

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
Monday, May 21, 2018 at 9:00 am
State Capitol, Room 303
Helena, MT

ACTION ITEMS**0518-1 FWP: Spotted Dog Wildlife Management Area/Cross Canyon Land Exchange***Benefits: N/A (non-trust land)**Location: Powell County***APPROVED 5-0****0518-2 Timber Sales****A. Antice Central***Benefits: Common Schools**Location: Flathead County***B. Cottonwood Park***Benefits: Common Schools and Public Buildings**Location: Powell County***C. Ten Lions***Benefits: Common Schools**Location: Lake County***D. Wallace Cramer***Benefits: Common Schools and acquired lands-public schools**Location: Missoula County***APPROVED 5-0****0518-3 Agriculture and Grazing Leases: Competitive Bid Hearings****A. Lease No. 3204 - Jim & Heather Dye (Lessee)/John Deegan (Bidder)***Benefits: Common Schools**Location: Judith Basin County***APPROVED 5-0****B. Lease No. 9754 - Robert & Helen Bell (Lessee)/Trenton Streeter (Bidder)***Benefits: Common Schools**Location: Golden Valley County***APPROVED 4-1 (Superintendent Arntzen dissenting).****0518-4 Land Banking Parcels: Preliminary Approval for Sale***Benefits: Common Schools**Location: Deer Lodge County***APPROVED 5-0****0518-5 Cabin and Home Site Sales: Preliminary Approval for Sale***Benefits: Western College-UM/Eastern College-MSU, Common Schools, School for the Deaf & Blind, MSU 2nd, Pine Hills**Location: Chouteau, Flathead, Gallatin, Lake, Lewis & Clark County, Lincoln, Missoula, Sanders, Sheridan Counties***APPROVED 5-0****0518-6 Easements***Benefits: Common Schools, MSU-Eastern/MSU-Western, Public Land Trust**Location: Blaine, Choteau, Gallatin, Hill, Jefferson, Liberty, Madison, Judith Basin, Roosevelt, Wheatland, and Yellowstone Counties.***APPROVED 5-0****PUBLIC COMMENT**

0518-1

FWP: Spotted Dog Wildlife Management
Area/Cross Canyon Land Exchange

**Land Board Agenda Item
May 21, 2018**

0518-1 Spotted Dog Wildlife Management Area/Cross Canyon Land Exchange

Location: Powell County

Trust Benefits: N/A (non-trust land)

Trust Revenue: N/A

Item Summary:

Montana Fish, Wildlife & Parks (FWP) proposes to exchange lands between FWP and the adjacent Cross Canyon Ranch (CCR). All exchange parcels are located in T9N, R8W, in Powell County. The exchange would involve approximately 460 acres of land within Spotted Dog Wildlife Management Area (SDWMA, located NE of Deer Lodge), for approximately 438 acres held by CCR. While the number of acres is not equal, the overall value of the lands being exchanged is comparable. All parcels considered for exchange are classified as dry grazing land, which is valued at approximately \$600/acre in this area. At this valuation, the parcels FWP would be exchanging to CCR would be worth \$275,736 and the worth of the parcels FWP would be receiving is \$263,004, a difference of \$12,732. As the savings in fencing from the proposed exchange is estimated to be \$86,250, FWP would realize an overall financial gain of \$73,518 from the proposed action, in addition to the other benefits. FWP has updated (2018) its management plan for SDWMA and the plan is available from FWP upon request.

Rationale for Land Board Action:

The exchange would consolidate each entity's holdings and facilitate management of both the ranch and the SDWMA. Of special importance to FWP is the opportunity to enhance public access between the eastern and western portions of the WMA, which currently is hindered by checkerboard boundaries.

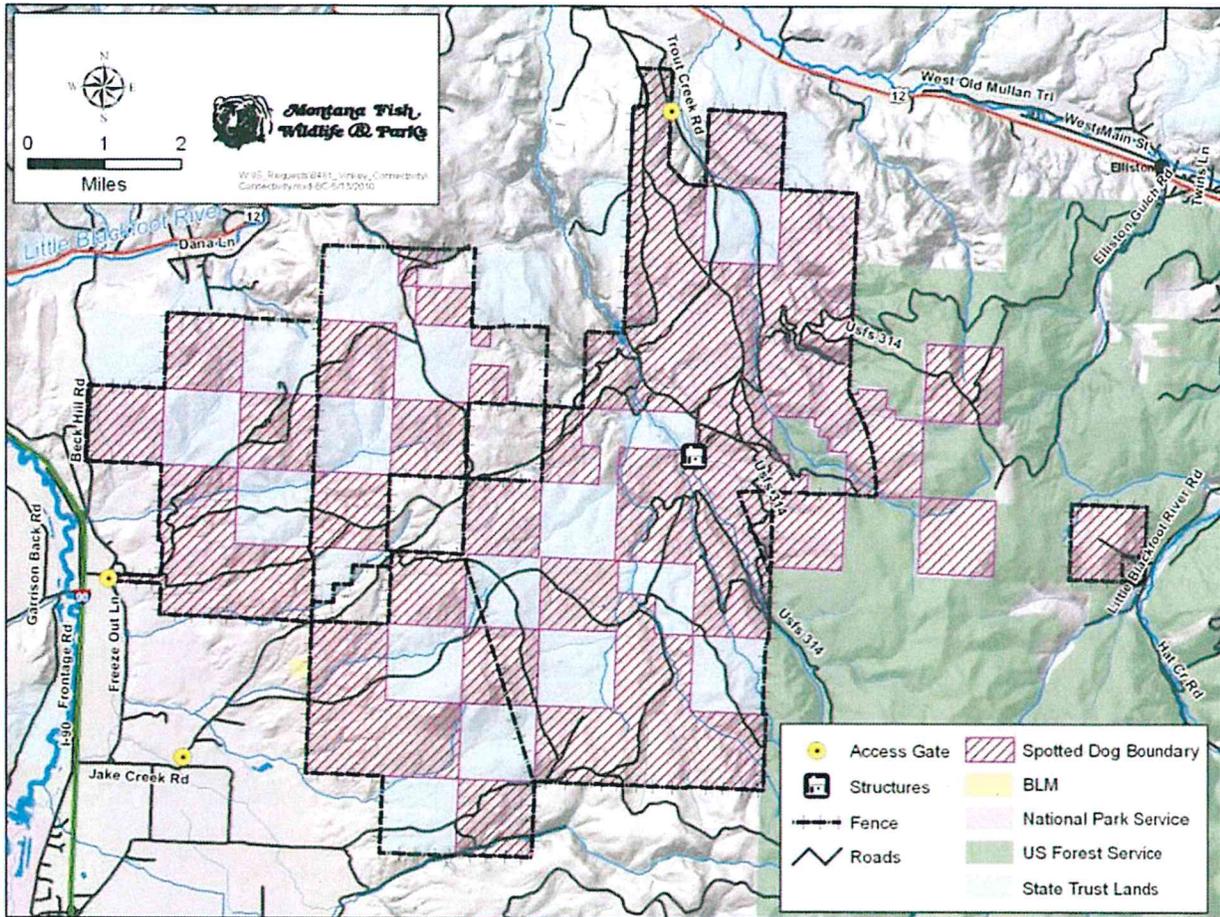
Public Process:

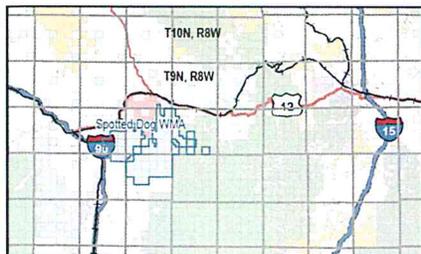
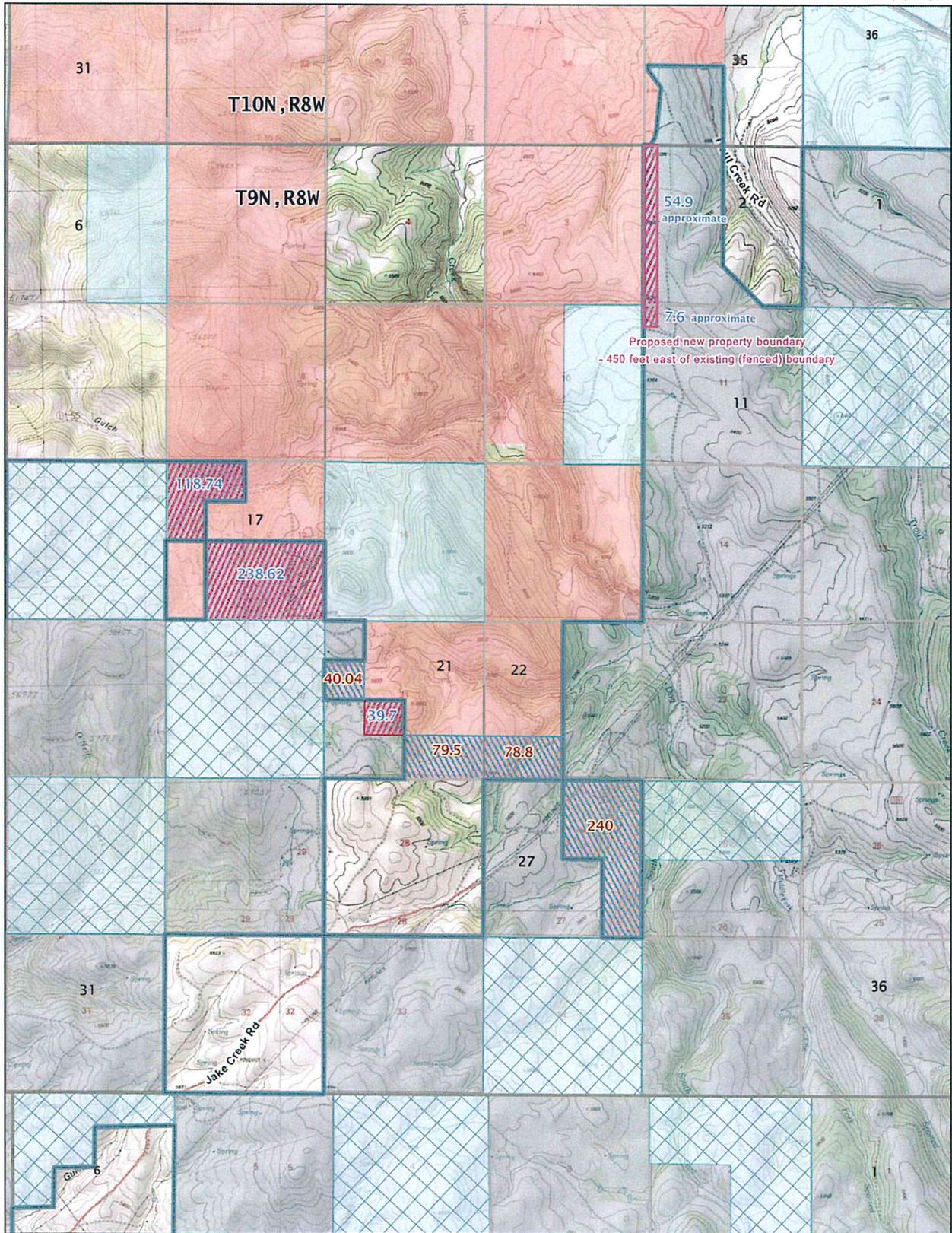
FWP scoped the public for issues prior to preparing the EA, from September 7, to October 6, 2016. Issues raised during the scoping process were incorporated in further negotiations between FWP and CCR prior to arriving at a final negotiated land exchange proposal and were reflected in the draft EA that was provided for public review and comment. FWP mailed 64 copies of the EA, and emailed approximately 120 notifications of the EA's availability, to adjacent landowners and interested individuals, groups and agencies. The EA was available for public review on FWP's website from January 16 to February 14, 2018. A public hearing was held in Deer Lodge on February 7 at the Deer Lodge Community Center, where 10 members of the public attended. Overall, a total of 10 commenters supported the land exchange, 3 commenters opposed the land exchange, and 2 commenters did not indicate support or opposition.

FWP Recommendation:

FWP recommends completing the proposed land exchange. This proposal has benefitted from the input of an informed public and the private landowner has been accommodating in defining an exchange that benefits the WMA and the private landowner as well as the public through reduced costs and improved access across the SDWMA.

Figure 1: Vicinity and location map of the **Spotted Dog WMA/Cross Canyon Land Exchange**.





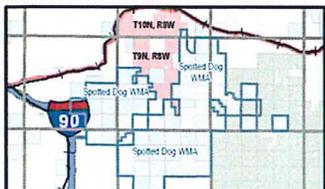
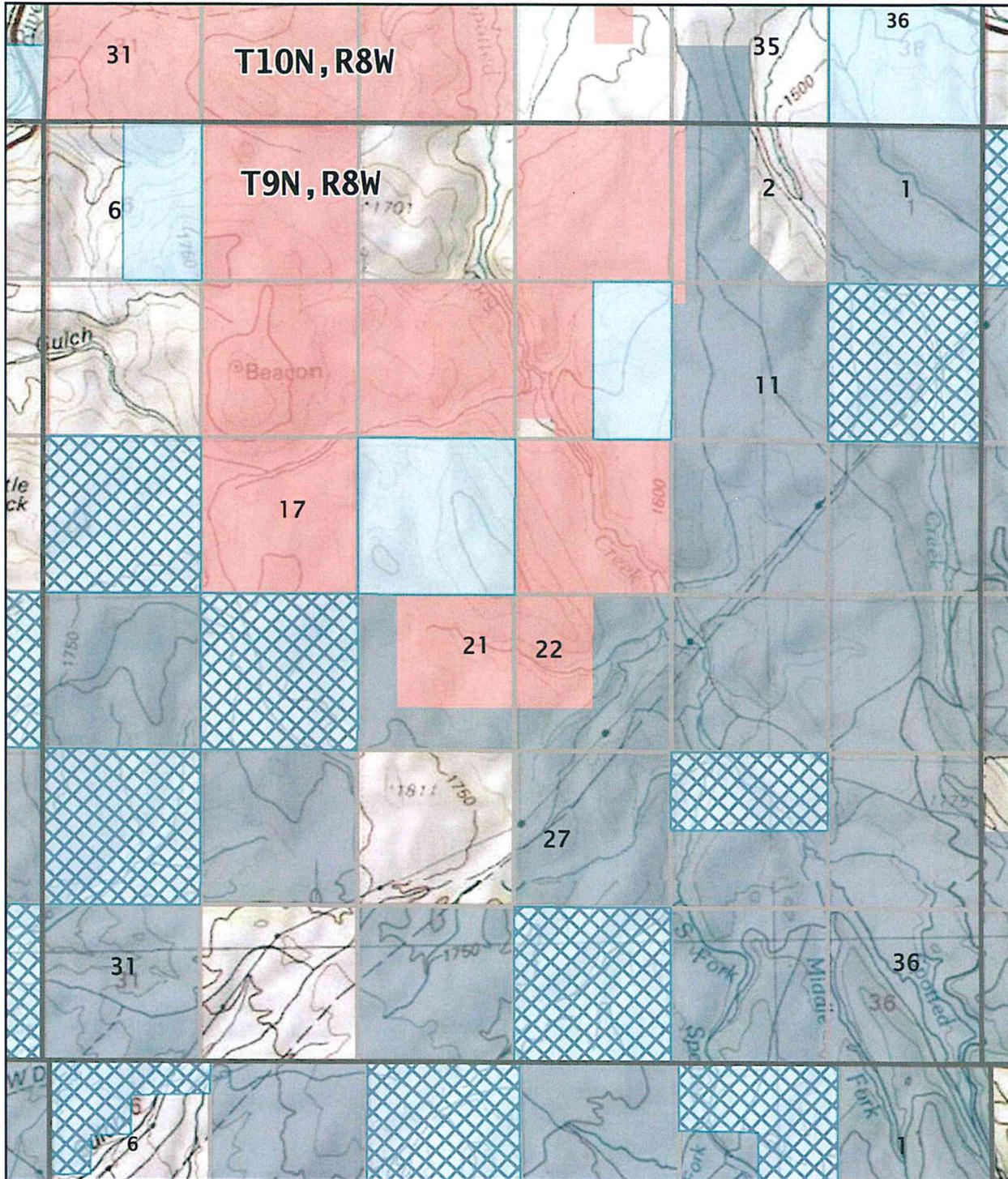
Spotted Dog WMA - Land Exchange Project

FWP land exchanged to CCR ownership = 459.56 Acres — 
 CCR land exchanged to FWP ownership = 438.34 Acres — 

Legend

- Private Ranch 
- Spotted Dog WMA 
- FWP Fee Land 
- FWP Lease Land 
- State Trust Lands 

 0 1,000 2,000 Feet



Spotted Dog WMA - Land Exchange Project
Land Ownership Configuration After Exchange is Completed

Legend

- Private Ranch [Red Box]
- FWP Fee Land [Blue Box]
- FWP Lease Land [Blue Cross-hatch Box]
- State Trust Lands [Light Blue Box]

N
01,000 Feet



Region 2
3201 Spurgin Road
Missoula, MT 59804
March 8, 2018

Dear Interested Citizens:

Thank you for your thoughtful reviews and comments on a proposal for Montana Fish, Wildlife & Parks (FWP) to exchange approximately 460 acres of land currently within its Spotted Dog Wildlife Management Area (located NE of Deer Lodge), for approximately 438 adjoining acres held by Cross Canyon Ranch, in Powell County.

Enclosed is a decision document in which FWP explains its rationale for recommending that the Fish & Wildlife Commission and the State Board of Land Commissioners approve this transaction as proposed. Upon completion of the public involvement process and by including this Decision Notice, FWP accepts the draft environmental assessment as final. The decision document also summarizes public comments on the proposed acquisition and explains how FWP considered and incorporated these comments in formulating a recommendation.

FWP will request approval for the exchange of the subject lands at the Fish & Wildlife Commission meeting scheduled for April 19, 2018, in Livingston. FWP will also request approval from the State Board of Land Commissioners, tentatively at its regularly scheduled meeting on May 21, 2018 in Helena. These meetings are open to the public, as are other regularly scheduled Commission and Land Board meetings.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Arnold", is written over a faint, larger version of the same signature.

Randy Arnold
Regional Supervisor

DECISION NOTICE
Proposed Spotted Dog Wildlife Management Area
Land Exchange with Cross Canyon Ranch
March 9, 2018

Proposal

Montana Fish, Wildlife & Parks (FWP) proposed to enter into a land exchange between FWP and Cross Canyon Ranch (CCR), a privately held property. FWP proposed to exchange approximately 460 acres of land currently within its Spotted Dog Wildlife Management Area (SDWMA, located NE of Deer Lodge), for approximately 438 acres held by CCR. The exchange would consolidate each entity's holdings and facilitate management of both the ranch and the WMA. Of special importance to FWP is the opportunity to create passage and enhance public access between the eastern and western portions of the WMA (between the headwaters of O'Neill Creek to Spotted Dog Creek), which currently is hindered by checkerboard boundaries. All exchange parcels are located in T9N, R8W, in Powell County. While the number of acres is not equal, the overall value of the lands being exchanged is comparable.

If the exchange is approved, the new parcels would be managed as part of SDWMA. The primary management purposes of SDWMA would continue to be for wildlife habitat enhancement and public access and recreation, including hunting. At present, public non-motorized travel and passage between the headwaters of O'Neill Creek and Spotted Dog Creek on SDWMA is very difficult due to checkerboard (intermixed private and public land) boundaries. The proposed exchange of land would enable users of the SDWMA to cross via the southern portions of sections 21 and 22. Another benefit to the proposed action is that of reducing the cost of building and maintaining fences around the WMA. By straightening out boundary lines and eliminating two inholdings, FWP will have to build 5.75 fewer miles of fence, at a savings of \$86,250 (using most recent estimates of fencing costs at \$15,000/mile). Fence maintenance costs would also be thereby reduced. Additionally, the acquisition of these inholdings and straightening the boundary lines would reduce trespass issues, both by members of the public and neighboring livestock, and generally facilitate management of both the SDWMA and the CCR.

The FWP land to be transferred to CCR would be managed as part of the larger private ranch, which could include livestock grazing, hay production and recreation. CCR would be able to use that land for whatever purposes are allowed by Powell County and local planning regulations. Before being acquired by FWP in 2010, the parcels considered for exchange were primarily used for agricultural purposes, and already have some two-track roads, old fences, and other signs of development. In the seven years that those parcels were under FWP ownership, those parcels were likely used for upland game bird and big game hunting, and other recreation. While public hunting opportunities would be lost on the parcels traded into private ownership, the parcels FWP would receive in exchange would offer comparable recreational opportunities, in addition to providing improved public passage within and across the WMA.

All parcels considered for exchange are classified as dry grazing land, which is valued at approximately \$600/acre in this area. At this valuation, the parcels FWP would be exchanging to CCR would be worth \$275,736; and the worth of the parcels FWP would be receiving is \$263,004, a difference of \$12,732. As the savings in fencing from the proposed exchange is estimated to be \$86,250, FWP would realize an overall financial gain of \$73,518 from the proposed action, in addition to the other benefits.

FWP is in the process of updating (2018) its management plan for SDWMA and the Draft plan is available from FWP upon request.

Public Review Process

FWP is required by the Montana Environmental Policy Act (MEPA) to assess potential impacts of its proposed actions to the human and physical environments, evaluate those impacts through an interdisciplinary approach, including public input, and make a decision based on this information. FWP released a draft environmental assessment (EA; “Proposed Spotted Dog Wildlife Management Area Land Exchange with Cross Canyon Ranch”) for public review of this proposal on January 16, 2018 and accepted public comment until February 14, 2018.

FWP scoped the public for issues prior to preparing the EA, with a formal, advertised scoping process during September 7, 2016 to October 6, 2016. Issues raised during the scoping process were incorporated in further negotiations between FWP and CCR (prior to arriving at a final negotiated land exchange proposal) and were reflected in the draft EA that was provided for public review and comment.

Legal notices for the proposed land exchange and its Draft EA availability were published twice each in the following newspapers (dates): *Anaconda Leader* (January 17 & 24), *Independent Record* (Helena; January 17 & 23), *Missoulian* (January 16 & 23), *Montana Standard* (Butte, January 16 & 23), and *Silver State Post* (Deer Lodge, January 17 & 24).

FWP mailed 64 copies of the EA, and emailed approximately 120 notifications of the EA’s availability, to adjacent landowners and interested individuals, groups and non-FWP agencies. The EA was available for public review and comment on FWP’s web site (<http://fwp.mt.gov/> “Public Notices”) beginning January 16 through February 14, 2018.

A public hearing to explain the project, answer questions and take public comment was held in Deer Lodge on February 7 (7:00 p.m.) at the Deer Lodge Community Center.

Summary of Public Comment

FWP received 9 comments (Appendix A):

- 10 comments were from individuals (one of these comments represented 2 people);
- None of these comments were from organizations or agencies.

Commenters were from the following Montana towns and locations: 2 from Helena; 2 from Garrison; one each from Anaconda, Emigrant, Townsend and Plains; and one did not indicate a town.

Nine members of the public attended the public hearing, of whom 6 provided oral testimony (Appendix B). The hearing provided a worthwhile and constructive forum for discussion during the question-and-answer (Q&A) portion of the meeting. (Attendees were reminded that comments they made during the Q&A portion were not counted in the official tally, and that there would be opportunity to make official comments during the public testimony portion of the hearing.)

For the official tally of oral testimony and written or emailed comments, a total of 10 commenters supported the land exchange, 3 commenters opposed the land exchange, and 2 commenters did not indicate support or opposition.

Response to Public Comment

Below is a summary of representative *public questions, comments, and suggestions* received during the Draft EA review and comment period, along with FWP responses.

Comment A: Only thing I can see and understand with this study you've done, is it looks like you should be able to get a little bit more private property, for the amount of money we've spent on that Spotted Dog already.

FWP Response: Certainly, FWP represented an interest to CCR in acquiring more land in the exchange, as did CCR to FWP. As with most transactions, the two parties settled on a proposal that favored both, and that also represented the most that either party was willing to trade away. In its consideration of the outcome, FWP was satisfied to achieve the connection of public land and access across the east and west halves of the SDWMA, as well as the significant short- and long-term savings in fence construction and maintenance due to straightened property boundaries. Also, as we heard in public comment, the reduction in fence construction and maintenance expenses will hopefully leave more funding available to address weed management on SDWMA.

Comment B: If this is approved, when will it take effect?

FWP Response: FWP intends to present this decision to the Montana Fish and Wildlife Commission and to the Montana State Board of Land Commissioners for their review and approval in April, so the transaction could conceivably be completed after those decisions in late May 2018.

Comment C: We strongly disagree that there would be no firewood or tree cutting allowed on the WMA.

FWP Response: Habitat management practices such as firewood cutting or forest management are addressed in the revised management plan for SDWMA overall, of which the exchanged acres would be added or removed, as the case may be. The CCR lands proposed for FWP to acquire do not offer practical opportunities for the public to cut firewood, given the relatively small amount of timber on those lands and their distance from open roads. As for the SDWMA overall, FWP emphasizes designed and prescribed forest management for the enhancement of wildlife habitat, including the recruitment and retention of cover and snags, rather than the removal of forested habitat by firewood cutters whose objectives and results would conflict in many cases.

Comment D: There has been talk that Powell County is pushing for a road (motorized use road) something about an old easement that has not been used for a long time across the area that 2.1 Alternative A would affect. This alone would change the dynamics of the wildlife management, movement and safer areas for elk and deer from human pressure that are now public would change to private, if access [access] is made easy. This added pressure whether a road or trail is opened thru proposed area will push wildlife off of the SDWMA and on to CCR and other areas that have no management plan for wildlife.

FWP Response: The Old Mullan Road across SDWMA is a county road that has been closed and locked by private landowners for many years. It is our understanding that Powell County intends to open it. The proposed land exchange will not affect the feasibility of Powell County accomplishing this. The historic route will still cross a mix of FWP and private land ownership between Deer Lodge and Avon and the same issues remain to be addressed among the parties, regardless of whether this proposed land exchange occurs or not.

Comment E: I used to take my ATV up on Spotted dog and hunt and retrieve my animals when it was the Rock Creek Cattle Company. Now that it was all sold and exchanged for other property known as Spotted Dog, we can no longer go up there to retrieve animals on a ATV. I am 67 years old and do not ride a horse, so it is on foot only for me. Now you are exchanging more property which blocks off access to where we bring our downed elk through, which will block off that access for me.

FWP Response: Two residents with land neighboring SDWMA shared this concern. It is true that there is one travel plan for motorized access on SDWMA that pertains to everyone, and the advantages of being able to drive an ATV through other cattle gates onto SDWMA are lost. As you are experiencing, personal privileges come and go with changes in land ownership, and FWP strives to provide motorized access that balances the public's interests more broadly. Overall, FWP's acquisition of the SDWMA has greatly enhanced public access and prevented the potential loss of access and wildlife habitat that could have occurred, for instance, if a land developer had purchased the land from Rock Creek Cattle Company when that land was marketed for sale in 2009-2010.

Correction to the Draft EA

FWP notes the following correction for section 1.2 **legal Description and Location of Properties** in the Draft EA (page 3, final line): "Township 8N" should be "T9N."

Recommendation on FWP's Land Exchange between Spotted Dog WMA and CCR

This proposal for FWP to exchange properties with Cross Canyon Ranch within and adjoining the Spotted Dog WMA received public support during the public review period. Supporters emphasized the benefits of squaring up property boundaries and improving public access. We believe that we have addressed and alleviated public concerns to the best of our ability. Therefore, I am pleased to recommend that FWP complete this transaction and manage the acquired lands as part of the Spotted Dog WMA.

With this recommendation, I'd like to thank the Cross Canyon Ranch for their patience and endurance throughout what has become a years' long process of discussion and public involvement. The persistence of both parties and their willingness to continue working and reworking our negotiations speaks well for the values that FWP and CCR see for their respective operations. I would also recognize that we've seen a shift among some members in the public who originally raised concerns, and who now support the land exchange in its current form and with their current understanding.

Everyone has an interest in the effective management and maintenance of Spotted Dog WMA. With this in mind, I am especially pleased to recommend this land exchange for the funding and effort that will be saved, now and into the future, as a result of boundary fencing efficiencies. As others have brought to our attention, the dollars and time saved can now be used on other aspects of management and maintenance on Spotted Dog WMA.



Randy Arnold
Region 2 Supervisor
Montana Fish, Wildlife & Parks

March 8, 2018

Date

Appendix A. Comments on the proposed land exchange between Spotted Dog WMA and a private landowner, received by FWP during the Draft EA comment period of January 16 through February 14, 2018. (Comments received via E = email, M = mail, Ph = phone.)

Com- men- ter #	Via	Para- graph	Comment
1	E		Thanks for the info. The trade looks good to me – I trust FWP judgment in this matter. After the hearing on February 7 th , if this is approved, when will it take affect?
2	E		I'm all for the land exchange proposed for Spotted Dog WMA. I see it as a net benefit to get lands consolidated.
3	M	1	I am writing concerning the proposed exchange of land between the Cross Canyon Ranch and Montana FWP on the Spotted Dog Wildlife Management Area.
		2	I have hunted, fished, hiked and camped on the Spotted Dog WMA in the past so I am familiar with the area in question. I have read the Draft Environmental Assessment and understand the planned exchange.
		3	I believe that this land exchange is a win-win deal for everyone involved and strongly encourage Montana FWP to pursue Alternative A and to complete the land exchange with Cross Canyon Ranch. I am especially in favor of creating a state owned link between the east and west portions of the Spotted Dog WMA which does not exist at present.
		4	Thank you for the opportunity to make my views known on this important issue.
4	Ph	1	This is regarding the Spotted Dog WMA land trade with the private landowner.
		2	Only thing I can see and understand with this study you've done, is it looks like you should be able to get a little bit more private property, for the amount of money we've spent on that Spotted Dog already.
		3	Otherwise, this is a real good deal. I'd like to get it all one end or the other of the WMA.
5	Ph	1	[Person was unsure if they & spouse were responding to the proposed SDWMA Draft Management Plan or to the proposed SDWMA-CCR land exchange. They were not on the distribution list for the management plan, but were on the land exchange distribution list; hence, we are attributing these comments to the land exchange's Draft EA.]
		2	Fire management is important wherever there are trees. We strongly disagree that there would be no firewood or tree cutting allowed on the WMA.
		3	Clearcuts have been used by US Forest Service a long time, and they give the firefighter a better chance to safely fight fires. But environmentalists have interfered with [timber management] on forests.
		4	There's nothing wrong with a little bit of clearcutting or firewood removal before fires come to an area. Firewood cutting should at least be allowed for beetle-killed trees, for personal use or commercial us, whatever is wisest.
6	E		I support Alternative A, the Proposed Action for FWP to enter into a land exchange with CCR. It should help all parties and certainly make access better for the public.

7	E	As a sportsman that has spent the last 7 years on the SDWMA, it is my recommendation to go with 2.2 Alternative B on page 14. This is why, There has be talk that Powell County is pushing for a road (motorized use road) something about an old easement that has not been used for a long time across the area that 2.1 Alternative A would effect. This alone would change the dynamics of the wildlife management, movement and safer areas for elk and deer from human pressure that are now public would change to private, if assess is made easy. This added pressure whether a road or trail is opened thru proposed area will push wildlife off of the SDWMA and on to CCR and other areas that have no management plan for wildlife. At this time it is difficult to access these areas but this makes the recreation (hunting, wildlife viewing, hiking ... so on) a much better experienc . Sure CCR does not want to entertain other options because they see the opportunity to gain some of Montana's best hunting and biggest wildlife herds for free, and turn it into big dollar hunts. I have asked CCR in the past for access for a youth cow elk hunt, it would be a good management tool for the herd. Their response to me was that there plan was to harvest 5 or 6 Bull elk a season... not much of a plan!... not a good steward for Montana FWP to give up our public land to manage.	
8	E	I do not agree with the exchange. I bought property on the old Dana Ranch 25 years ago to fish and hunt. I used to take my atv up on Spotted dog and hunt an retrieve my animals when it was the Rock Creek Cattle Co. Now that it was all sold and exchanged for other property known as Spotted Dog we can no longer go up there to retrieve animals on a atv. I am 67 years old and do not ride a horse so it is on foot only for me. Now your are exchanging more property which blocks off access to where we bring our down elk through which will block off that access for me. So I do not want to see the exchange of properties.	
9	M	1	As a citizen of Montana, I am against the trade of this area of Spotted Dog WMA, with the CCR owners. If the trade was such a "good deal," why didn't the previous owner of Spotted Dog trade with CCR owners? I am also an adjacent landowner to Spotted Dog WMA, section 7, with a gate opening on Dave's Gulch. Giving up 340 acres adjacent to Beacon Hill and section 16 (school section) prevents hunters, recreationists, horse riders, and hikers from accessing the Spotted Dog WMA. The elk hang out on the 440 acres before they bed down on the Beacon Knob. Many hunters enjoy this area and it will be closed to hunters forever, via the CCR proposed exchange of 438 acres to FWP for 357 acres in T9N, R8W in Powell County.
		2	The McGraws want that area for guided hunting and outfitting purposes: "pure and simple"! They don't want the public in there! Consider trading the 1/2 section in Section 22 for their 280 acres in section 17. That will also open up Section 16 more for the public. This is a valuable timbered section, with one (1) mile border with Section 16.
		3	As a member of the FW&P "Private Lands, Public Wildlife" Council, I know Governor Bullock wants to work on access issues for the public and opening up more land: not closing off more land! Again, I am against this trade. It is not in the people of Montana's best interest.
		4	Section 17 is an entry point for many adjacent landowners who hunt Section 16. That trade will cause many hunters to walk additional miles to be able to hunt the Spotted Dog WMA. This trade is not in any Montana residents' best interest, which is the reason the land was purchased by Montana FWP.

Appendix B. Public Hearing**Spotted Dog WMA and Cross Canyon Ranch:
Proposed Land Exchange, Draft EA**

Public hearing; February 7, 2018 (7 p.m.)
Deer Lodge Community Center

Present from FWP were: Mike Thompson, Darlene Edge, Julie Golla
9 members of the public signed in.

Public comments:

1. Chris Marchion, Anaconda Sportsmen's Club. The Club supports this. Been beating this around for 2 years. Appreciate the landowners and FWP's diligence on this. It's good. We now have access to the both halves. We wanted access to the state section and we're satisfied.
2. Shawn Curtis, Cross Canyon Ranch manager. Agrees it's time to move forward.
3. Keith Edge. It just makes sense.
4. Karen Laitala. I support it and it makes sense from a weed management standpoint and will leave more money available for weed management instead of fencing difficult boundaries.
5. Don Despain. I'm just here for information. (Doesn't oppose it.)
6. Gary Oldhaus, president, Anaconda Sportsmen's Club. We're always for the benefit of the hunter, and this will lessen the operating expenses of both entities.

0518-2

Timber Sales

- A. Antice Central
- B. Cottonwood Park
- C. Ten Lions
- D. Wallace Cramer

**Land Board Agenda Item
May 21, 2018**

0518-2A Timber Sale: Antice Central

**Location: Flathead County
Sections 4, 5, 8, 9, 16 of T33N R23W**

Trust Beneficiaries: Common Schools

Trust Revenue: \$624,184 (estimated, minimum bid)

Item Summary

Location: The Antice Central Timber Sale is located approximately 5 miles north of Olney, MT.

Size and Scope: The sale includes 10 harvest units (*278 acres*) of tractor and skyline logging.

Volume: The estimated harvest volume is 30,748 tons (*5,912 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$20.30 per ton, which would generate approximately \$624,184 for the Common Schools Trust and approximately \$71,950 in Forest Improvement fees.

Prescription: This sale has a harvest prescription of seed tree with reserves on all units. This treatment will improve stand health and move the stand into a desired future condition of western white pine and subalpine fir. Timber harvest will remove Douglas-fir, western larch, white fir, and Engelmann spruce.

Road Construction/Maintenance: DNRC is proposing 8.2 miles of road reconstruction or heavy maintenance and 19.5 miles of road maintenance.

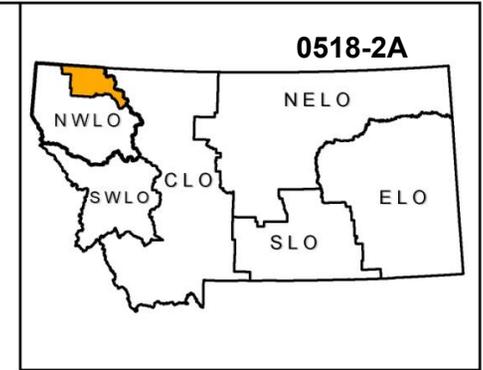
Access: Access is obtained through the Upper Whitefish Road and Stryker Ridge Road systems.

Public Comments: DNRC did not receive any public comments.

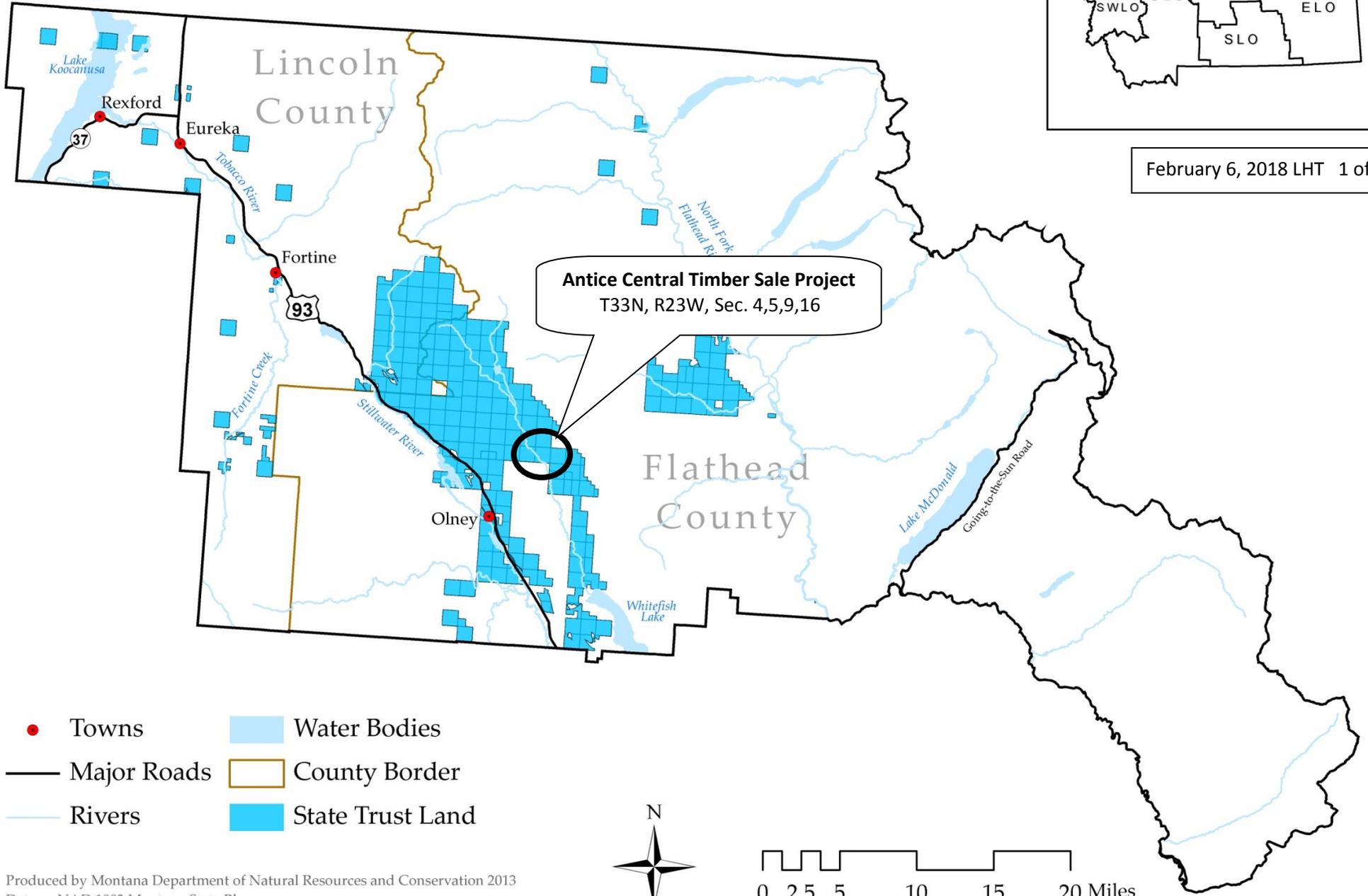
DNRC Recommendation

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

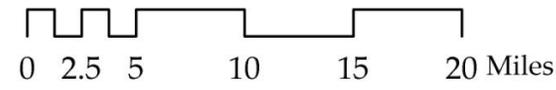
ANTICE CENTRAL VICINITY MAP STILLWATER UNIT



February 6, 2018 LHT 1 of 3

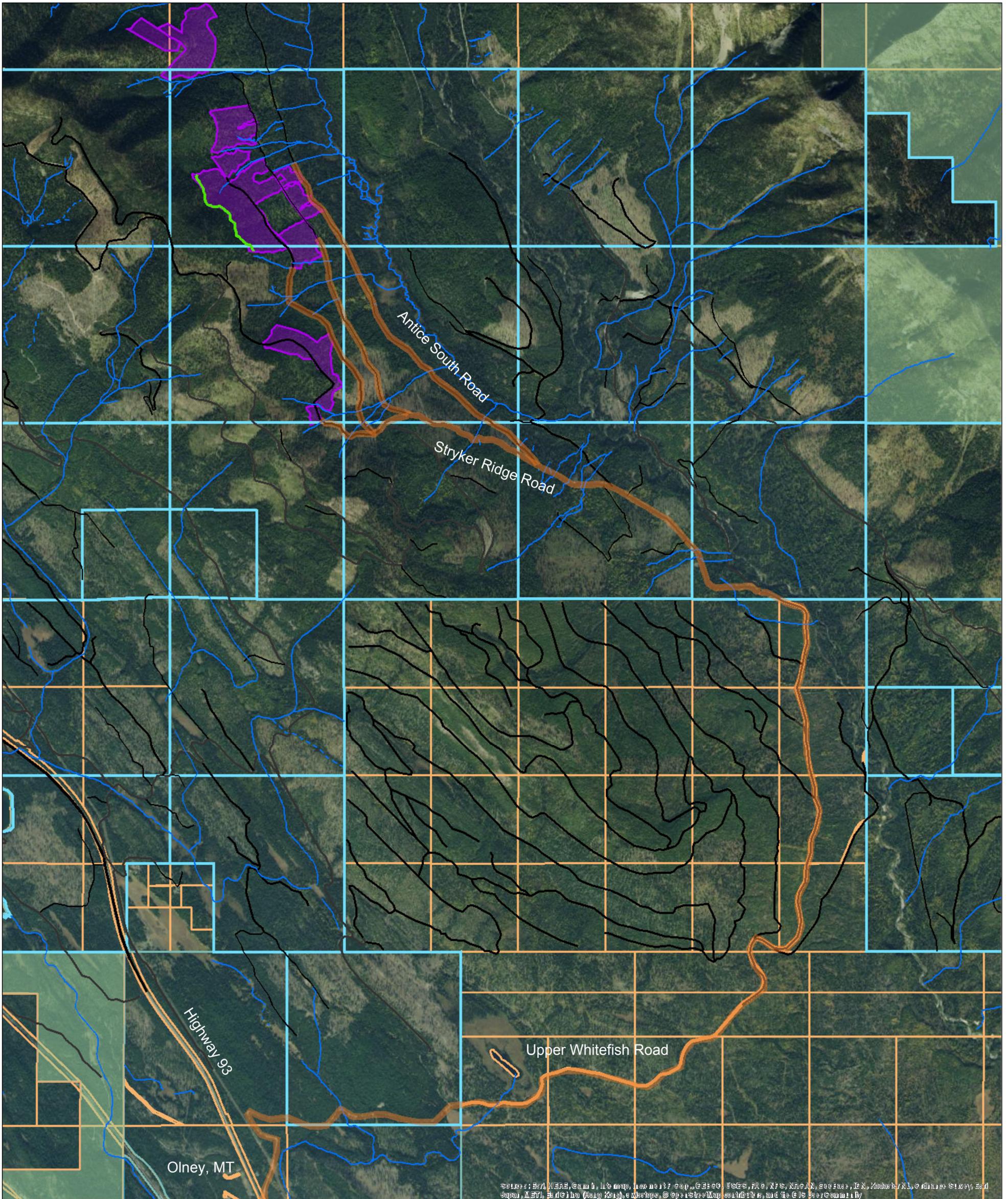


- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land

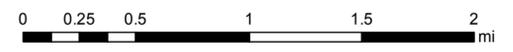


Produced by Montana Department of Natural Resources and Conservation 2013
Datum: NAD 1983 Montana State Plane

Antice Central Timber Sale Haul Route Map



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



**Land Board Agenda Item
May 21, 2018**

0518-2B Timber Sale: Cottonwood Park

**Location: Powell County
Sections 20, 28, 29, 23, and 33, T16N, R13W**

Trust Beneficiaries: Common Schools, Public Buildings

Trust Revenue: \$618,847 (estimated, minimum bid)

Item Summary

Location: The Cottonwood Park Timber Sale is located approximately 8 miles northwest of Ovando, MT.

Size and Scope: The sale has four units (*1,093 acres*) of tractor logging.

Volume: Estimated harvest volume is 35,896 tons (*4.25 MMBF*) of sawlogs.

Estimated Return: The minimum bid is \$17.24 per ton which would generate approximately \$618,847 for the trust beneficiaries and \$44,152 in Forest Improvement fees.

Prescription: The sale has harvest prescriptions of shelterwood and individual tree selection. These treatments will favor healthy western larch and ponderosa pine while also retaining healthy Douglas-fir and Engelmann spruce. Timber harvest will remove ponderosa pine, Douglas-fir, western larch, lodgepole pine, and Engelmann spruce.

Road Construction/Maintenance: Approximately 1.7 miles of new road will be constructed within the timber sale area. Approximately 0.8 miles of road will be reconstructed. Road maintenance will be performed on 14.7 miles.

Access: Access is from a county road and through temporary road use permits from Shanley Creek Properties and The University of Montana Bandy Ranch.

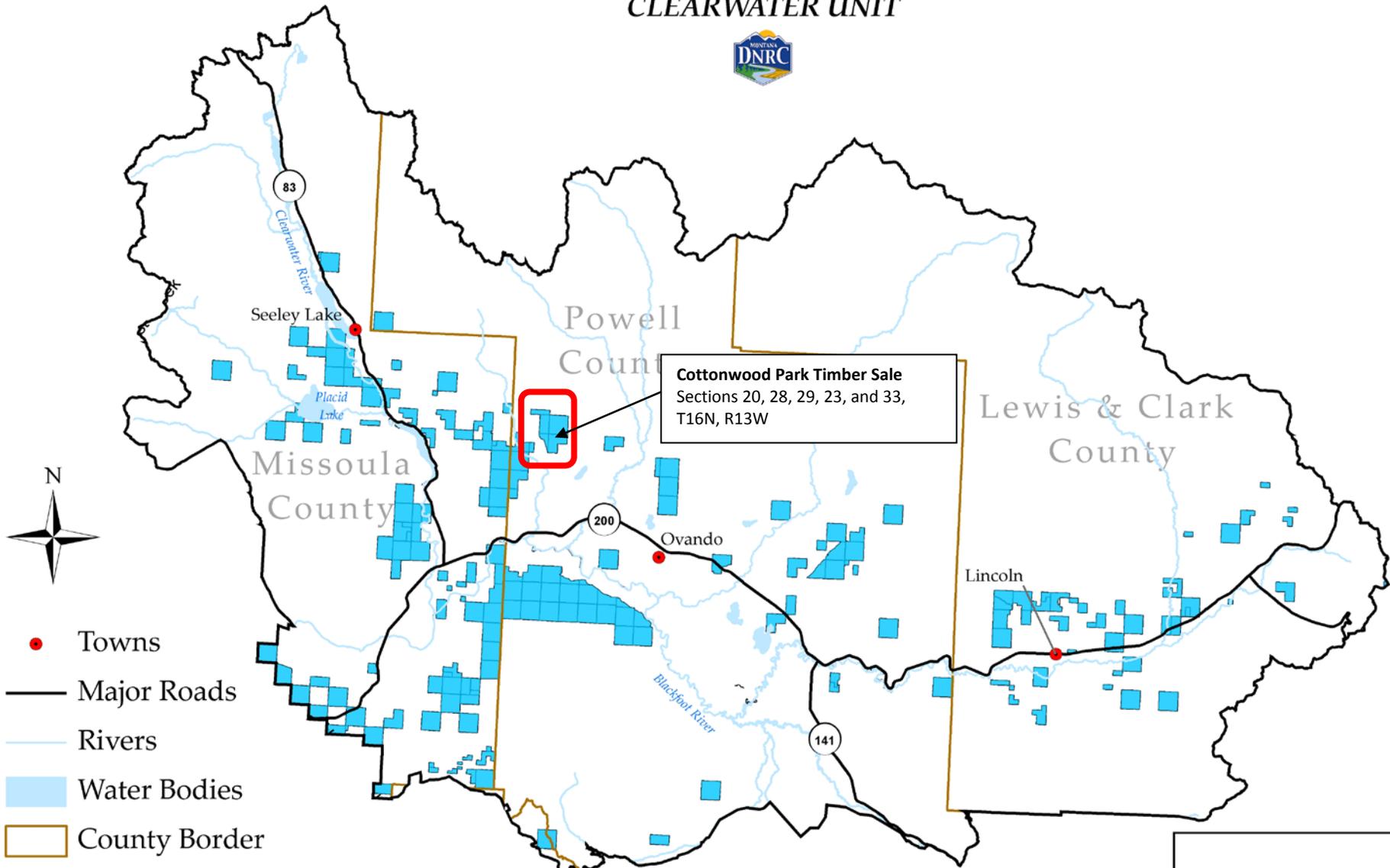
Public Comments: Comments were received from the Montana Department of Fish, Wildlife, and Parks (DFWP), Missoula County Community and Planning Services, a DNRC leaseholder, and a landowner. Most comments were for sections within this same environmental assessment but outside of the Cottonwood Parks Timber Sale. There were concerns about weeds and slash piling. Slash will be machine piled and burned in certain areas to improve mobility for weed spraying. 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 Cottonwood Park Timber Sale.

COTTONWOOD PARK TIMBER SALE VICINITY MAP CLEARWATER UNIT

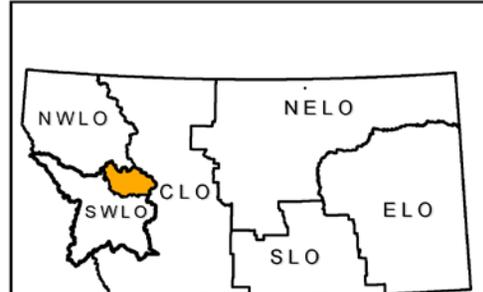
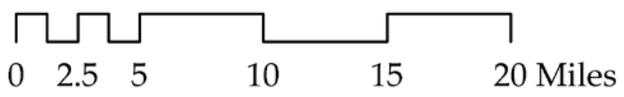
0518-2B



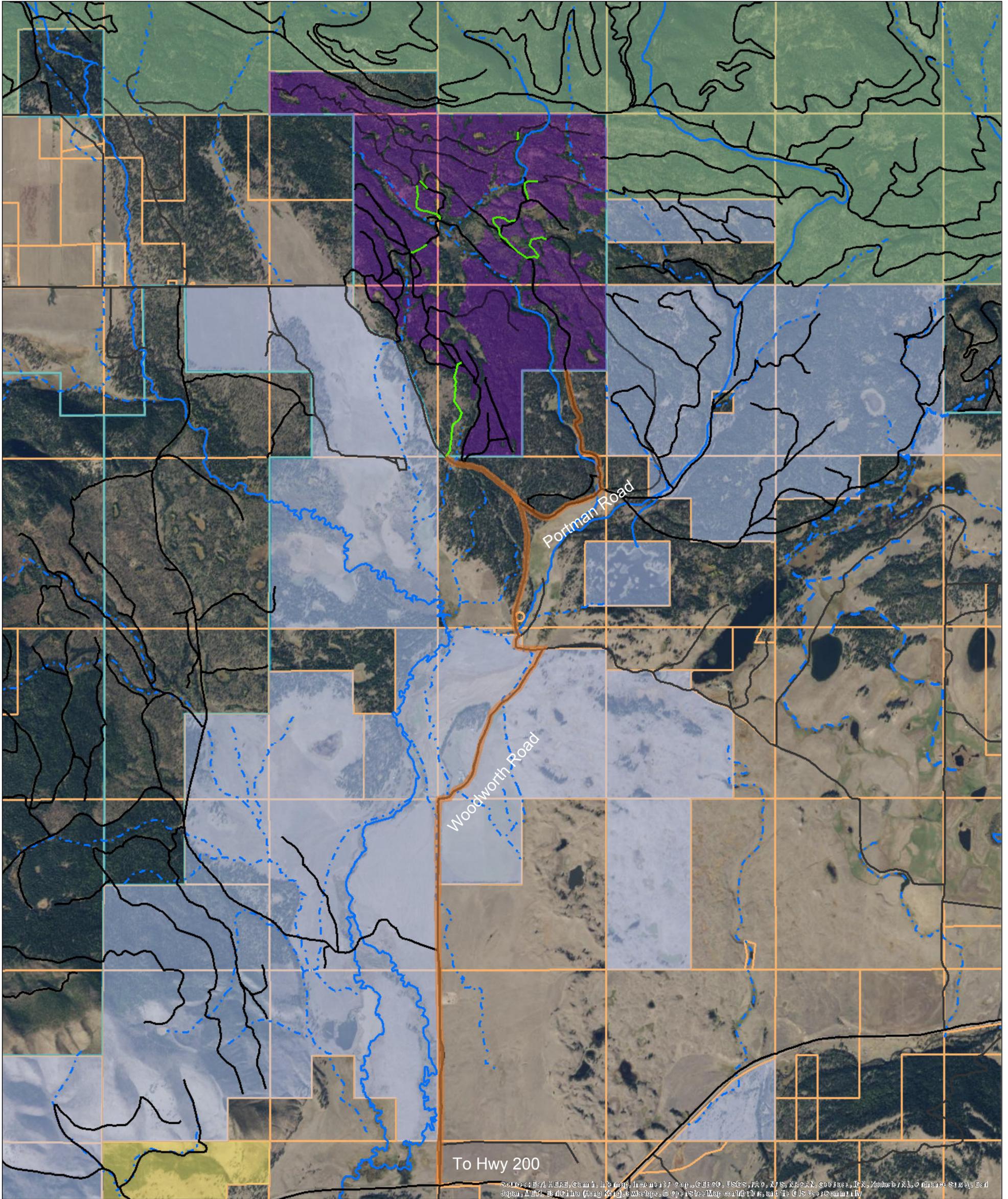
Cottonwood Park Timber Sale
Sections 20, 28, 29, 23, and 33,
T16N, R13W



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



Cottonwood Park Timber Sale Harvest Unit and Haul Route Map



Source: Esri, HERE, Garmin, DeLorme, GeoEye, GEBCO, USGS, FAO, NPS, NRCAN, Esri, Swisstopo, IGN, Mapbox, NL, Ordnance Survey, Esri, Japan, METI, Esri (Hong Kong), Swisstopo, © OpenStreetMap contributors, and the GIS User Community

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



**Land Board Agenda Item
May 21, 2018**

0518-2C Timber Sale: Ten Lions

**Location: Lake County
Sections 9, 10 and 11, T23N, R18W**

Trust Beneficiaries: Common Schools

Trust Revenue: \$431,278 (estimated, minimum bid)

Item Summary

Location: The Ten Lions Timber Sale is located approximately 10 miles southwest of Swan Lake, MT.

Size and Scope: The sale includes 3 harvest units (*327 acres*) of skyline and tractor logging.

Volume: The estimated harvest volume is 14,131 tons (*2.5 MMBF*) of sawlogs.

Estimated Return: The minimum bid is \$30.52 per ton, which would generate approximately \$431,278 for the Common Schools Trust and approximately \$30,240 in Forest Improvement fees.

Prescription: This sale has harvest prescriptions of overstory removal and old growth maintenance. These treatments will promote growth of natural regeneration by removing competition and increase the resiliency of the old growth portions of the sale. Timber harvest will remove Douglas fir, western larch, Engelmann spruce, red cedar, lodgepole pine, white pine, and white fir.

Road Construction/Maintenance: DNRC is proposing 0.6 miles of new permanent road construction, 0.5 miles of road reconstruction, and 12.94 miles of road maintenance.

Access: Access is obtained through the Fatty Creek, Whitetail, and Main Woodward Road systems.

Public Comments: Three letters were received in response to the Wood Lion Draft Environmental Impact Statement. The comments ranged from concerns about old growth, roads, wildlife, water quality, and wildlife habitat. All comments and DNRC responses are included in the Final Environmental Impact Statement.

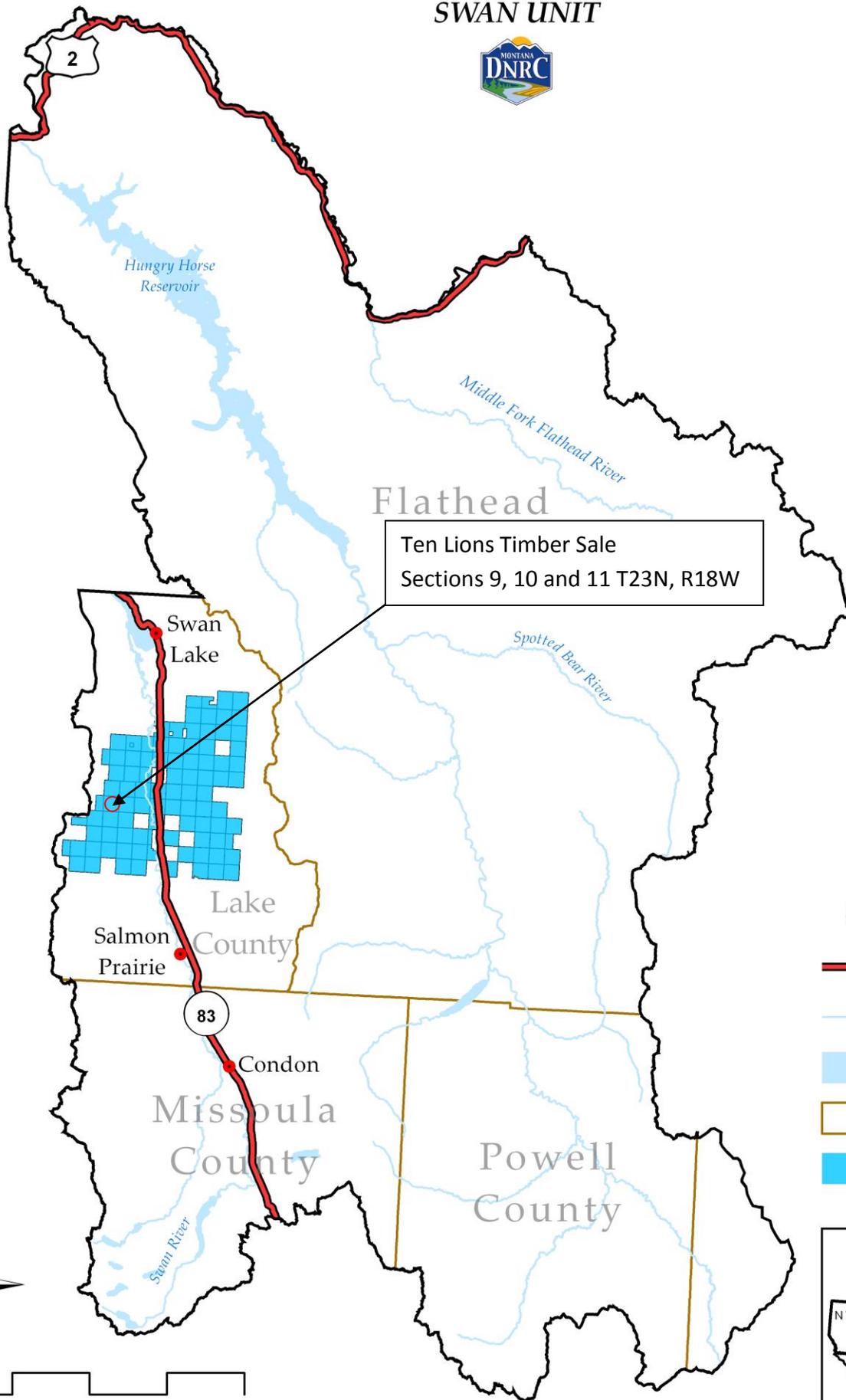
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Ten Lions Timber Sale.

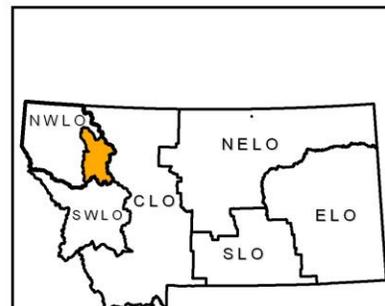
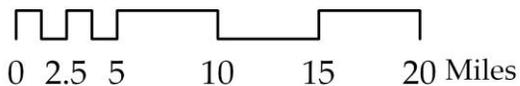
TEN LIONS TIMBER SALE VICINITY MAP

0518-2C

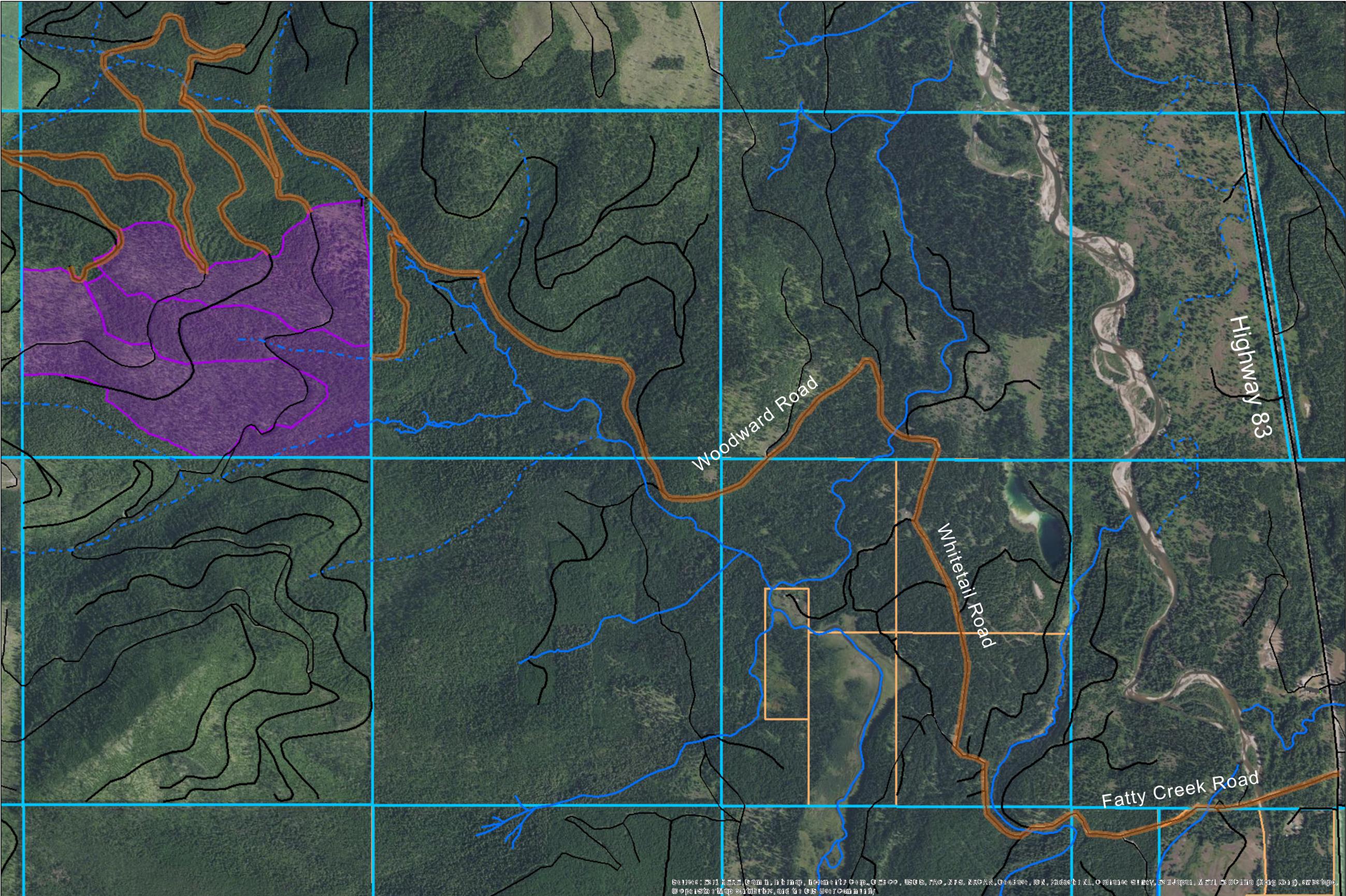
SWAN UNIT



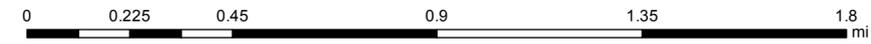
- Towns
- Major Roads
- Rivers
- Water Bodies
- County Border
- State Trust Land



Ten Lions Timber Sale Haul Route Map



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



**Land Board Agenda Item
May 21, 2018**

0518-2D Timber Sale: Wallace Cramer

Location: Missoula County

Wallace: Sections 12, 13 & 24, T12N, R17W

Cramer: 26 T12N R16W, 16 & 21 T12N R15W

Trust Beneficiaries: Common Schools, Acquired lands-public schools

Trust Revenue: \$300,075 (estimated, minimum bid)

Item Summary

Location: The Wallace portion is located approximately 15 miles east of Missoula, MT.

The Cramer Creek portion is located in the Cramer Creek drainage, 25 miles east of Missoula, MT.

Size and Scope: In the Wallace portion, the sale includes 7 harvest units (*240 acres*) of tractor and skyline logging.

In the Cramer portion, the sale includes 9 harvest units (*714 acres*) of tractor and skyline logging.

Volume: The estimated harvest volume is 29,077 tons (*3,967 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$10.32 per ton, which would generate approximately \$300,075 for the trust beneficiaries and approximately \$41,289 in Forest Improvement fees.

Prescription: In the Wallace portion, the timber sale would primarily utilize an individual tree selection harvest prescription to reduce stand density by removing shade tolerant species. Douglas-fir are currently being impacted by Douglas-fir dwarf mistletoe, root rot, and western spruce budworm. The treatment would not only improve stand vigor; it would also promote seral species bringing stands closer to historic conditions. Within some harvest units, sanitation cuts would occur at spacing similar to seed tree spacing specifications. In these areas, high amounts of mistletoe infected Douglas-fir would be removed to promote a healthier stand. Following the timber harvest, areas with once high concentrations of Douglas-fir dwarf mistletoe may be planted with a more resistant species, such as ponderosa pine or western larch.

In the Cramer portion, the timber sale has a combination of salvage and sanitation harvest designed to reduce insect and disease issues, as well as remove trees with poor growth characteristics (forks, crook, sweep). Post-harvest, 470 acres would be planted with ponderosa pine and western larch to promote species that were historically on the landscape.

Road Construction/Maintenance:

In the Wallace section, DNRC is proposing 1.4 miles of new permanent road construction. 1.14 miles of road would be abandoned and/or partially reclaimed and 7.75 miles of road would be maintained.

In the Cramer section, DNRC is proposing 2.4 miles of new road construction and 23.4 miles of road maintenance.

Access:

In the Wallace section, access has been obtained to this timber sale via permanent easement and a temporary road use permit from The Nature Conservancy (TNC).

In the Cramer section, access to the project area is through county road and a permanent easement through TNC.

Public Comments: Portions of this timber sale were previously approved by the Land Board and descriptions of those public comments are included in the Sliver Me Timber and Ike-Wallace Timber Sale agenda items.

DNRC received five letters during the scoping period for the Camas Back Timber Sale. The Northern Cheyenne Tribe sent a letter deferring comments to the nearest tribe. The Confederated Salish and Kootenai Tribes indicated that they were aware of one cultural site. DNRC informed the tribal historic preservation officer that it will conduct a Class III inventory in the spring of 2018. DNRC also offered to share a copy of the inventory report and SHPO consultation once the documentation is available. DNRC will adjust the location of ground disturbing activities from the results of the Class III inventory work to avoid any cultural resources. Two landowners were concerned about elk corridors, snow drifting on their access route as well as grading, impact, and reseeded. Elk corridors were addressed in the wildlife section of the environmental assessment. All newly disturbed soils on road cuts and fills will be reseeded to site adapted grasses to reduce weeds and stabilize roads. DNRC is working with the only landowner that we know to have access across state land to mitigate snow drifts. A landowner asked DNRC to enforce speed limits and haul schedules. Haul routes were identified in the EA. While DNRC does not have the authority to set speed limits on county roads, harvest operations will be posted with signs along the haul route and within the units.

DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Wallace Cramer Timber Sale.

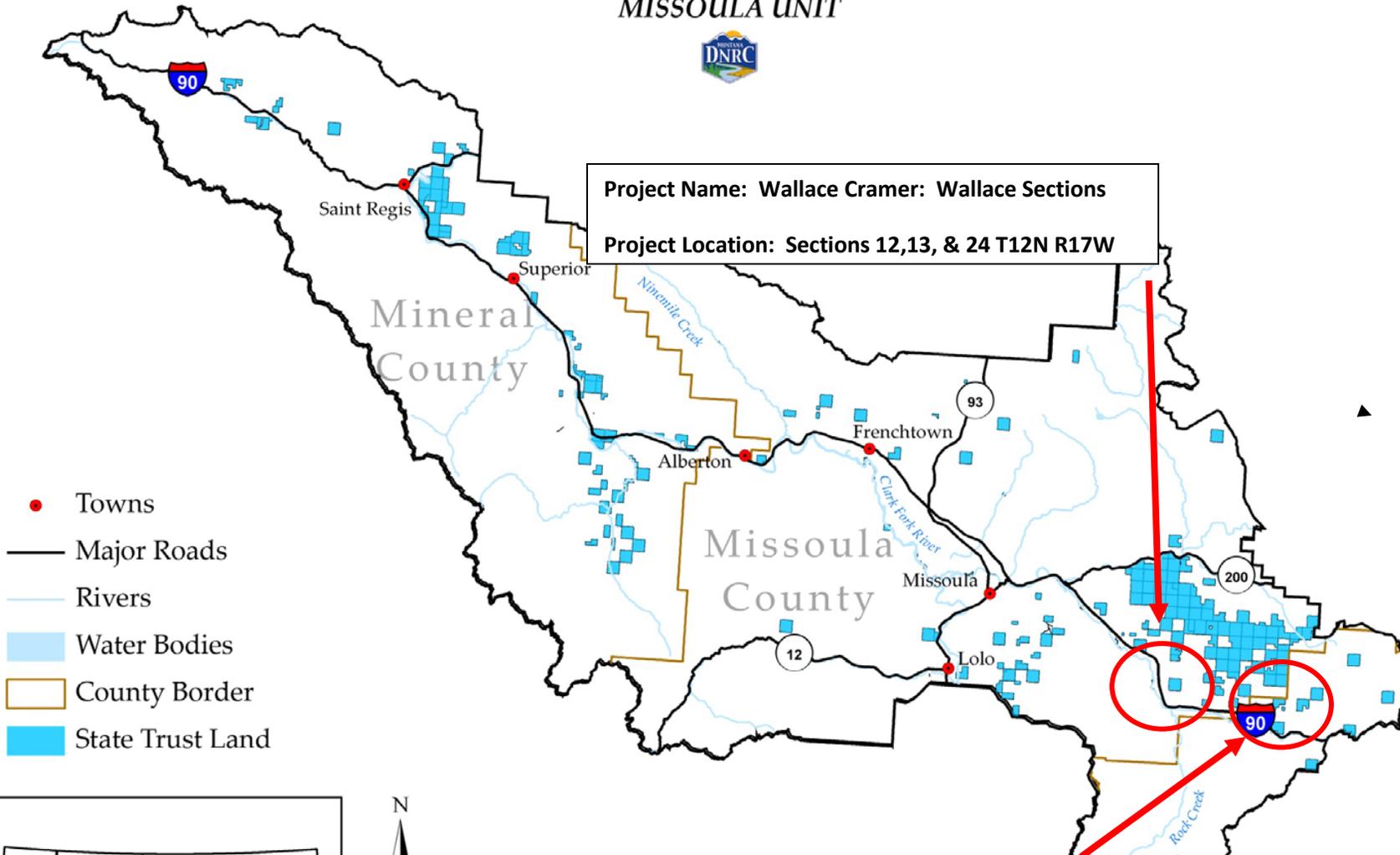
WALLACE CRAMER TIMBER SALE VICINITY MAP

MISSOULA UNIT

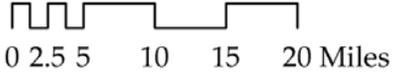
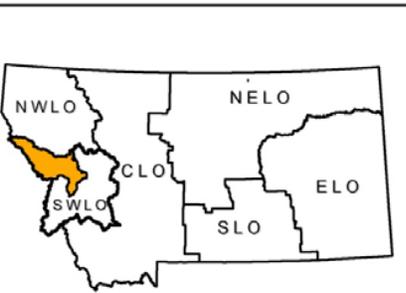


Project Name: Wallace Cramer: Wallace Sections

Project Location: Sections 12,13, & 24 T12N R17W



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



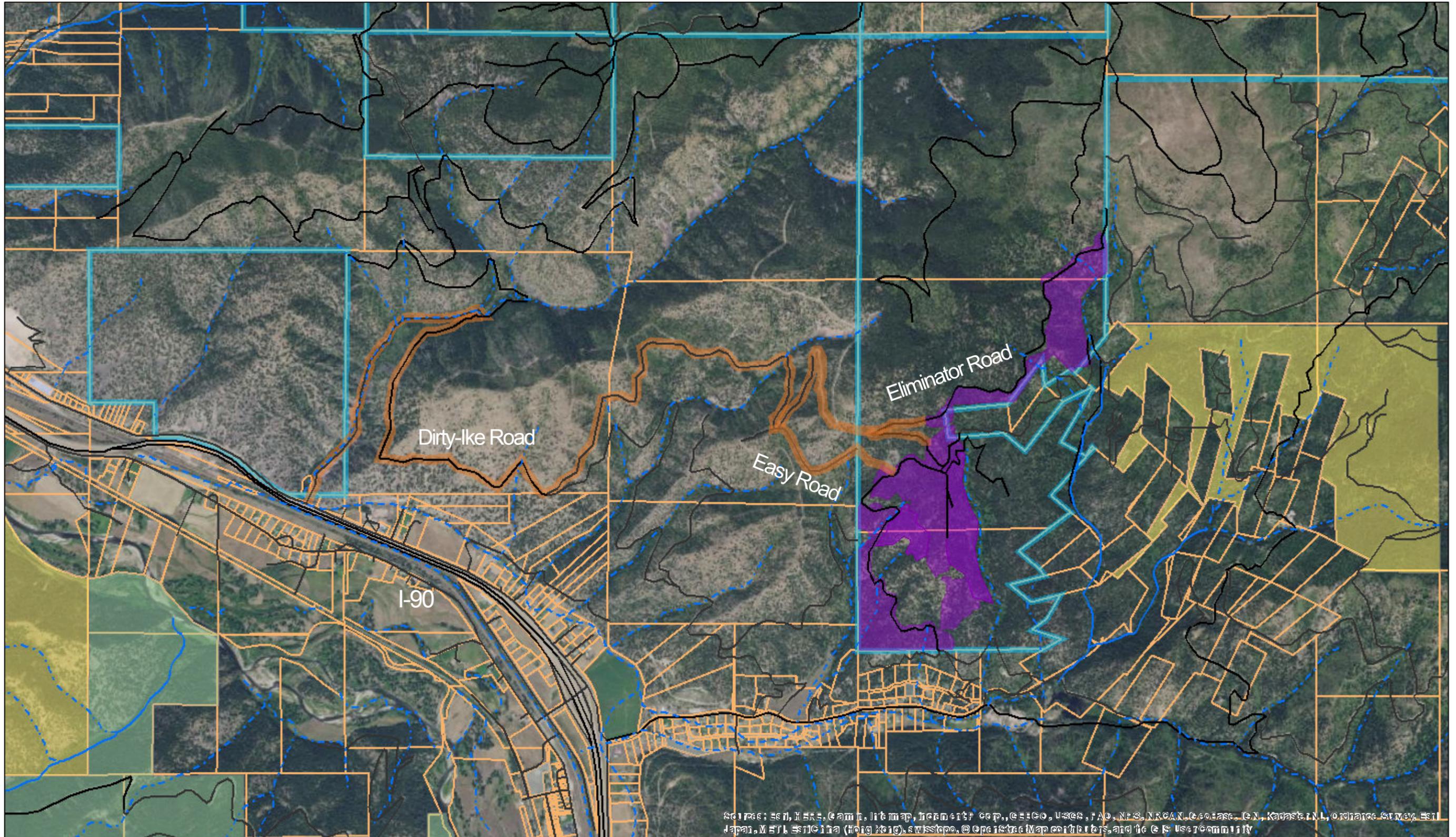
Project Name: Wallace Cramer: Cramer Sections

**Project Location: Sections 16 & 21 T12N R15W &
Section 26 T12N R16W**

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

Wallace Cramer Timber Sale Harvest Unit and Haul Route Map

0518-2D

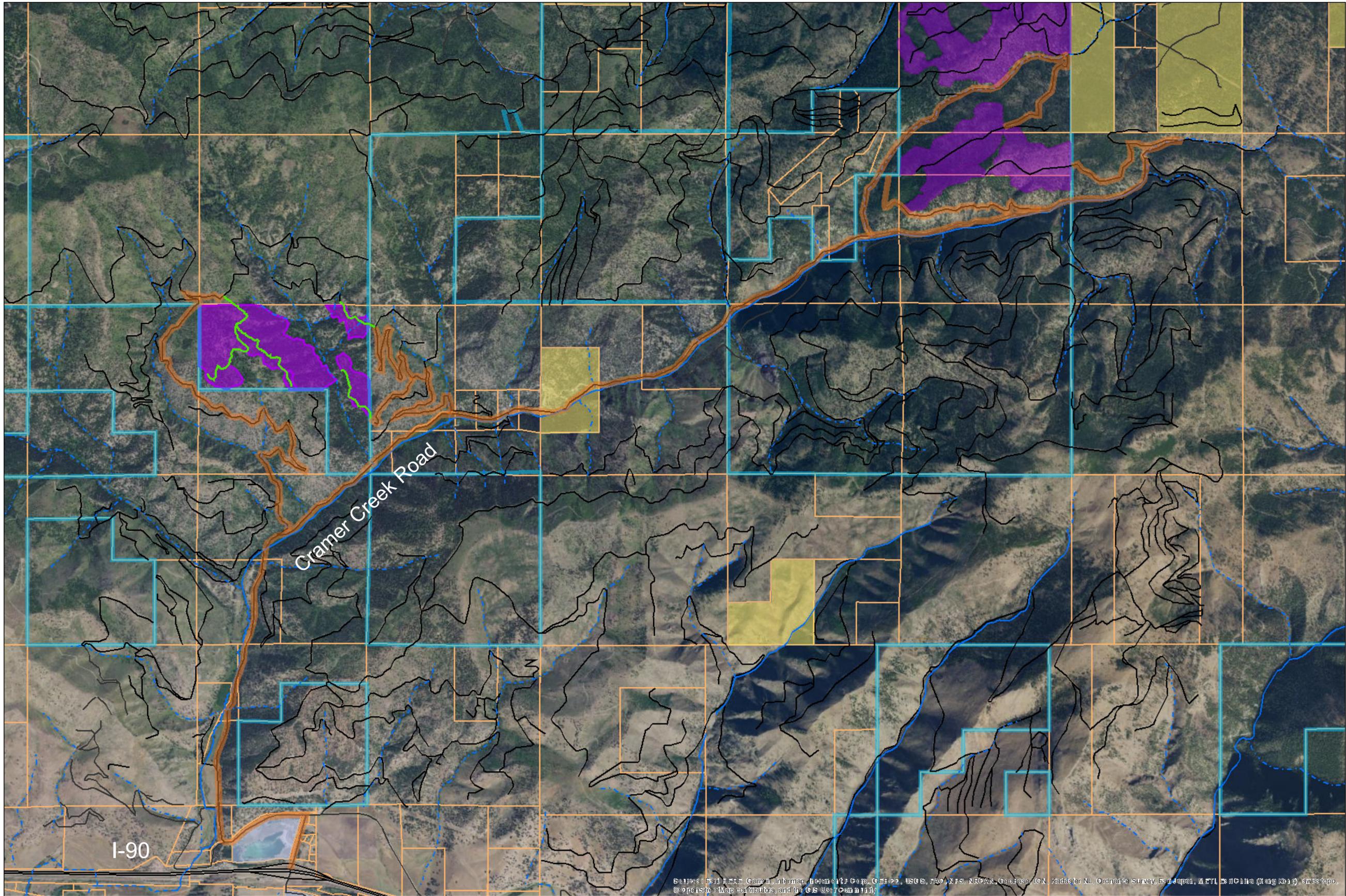


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| Road Reconstruction | Proposed Harvest Units | BLM Land |
| Haul Route | DNRC Surface Tracts | MT FWP |



Wallace Cramer Timber Sale Haul Route Map



Source: Esri, DeLorme, Intermap, IntraMap, IGN, GEBCO, USGS, FAO, NPS, NRCAN, GeBCO, IGN, Kadaster NL, Ordnance Survey, Esri Japan, Swisstopo, © OpenStreetMap contributors, and the GIS User Community

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| Road Reconstruction | Proposed Harvest Units | BLM Land |
| Haul Route | DNRC Surface Tracts | MT FWP |



0518-3

Agriculture and Grazing Leases:

Competitive Bid Hearings

- A. Lease No. 3204 - Jim & Heather Dye
(Lessee) /John Deegan (Bidder)
- B. Lease No. 9754 - Robert & Helen Bell
(Lessee)/Trenton Streeter (Bidder)

0518-3 Agriculture and Grazing Leases: Competitive Bid Hearings**A. Lease No. 3204 – Jim & Heather Dye (Lessee)/John Deegan (Bidder)****Location: Judith Basin County****Trust Benefits: Common Schools****Trust Revenue: \$6,037 Annually****B. Lease No. 9754 – Robert & Helen Bell (Lessee)/Trenton Streeter (Bidder)****Location: Golden Valley County****Trust Benefits: Common Schools****Trust Revenue: \$9,230 Annually****Item Summary**

On April 30, 2018 the Department of Natural Resources and Conservation held Competitive Bid Hearings for State of Montana Agricultural and Grazing Leases Nos. 3204 & 9754, which are being renewed. If the Lessee wishes to renew the lease for another term he or she must submit an application. If other persons inquire about the availability of a lease, their names and addresses are noted in the file and they are sent applications and bid forms at the time of lease renewal. If a Lessee exercises the preference right but believes that the bid amount is excessive, he or she may request a hearing before the director. The purpose of the hearing is twofold: 1) to determine the best-qualified Lessee for the upcoming lease term; and 2) to ascertain the appropriate rental rate for that term.

DNRC Recommendation

Based on information and testimony at the hearings, the director recommends the following:

Lease #533 – The director recommends the lease be issued to the existing lessee at \$29.25/AUM and 30% crop share.

Lease #1887 – The director recommends the lease be issued to the high bidder at \$40.00/AUM and 33% crop share.

2018 COMPETITIVE BID HEARINGS

**Findings and Recommended Rental Rates for
Agricultural and Grazing Leases Nos.
3204 and 9754**

**A report to the State Board of Land Commissioners by
John E. Tubbs, Director
Montana Department of Natural Resources and Conservation
May 1, 2018**

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 High Bidder: John Deegan6

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 Lessee: Robert & Helen Bell
 High Bidder: Trenton Streeter.....10

INTRODUCTION

On April 30, 2018, the Department held Competitive Bid Hearings for State of Montana Agricultural and Grazing Leases Nos. 3204 and 9754, which are being renewed in 2018. If a Lessee wishes to renew the lease for another term he or she must submit an application. If other persons inquire about the availability of a lease, their names and addresses are noted in the file and they are sent applications and bid forms at the time of lease renewal.

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

As part of its constitutional power, the Land Board may also determine the rate at which such leases will be issued. The Land Board has recognized that full market value encompasses the concept of sustained yield. Section 77-6-101 MCA. In Jerke v. State Dept. of Lands, 182 Mont. 294, at 296-297, 597 P.2d 49 at 50-51 (1979), the Montana Supreme Court held that a Grazing District which was not a lessee of a state grazing lease could not exercise a preference right. The Court described the rationale of the preference right to meet a high bid as follows:

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

Id.

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

No Applicant for a grazing lease can compel the State Board of Land Commissioners to grant it an interest in state trust lands, especially where the concept of sustained yield is ignored. See, Skillman v. Department of State Lands, 188 Mont. 383, 613 P.2d 1389 (1980); Gibson v. Stewart, 50 Mont. 404, 147 P. 276 (1915)(Whether a tract of state land shall be leased is a question addressed to the sole discretion of the Land Board.); §77-6-206, MCA

([T]he board may withdraw any agricultural or grazing land from further leasing for such period as the board determines to be in the best interest of the state".)

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

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

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

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

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

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

The current policy of the Board authorizes the Director of the Department to hold the competitive bid hearings; hear the evidence; and make recommendations to the board. Since the recommendations are based upon the evidence presented at the hearing, the Board members should avoid consideration of information outside the hearing record.

This year the Director granted requests for hearing on two leases. The hearings were conducted on April 30, 2018, at the offices of the Department in Helena, Montana. All hearings were electronically recorded and all witnesses testified under oath. However, the hearings were conducted in an informal manner. Department personnel present at the hearings were: Director John E. Tubbs; Agriculture & Grazing Management Bureau Chief Kevin Chappell; DNRC Chief Legal Counsel Danna Jackson; DNRC Trust Land Attorney Ada Montague and Lewistown Land Use Specialists Barny Smith and Brandon Sandau. Also present was Melissa Schlichting representing the Attorney General's Office.

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

0518-3 Agriculture and Grazing Leases: Competitive Bid Hearings**A. Lease No. 3204 – Jim & Heather Dye (Lessee)/John Deegan (Bidder)****Location: Judith Basin County****Trust Benefits: Common Schools****Trust Revenue: \$6,037 Annually**

2018 COMPETITIVE BID HEARINGS

Hearing Time: Monday, April 30, 2018 @ 3:00 p.m.

Lease No.: 3204

County: Judith Basin

Lessee: Jim & Heather Dye

Tracts:

T16N R13E S31: E½SE¼ – 80 Ac. - Common School Grant

T16N R13E S32: S½, SE¼NE¼, E½SW¼NE¼ - 380 Ac. - Common School Grant

Grazing Acres: 297.1 AUM Rating: 95

Hay Acres: 162.9

High Bidder: John (Jack) Deegan

High Bid: \$50.00 per AUM and ⅓ Crop Share

Other Bids: None

Previous Rental: Minimum

Prevalent Community Rental Information:

State Land Judith Basin County Bid Averages: \$29.25/AUM & ⅓ crop share

MT Ag Statistics 2017 Statewide Private Grazing Rate: \$24.50/AUM

Findings:

Jim and Heather Dye appeared and testified as lessees. John Deegan appeared and testified as the high bidder.

The state land is located approximately 6 miles southeast of Stanford. It consists of 297.1 acres of grazing land and 162.9 acres of expired CRP land which are now used for hay production. The tract is accessible from a county road along the western border of the lease. The lessees also have access from deeded land to the south which they are purchasing. A stockwater reservoir is located in the northwest corner of the lease to provide water. Portions of the lease are fenced but much is in disrepair.

The Dyes testified they have been farming & ranching since 1992 and are progressive and diversified in their operation. They are active in many organizations and Mr. Dye serves on the Farm Bureau state small grains committee. They acquired the lease from Willis Clark approximately a year ago. Mr. Clark is 89 years old and had not been able to actively maintain

fence or control weeds for some time. The Dyes plan to re-establish the cross fences on the lease to allow for a rotational grazing system. They are also re-fencing the south lease boundary which further allows them to control livestock use between the state lease and their deeded property.

The lease contains an old artesian well that flows into the reservoir and the Dyes have placed a tire tank at that site to provide a better water source and keep livestock from concentrating around the reservoir. This combined with the cross fencing will also allow them to aftermath graze the hay land in the fall. The Dyes acknowledged the need to renovate the haylands to increase production.

The lessees have been aggressive with their weed management, as whitetop had become established under the previous lessee. They have been successful in reducing the infestation to spot locations by using chaparral herbicide.

The lessees testified that they are aware of private leases that are well below the bid rate and do not require the lessee to fix fence or spray weeds. In discussions with the county extension agent, that were told that leases in the area range from \$27 to \$35 per AUM.

Jack Deegan testified that he has deeded property on the southeast border of the lease and that his son has the state farm ground on east border. He would like to turn the hay land to grazing and develop 4 pastures using electric fence. The lease would also provide water for his deeded land and his son's lease, neither of which have a water source. Mr. Deegan testified that he would spray the weeds.

Mr. Deegan discussed the fencing between the Dyes and his and his son's property and the concern of livestock trespass.

Mr. Deegan went through the calculations he used to arrive at his bid rate including trucking and management costs in addition to the rate he paid last year of \$35.00 per AUM. He also testified to leases he had in 2015 and 2016 at \$45 per AUM.

Mr. Deegan was asked about a state lease he previously held which was not renewed back to him due to management issues. He responded that from the mid 1990's to 2011, they did not receive much moisture. He also felt that was in the past and anyone could look at the leased ground going forward anytime they wished.

Recommendation:

The Director recommends that Jim and Heather Dye be retained as lessees of State Lease No. 3204. The evidence presented shows that they have worked to make substantial improvement to the lease since acquiring it, with a goal of increasing its productivity through proper management. Neither party presented evidence that \$50.00 per AUM was the community standard for grazing leases in Judith Basin County. The lessees did testify that the County Extension Agent was aware that private leases ranged from \$30.00 to \$35.00 per AUM, with the landowner paying expenses. The Director recommends the lease be issued at the Judith Basin County State Land grazing bid rate of \$29.25 per AUM and a 30% crop share with the requirement that the hay fields be renovated during the lease term.

0518-3 Agriculture and Grazing Leases: Competitive Bid Hearings**B. Lease No. 9754 – Robert & Helen Bell (Lessee)/Trenton Streeter (Bidder)****Location: Golden Valley County****Trust Benefits: Common Schools****Trust Revenue: \$9,230 Annually**

2018 COMPETITIVE BID HEARINGS

Hearing Time: Monday, April 30, 2018 @ 4:00 p.m.

Lease No.: 9754

County: Golden Valley

Lessee: Robert & Helen Bell

Tracts:

T6N R20E S36: All – 640 Ac. - Common School Grant

Grazing Acres: 530.03

AUM Rating: 162

Hay Acres: 109.97

High Bidder: Trenton Streeter

High Bid: \$40.00 per AUM and 33% Crop Share

Other Bids: None

Previous Rental: Minimum

Prevalent Community Rental Information:

State Land Golden Valley County Bid Averages: \$17.74/AUM & 40% crop share

MT Ag Statistics 2017 Statewide Private Grazing Rate: \$24.50/AUM

Findings:

Robert & Helen Bell appeared and testified as lessees. Jerri & Rafe Shreffler appeared and testified as prospective purchasers of the Bell's property with the intent of having the lease assigned to them if the Board awards it back to the Bells. Trenton and Monty Streeter appeared and testified as the high bidder.

The state land is located approximately 7 miles southeast of Ryegate. It consists of 530 acres of grazing land and 110 acres of hay land. The tract is accessible from Sand Road, which is a county road running along the entire north border of the lease. Water is provided by two stock tanks which are serviced by a well to the south of the lease. An intermittent creek also runs through the property. The lease is fenced on all four sides.

Mr. Bell began the testimony by explaining he had purchased the ranch which included this lease approximately 10 years ago. Subsequently, health issues limited his ability to manage the property or work with the operator he chose to run on the ranch. This has allowed Dalmation toadflax to become established on the lease. Mr. Bell stated that the hayland has consistent production, but that it was completely hailed out last spring. Mr. Bell also noted that the water

from the well that feeds the tanks on the state lease is of marginal quality.

After matching the competitive bid for the lease, Mr. Bell was contacted by the Shrefflers about purchasing his property, which they have agreed to.

Jerri Shreffler testified that her husband Rafe has a lifetime of ranching experience with his family and they have been ranching together since 2008. They will work towards eradicating noxious weeds by developing a weed management plan with Meriel Beck, the county weed coordinator. They do have a side-by-side set up with a sprayer unit. To reduce the spread of cheatgrass, they would plan on early season grazing using electric fencing. On the hayland, they are willing to farm the acreage for two years which will allow them to spray the weeds and then seed the acreage back to alfalfa & grass. They do have the equipment for farming and haying. Lastly, they felt the bid was a little high but were willing to accept rate.

Trenton Streeter testified that he is a 25-year-old beginning farmer and rancher. He grew up and has lived in the Ryegate area his entire life on a family farm and ranch operation. He has a business finance degree from MSU Billings and graduated at the top of his class. This year he submitted bids for renewal leases in Golden Valley County because he has his own livestock and is in need of pasture. He stated that it is very competitive to find land in this area which makes it difficult for a beginning farmer and rancher without incurring substantial debt. He submitted 4 years of records showing that his father was paying \$40 per AUM for a private lease and felt that was the level he needed to bid to get the lease. His plan is to run pairs or yearlings in the spring to have access to the water available in the 2 drainages located on the lease. He recognizes that this is public land and would like to be off the lease in the fall during hunting season. He would like to keep the hay in alfalfa/grass and will be able to renovate it whenever necessary. He also would consider inter-seeding as an option to increase production. He plans to harrow the hay land in the spring to control the cheatgrass. He would like to cross fence the creek to prevent damage to the riparian area & the wildlife habitat, and fence off the hay land to allow for better management. For fencing, he would consider either a 4 wire or possibly an electric fence, to allow for wildlife movement. Another option to prevent overgrazing in the bottoms is to drill a well for offsite water. He was aware that the lower areas of the creek spreads out and has significant waterfowl and wildlife habitat. Weed management would be spot spraying along creek and pasture where necessary. His goal is to work the land for ag production while keeping in mind that it is public land and will work to improve wildlife habitat as well. He has access to all the necessary farming and haying equipment to manage this lease.

Monte Streeter testified the rate was high but it's just not possible for a new person to start out by buying property. He confirmed that Trenton has access to a full line of farming and haying equipment and that he is a 4th generation rancher/farmer. He also testified that he believed this hearing should have only been between Trent and the Bells because that was the bidding process. He stated that Trent has the necessary experience to manage this lease due to the fact that he has helped run half of their ranch, which is in 2 locations, taking care of 200 cows and farming about 600 acres.

Recommendation:

The Director recommends the lease be awarded to Trenton Streeter at the bid rate of \$40.00 per AUM & 40% crop share. Mr. Streeter presented a plan of operation for the lease that will address the issues that have developed over the last 10 years and will return it to its productive capacity. Mr. Streeter also recognizes the importance of these lands as wildlife habitat and for their recreational values, and has committed to make this a part of his goals in managing the lease.

0518-4

Land Banking Parcels:

Preliminary Approval for Sale

**Land Board Agenda Item
May 21, 2018**

0518-4 Land Banking Parcel: Preliminary Approval for Sale

Location: Deer Lodge County

Trust Benefits: Common Schools

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval to sell one parcel totaling approximately 40 acres nominated for sale in Deer Lodge County. The sale was nominated by the lessee and is located approximately 12 miles south of Deer Lodge, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
919	40±	NE4NE4 T6N-R10W Sec. 36	Peggy Beck	Common Schools

The land is adjacent to the Galen Tuberculosis Sanitarium, which was established in 1912 and closed in 1993. The acreage nominated for sale comprised the dairy farm for the sanitarium. The buildings on the nominated parcel have deteriorated considerably. The primary purpose of the potential sale of this parcel is to remove the liability to the State of Montana. Due to lack of funding and ability to maintain the buildings, the DNRC has determined it is in the best interest of the trustee to sell the land through the land banking process. The buildings will be conveyed with the land and without the obligation to restore or maintain the buildings. These buildings are on the State Historic Preservation Office's register. The department has consulted with the SHPO and met all requirements of the state Antiquities Act.

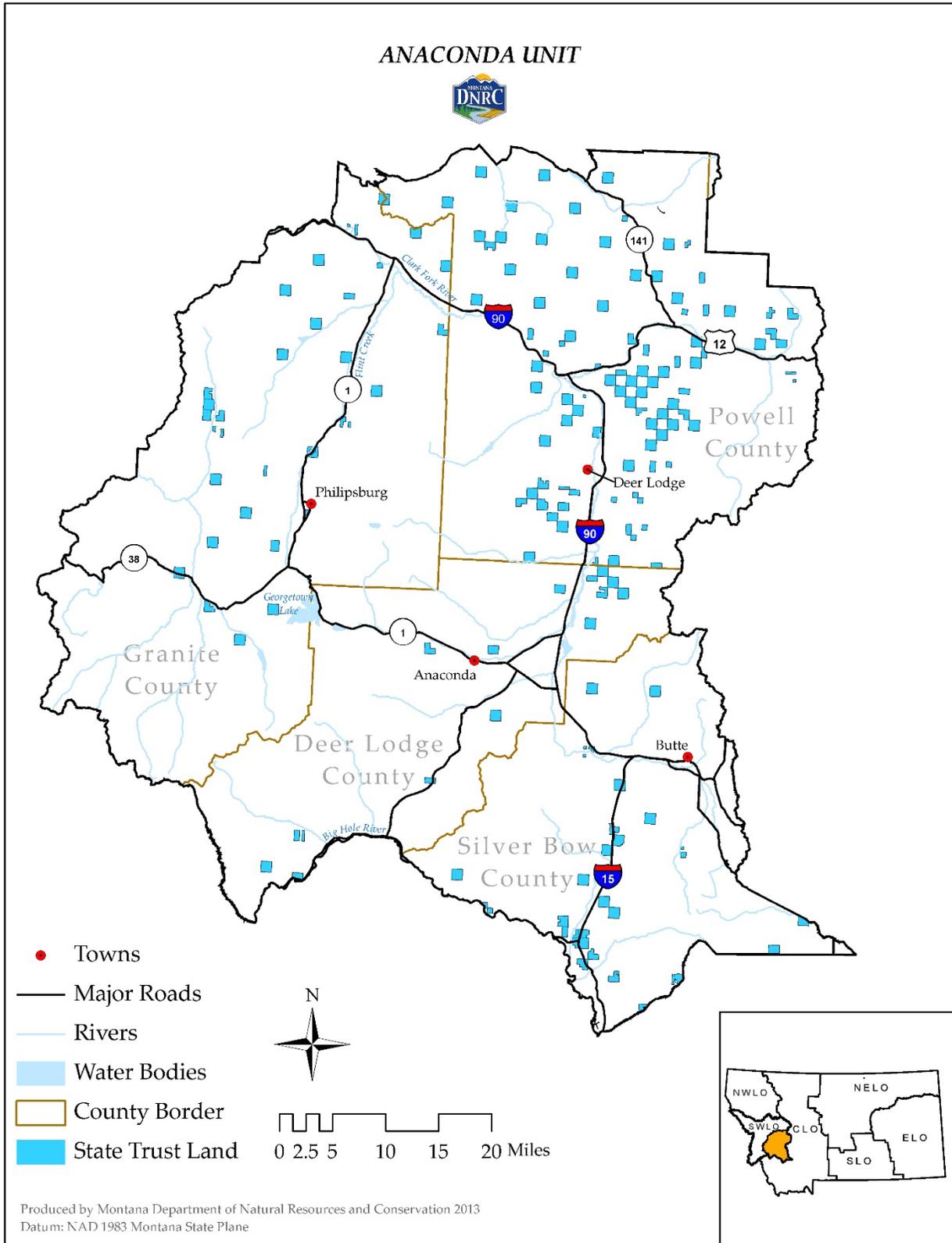
The sale parcel has been used primarily for livestock grazing purposes.

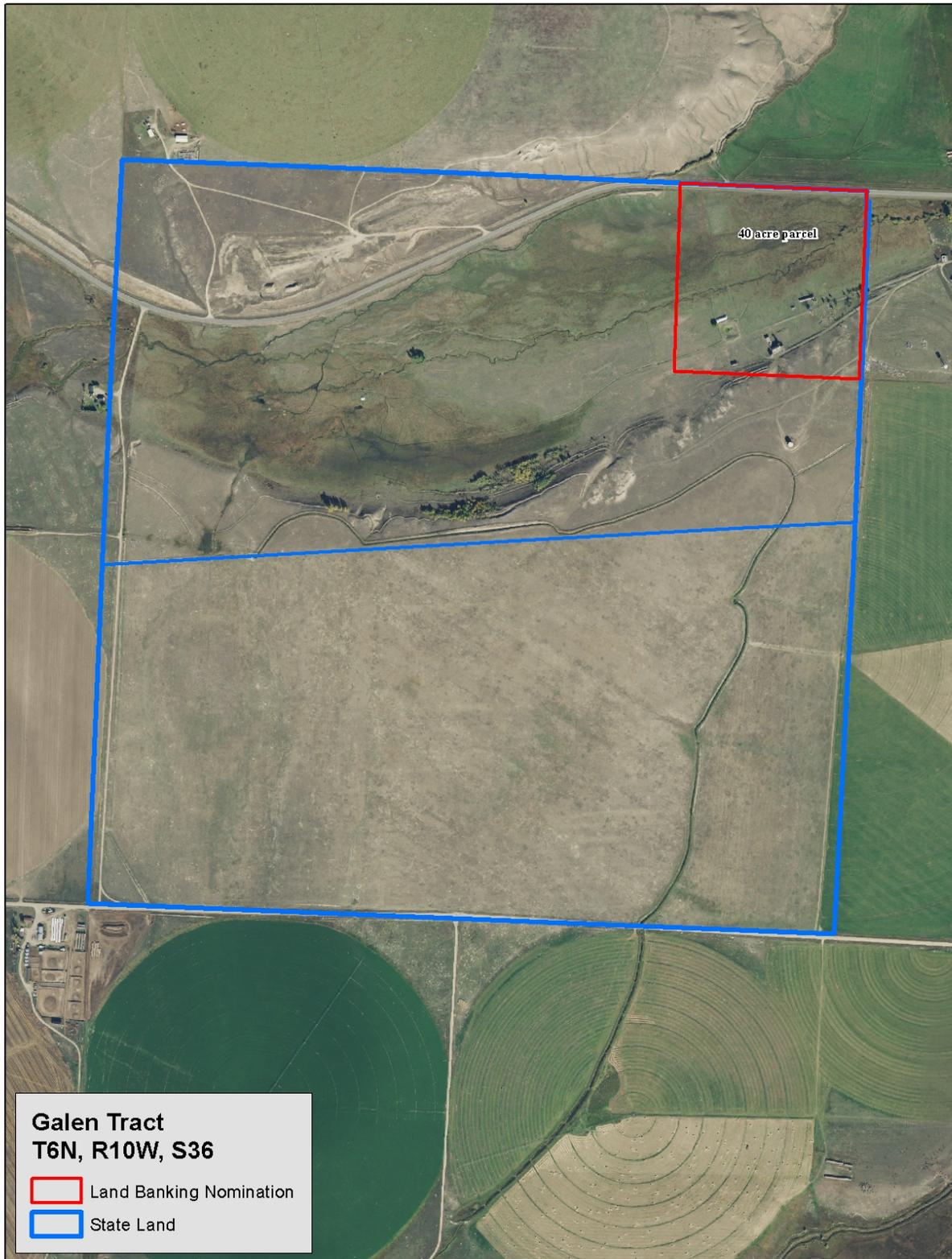
The sale parcel is legally accessible by the public.

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

DNRC Recommendation

The director recommends that the Land Board give preliminary approval to sell this parcel.





0518-5

Cabin and Home Site Sales:

Preliminary Approval for Sale

**Land Board Agenda Item
May 21, 2018**

0518-5 Cabin and Home Site Sales: Preliminary Approval for Sale

Location: Chouteau, Flathead, Gallatin, Lake, Lewis & Clark, Lincoln, Missoula, Sanders, Sheridan Counties
 Trust Benefits: Western College–UM/Eastern College–MSU, Common Schools, School for the Deaf & Blind, MSU 2nd, Pine Hills
 Trust Revenue: (appraisal to be completed after preliminary approval)

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of 31 cabin and home sites nominated for sale in Chouteau, Flathead, Gallatin, Lake, Lewis & Clark, Lincoln, Missoula, Sanders, Sheridan Counties. These sales were nominated by the lessees and DNRC in conjunction with the Cabin and Home Site Sale Program.

Sale Number	# of Acres	Legal	Nominator	Trust
1009	0.41 ±	Lot 1, New World Gulch T3S-R6E, Sec. 1, Gallatin County	Chris Bury	Western College– UM/Eastern College–MSU
1035	1.54 ±	S of New World Gulch T3S-R6E, Sec. 1, Gallatin County	Jonathan C. Moran	Western College– UM/Eastern College–MSU
1010	0.8 ±	Lot 5, E2SE4NE4 T3S-R6E, Sec. 1, Gallatin County	Robert & Lyndsey Kaufmann	Western College– UM/Eastern College–MSU
1011	0.66 ±	Lot 3, NW4NE4 T3S-R6E, Sec. 1, Gallatin County	DNRC	Western College– UM/Eastern College–MSU
1012	3.86 ±	Lot in SE4SE4SE4 T22N-R11E, Sec. 36, Chouteau County	Charles A. Tonne	Common Schools
1013	8.37 ±	PT W2NE4 T37N-R57E, Sec. 16, Sheridan County	Aldon Joyes	Common Schools
1014	2.5 ±	PT NE4NW4NE4 T19N-R21W, Sec. 19, Lake County	Todd Ludeman	Common Schools
1015	0.87 ±	Lot 9, SE4SE4 T23N-R27W, Sec. 16, Sanders County	Nora Jean Malinak	Common Schools
1016	0.43 ±	Lot 2, Fishtrap Creek T23N-R27W, Sec. 16, Sanders County	Challis & Risa Crismore	Common Schools
1017	1.03 ±	Lot 3, Fishtrap Creek T23N-R27W, Sec. 16, Sanders County	Don Eubank	Common Schools
1018	0.26 ±	Lot 4, Fishtrap Creek T23N-R27W, Sec. 16, Sanders County	Wayne Crismore & Seth Reedy	Common Schools

1019	0.67 ±	Lot 6, Fishtrap Creek T23N-R27W, Sec. 16, Sanders County	Clifford H. & Shari D. Crismore	Common Schools
1020	0.61 ±	Lot 10, Fishtrap Creek T23N-R27W, Sec. 16, Sanders County	William, Garnet, Carla, & Sean Kinney	Common Schools
1021	2.02 ±	N2SE4NE4, less road R/W T27N-R29W, Sec. 36, Lincoln County	Jack, James, & George Williams	Common Schools
1022	2.5 ±	SE4SW4NE4NW4 T31N-R34W, Sec. 36, Lincoln County	Harlan Galbraith	Common Schools
1023	1 ±	Lot 3, Olney Townsite T32N-23W, Sec. 7 Flathead County	David Snavelly	School for the Deaf & Blind
1040	1 ±	Lot 4, Olney Townsite T32N-23W, Sec. 7 Flathead County	Joseph & Kathleen Krass	School for the Deaf & Blind
1024	1 ±	Lot 5, NE4NW4SE4, Olney Townsite T32N-23W, Sec. 7 Flathead County	Shawn Roy	School for the Deaf & Blind
1025	4.15 ±	SW4NW4 between HWY 93 & Stillwater River T32N-23W, Sec. 28 Flathead County	Neal Franson & Barb Roberts	MSU 2 nd
1026	1.04 ±	Lot 6, Elbow Lake T15N-R14W, Sec. 20, Missoula County	Jim & Rebecca Sparks	Pine Hills School
1027	0.84 ±	Lot 10, Elbow Lake T15N-R14W, Sec. 20, Missoula County	Jeffrey Denning & Terry Martin-Denning	Pine Hills School
1028	0.84 ±	Lot 15, Elbow Lake T15N-R14W, Sec. 20, Missoula County	Craig & Leonard Swartz	Pine Hills School
1037	0.69 ±	Lot 22, Elbow Lake T15N-R14W, Sec. 20, Missoula County	Steve Jarvis	Pine Hills School
1029	0.55 ±	Lot 23, Elbow Lake T15N-R14W, Sec. 20, Missoula County	Greg, Autumn, Brian, & Erin Browning	Pine Hills School
1030	2.200 ±	Lot 1, Morrell Flats T16N-15W, Sec. 14, Missoula County	Christy Hughes, Michael & Jack Hamilton	MSU 2 nd
1031	1.722 ±	Lot 14A, Morrell Flats T16N-15W, Sec. 14, Missoula County	Angela & Ken Miller	MSU 2 nd
1032	1.723 ±	Lot 16, Morrell Flats T16N-15W, Sec. 14, Missoula County	Angela & Ken Miller	MSU 2 nd
1033	1.05 ±	Lot 6, Sperry Grade T15N-R14W, Sec. 36, Missoula County	Walter J. Clark	Common Schools
1034	1.957 ±	Lot 9, Sperry Grade T15N-R14W, Sec. 36, Missoula County	Thomas, Karen, & Aaron Schilke	Common Schools

1039	1.347 ±	Lot 49, Lincoln Flats T14N-R8W, Sec. 16, Lewis & Clark County	Brian J. Weiss & Steve O. Lantz	Common Schools
1041	1.303 ±	Lot 8, Seeley Lake Outlet East T16N-R15W, Sec. 4, Missoula County	Inga Ann & Eric Ibey	MSU 2 nd

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

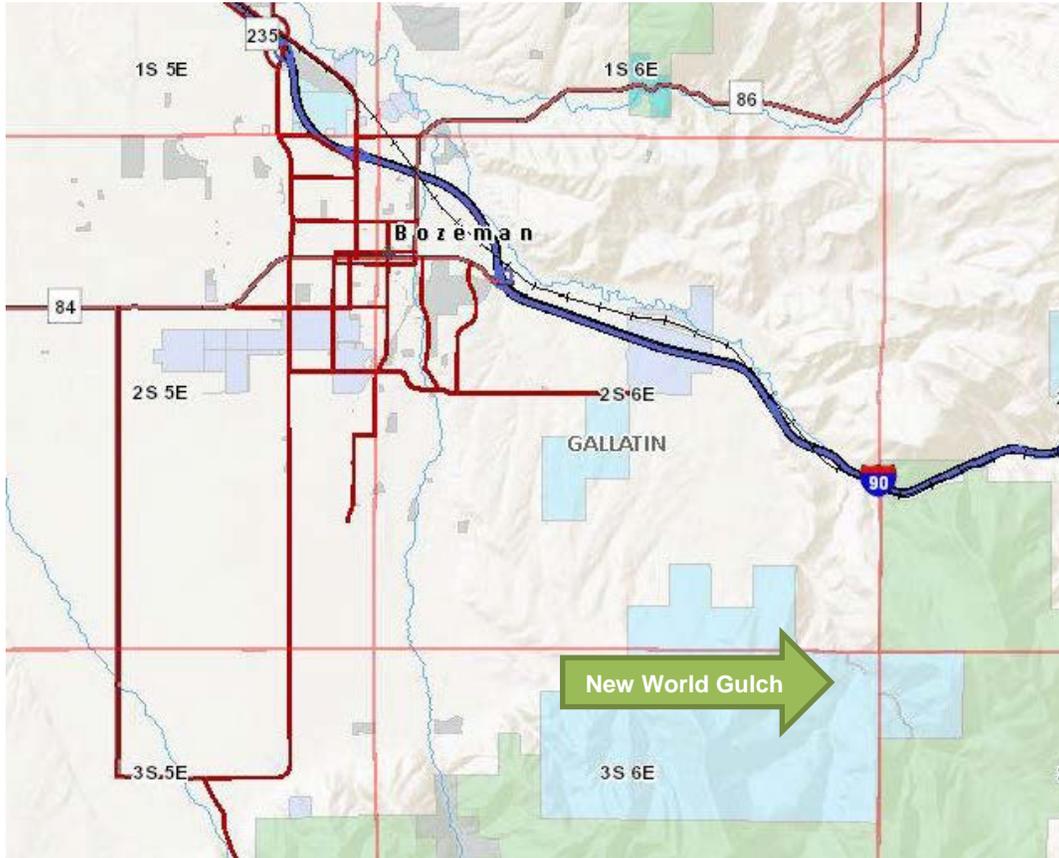
Preliminary approval allows DNRC to enter these sites in the Cabin/Home Site Sales process, the next step of which is an appraisal by a Montana general certified appraiser in summer of 2019. After appraisal, these sites will be brought to the Land Board again to set the minimum bid for the land and maximum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

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

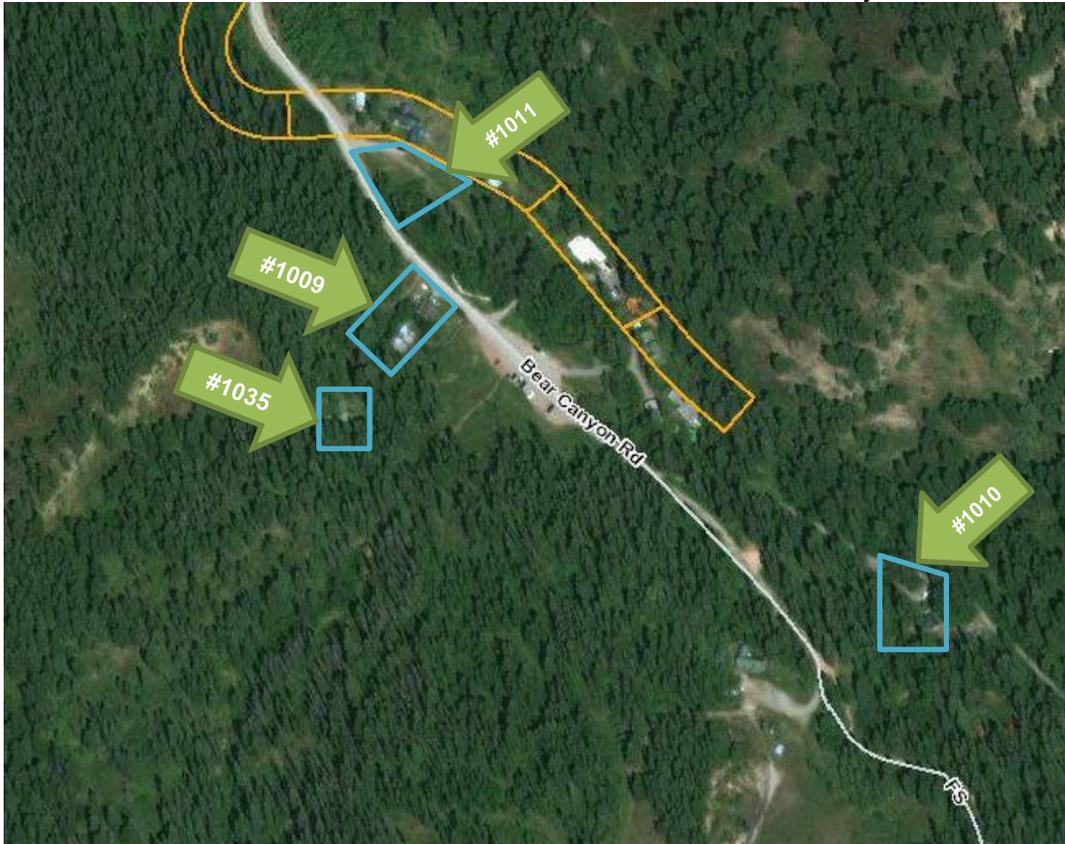
DNRC Recommendation

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

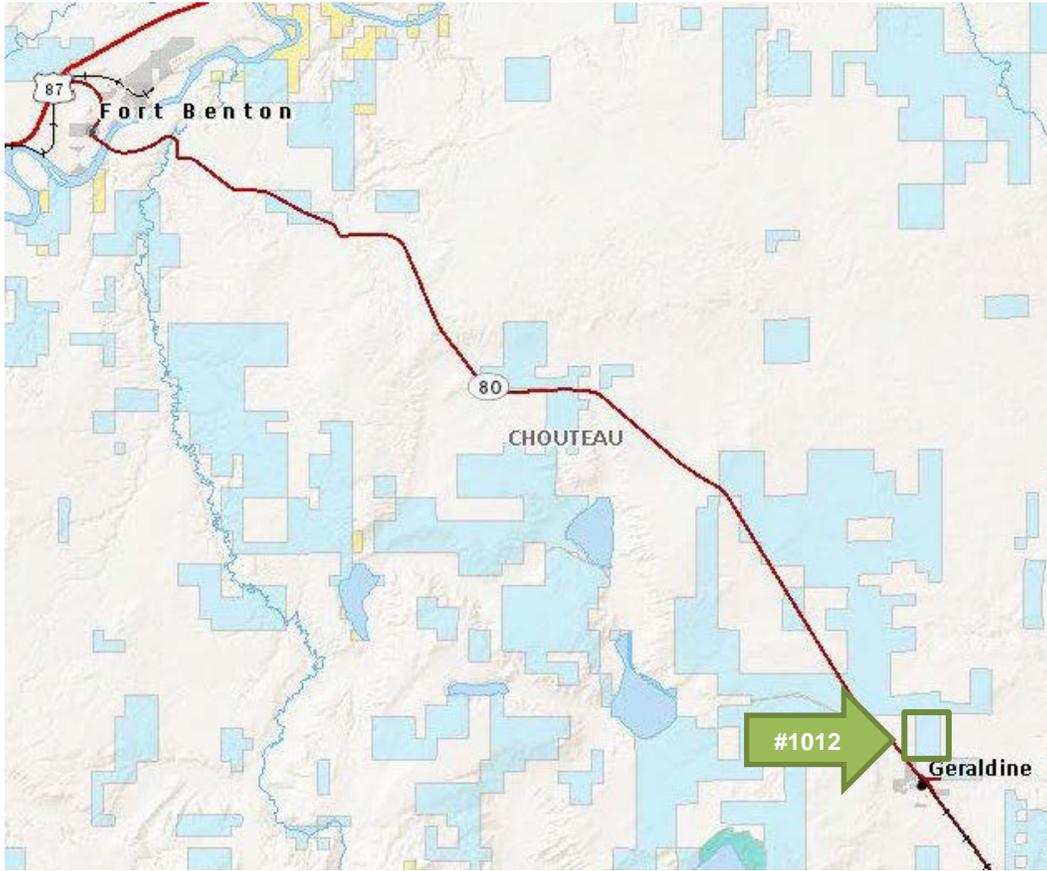
GALLATIN COUNTY SALES



New World Gulch, T3S-R6E, Sec. 1, Gallatin County



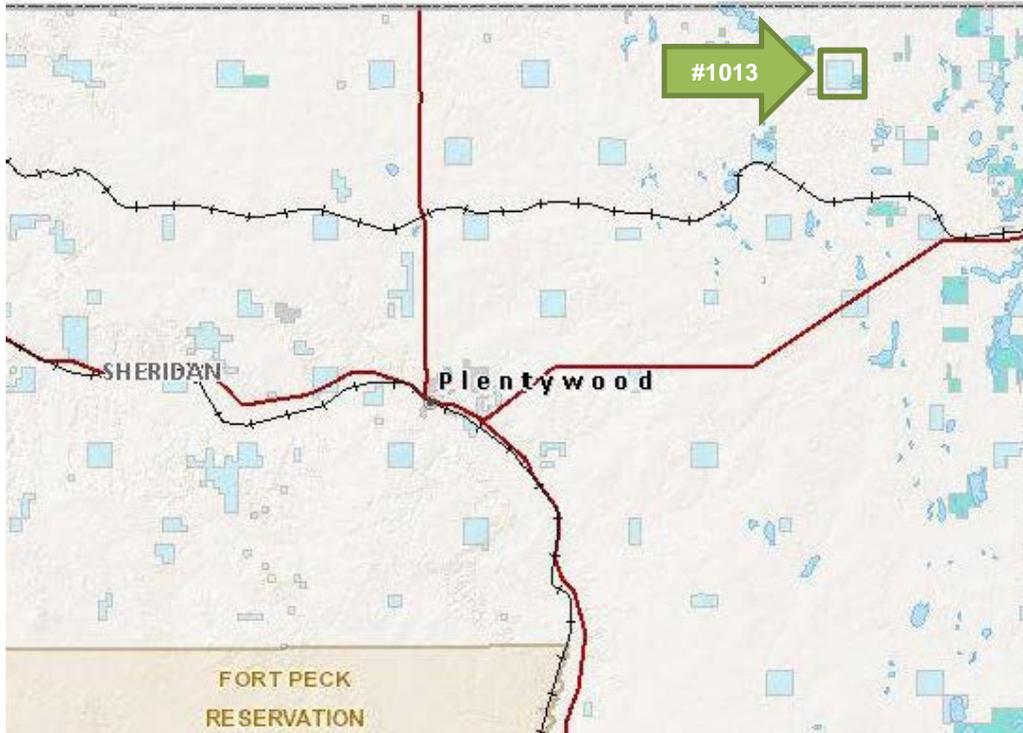
CHOUTEAU COUNTY SALE



Unsurveyed lot in SE4SE4SE4, T22N-R11E, Sec. 36, Chouteau County



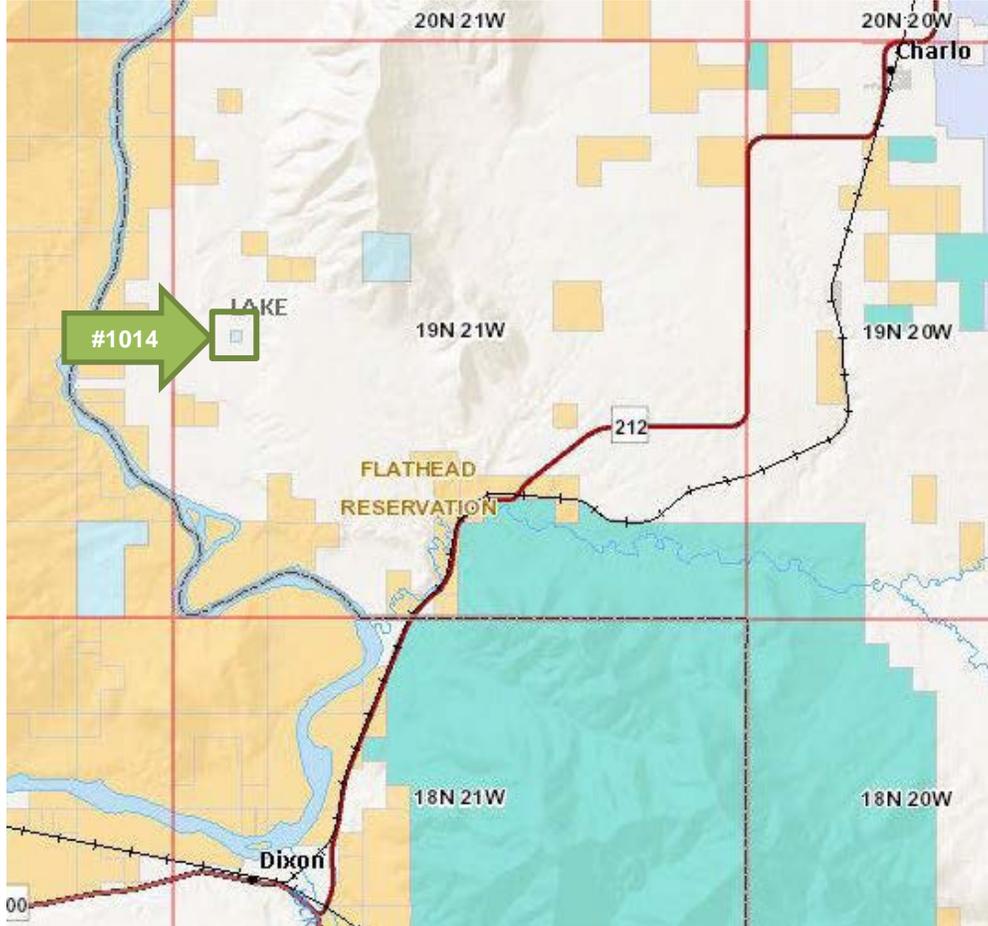
SHERIDAN COUNTY SALE



Unsurveyed lot in PT W2NE4, T37N-R57E, Sec. 16, Sheridan County



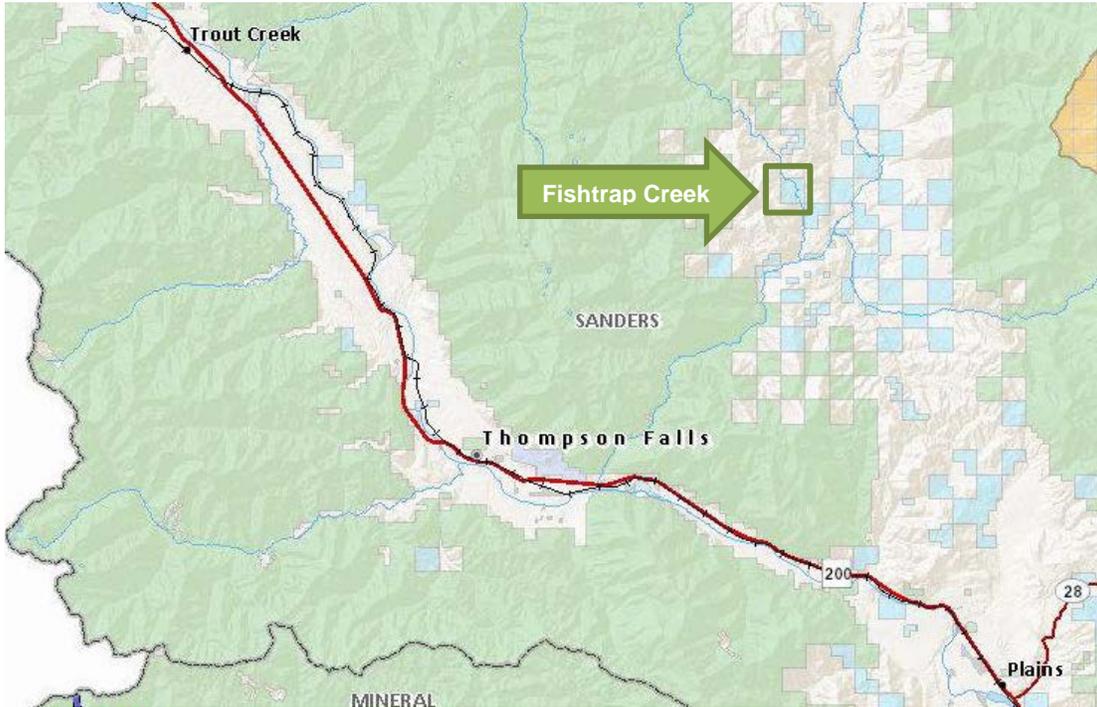
LAKE COUNTY SALE



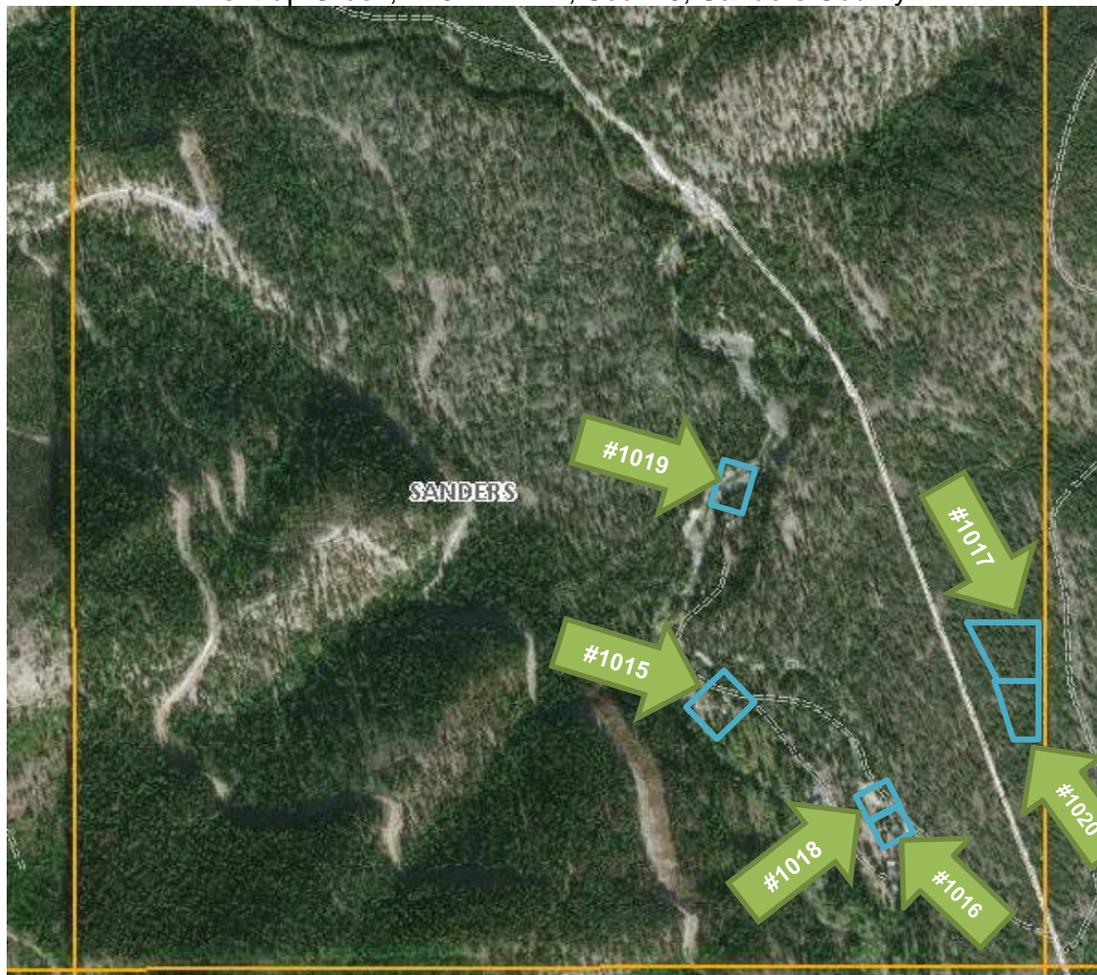
Unsurveyed lot in PT NE4NW4NE4, T19N-R21W, Sec. 19, Lake County



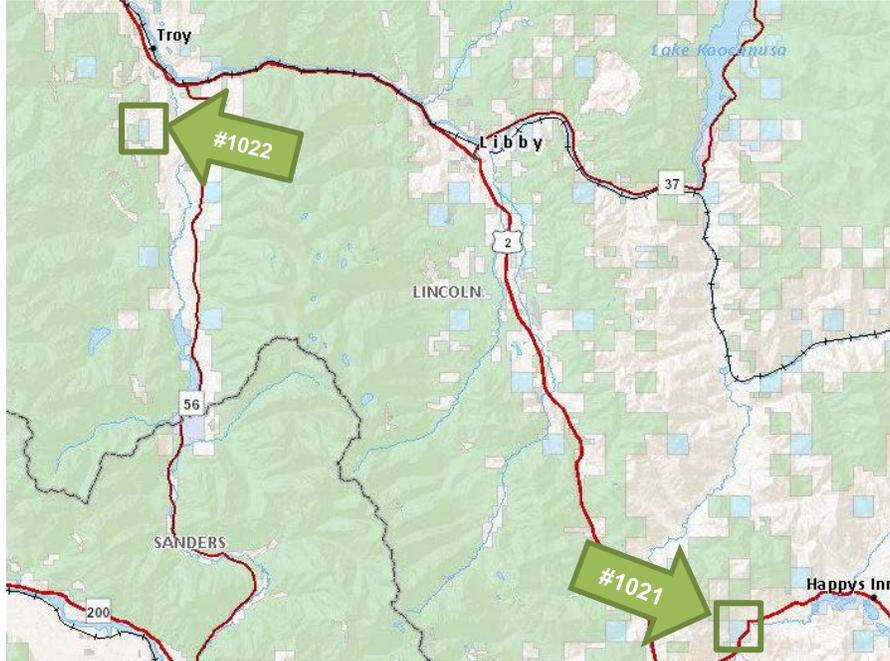
SANDERS COUNTY SALES



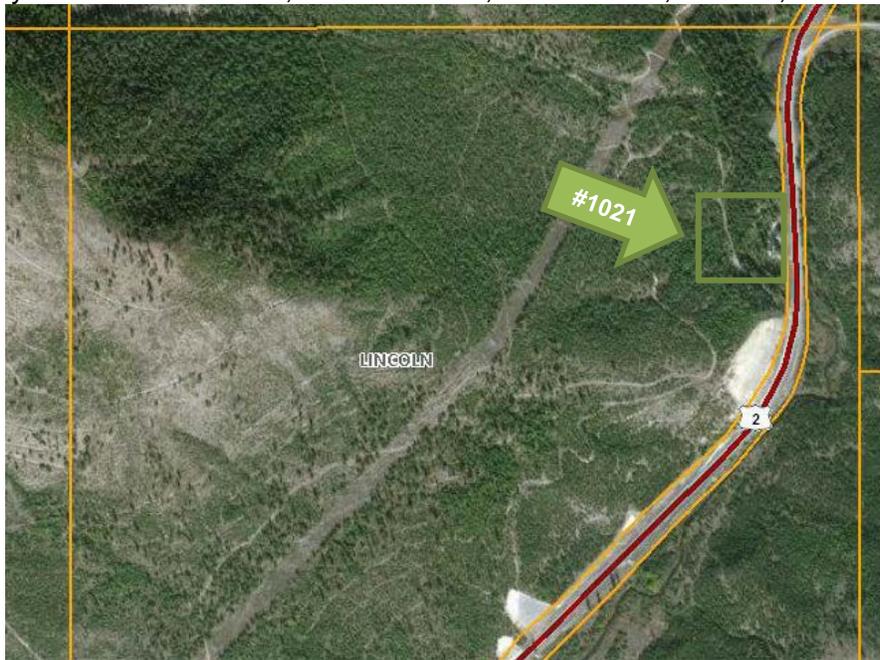
Fishtrap Creek, T23N-R27W, Sec. 16, Sanders County



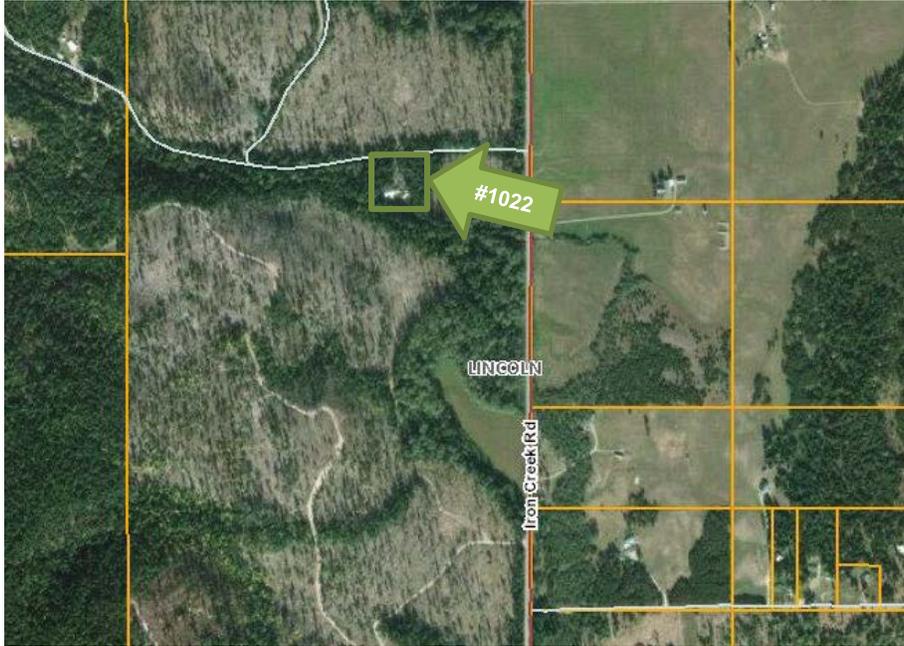
LINCOLN COUNTY SALES



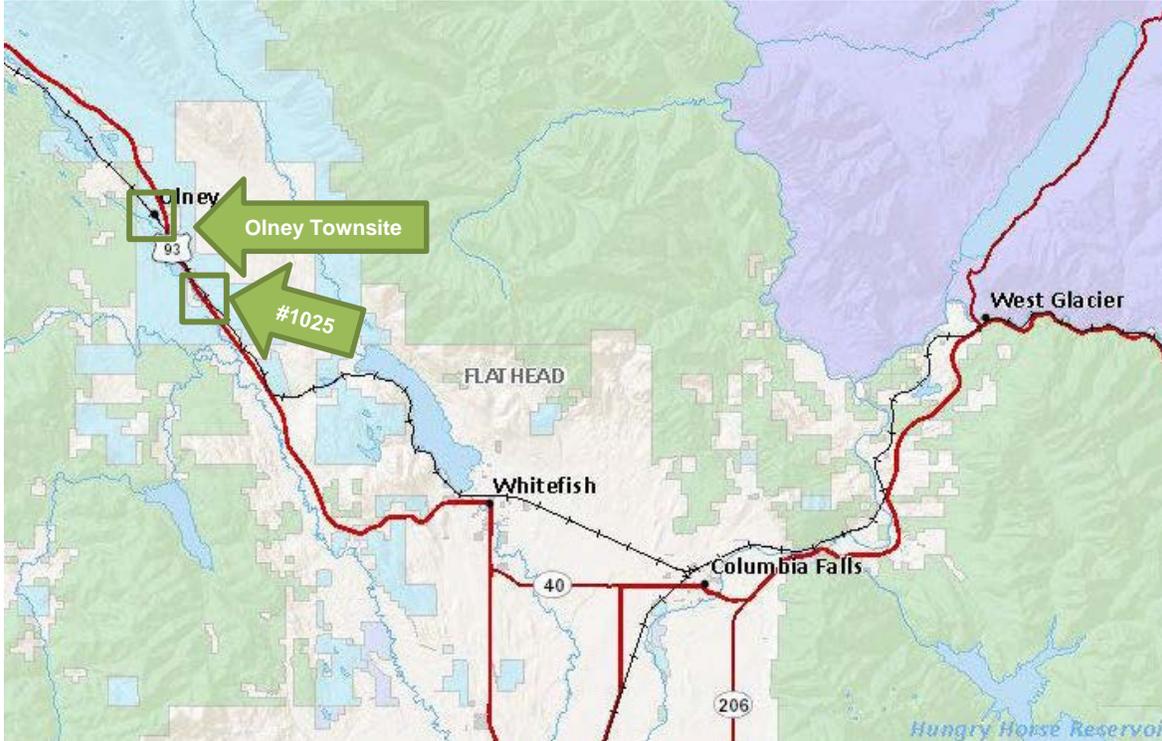
Unsurveyed lot in N2SE4NE4, less road R/W, T27N-R29W, Sec. 36, Lincoln County



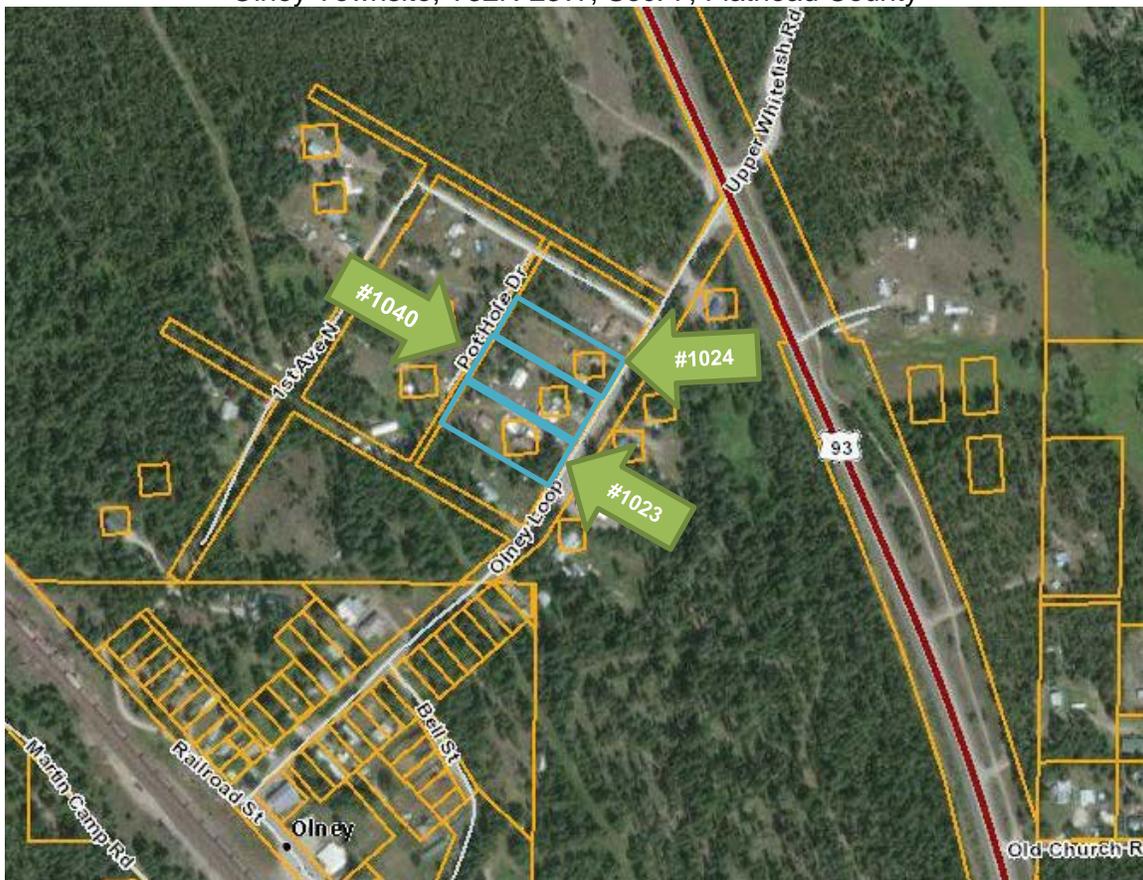
Unsurveyed lot in SE4SW4NE4NW4, T31N-R34W, Sec. 36, Lincoln County



FLATHEAD COUNTY SALES



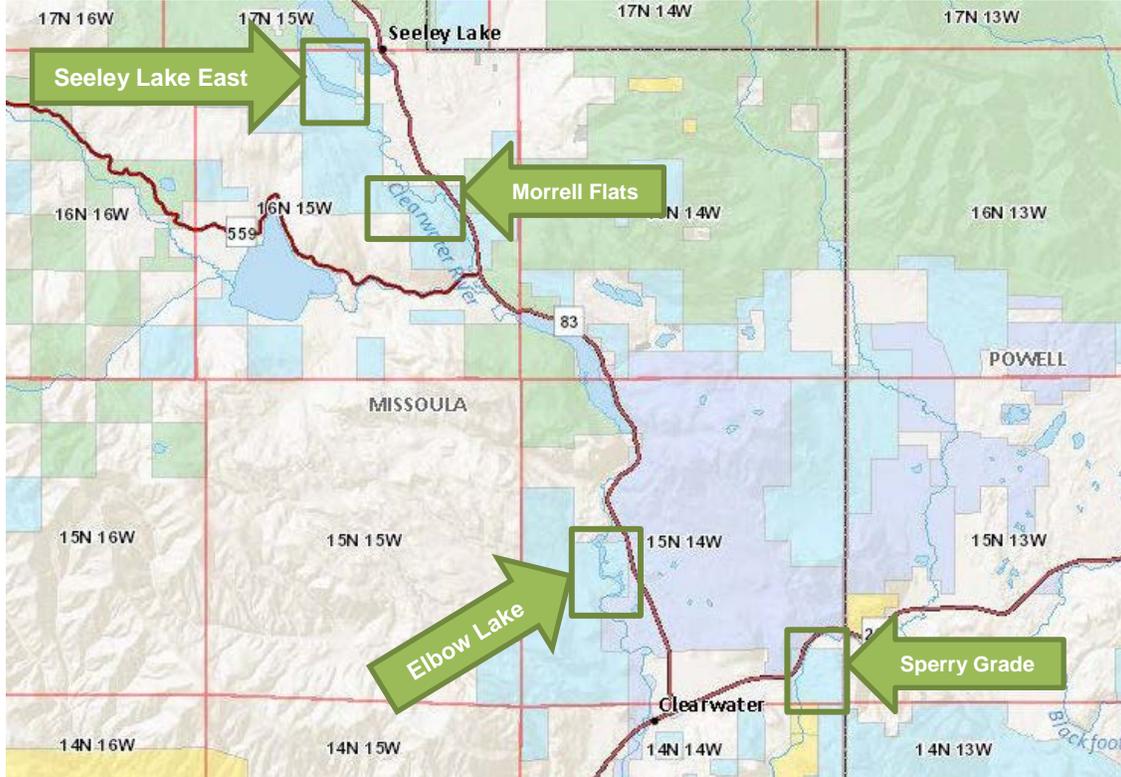
Olney Townsite, T32N-23W, Sec. 7, Flathead County



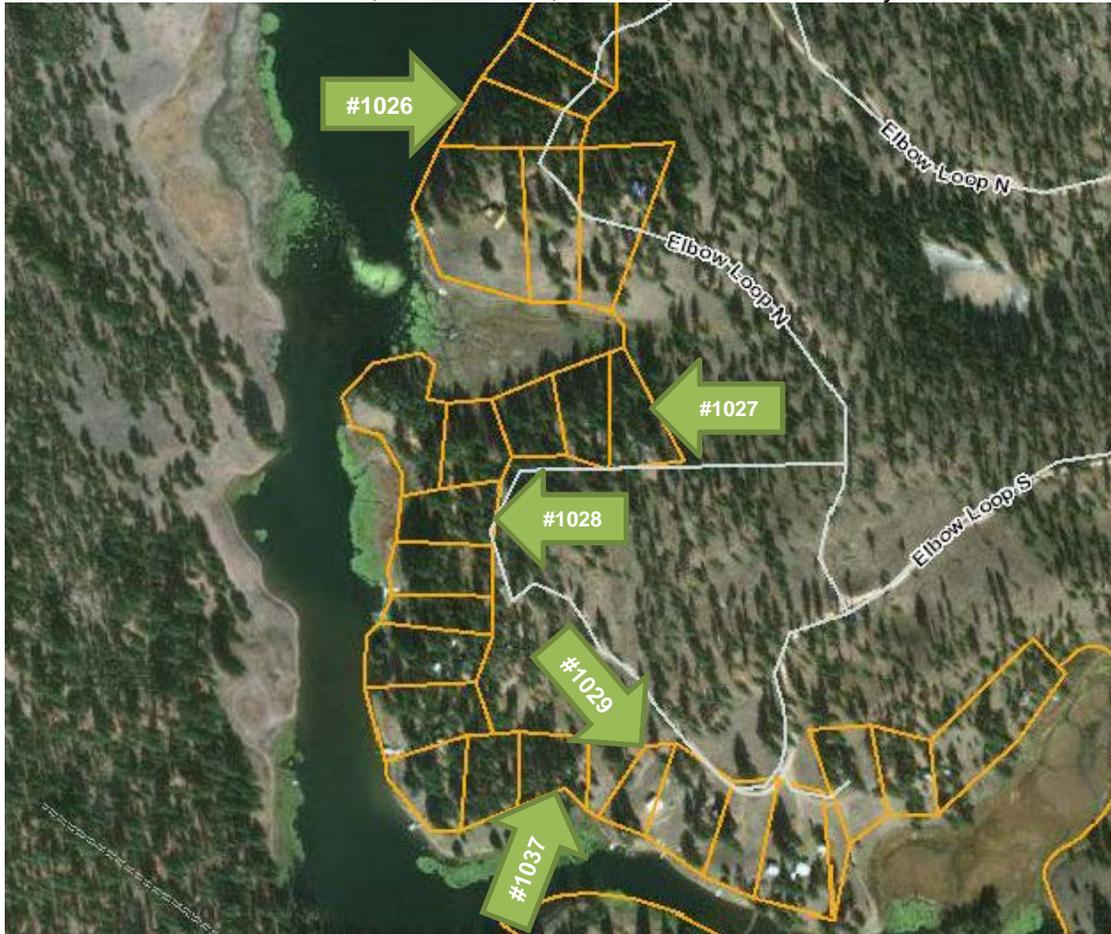
Unsurveyed lot in SW4NW4 between HWY 93 & Stillwater River, T32N-23W, Sec. 28,
Flathead County



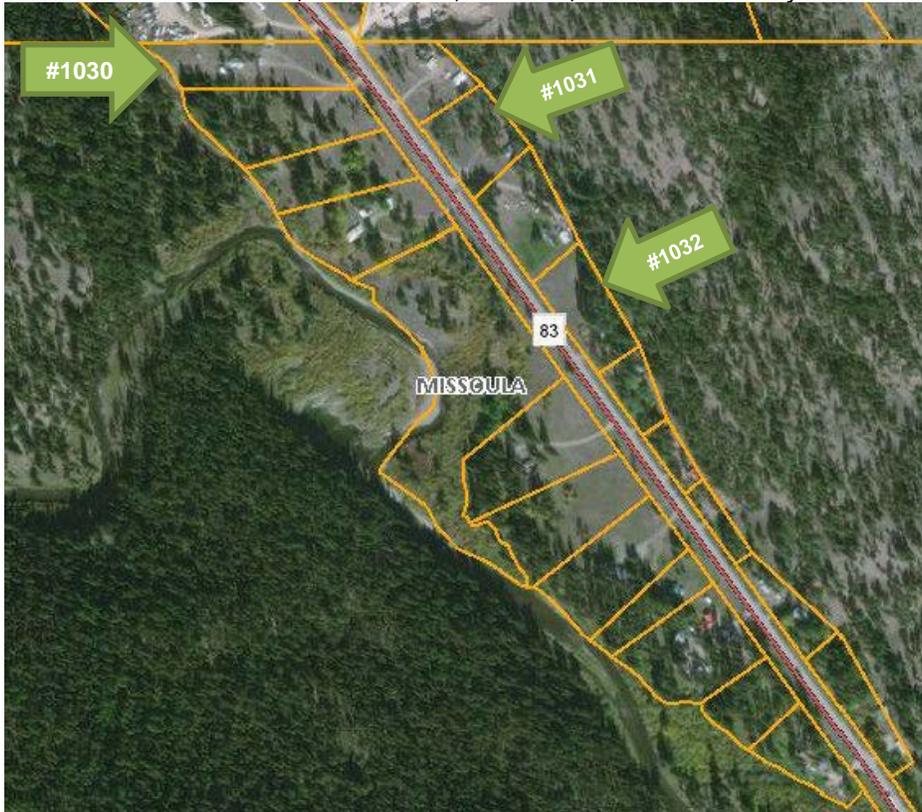
MISSOULA COUNTY SALES



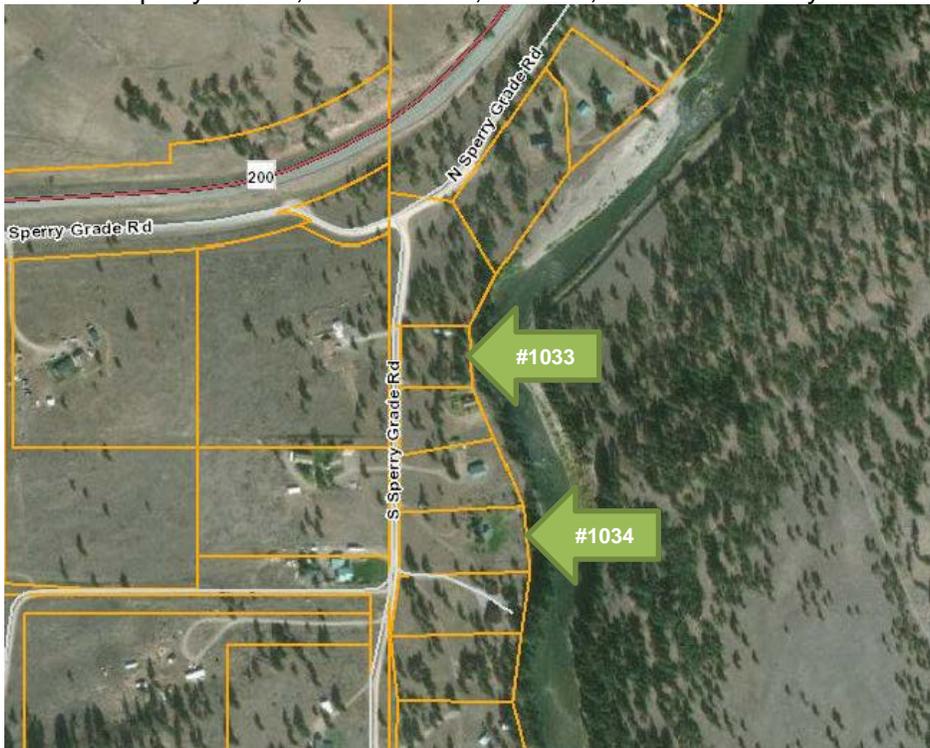
Elbow Lake, T15N-R14W, Sec. 20, Missoula County



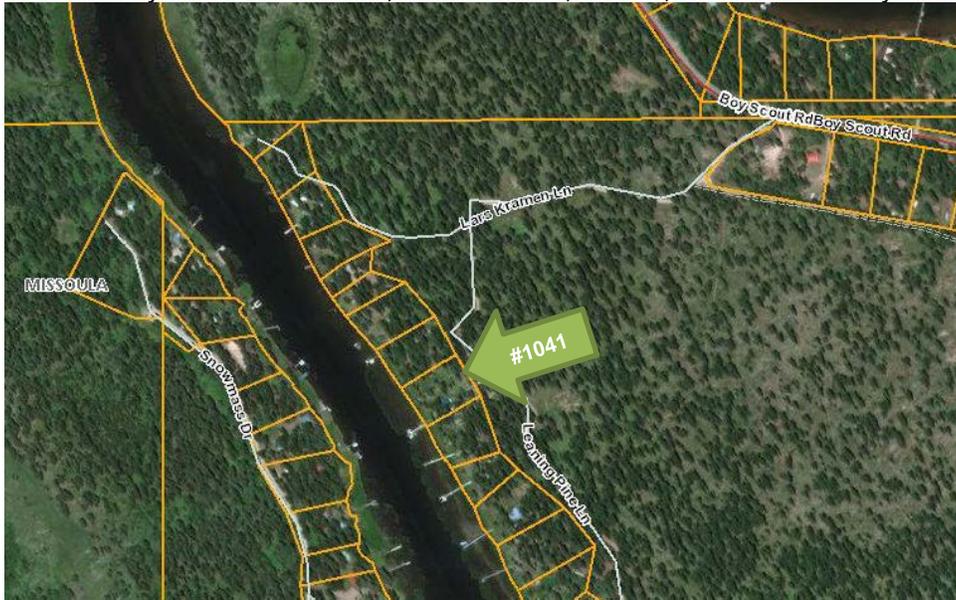
Morrell Flats, T16N-15W, Sec. 14, Missoula County



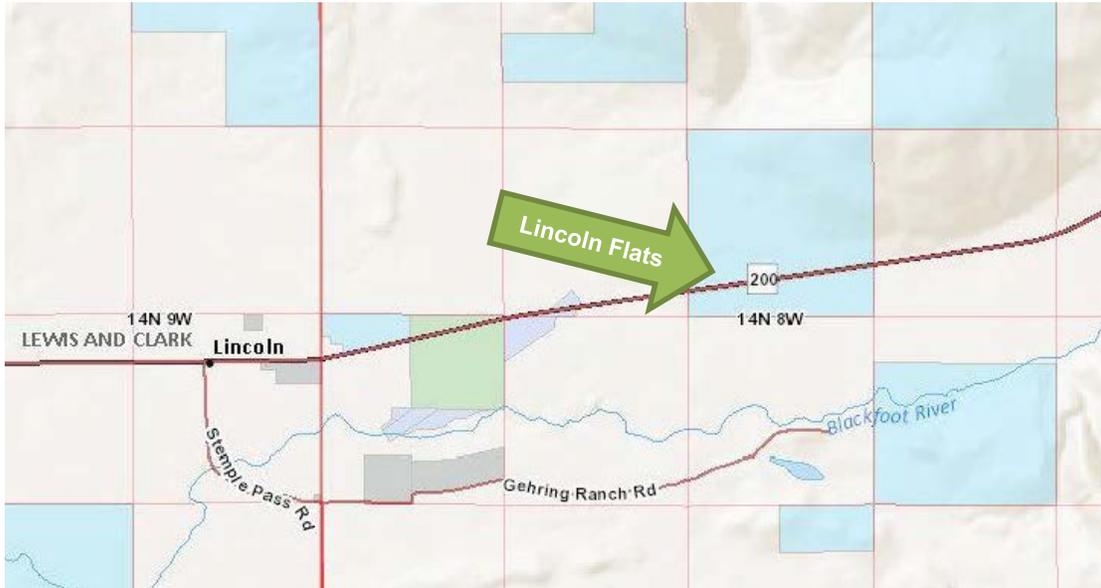
Sperry Grade, T15N-R14W, Sec. 36, Missoula County



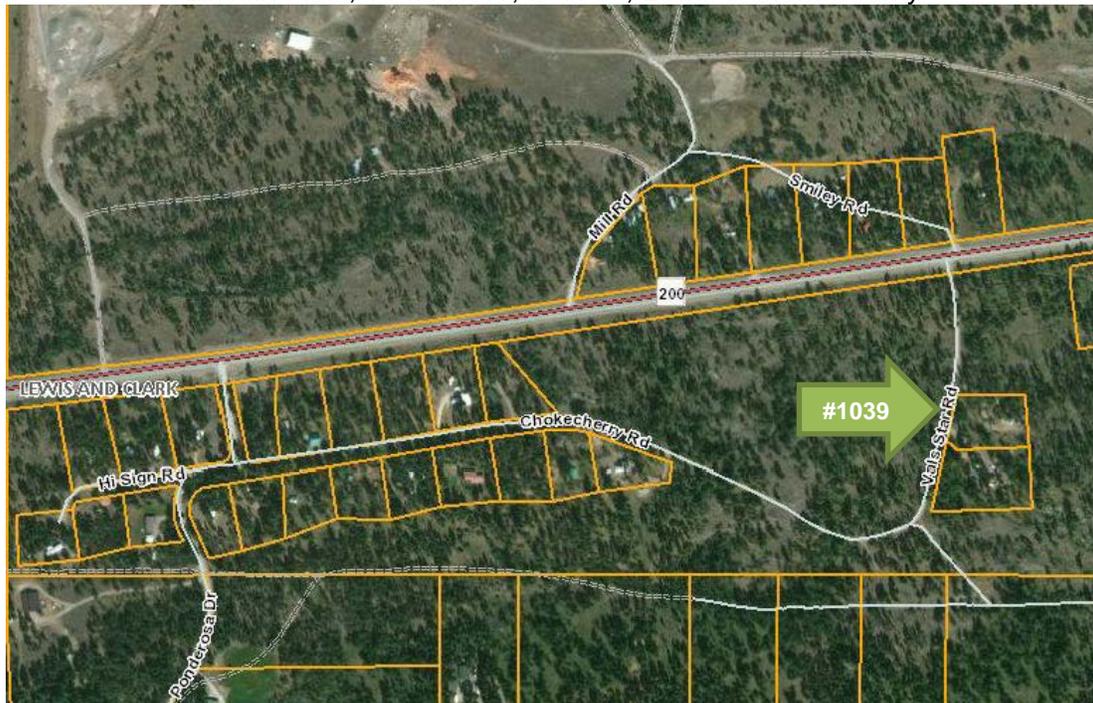
Seeley Lake Outlet East, T16N-R15W, Sec. 4, Missoula County



LEWIS & CLARK COUNTY SALES



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



0518-6

Easements

**Land Board Agenda Item
May 21, 2018**

0518-6 Easements:

Location: Blaine, Choteau, Gallatin, Hill, Jefferson, Liberty, Madison, Judith Basin, Roosevelt, Wheatland, Yellowstone Counties

Trust Benefits: Common Schools, MSU-Eastern/MSU-Western, Public Land Trust

Trust Revenue: Common Schools = \$64,777.00
MSU-Eastern/MSU-Western = \$195.00
Public Land Trust = \$193.00

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Town of Stanford	Municipal Water System	Permanent	1-2
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Mid-Rivers Telephone Cooperative	Buried Fiber Optic Cable	Permanent	17-19
Northwestern Energy	Natural Gas Pipeline	30-Years	20-21
MT Dept. of Transportation	New Highway Construction	Permanent	22-24
Northwestern Energy	Historic Overhead/Buried Utilities	Permanent	25-48

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Town of Stanford P O Box 123 Stanford, MT 59457
Application No.:	12479 (Amended)
R/W Purpose:	Municipal water wells and associated appurtenances
Lessee Agreement:	N/A (Unleased)
Acreage:	8.0
Compensation:	\$5,640.00
Legal Description:	Tract of land in NE4SE4, Sec. 17, Twp. 16N, Rge. 12E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary

The Town of Stanford is requesting an amendment to an existing easement they hold for municipal water facilities. The proposal is to drill a new well, install new distribution pipelines and construct a new addition to the existing pump house. The placement of the existing facilities in relationship to the new well created a few areas of unusable acreage, thus the Department required the Town apply for an easement to encompass those areas. The result is an area of 8 acres which includes the existing easement area and the new proposed area. Because the City has already paid the State for the existing 2.36 acres under easement, the compensation above reflects the value for the additional 5.64 acres.

DNRC Recommendation

The director recommends approval of this easement request.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Walter and Aileen Shaw
164 South Boulder Road
Cardwell, MT 59721

Application No.: 18151
R/W Purpose: A private access road for the purpose of conducting normal farming and ranching operations and timber resource management

Lessee Agreement: N/A (Historic)
Acreage: 0.91
Compensation: \$728.00
Legal Description: 15-foot sgtrip through S2SW4, Sec. 20, Twp. 1S, Rge. 2W, Madison County
Trust Beneficiary: Common Schools

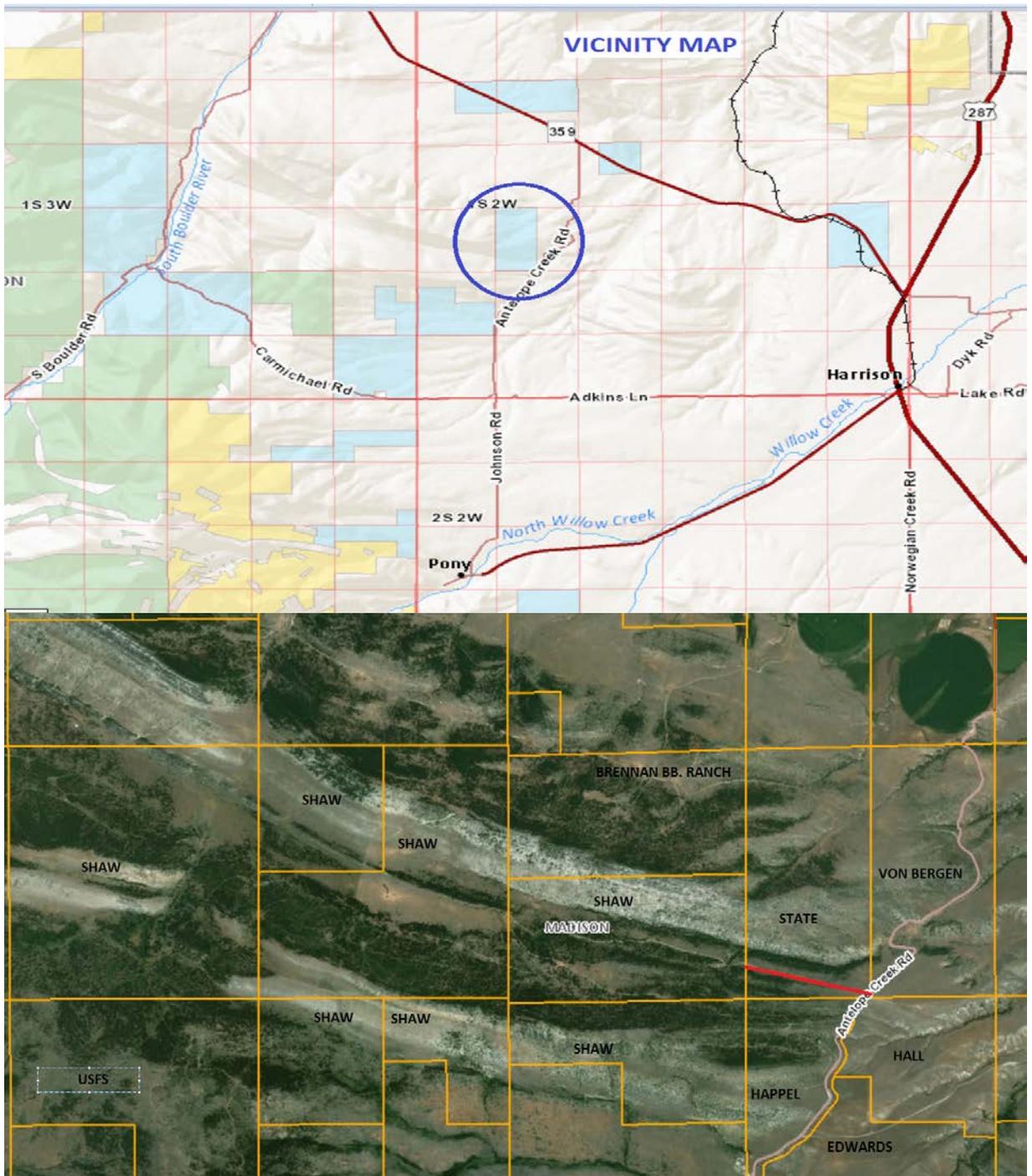
Item Summary

Walter and Aileen Shaw have made application for the use of an existing road for conducting normal farming and ranching operations and timber resource management. 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 in the vicinity of the Ceerle property is legally accessed through a series of public county roads, therefore reciprocal access is not viable. The private property to be accessed is described as:

- Sec. 19, Twp. 1S, Rge. 2W – S2
- Sec. 30, Twp. 1S, Rge. 2W – NE4, N2NW4
- Sec. 23, Twp. 1S, Rge. 3W – All
- Sec. 24, Twp. 1S, Rge. 3W – All
- Sec. 25, Twp. 1S, Rge. 3W – NW4, N2NE4, SE4NE4
- Sec. 30, Twp. 1S, Rge. 3W – N2NW4, NE4

DNRC Recommendation

The director recommends approval of this historic easement request.



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

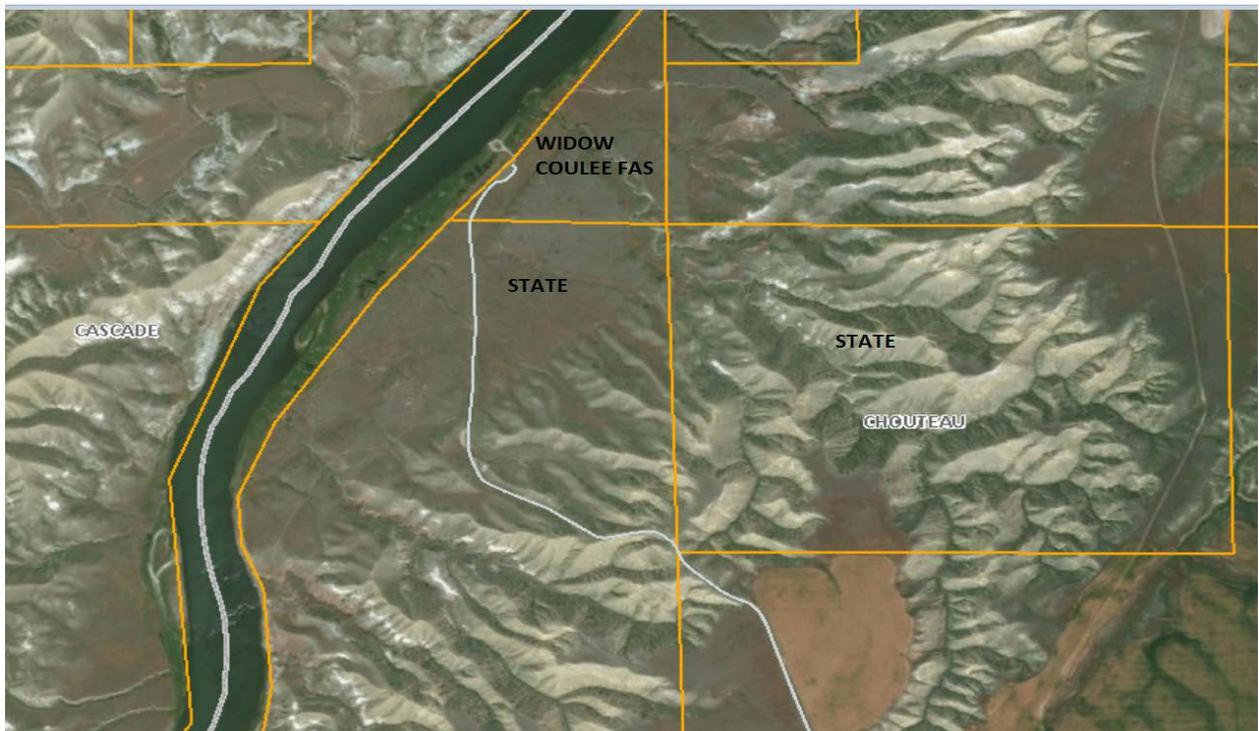
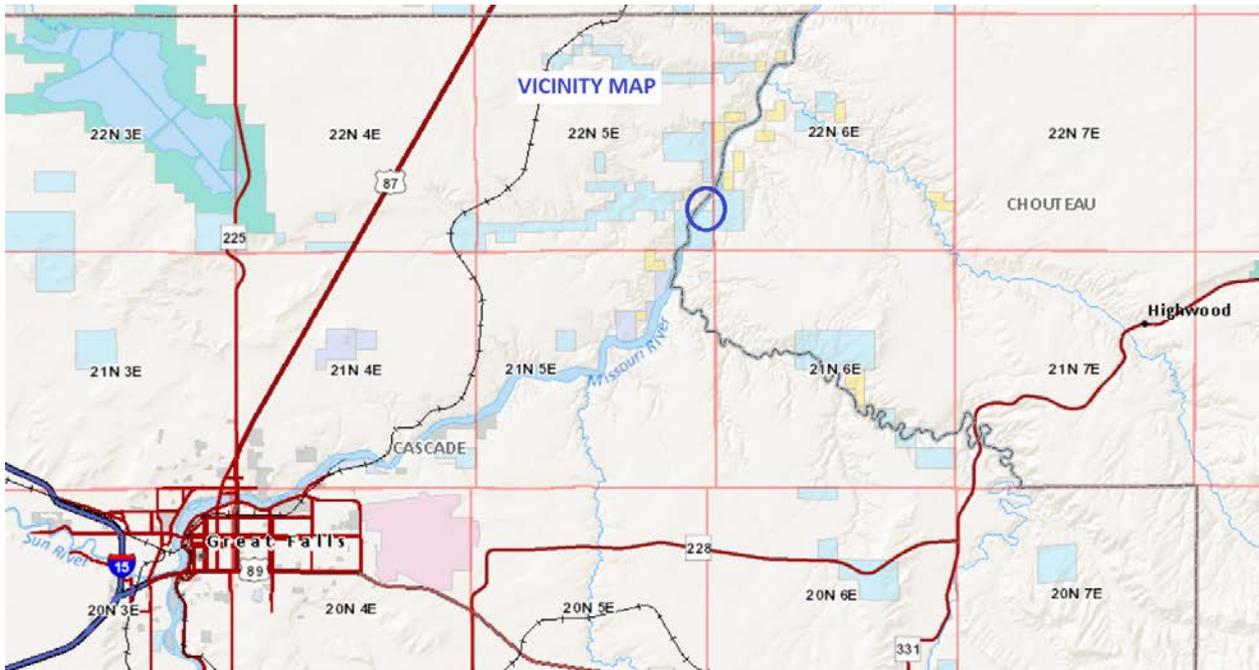
Application No.: 18193
 R/W Purpose: Access road widening and stabilization
 Lessee Agreement: ok
 Acreage: 3.57
 Compensation: \$1,250.00
 Legal Description: Tract of land in SE4NE4, NE4SE4, Sec. 36, Twp. 22N, Rge. 5E,
 Choteau County
 Trust Beneficiary: Common Schools

Item Summary

In 2002 the Land Board granted a public road easement to PPL Montana for access to a parcel of land along the Missouri River. A portion of this property was developed and leased to DFWP for the Widow Coulee Fishing Access Site. In 2015 the property was transferred to Northwestern Energy. The access road was built on a steep slope and has had consistent issues with drainage and erosion due to the road base being unstable. There have been several vehicles slide off the road due to poor conditions, causing thousands of dollars of damage to vehicles and recreational trailers. Since late 2014 the Department has worked with DFWP and Northwestern Energy to plan for reconstruction of the road. As a result, additional land area was needed to provide road relocation and widening and erosion control measures. This work was accomplished through a Land Use License due to the emergency nature of the situation. Northwestern Energy is now following up with an easement for the additional area needed to stabilize the road and provide the adequate drainage. Stipulations will be placed in the easement to require annual work and stabilization with gravel and riprap and that seeding in native grass species be established and maintained.

DNRC Recommendation

The director recommends approval of this easement request.



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

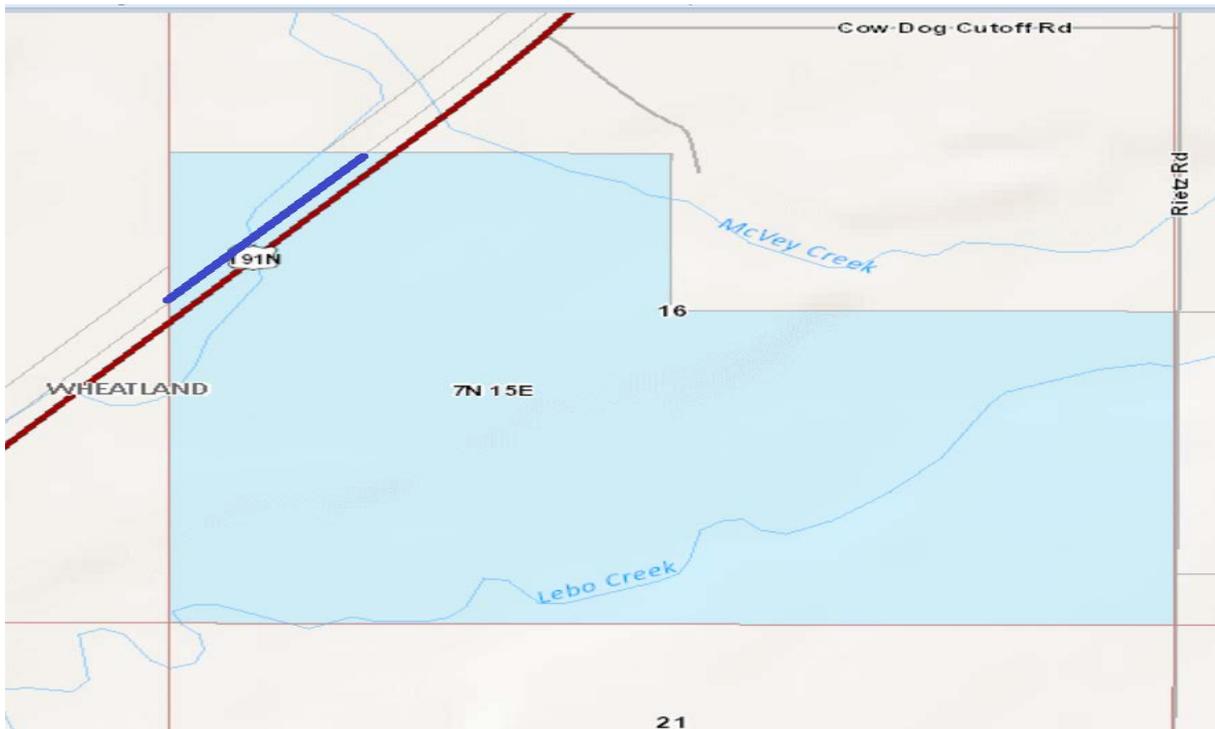
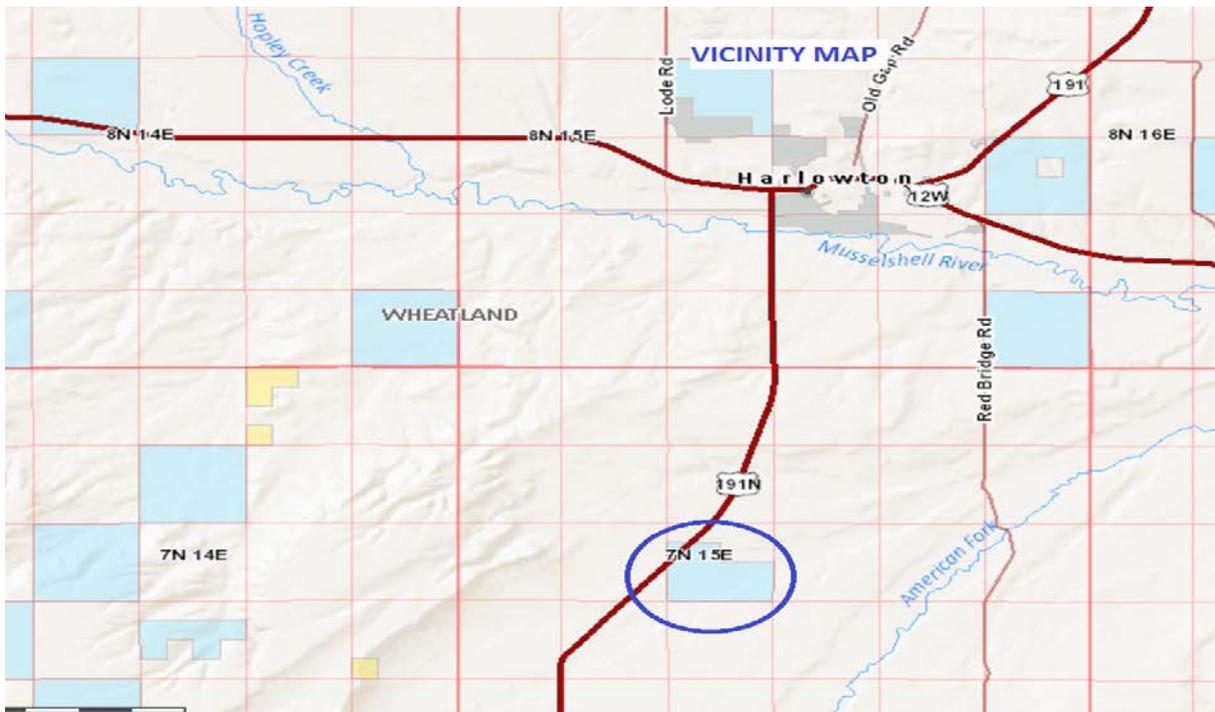
Application No.: 18194
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.57
Compensation: \$285.00
Legal Description: 20-foot strip through SW4NW4, Sec. 16, Twp. 7N, Rge. 15E,
Wheatland County
Trust Beneficiary: Common Schools

Item Summary

Triangle Telephone Cooperative is requesting easements for the purpose of upgrading their current facilities and services in the Harlowton Exchange area. These upgrades will provide state of the art telecommunications facilities and allow for future growth capability. The route chose was the most direct and will be located along existing roads and disturbed areas. Minimal impacts are expected.

DNRC Recommendation

The director recommends approval of these easement requests.



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18195
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.24
Compensation: \$742.00
Legal Description: 20-foot strip through E2NE4, Sec. 16, Twp. 7N, Rge. 18E,
Wheatland County
Trust Beneficiary: Common Schools

Item Summary

See page 8 for summary.

DNRC Recommendation

See page 8 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18196
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 2.26
Compensation: \$1,132.00
Legal Description: 20-foot strip through E2NE4, SW4NE4, Sec. 34, Twp. 7N,
Rge. 18E, Wheatland County
Trust Beneficiary: Common Schools

Item Summary

See page 8 for summary.

DNRC Recommendation

See page 8 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18197
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.26
Compensation: \$132.00
Legal Description: 20-foot strip through NW4NW4, Sec. 36, Twp. 7N, Rge. 18E,
Wheatland County
Trust Beneficiary: Common Schools

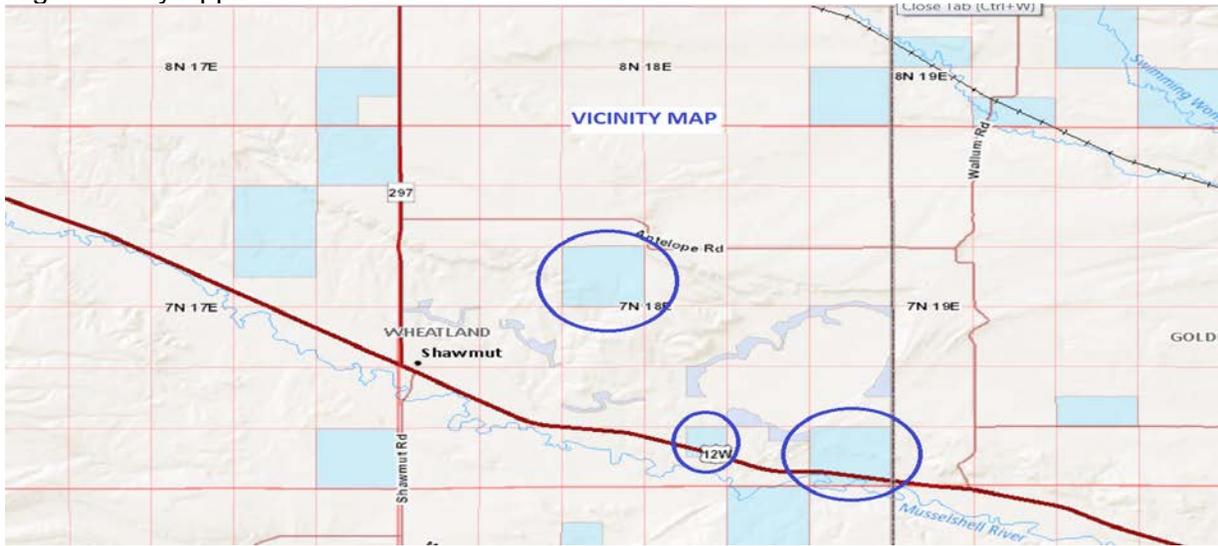
Item Summary

See page 8 for summary.

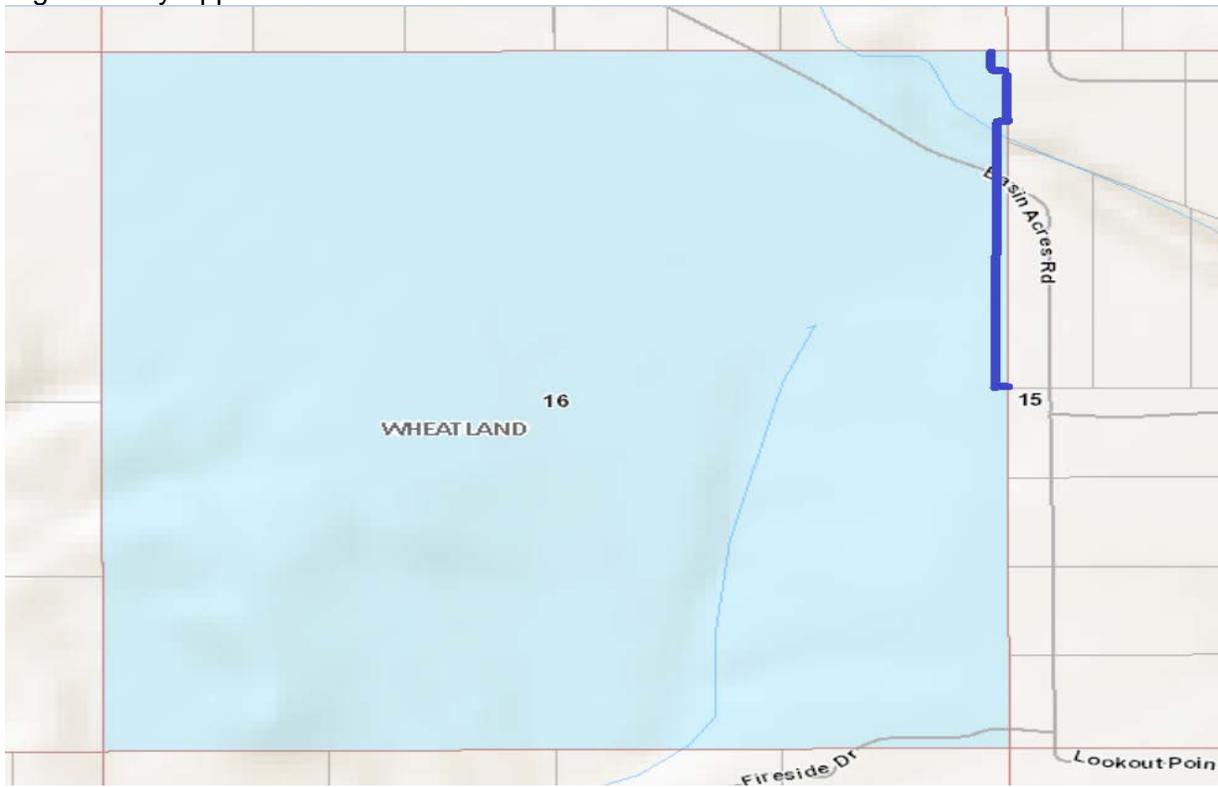
DNRC Recommendation

See page 8 for recommendation.

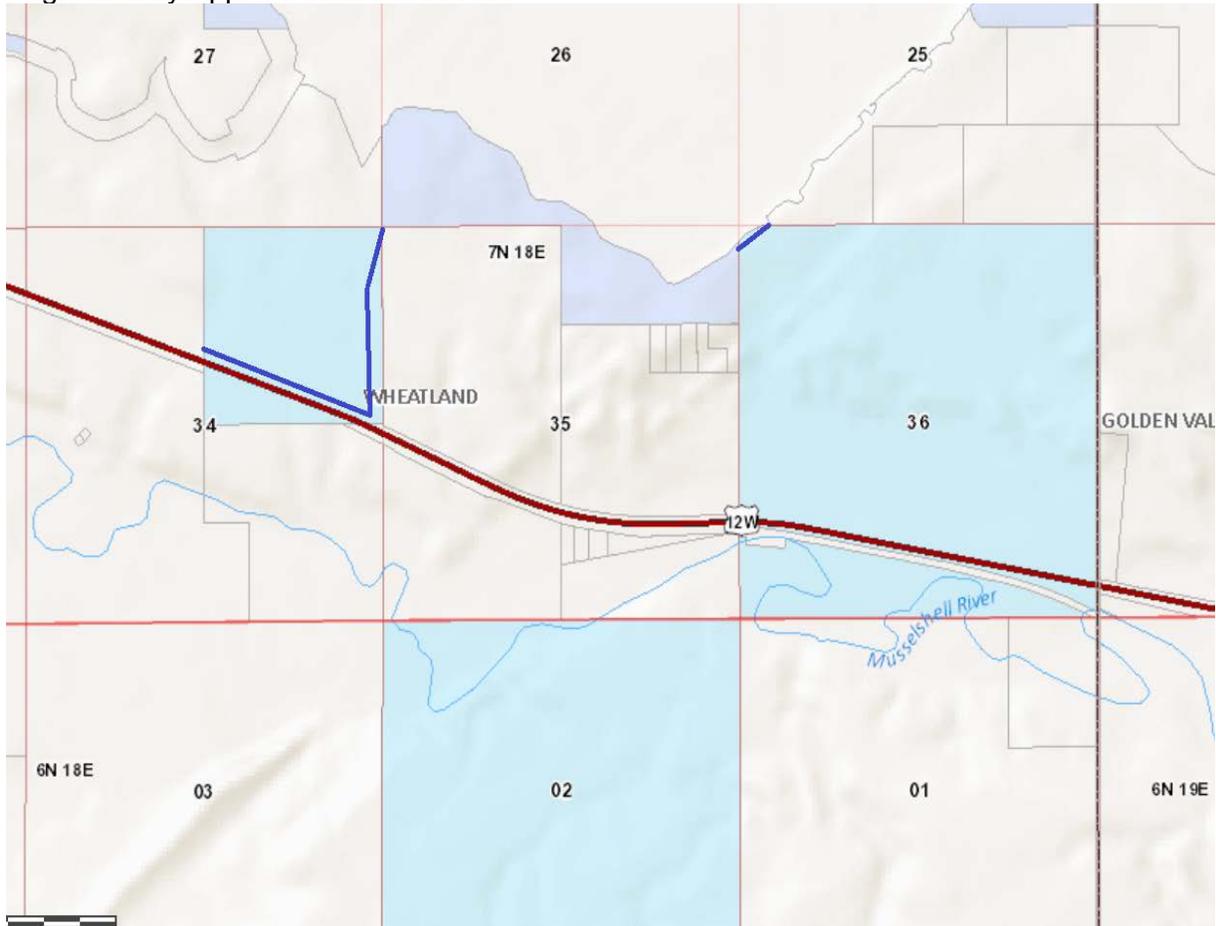
Right of Way Application Nos. 18195-18197



Right of Way App. #18195



Right of Way App. #'s 18196 & 18197



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18198
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 2.48
Compensation: \$1,240.00
Legal Description: 20-foot strip through NW4SW4, S2S2, Sec. 16, Twp. 8N,
Rge. 14E, Wheatland County
Trust Beneficiary: Common Schools

Item Summary

See page 8 for summary.

DNRC Recommendation

See page 8 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18199
R/W Purpose: A buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.10
Compensation: \$100.00
Legal Description: 20-foot strip through NE4NE4, Sec. 22, Twp. 9N, Rge. 14E,
Wheatland County
Trust Beneficiary: Common Schools

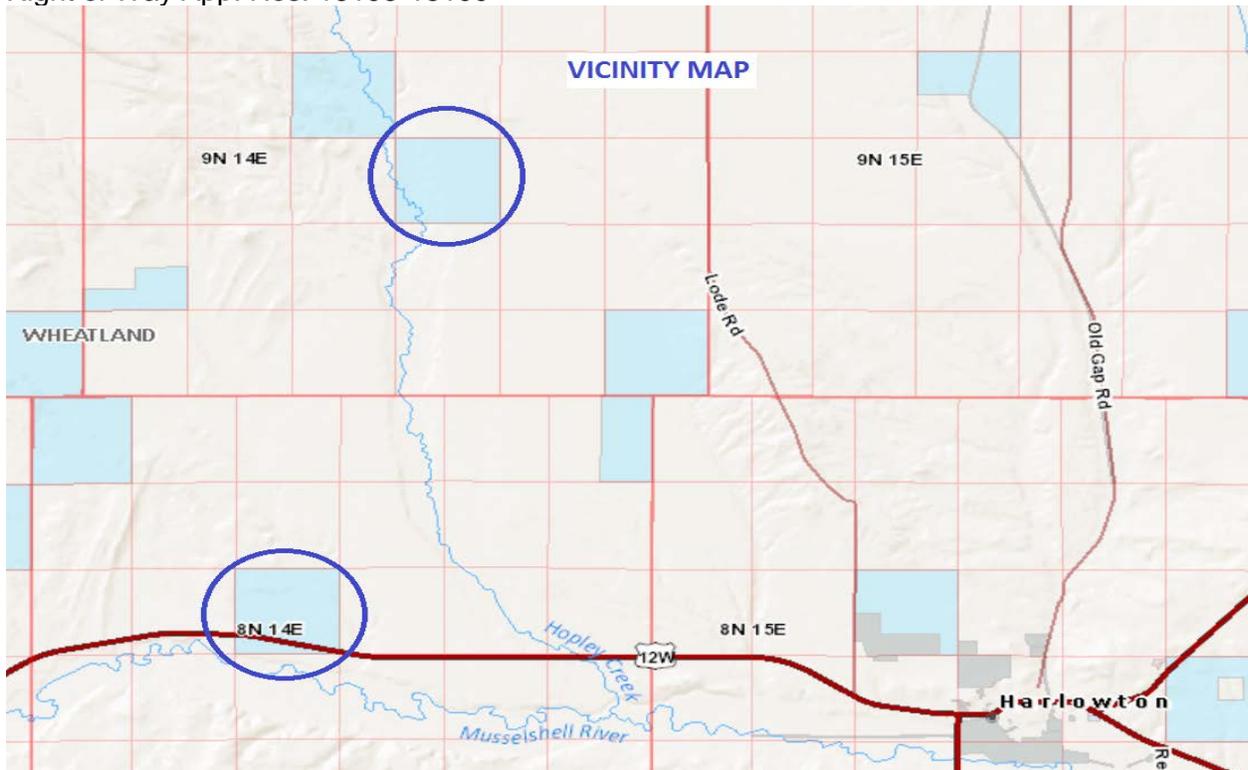
Item Summary

See page 8 for summary.

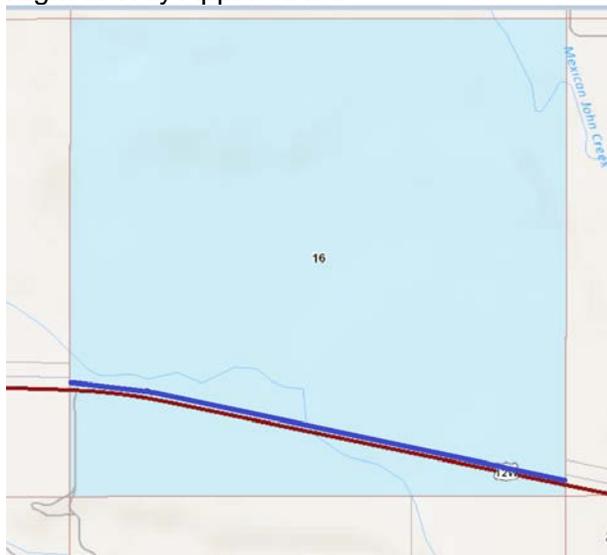
DNRC Recommendation

See page 8 for recommendation.

Right of Way App. Nos. 18198-18199



Right of Way App. #18198



Right of Way App. #18199



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Telephone Cooperative P O Box 280 Circle, MT 59215
Application No.:	18200
R/W Purpose:	A buried fiber optic cable
Lessee Agreement:	ok
Acreage:	2.65
Compensation:	\$1,325.00
Legal Description:	16-foot strip through W2SW4, NE4SW4, NW4SE4, S2NE4, NE4NE4, Sec. 16, Twp. 4N, Rge. 32E, Yellowstone County
Trust Beneficiary:	Common Schools

Item Summary

Mid-Rivers Telephone is requesting easements for the purpose of re-building the Custer Telephone Exchange service area; replacing existing copper cable with new fiber optic cable. The project will provide more reliable service to the residents in the Custer exchange area. The route chosen follows existing roadways and little impacts are expected.

DNRC Recommendation

The director recommends approval of these easement requests.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Mid-Rivers Telephone Cooperative P O Box 280 Circle, MT 59215
Application No.:	18201
R/W Purpose:	A buried fiber optic cable
Lessee Agreement:	N/A (Historic)
Acreage:	4.05
Compensation:	\$2,025.00
Legal Description:	Two 16-foot strips through W2SW4, NE4SW4, NW4SE4, S2NE4, NE4NE4 & Gov. Lots 4, 5, 6 & 7, Sec. 36, Twp. 5N, Rge. 32E, Yellowstone County
Trust Beneficiary:	Common Schools

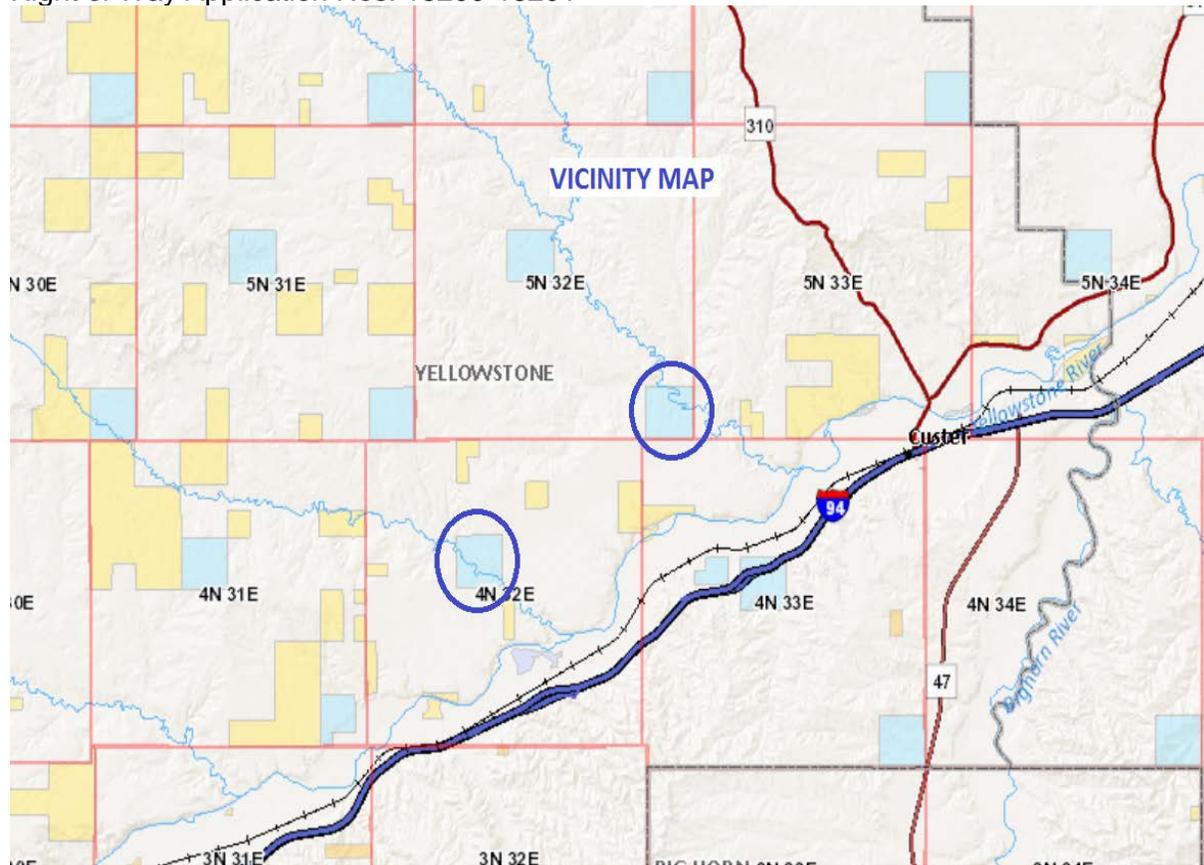
Item Summary

See page 19 for summary.

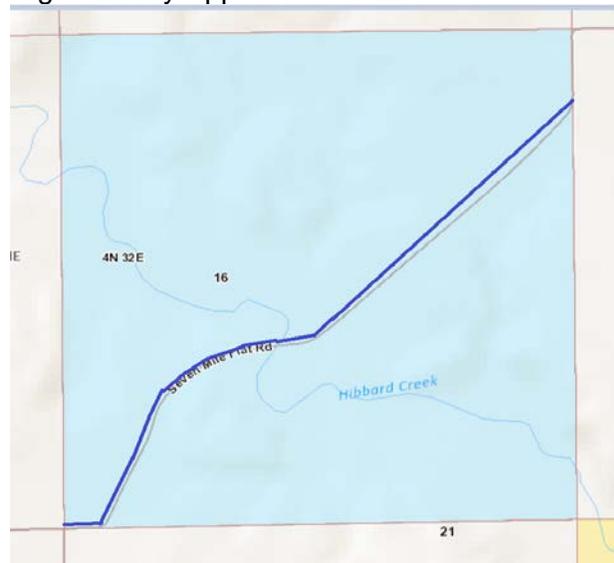
DNRC Recommendation

See page 19 for recommendation.

Right of Way Application Nos. 18200-18201



Right of Way App. #18200



Right of Way App. #18201



APPLICANTS AND RIGHTS OF WAY INFORMATION

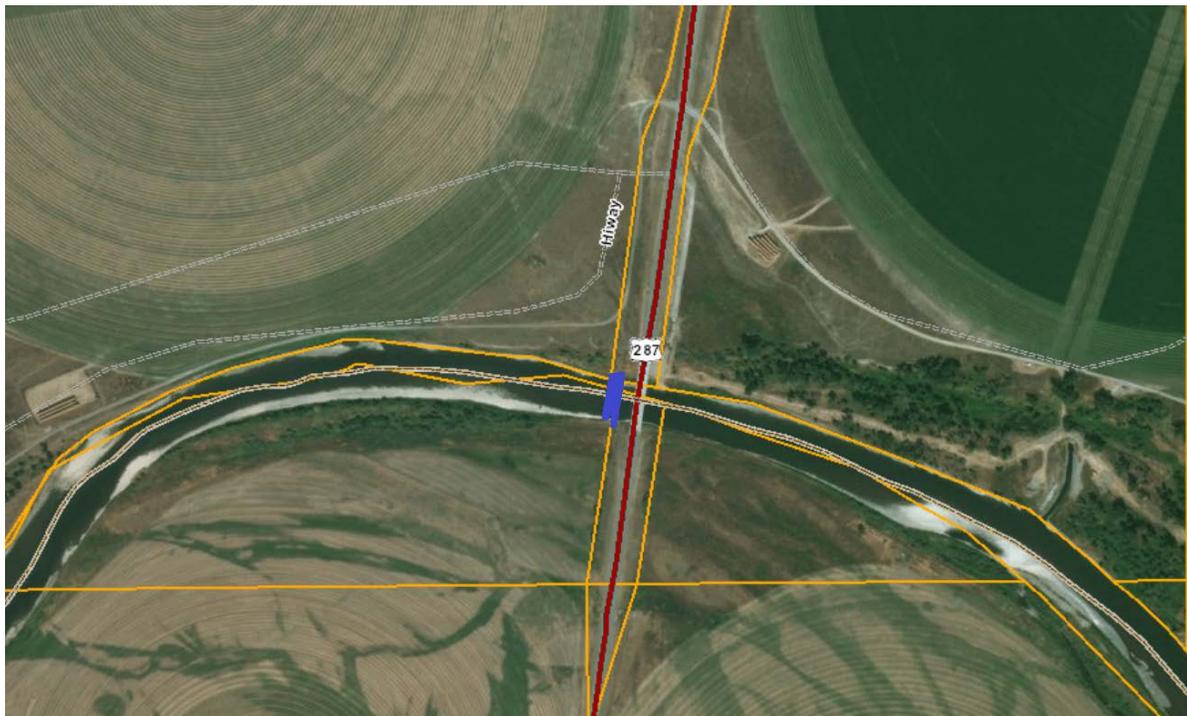
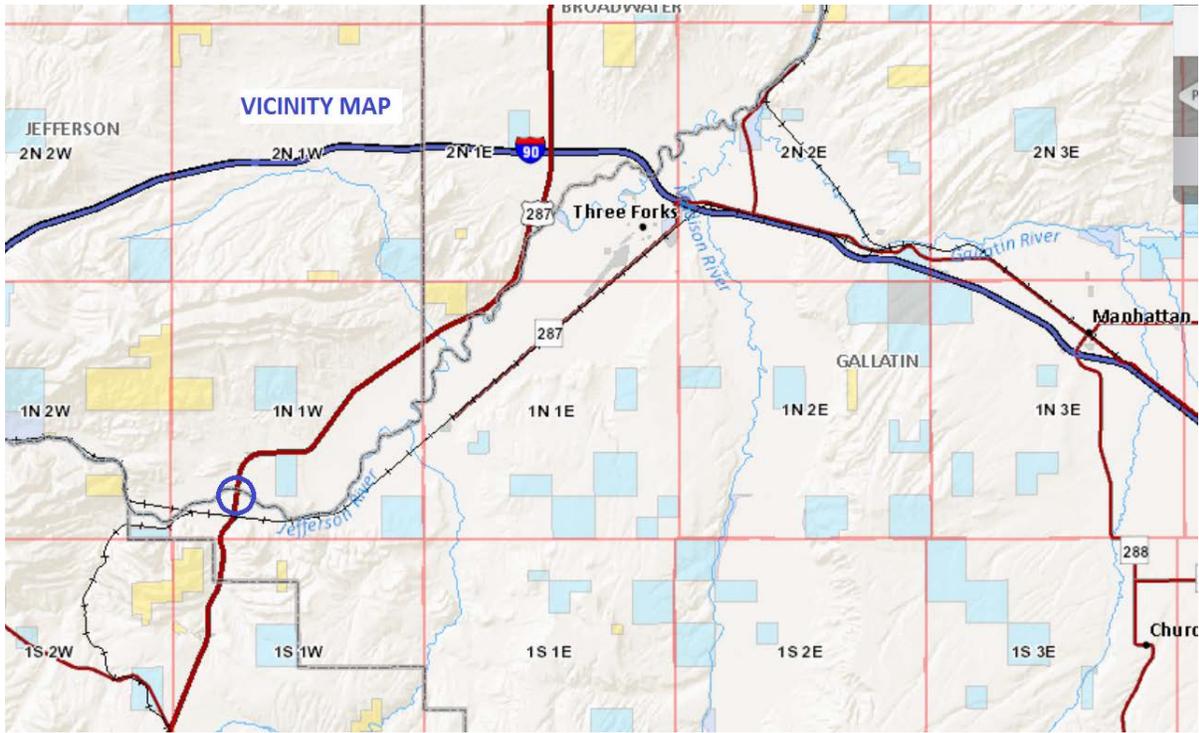
Applicant:	Northwestern Energy 11 E Park Butte, MT 59701
Application No.:	18202
R/W Purpose:	A buried 4" natural gas distribution line and associated trace wire
Lessee Agreement:	N/A (Navigable River)
Acreage:	0.11
Compensation:	\$193.00
Legal Description:	30-foot strip across the Jefferson River in the SW4SE4, Sec. 29, Twp. 1N, Rge. 1W, Jefferson & Gallatin County
Trust Beneficiary:	Public Land Trust

Item Summary

Northwestern Energy is requesting an easement for the purpose of boring a 4" natural gas pipeline under the Jefferson River to fulfill a request by an adjoining landowner, KG Ranch. Currently, an existing pipeline is attached to a bridge that provides service to the ranch, however this type of suspended pipeline creates issues with safety and is costly to maintain. A directional bore under the river will provide a safer and more reliable service to the landowner.

DNRC Recommendation

The director recommends approval of this natural gas pipeline as a 30-year term easement, consistent with all new pipeline installations.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	MT Dept. of Transportation P O Box 201001 Helena, MT 59620-1001
Application No.:	18203
R/W Purpose:	Highway construction and maintenance including occupancy by public utilities and including a tract for drainage purposes
Lessee Agreement:	Needed
Acreage:	21.61
Compensation:	\$23,258
Legal Description:	Tract in N2NE4, SE4NE4, E2SE4, Sec. 36, Twp. 28N, Rge. 58E, Roosevelt County
Trust Beneficiary:	Common Schools

Item Summary

Montana Department of Transportation (MDT) is requesting an easement to construct a new highway bypass east of the Town of Bainville. This project was originally nominated for funding in 2001; however due to funding issues and project prioritization this project was suspended until 2012 when studies were resumed. As a result of comments and concerns from residents the project expanded to a highway bypass alternative. Due to the energy boom in the area there is increased rail traffic and truck traffic utilizing existing roads. Concerns were raised that the increased traffic hinders emergency service responses and additional traffic occurring on the city streets are causing deterioration and pose additional safety issues. The alternative chosen bisects this parcel of state land that is in agricultural production and will eliminate approximately 22 acres of crop land. The State lessees do not claim damages to their lease, but are opposed to the MDT constructing this new highway. The Department of Natural Resources and Conservation (DNRC) and MDT are working towards a solution with the lessees, however due to MDT funding obligations the project needs approval from the Land Board in order to proceed to the contract bid process. Arbitration between MDT and the lessees may be necessary and will follow State statute, however the Land Board may approve the project pending the settlement with the lessees. DNRC will not issue an easement document until settlement is reached.

DNRC Recommendation

The director recommends approval of this easement request with the condition that lessee settlement is completed.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	MT Dept. of Transportation P O Box 201001 Helena, MT 59620-1001
Application No.:	18204
R/W Purpose:	Highway construction and maintenance including occupancy by public utilities and including a tract for drainage purposes
Lessee Agreement:	ok
Acreage:	0.24
Compensation:	\$500.00
Legal Description:	Tract in SE4SE4, Sec. 13, Twp. 27N, Rge. 58E, Roosevelt County
Trust Beneficiary:	Common Schools

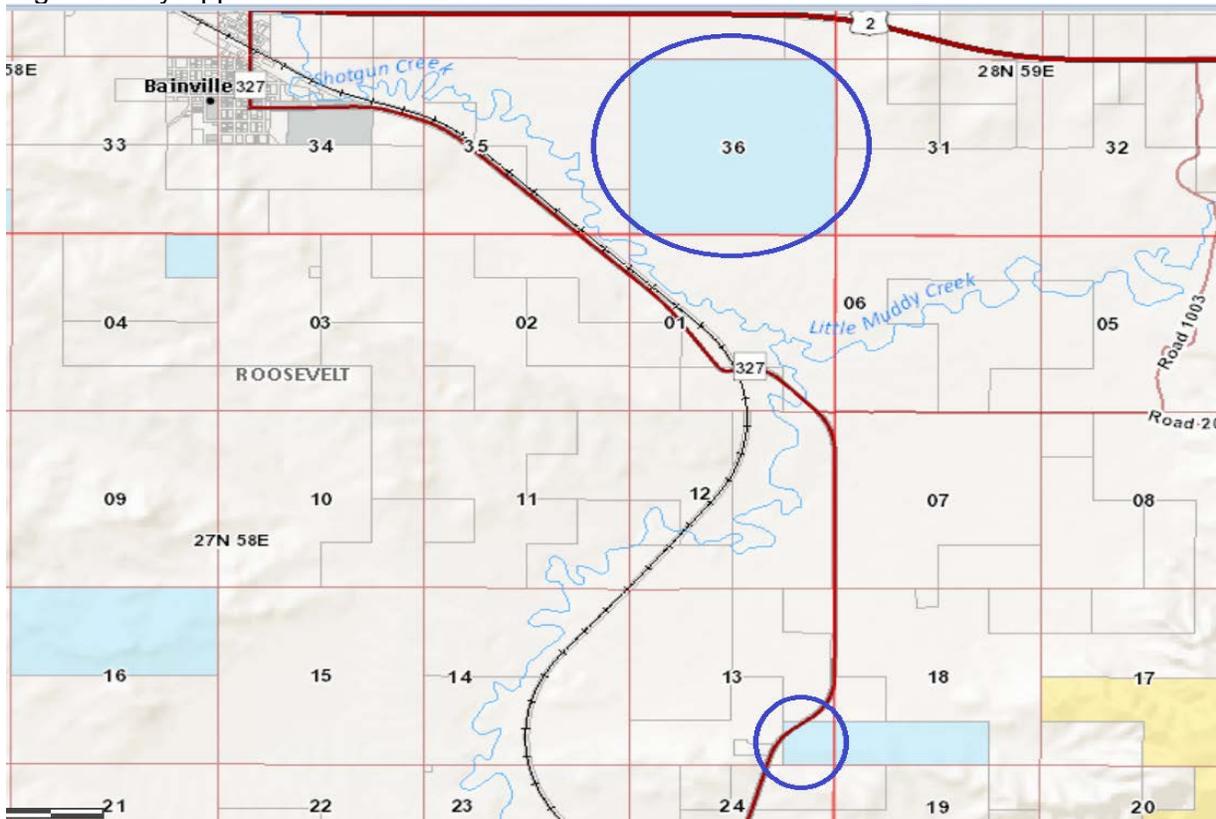
Item Summary

This application by Montana Department of Transportation MDT is a part of the previously described project for the Bainville bypass. The lessee on this tract has agreed to the project and signed the necessary paperwork. This easement may be issued upon Land Board approval.

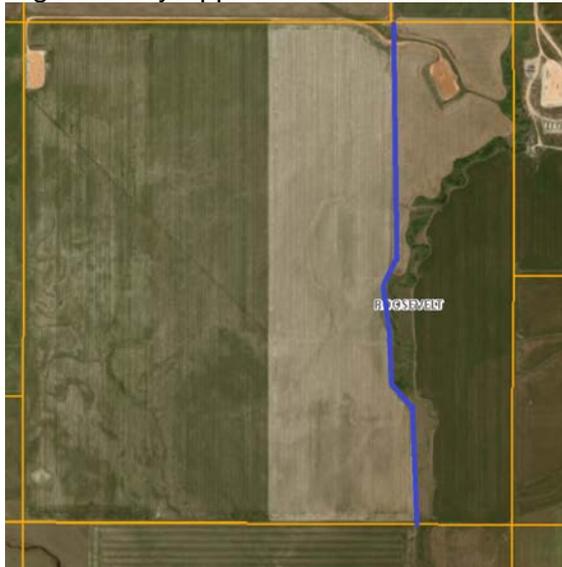
DNRC Recommendation

The director recommends approval of this easement request by MDT.

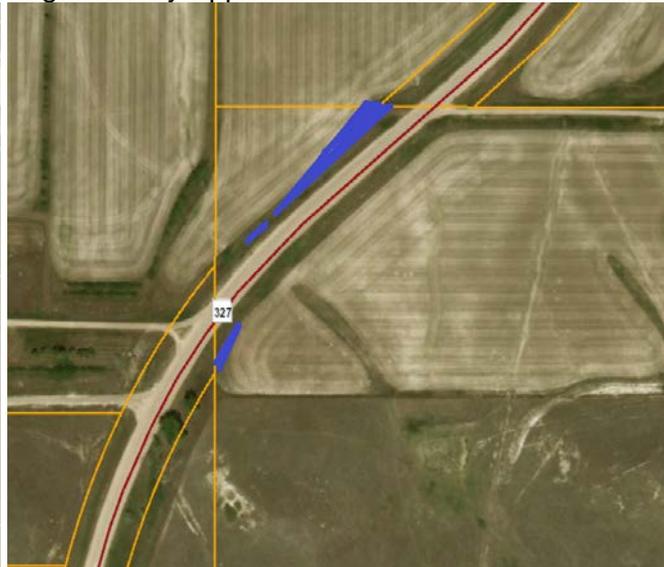
Right of Way Application Nos. 18203-18204



Right of Way App. #18203



Right of Way App. #18204



APPLICANTS AND RIGHTS OF WAY INFORMATION

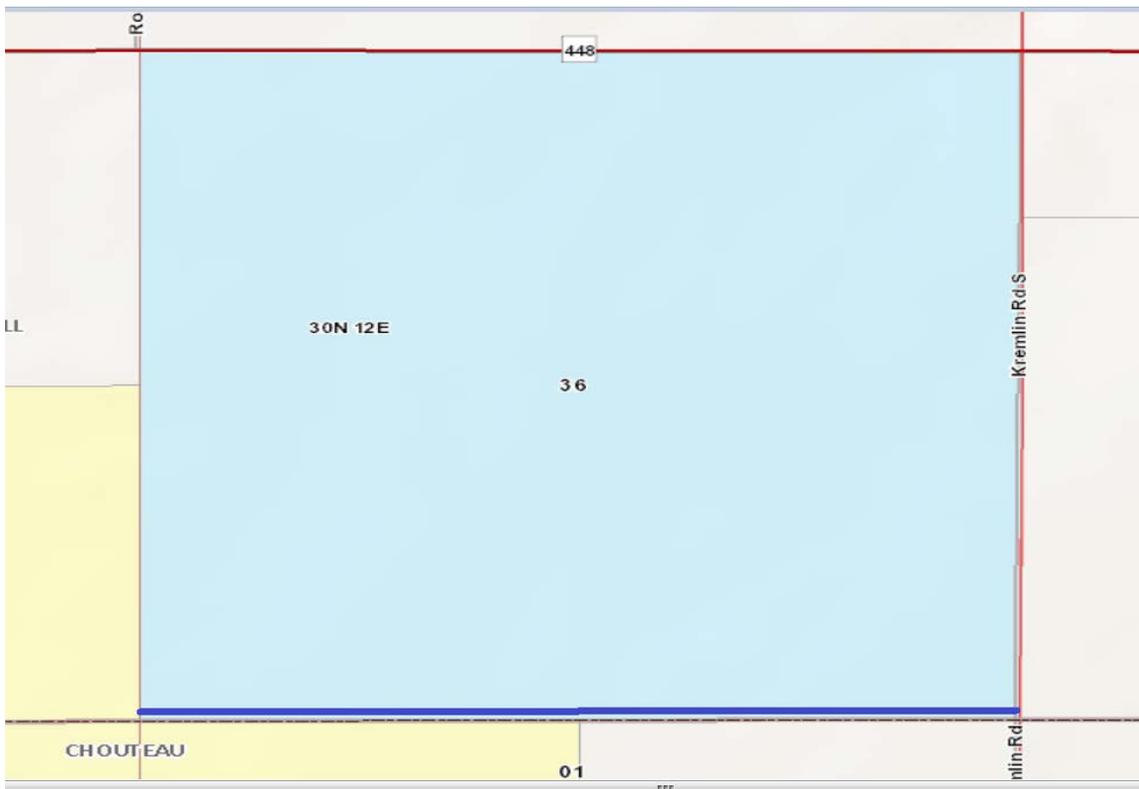
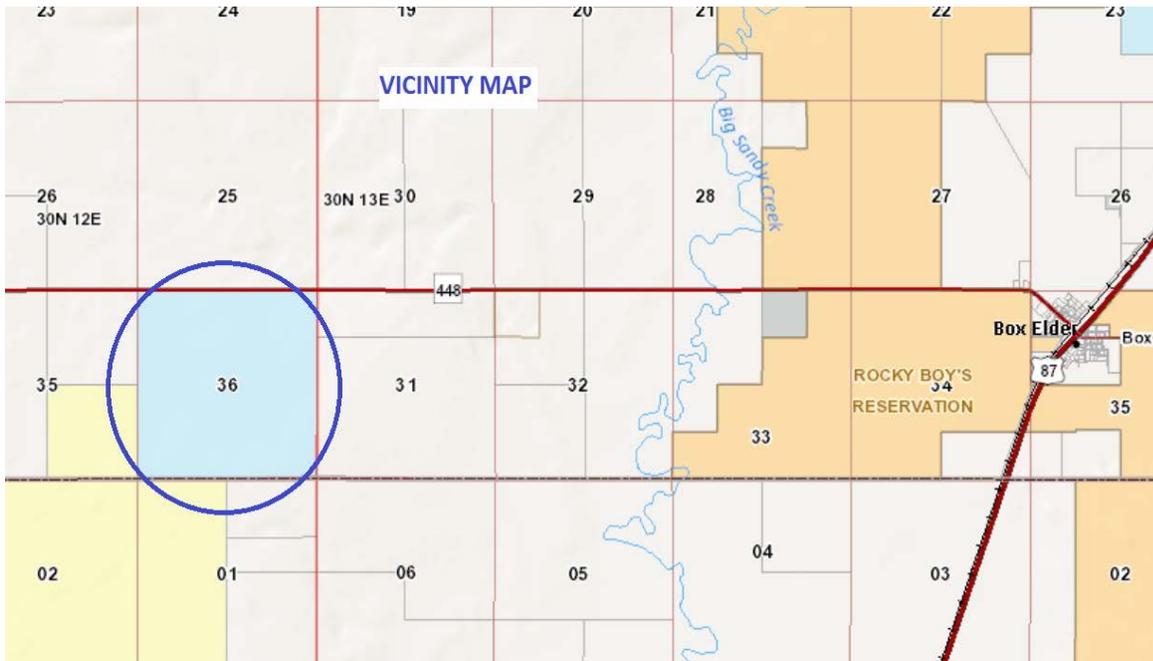
Applicant:	Northwestern Energy 11 E Park Butte, MT 59701
Application No.:	18205
R/W Purpose:	A 12.47 kv overhead electric distribution line
Lessee Agreement:	N/A (Historic)
Acreage:	3.68
Compensation:	\$3,312.00
Legal Description:	30-foot strip through N2N2, Sec. 36, Twp. 30N, Rge. 12E, Hill County
Trust 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 as historic rights of ways.

DNRC Recommendation

The director recommends approval of these historic rights of way for Northwestern Energy.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18206
R/W Purpose: A12.47 kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.88
Compensation: \$1,598.00
Legal Description: 30-foot strip through S2SE4, Sec. 33, Twp. 31N, Rge. 6E,
Liberty County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18207
R/W Purpose: A 12.47 kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 3.62
Compensation: \$3,077.00
Legal Description: 30-foot strip through N2N2, Sec. 36, Twp. 30N, Rge. 6E,
Liberty County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18208
R/W Purpose: A 12.47 kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 1.82
Compensation: \$546.00
Legal Description: 30-foot strip through W2NW4, Sec. 34, Twp. 30N, Rge. 9E,
Hill County
Trust Beneficiary: Common Schools

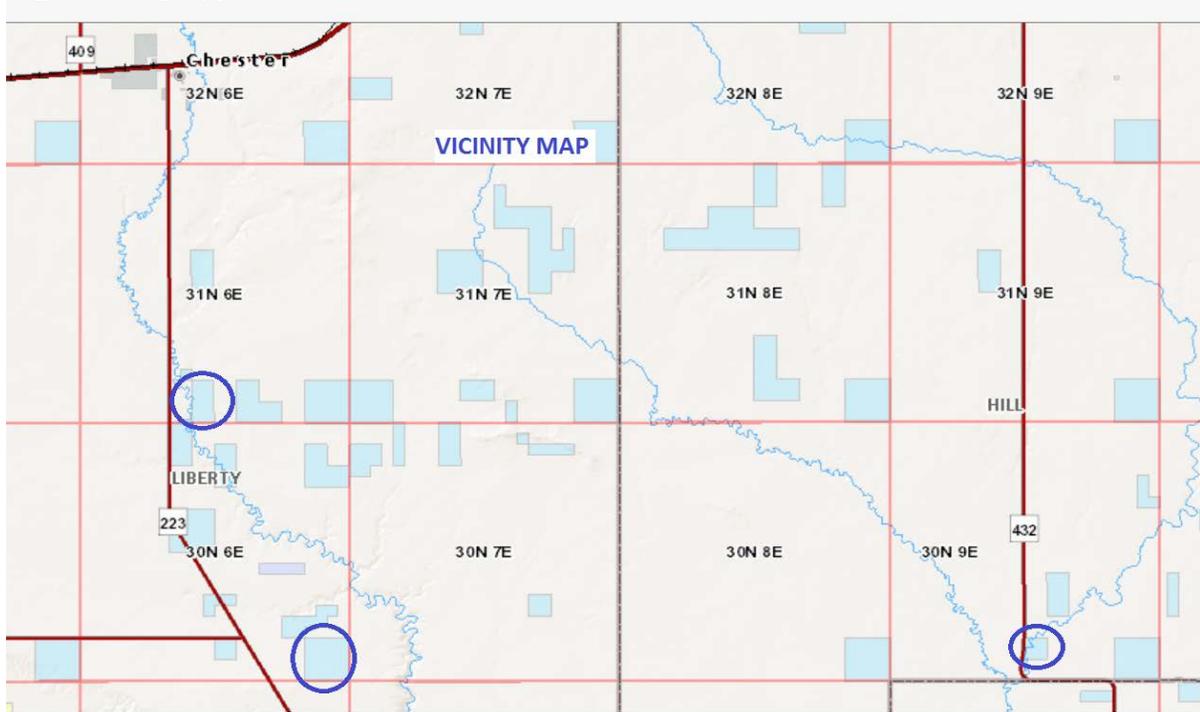
Item Summary

See page 25 for summary.

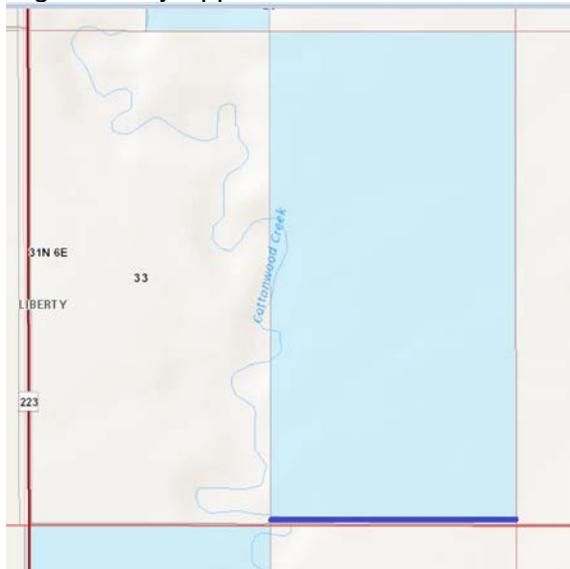
DNRC Recommendation

See page 25 for recommendation

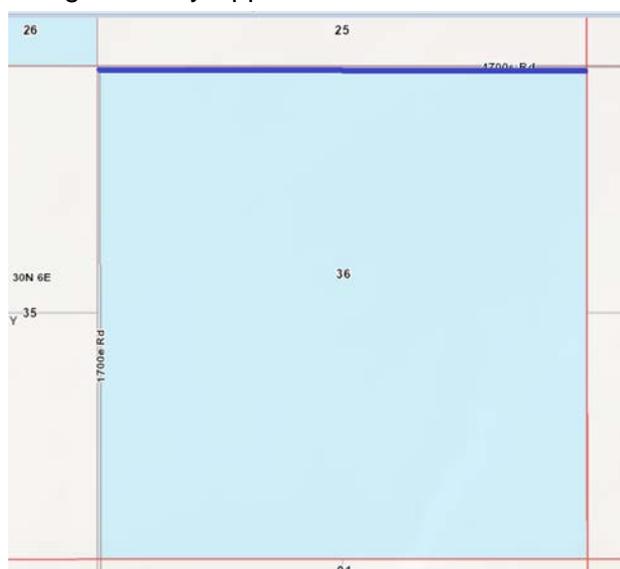
Right of Way App. Nos. 18206-18208



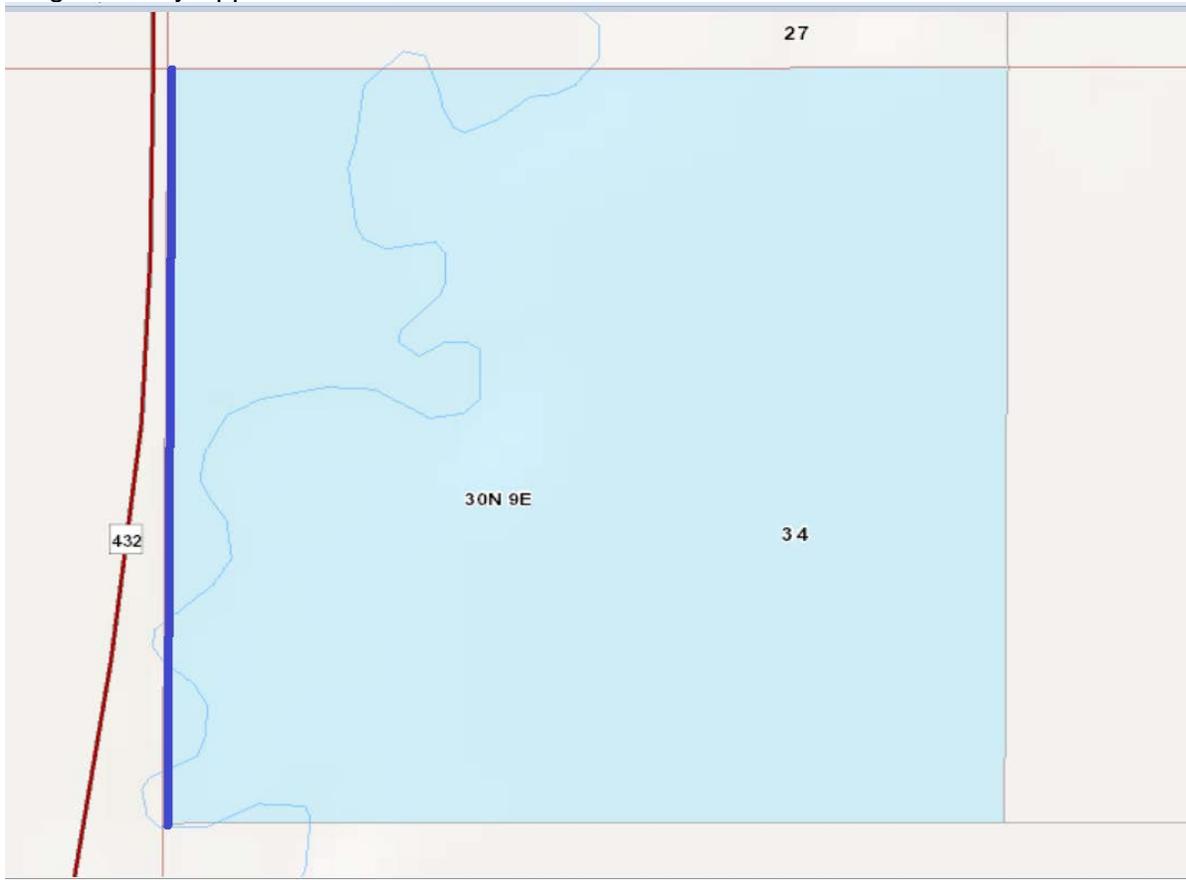
Right of Way App. #18206



Right of Way App. #18207



Right of Way App. #18208



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Northwestern Energy 11 E Park Butte, MT 59701
Application No.:	18209
R/W Purpose:	A 161 kv overhead electric transmission line
Lessee Agreement:	N/A (Historic)
Acreage:	7.79
Compensation:	\$7,011.00
Legal Description:	80-foot strip through Gov. Lot 1 and NE4SW4, S2SW4, Sec. 1, Twp. 30N, Rge. 13E, Hill County
Trust Beneficiary:	Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18210
R/W Purpose: A 161 kv overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 6.89
Compensation: \$2,067.00
Legal Description: 80-foot strip through NE4NE4, S2NE4, NE4SW4, Sec. 11,
Twp. 30N, Rge. 13E, Hill County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18211
R/W Purpose: A 161 kv overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 6.92
Compensation: \$2,076.00
Legal Description: 80-foot strip through NE4NE4, S2NE4, NW4SE4, Sec. 15,
Twp. 30N, Rge. 13E, Hill County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18212
R/W Purpose: A 69 kv overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 1.0
Compensation: \$900.00
Legal Description: 40-foot strip through SW4NW4, Sec. 4, Twp. 30N, Rge. 14E,
Hill County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18213
R/W Purpose: A 161 kv overhead electric transmission line
Lessee Agreement: N/A (Historic)
Acreage: 0.27
Compensation: \$100.00
Legal Description: 80-foot strip through SE4SE4, Sec. 16, Twp. 31N, Rge. 14E,
Hill County
Trust Beneficiary: Common Schools

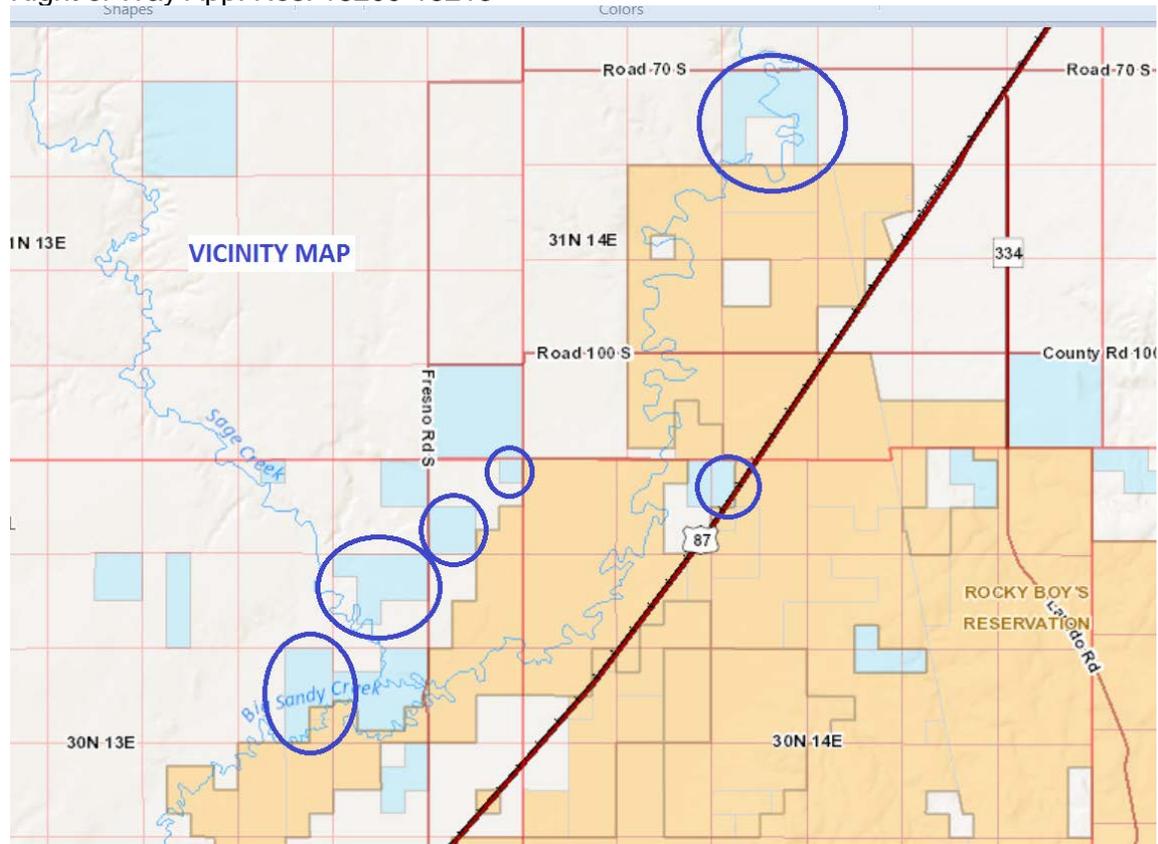
Item Summary

See page 25 for summary.

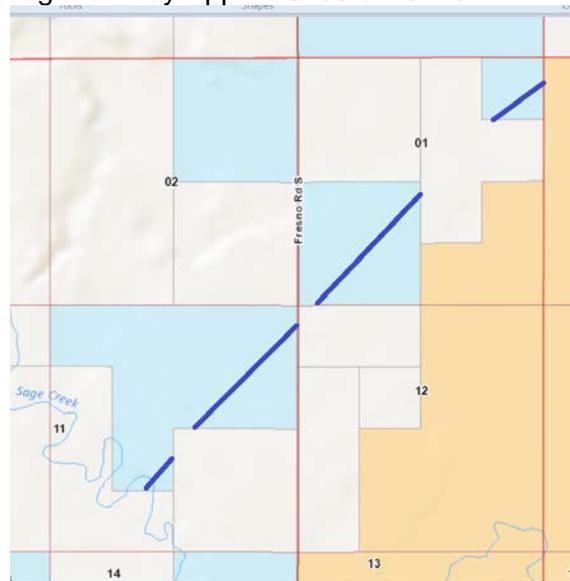
DNRC Recommendation

See page 25 for recommendation.

Right of Way App. Nos. 18209-18213



Right of Way App. #18209 & 18210



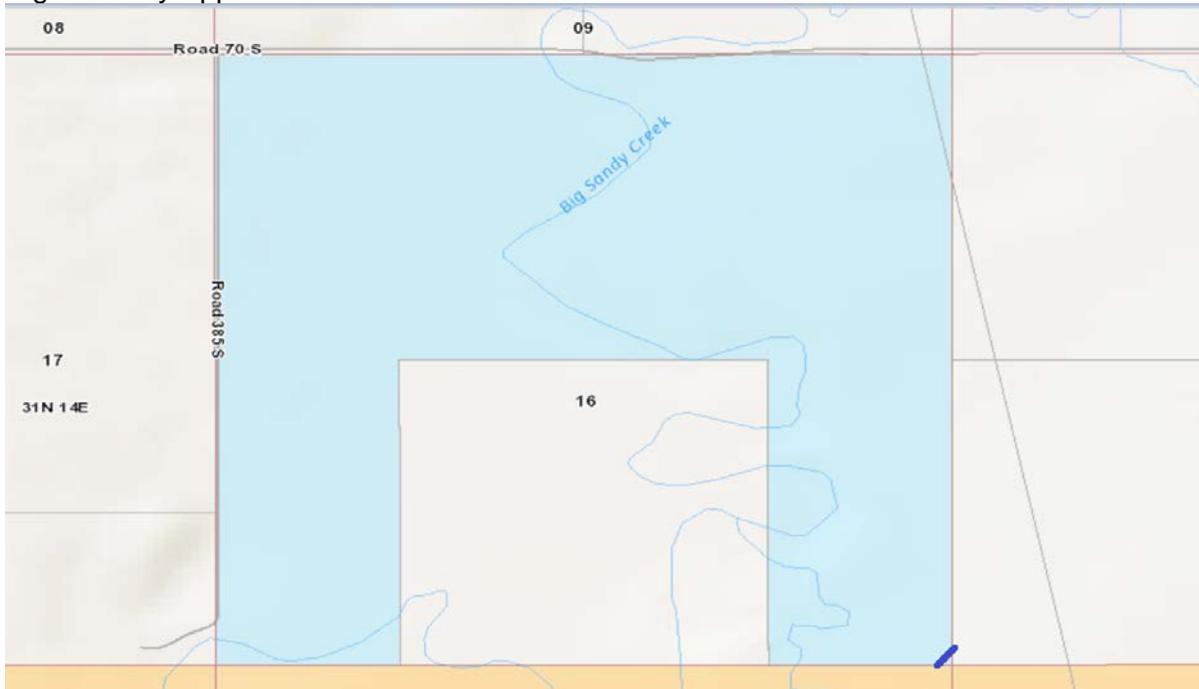
Right of Way App. #18211



Right of Way App. #18212



Right of Way App. #18213



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

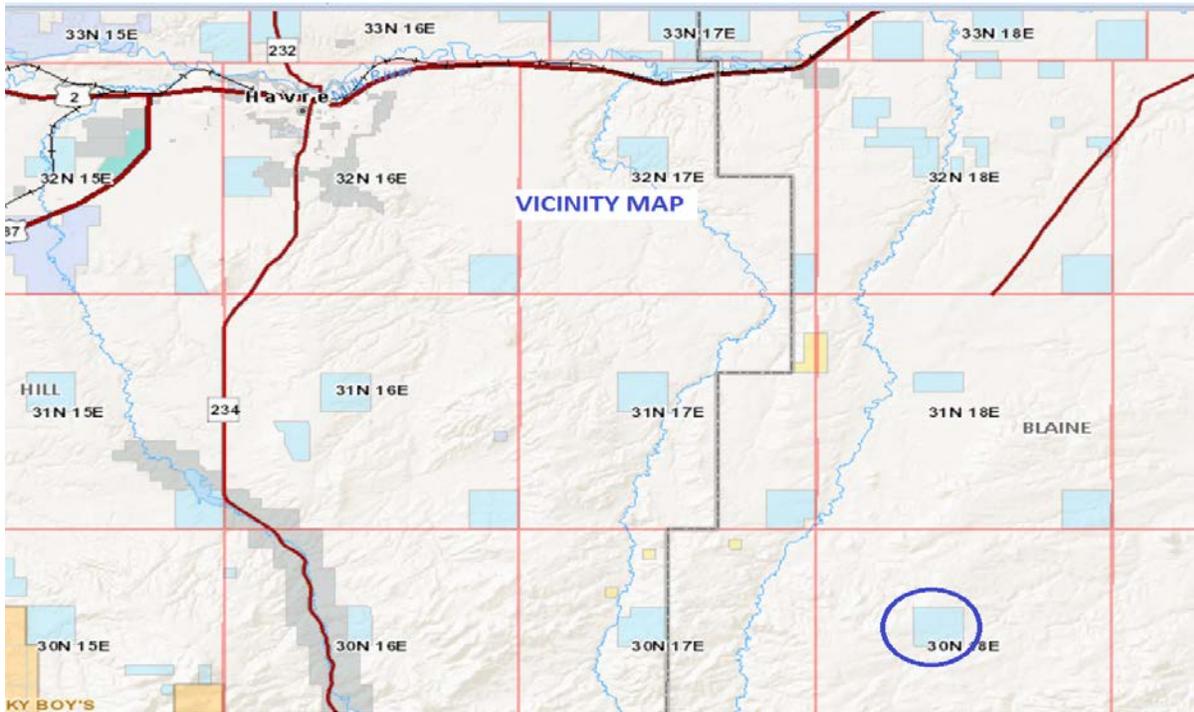
Application No.: 18214
R/W Purpose: A buried 12" natural gas transmission line
Lessee Agreement: N/A (Historic)
Acreage: 6.16
Compensation: \$1,848.00
Legal Description: 50-foot strip through E2W2, SW4SE4, Sec. 16, Twp. 30N,
Rge. 18E, Blaine County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

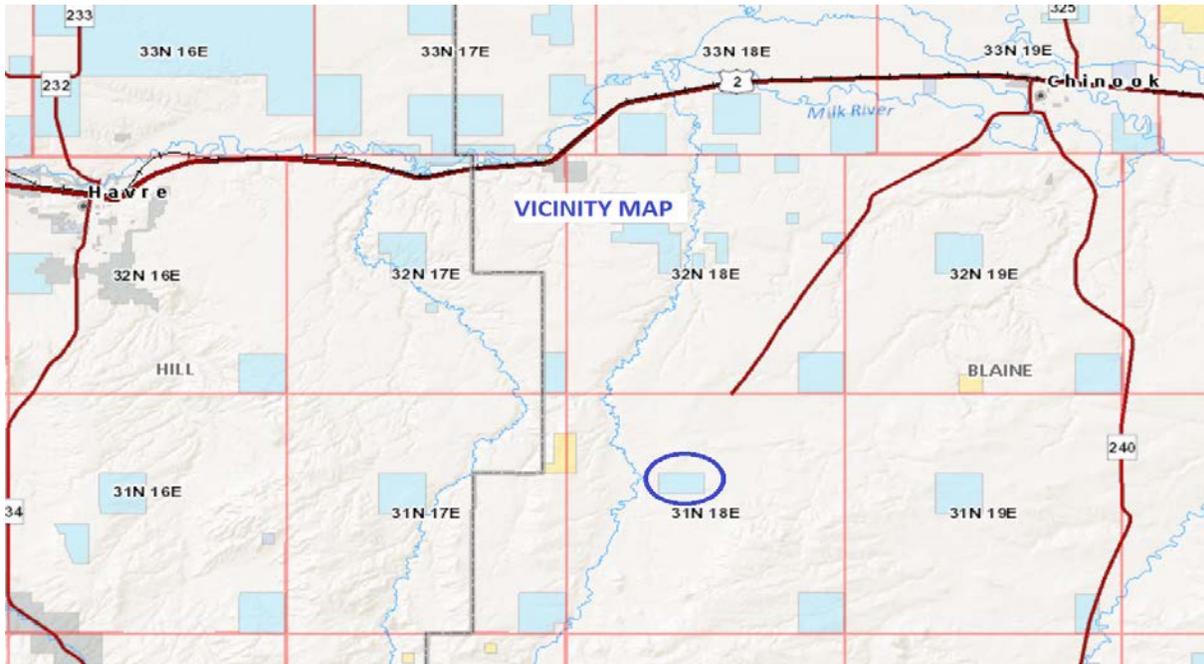
Application No.: 18215
R/W Purpose: A buried 16" natural gas transmission line
Lessee Agreement: N/A (Historic)
Acreage: 2.0
Compensation: \$600.00
Legal Description: 50-foot strip through W2NW4, Sec. 16, Twp. 31N, Rge. 18E,
Blaine County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

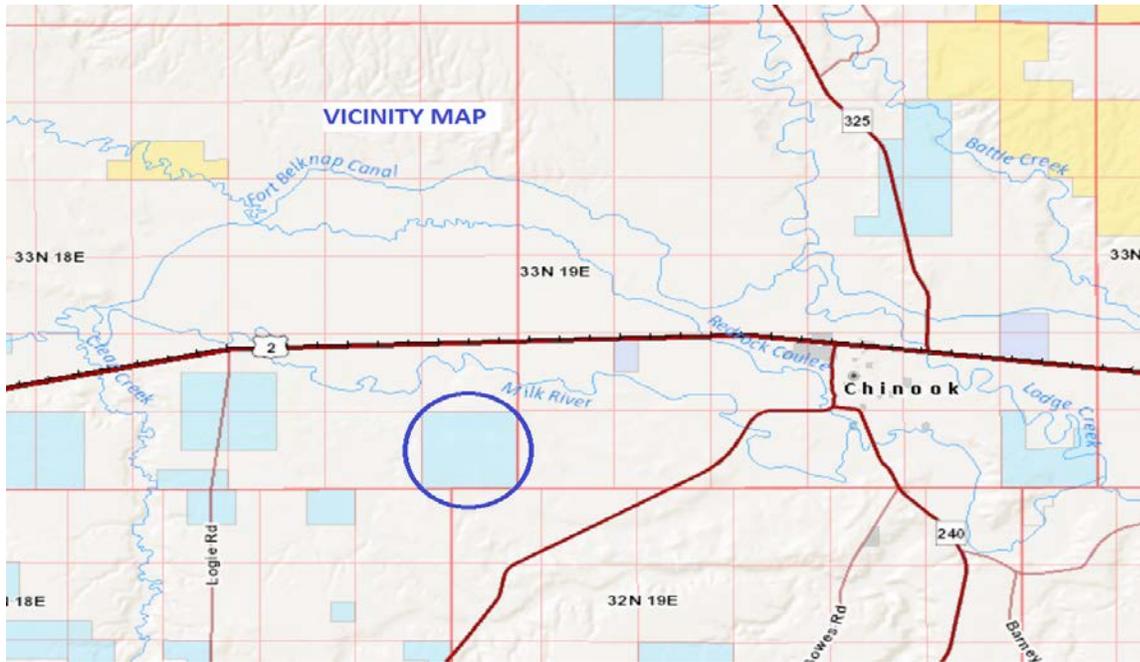
Application No.: 18216
R/W Purpose: A buried 16" natural gas transmission line
Lessee Agreement: N/A (Historic)
Acreage: 6.90
Compensation: \$2,070.00
Legal Description: 50-foot strip through W2NE4, SE4NW4, N2SW4, SW4SW4,
Sec. 36, Twp. 33N, Rge. 18E, Blaine County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

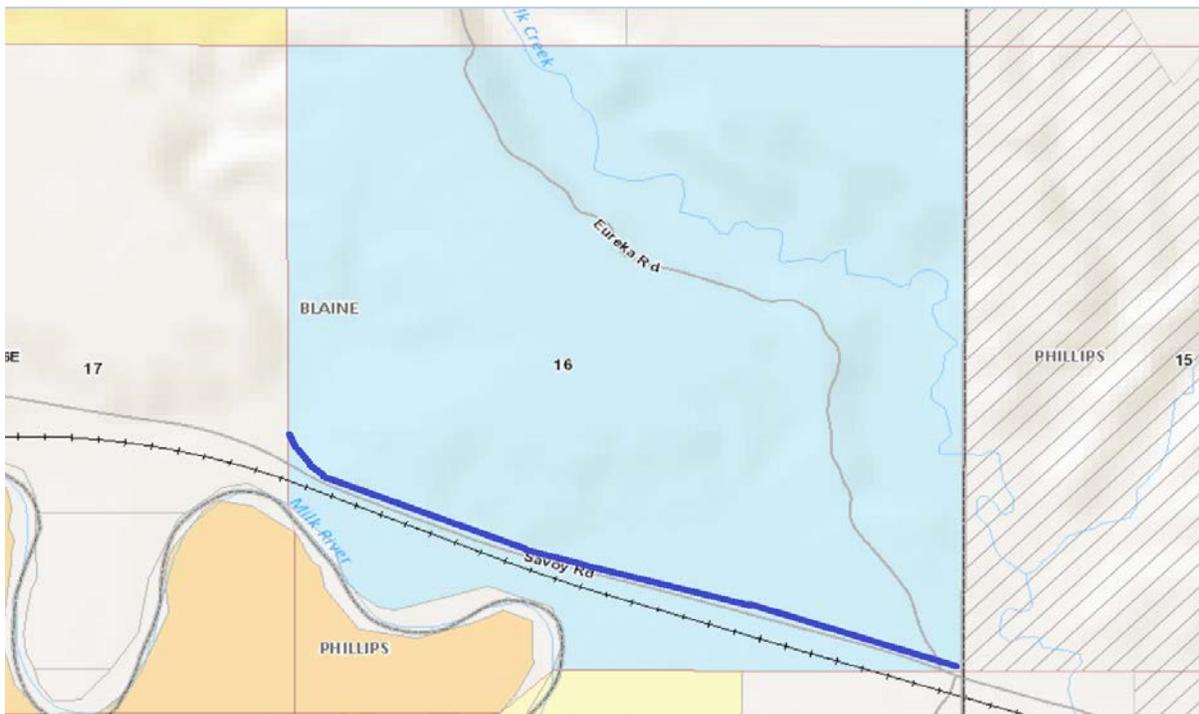
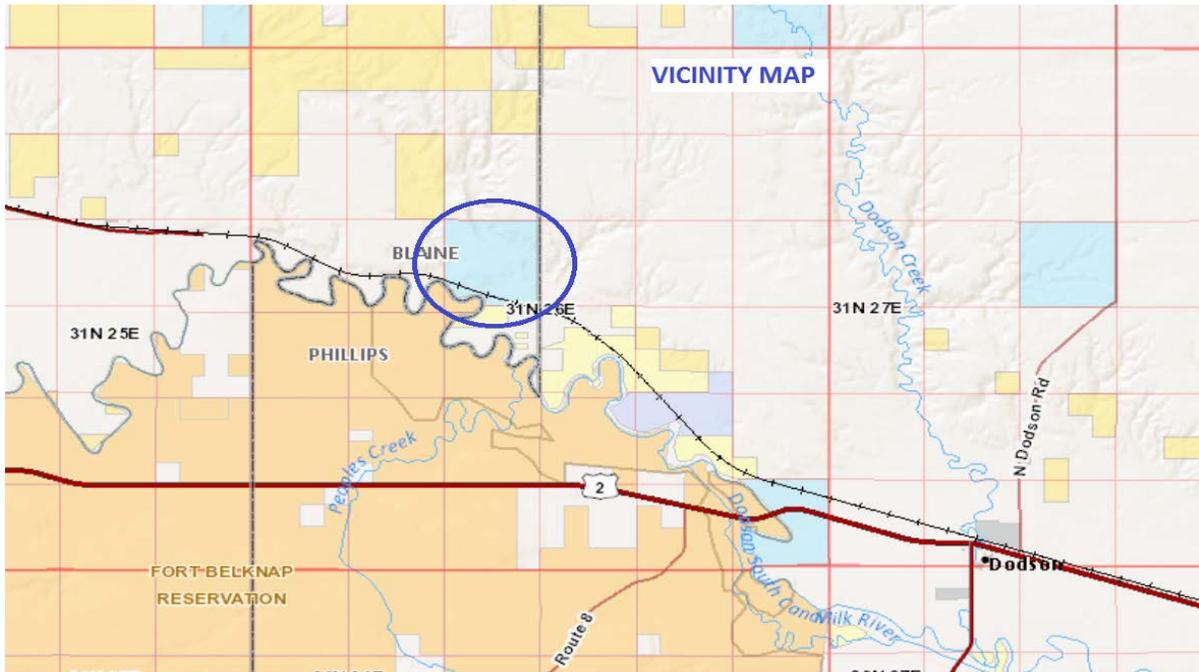
Application No.: 18217
R/W Purpose: A 12.47 kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 4.05
Compensation: \$1,215.00
Legal Description: 30-foot strip through NW4SW4, S2S2, Sec. 16, Twp. 31N,
Rge. 26E, Blaine County
Trust Beneficiary: Common Schools

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Northwestern Energy
11 E Park
Butte, MT 59701

Application No.: 18218
R/W Purpose: A 7.2 kv overhead electric distribution line
Lessee Agreement: N/A (Historic)
Acreage: 0.65
Compensation: \$195.00
Legal Description: 30-foot strip through NE4NW4, NW4NE4, Sec. 30, Twp. 33N,
Rge. 18E, Blaine County
Trust Beneficiary: MSU-Eastern/MSU - Western

Item Summary

See page 25 for summary.

DNRC Recommendation

See page 25 for recommendation.

