the Federal buyout of the proposed Crown Butte gold mine located near Yellowstone Park. Otter Creek is located 60 miles south of Rosebud and 10 miles south of Ashland, MT. The Tongue River is located about 10 miles to the west, which is also the eastern boundary of the Northern Cheyenne Reservation. Combined with existing trust lands, the State's total ownership at Otter Creek is 9,543 acres. The ownership is in a checkerboard pattern, with Great Northern Properties owning the alternating sections. Vicinity and mine area maps are attached.

The State's ownership was leased to Ark Land LLC (subsidiary of Arch Coal Company) on March 18, 2010 for an initial ten-year primary term. Ark Land paid the State an up-front bonus bid of \$85.8 million to acquire the leases. Subsequent litigation extended the primary term to August 30, 2022. The leases will terminate on that date unless Ark Land is:

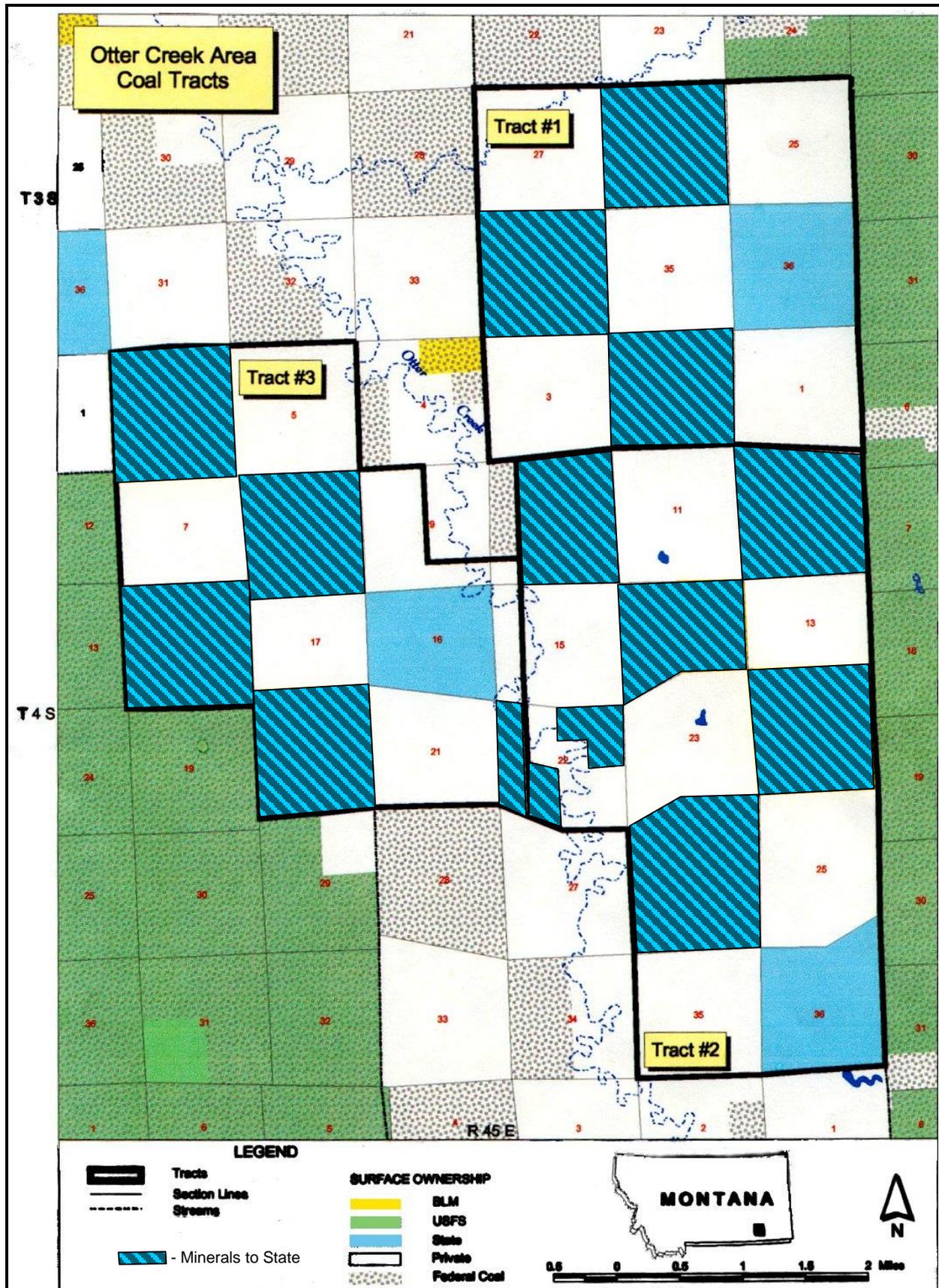
- Operating a coal mine; or
- has been issued a MDEQ strip mine permit; or
- is actively engaged in the mine permitting process (i.e. the Land Board has granted an extension of the primary term due to state compliance with the Montana Environmental Policy Act); or
- the lease or permit is challenged before an administrative agency or in court.

In March 2015, MDEQ sent Otter Creek Coal a 2<sup>nd</sup> round acceptability deficiency letter. When Otter Creek Coal failed to respond to the deficiencies, review of the mine permit application was halted. Arch Coal effectively ceased activities when it entered bankruptcy in January 2016. On April 29, 2016, MDEQ officially notified Arch Coal that work had been discontinued on the EIS. The company has not resumed permitting since emerging from bankruptcy in October 2016.

Lease rental payments are \$24,791 per year and are up to date. Therefore, the leases are currently in good standing.



Otter Creek Vicinity Map



---

## **OTTER CREEK COAL TRACTS UPDATE**

**APRIL, 2018**

---

### **History of Otter Creek Tracts:**

The Otter Creek Coal Tracts were granted to the State by the Federal government in 2002 to compensate the State for the withdrawal of Federal lands from the Crown Butte (New World) Mine proposal located northeast of Yellowstone National Park in 1996. A chronology of significant events involving the Otter Creek Coal Tracts is outlined below:

- **February 19, 2002** – Prior to the planned conveyance of Federal minerals at Otter Creek, the Northern Cheyenne Tribe (NCT) objected to the proposal, citing adverse impacts, and threatened litigation to block the transfer. A settlement agreement was reached between the NCT and the Land Board which allowed the transfer to proceed.
- **May 20, 2002** – Land Board approves the transfer of Federal mineral rights for 7,623 acres at Otter Creek to the State, held in trust for the financial support of common schools. The conveyance does not include surface lands, most of which are privately owned. Combined with existing school trust lands, the State’s ownership at Otter Creek totals 9,543 acres. The ownership is in a checkerboard pattern, with Great Northern Properties owning the alternating sections.
- **2003** – Montana legislature approves \$300,000 in funding for cultural and technical analysis.
- **2004** – Department completes a cultural resource inventory and drilling program on state-owned tracts.
- **December 9, 2004** – Department completes collating available data on Otter Creek resources and publishes first version of computer “data disk”
- **July 12, 2006** – Department contracts out and completes technical review of reserves and potential mining scenarios. (Otter Creek Property Summary Report)
- **January 30, 2009** – Department contracts out and completes a property leasing appraisal, which leads to the competitive bid of the state’s Otter Creek tracts. (Otter Creek State Coal Valuation Report)
- **March 18, 2010** – Ark Land Company (subsidiary of Arch Coal Company) is the single successful bidder for the State of Montana coal interests. Ark bid \$85.8 million up-front bonus for 14 leases comprised of 8,264 acres.
- **May 13, 2010** – A lawsuit was filed against the DNRC for the issuance of the Otter Creek Tracts. Suit alleged state statute was unconstitutional because it allowed issuance of leases without preparation of an environmental review. Land Board cited referenced statute and the fact that the issuance of the leases did not convey the right to mine.
- **July 26, 2012** – Otter Creek Coal, LLC (OCC, LLC), a subsidiary of Arch Coal Company filed an application for a Surface Coal Mining Permit for Tract 2 of the Otter Creek mine area with the MDEQ.
- **October 23, 2012** – The Montana Supreme Court issued their Opinion on the lawsuit, ruling in favor of the State and Land Board, thereby settling the case 895 days from the date of first filing. The lawsuit extended the term of Ark Land’s leases to August 30, 2022.
- **December 14, 2012** – MDEQ determined the Mine Permit application to be administratively complete.

- **March 19, 2015** – MDEQ halted review on the Mine Permits due to Arch not responding to deficiencies.
- **January 11, 2016** – Arch Coal filed for Chapter 11 Bankruptcy Protection.
- **April 26, 2016** – The Surface Transportation Board cancelled their permit for the Tongue River Railroad and stopped work on the EIS due to Arch Coal entering bankruptcy.
- **April 29, 2016** – The MDEQ officially notified Arch Coal that work has been discontinued on the EIS.
- **October 5, 2016** – Arch Coal emerged from bankruptcy.

**Prior Land Board Meetings:**

- **November 16, 2009** – Land Board considered draft bid documents.
- **December 21, 2009** – Land Board directed DNRC to advertise Otter Creek State Tracts at a minimum bid price of \$0.25/ton. Appraisal report estimated a fair market bonus value of \$0.07 - \$0.10/ton.
- **February 16, 2010** – No bids received from previous advertisement of tracts. Land Board directed DNRC to advertise the Otter Creek State Tracts at a minimum bid amount of \$0.15/ton.
- **March 18, 2010** – The Land Board voted to approve the bid received from Ark Land for \$85,845,110.
- **November 19, 2012** – Land Board approves the Operating Plans between the Northern Cheyenne Tribe and Ark Land Company. The Operating Plans were a requirement of the 2002 Settlement Agreement between the Northern Cheyenne Tribe (NCT) and the Land Board. The Operating Plans covered multiple NCT concerns: tribal employment and contracting, on-reservation conduct, environmental monitoring, and cultural resources.

**Otter Creek Coal Reserves on State Tracts:**

Arch Coal provided the DNRC with their estimate of recoverable coal reserves of the three coal tracts in 2012. Arch calculated the recoverable reserves based on a 90% recovery rate from in-place reserves. The Otter Creek mine area is divided into three conceptual logical mining units, Tracts 1, 2, and 3. The mine plan submitted to MDEQ was for Tract 2. The Otter Creek recoverable coal reserves are as follows:

	<b>State</b>	<b>Total</b>	<b>State</b>
<b><u>OCC Tracts</u></b>	<b><u>Coal</u></b>	<b><u>Coal</u></b> (million tons)	<b><u>Royalty</u></b> (million \$)
<i>Tract 1</i>	<i>153.4</i>	<i>328.1</i>	<i>263.1</i>
<b>Tract 2</b>	<b>160.6</b>	<b>337.8</b>	<b>275.5</b>
<i>Tract 3</i>	<u><i>229.8</i></u>	<u><i>415.2</i></u>	<u><i>394.2</i></u>
Total	543.8	1,081.1	932.8

- The mine plan submitted to DEQ is for Tract 2 only.
- Coal reserves based on 2012 mine plan. Actual minable reserves may be reduced depending on alluvial valley floor analysis.
- Estimated royalty revenue based on the average coal price reported to the department in fiscal 2017. Coal prices fluctuate over time, and future coal prices may be different.

**Current Status of the Otter Creek Coal Mine:**

Otter Creek Coal was in the process of permitting Tract 2 with the intent of sequentially mining Tract 2 first, then followed by Tract 3 and finally Tract 1. The status of the mine’s permit process with MDEQ is currently inactive. MDEQ has been waiting for OCC to submit their response to the latest deficiency letter sent out on March 19, 2015. MDEQ has also discontinued working on the EIS. In November 2017 MDEQ determined that a significant Alluvial Valley Floor (AVF) exists along Otter Creek.

OTTER CREEK COAL PERMITTING  
April 2018 Update – DEQ

**July 26, 2012** – Otter Creek Coal, LLC submitted permit application – DEQ had 90 days to determine if the application was complete [ARM 17.24.401(2)].

**October 15, 2012** – DEQ met the 90- day requirement for completeness review and sent Otter Creek Coal, LLC a completeness deficiency letter.

**November 19, 2012** – Otter Creek Coal, LLC submitted a response to DEQ’s deficiency letter. DEQ had 90 days to respond to the submittal.

**December 19, 2012** – DEQ determined that the mine permit application was administratively complete -82-4-231(4), MCA. The 90-day completeness review requirement was met. A 120-day acceptability review period was initiated [ARM 17.24.404(1)].

**January 4, 2013** – DEQ formally opened the scoping period for the Otter Creek EIS.

**April 12, 2013** – DEQ sent Otter Creek Coal, LLC a lengthy deficiency letter addressing the acceptability of the mine permit application. DEQ met the 120-day requirement for acceptability review.

**October 20, 2014** – Otter Creek Coal, LLC submitted a response to DEQ’s deficiency letter. Submittal was subsequently withdrawn as Otter Creek Coal, LLC did not include a rule cross reference as requested.

**November 19, 2014** – Otter Creek Coal, LLC resubmitted its response to DEQ’s deficiency letter. This submittal included additional information, data and data analysis required by DEQ. A 120-day acceptability review period was initiated.

**March 19, 2015** – DEQ sent Otter Creek Coal, LLC a letter detailing acceptability deficiencies that needed addressed. The list of deficiencies was lengthy as Otter Creek’s response included additional information, data and analysis that were not included in the original application. DEQ review of the revised application determined that mine operations would have measurable negative impacts to Otter Creek in terms of flow and salinity. DEQ met the 120-day requirement for acceptability review.

Further review of the application was halted when Otter Creek Coal, LLC failed to respond to DEQ’s deficiency letter and stopped communication regarding the mine permit application.

**Late 2015** – As Arch Coal prepared to file bankruptcy, all monitoring (e.g. surface water, ground water, and wildlife) was discontinued.

**April 29, 2016** – DEQ officially suspended work on the EIS for the Otter Creek project. DEQ sent a letter to Arch Coal.

**Summer 2016** – All surface water monitoring sites and ground water monitoring wells were removed/reclaimed.

**October 10, 2016** – Otter Creek Coal, LLC requested release of \$21,000 bond for prospecting activities.

**March 6, 2017** – DEQ approved release of Otter Creek’s prospecting bond.