AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
September 20, 2021, at 9:00 a.m.
State Capitol, Room 303
Helena, MT

ACTION ITEMS

0921-1 Timber Sales: West Coal APPROVED 5-0
Benefits: MSU 2nd, Public Buildings, Eastern/Western, Montana Tech, School for the Deaf & Blind
Location: Flathead County

0921-2 Oil and Gas Lease Sale: (September 8, 2021) APPROVED 5-0
Benefits: Common Schools
Location: Sheridan, Toole, & Yellowstone Counties

0921-3 Land Donation: Sperry Grade APPROVED 5-0
Benefits: Common Schools
Location: Missoula County

0921-4 Cabin and Home Site Sales: Set Minimum Bid for Sale APPROVED 4-1
Benefits: MSU 2nd
Location: Missoula County

0921-5 Easements: Standard Grant APPROVED 5-0
Benefits: Common Schools, Public Land Trust - Nav. Rivers
Location: Dawson, Madison, Pondera, Richland, Stillwater & Yellowstone Counties

PUBLIC COMMENT
0921-1  Timber Sale: West Coal

Location: Flathead County
Sections 18, 19, 20, 21, 28, 29, 30, 31, 32 and 33 T34N R21W

Trust Beneficiaries: Montana State University 2nd Grant, Public Buildings, Eastern College-Montana State University/Western College-University of Montana, Montana Tech and School for the Deaf and Blind

Trust Revenue: $740,392 (estimated, minimum bid)

Item Summary

Location: The West Coal Timber Sale is located approximately 26 miles north of Columbia Falls, MT.

Size and Scope: The sale includes 28 harvest units (551 acres) of tractor (236 acres) and skyline logging (315 acres).

Volume: The estimated harvest volume is 33,351 tons (5.6 MMBF) of sawlogs.

Estimated Return: The minimum bid is $22.20 per ton, which would generate approximately $740,392 for the MSU 2nd Grant, Public Buildings, Eastern College-MSU/Western College-University of Montana, Montana Tech and the School for the Deaf and Blind Trusts and approximately $165,754.47 in Forest Improvement fees.

Prescription: This sale has the following harvest prescriptions: Seedtree with reserves, shelterwood, clear cut with reserves, overstory removal, and commercial thins. These treatments have been designed to improve residual stand health, replace stands with poor growth and vigor, and reduce future fuel load while regenerating stands.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 3.2 miles of new temporary road construction and 26.1 miles of road maintenance.

Access: Access is obtained through the County maintained North Fork Road and U.S. Forest Service cost-share roads. (Big Creek Road, Coal Creek Road, Cyclone Ridge Road, and Dead Horse Road).

Public Comments: Two individuals and one conservation group provided comments on the proposed timber sale. One individual was in support of the proposed timber sale. One individual and a conservation group expressed concerns about wildlife, fisheries, old-growth, noxious weeds, and compliance with the Department’s Habitat Conservation Plan. Responses to these concerns were provided by the Department and analyzed, where applicable, in the EA. All internal and external issues and concerns were analyzed for effects with mitigation measures incorporated into project planning and design.

DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the West Coal Timber Sale.
Project Name: West Coal Timber Sale
Sections: 18, 19, 20, 21, 28, 29, 30, 31, 32, & 33
Township: 34N
Range: 21W
County: Flathead

State Trust Land Vicinity Map
Stillwater Unit

Produced by Montana Department of Natural Resources and Conservation 11/1/2010
Datum: NAD 1983 StatePlane
West Coal Timber Sale Harvest Units

- South Fork Coal Creek
- We...g Woods
- Haul Route
- New Road
- West Coal Timber Sale Harvest Units
- DNRC Trust Lands
- Perennial Stream
- Intermittent Stream
- US Forest Service

Page 7 of 52
0921-2 Oil and Gas Lease Sale: (September 8, 2021)

Location: Sheridan, Toole, and Yellowstone Counties

Trust Benefits: Common Schools

Trust Revenue: $4,677.24

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) held an oil and gas lease sale on September 8, 2021, in the Montana Room at the Montana DNRC building. A total of four tracts were offered for lease. Four tracts were leased for a total of $4,677.24. The four tracts that were sold covered a total of 2,478.16 acres. The average bid per acre was $1.89.

The high competitive bid for the September 8, 2021 sale was $3.00 per acre and the largest total bid was $1,920.00 for Tract 2 in Toole County.

**DNRC Recommendation**

The director requests Land Board approval to issue the leases from the September 8, 2021 oil and gas lease sale.
The following described lands were offered for oil and gas leasing through oral competitive bidding in the Department of Natural Resources and Conservation Montana Room, 1539 Eleventh Avenue, Helena, Montana, beginning at 9:00 am, September 8, 2021.

<table>
<thead>
<tr>
<th>Tract</th>
<th>Stipulations</th>
<th>Twp</th>
<th>Rng</th>
<th>Sec</th>
<th>Description</th>
<th>Acres</th>
<th>Bid/Acre</th>
<th>Total Bid Lessee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sheridan</strong></td>
<td>1 2, 3, 4, 5, 6, 8, 10, 11</td>
<td>37.N</td>
<td>58.E</td>
<td>16</td>
<td>LOTS 1, 2, 3, N2, SW4</td>
<td>* 558.16</td>
<td>$1.50</td>
<td>$837.24 SAMPSEN, RICHARD E</td>
</tr>
<tr>
<td><strong>Toole</strong></td>
<td>2 1, 2, 3, 4, 5, 6, 7</td>
<td>37.N</td>
<td>1.E</td>
<td>16</td>
<td>ALL</td>
<td>640.00</td>
<td>$3.00</td>
<td>$1,920.00 LONEWOLF ENERGY, INC.</td>
</tr>
<tr>
<td><strong>Yellowstone</strong></td>
<td>3 1, 2, 3, 4, 5, 6, 9</td>
<td>2.N</td>
<td>23.E</td>
<td>16</td>
<td>ALL</td>
<td>640.00</td>
<td>$1.50</td>
<td>$960.00 BEYOND HORIZON, LLC</td>
</tr>
<tr>
<td></td>
<td>4 1, 2, 3, 4, 5, 6, 9</td>
<td>2.N</td>
<td>23.E</td>
<td>36</td>
<td>ALL</td>
<td>640.00</td>
<td>$1.50</td>
<td>$960.00 BEYOND HORIZON, LLC</td>
</tr>
</tbody>
</table>

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

**Summary by Lessor**

<table>
<thead>
<tr>
<th>Total Acres</th>
<th>Total Tracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,478.16</td>
<td>4</td>
</tr>
</tbody>
</table>

**Oil and Gas Lease Sale Summary**

<table>
<thead>
<tr>
<th>Total Tracts</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Acres</td>
<td>2,478.16</td>
</tr>
<tr>
<td>Total Bid Revenue</td>
<td>$4,677.24</td>
</tr>
<tr>
<td>Average Bid Per Acre</td>
<td>$1.89</td>
</tr>
</tbody>
</table>
1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.

2 Prior to the drilling of any well on or into the lease premises, lessee shall send one copy of the well prognosis, including Form 22 “Application for Permit” to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.

3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.

4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises. The lessee’s methods of control shall be reviewed and approved by the Department’s Unit Office that has jurisdiction for that locale.

5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.

6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.

7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to potstershots.

8 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.

9 This lease is located within designated sage grouse general habitat. Proposed activities are subject to, and shall comply with, all provisions, stipulations and mitigation requirements of the Montana Sage Grouse Habitat Conservation Strategy, as implemented by Governor's Executive Orders 10-2014, 12-2015, and amendments thereto. Contact the TLMD prior to preparing a project proposal.

10 This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.

11 A portion of this tract contains U.S. Fish and Wildlife Service (FWS) surface ownership, that is part of the Base Camp Waterfowl Production Area. Coordination with the U.S. FWS regarding the Department's MEPA review and proposed well location is required prior to approval of an oil or gas well or related activities on U.S. FWS surface.
0921-3

LAND DONATION:

Sperry Grade
Land Board Agenda Item  
September 20, 2021

0921-3 Land Donation: Sperry Grade

Location: Missoula County

Trust Benefits: Common Schools

Trust Revenue: N/A

Item Summary
The Department of Natural Resources and Conservation (DNRC) has been offered a land donation of approximately 1.486± acres on Sperry Grade in Missoula County by private landowners Ruth & Don Johnson.

This land is legally described as: Area A of Certificate of Survey ##### located in the SE4 of Section 35, Township 15 North, Range 14 West Missoula County, Montana

Proposed Donation
It is DNRC policy to perfect legal access to state trust land, which may include cabin site leases in anticipation for sale. DNRC staff identified an access need in the Sperry Grade area that would provide and clarify legal access on South Sperry Grade Road to state trust land for multiple purposes. This access is located upon a 60-foot wide strip of land adjoining state land that is under the ownership of Ruth and Don Johnson. DNRC staff approached the Johnsons for an easement over the strip of land, which was met with reluctance due to concerns of legal liability. As an alternative, the Johnsons offered to donate the strip of land to the DNRC provided that the donation allow for continued legal access over and across it for the neighboring private lands. Acquisition by the DNRC of this strip of land in fee title versus an easement would facilitate flexibility in management of the State Trust land, with such opportunities including the ability to provide public recreational use of the state land as well partnering with the Bureau of Land Management (BLM) in expanding legal access to the public for the use and enjoyment of adjoining federal lands and access to the Blackfoot River.

If the donation is approved, it is anticipated that the DNRC and the Bureau of Land Management (BLM) may enter into an easement exchange proposal pursuant to the existing Reciprocal Access Memorandum of Understanding to encumber the donation parcel, as well as a portion of existing access road on State Trust Land, under a public access easement that would be managed by the BLM. Such exchange would also secure a parking area for the public sufficient to accommodate a non-motorized restriction placed on the BLM land through a conservation easement. Subject to Land Board review and approval at a future date, an easement exchange would allow BLM to formally manage the road, which would provide for clarified legal access for adjoining private landowners as well as provide maintenance to the access road for the public use, thereby easing a potential burden on the State.

Pursuant to policy, an appraisal was conducted in November, 2019 to ascertain a fee market value of the strip of land. A General Certified Appraiser valued the donated property at $4,500.
DNRC is requesting permission from the Land Board to pursue actions necessary to acquire fee title in and to the strip of land offered by donation from the Johnsons.

**DNRC Recommendation**
The director recommends approval of this land donation.

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*View of South Sperry Grade Road looking North*

*View from the end of South Sperry Grade Road looking toward the section line. Land beyond the fence line in the background is under BLM ownership and is under a non-motorized conservation easement.*
0921-4

CABIN AND HOME SITE SALES:
Set Minimum Bid for Sale
0921-4 Cabin and Home Sites: Set Minimum Bid for Sale

Location: Missoula County
Trust Benefits: MSU 2nd
Trust Revenue: $3,165,000

Item Summary
The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for 18 cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program. Preliminary Land Board approval was granted in April of 2020 (Approved 5-0).

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Acres</th>
<th>Nominee</th>
<th>Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>1120</td>
<td>1.584±</td>
<td>Lot 1, Clearwater River East Shore</td>
<td>CASSIDY, DANIEL</td>
</tr>
<tr>
<td>1121</td>
<td>1.113±</td>
<td>Lot 3, Clearwater River East Shore</td>
<td>LOCKWOOD, ROSE</td>
</tr>
<tr>
<td>1122</td>
<td>1.2±</td>
<td>Lot 4, Clearwater River East Shore</td>
<td>GROSVENOR, WILLIAM &amp; BRANDON</td>
</tr>
<tr>
<td>1123</td>
<td>1.956±</td>
<td>Lot 5, Clearwater River East Shore</td>
<td>SMITH, CORRI</td>
</tr>
<tr>
<td>1124</td>
<td>2.91±</td>
<td>Lot 7, Clearwater River East Shore</td>
<td>VOYLES, JIM R. &amp; JANICE R.</td>
</tr>
<tr>
<td>1125</td>
<td>2.236±</td>
<td>Lot 8, Clearwater River East Shore</td>
<td>MCENANEY, CHRIS W.</td>
</tr>
<tr>
<td>1126</td>
<td>2.856±</td>
<td>Lot 9, Clearwater River East Shore</td>
<td>MARTELLO, BEN D. &amp; SHIRLEY A.</td>
</tr>
<tr>
<td>1127</td>
<td>2.587±</td>
<td>Lot 11, Clearwater River East Shore</td>
<td>WELTER, JODY B. &amp; ROSPI T.K.</td>
</tr>
<tr>
<td>1128</td>
<td>2.408±</td>
<td>Lot 35, Clearwater River East Shore</td>
<td>LINFORD, EDWARD L.</td>
</tr>
<tr>
<td>1129</td>
<td>3.067±</td>
<td>Lot 36, Clearwater River East Shore</td>
<td>CLOSSON, DOUGLAS E.</td>
</tr>
<tr>
<td>1130</td>
<td>1.527±</td>
<td>Lot 23, Clearwater River East Shore Inland</td>
<td>LOCKE, TIM; TAYLOR, COLLEEN</td>
</tr>
<tr>
<td>1131</td>
<td>1.018±</td>
<td>Lot 24, Clearwater River East Shore Inland</td>
<td>SANFORD, LUKIAN</td>
</tr>
<tr>
<td>1132</td>
<td>1.38±</td>
<td>Lot 25, Clearwater River East Shore Inland</td>
<td>TAYLOR, RODY &amp; COLLEEN</td>
</tr>
<tr>
<td>1133</td>
<td>1.21±</td>
<td>Lot 46, Clearwater River East Shore Inland</td>
<td>JOHNSTONE, ROY N.</td>
</tr>
<tr>
<td>1134</td>
<td>1.122±</td>
<td>Lot 7, Placid Lake West</td>
<td>KREITZBERG, JOANNA B.</td>
</tr>
<tr>
<td>1135</td>
<td>2.345±</td>
<td>Lot 10, Placid Lake West</td>
<td>KIDDER, RAINÉ &amp; AIRA</td>
</tr>
</tbody>
</table>
The parcels are currently leased as cabin sites and produce an average income for residential leases statewide. The parcels will be sold with the access that is currently provided under their lease agreements and can be conveyed by DNRC.

**Cultural/Paleontological Resources:**
A Class I level of cultural resource inventory was conducted for each of the proposed sales. Home sites typically contain numerous structures and the ground surfaces within most home sites have been disturbed over the course of many years of occupation and development. These sales will have no effect to state-owned heritage properties.

**Access/Recreational Use:**
As part of the cabin site sale process, the State will convey any access that it has and can be conveyed to the purchaser of the cabin or home site property. Current cabin/home site access is limited to the lessee and does not provide access or recreational use to the general public. State lands classified as cabin or home sites are closed to general recreational use by the public in accordance with ARM 36.25.150(1)(a). Therefore, the State is not selling land under the cabin site sale program that the public is permitted to use for recreation. Rather, the funds generated by these sales will go towards purchasing new lands that will have dedicated public access and recreational opportunities.

**Economic Analysis:**
Short term – The average rates of return on these sale parcels are as shown in Figure 1. The parcels will continue to receive these returns if they remain in state ownership. With the exception of the Placid Lake lots (Sales 1034-1037), the income rates of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase, as shown in Figures 2 through 19 on the following pages.

<table>
<thead>
<tr>
<th>Sale No.</th>
<th>Rate of Return</th>
<th>Sale No.</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1120</td>
<td>2.646%</td>
<td>1129</td>
<td>2.848%</td>
</tr>
<tr>
<td>1121</td>
<td>3.302%</td>
<td>1130</td>
<td>3.487%</td>
</tr>
<tr>
<td>1122</td>
<td>2.526%</td>
<td>1131</td>
<td>3.292%</td>
</tr>
<tr>
<td>1123</td>
<td>3.507%</td>
<td>1132</td>
<td>3.694%</td>
</tr>
<tr>
<td>1124</td>
<td>2.926%</td>
<td>1133</td>
<td>3.344%</td>
</tr>
<tr>
<td>1125</td>
<td>3.374%</td>
<td>1134</td>
<td>3.859%</td>
</tr>
<tr>
<td>1126</td>
<td>3.723%</td>
<td>1135</td>
<td>4.296%</td>
</tr>
<tr>
<td>1127</td>
<td>3.074%</td>
<td>1136</td>
<td>4.587%</td>
</tr>
<tr>
<td>1128</td>
<td>3.682%</td>
<td>1137</td>
<td>3.134%</td>
</tr>
</tbody>
</table>
Figure 2: Sale 1120 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.73%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 3: Sale 1121 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.73%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 4: Sale 1122 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.73%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.
Figure 5: Sale 1123 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 6: Sale 1124 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 7: Sale 1125 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.
Figure 8: Sale 1126 - Review of Past Income and Values; Forecast Income and Values

Figure 9: Sale 1127 - Review of Past Income and Values; Forecast Income and Values

Figure 10: Sale 1128 - Review of Past Income and Values; Forecast Income and Values
Figure 11: Sale 1129 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 – 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 12: Sale 1130 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 – 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 13: Sale 1131 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 – 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.
Figure 14: Sale 1132 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 15: Sale 1133 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 16: Sale 1134 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2020.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.
Figure 17: Sale 1135 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2010.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 18: Sale 1136 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.72%, based on the FHFA House Price Index for Montana, 2000 - 2010.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.

Figure 19: Sale 1137 - Review of Past Income and Values; Forecast Income and Values

Forecast assumptions:
1. The average annual appreciation rate of the future DOR lot value used here is 4.71%, based on the FHFA House Price Index for Montana, 2000 - 2010.
2. Lease contract terms provide for a 2% annual rent increase on the current contract template, starting from a base rent of 5% of the most recent DOR valuation.
Long term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement lands through DNRC’s Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions, with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.54% on acquisitions purchased within the last three years to 3.21% for lands acquired within the last ten years. Figure 20 shows hypothetical lot values derived from the 3-year average net revenue of the current lease, at a sample range of income rates of return that could be anticipated when the sale proceeds are used for a land banking acquisition.

**Figure 20: Lot Values derived from 3-year Average Net Income at Sample Rate of Return**

<table>
<thead>
<tr>
<th>Sale Number</th>
<th>Income Rate of Return</th>
<th>Rate of Return at Current Appraised Value for Land</th>
<th>Average Rate of Return on all Land Banking Acquisitions within the last 3 years</th>
<th>Average Rate of Return on Land Banking Acquisitions within the last 5 years</th>
<th>Average Rate of Return on Land Banking Acquisitions within the last 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1120</td>
<td>Various (see Figure 1)</td>
<td>2.91%</td>
<td>3.54%</td>
<td>3.16%</td>
<td>3.21%</td>
</tr>
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<td>Derived Lot Value</td>
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Appraised Values of Land and Improvements:
The appraisals were prepared by Montana General Certified Appraisers Elliott M. Clark, MAI, of Clark Real Estate Appraisal in Whitefish and Nicholas J. Hogan, MAI of Hall-Widdoss & Company, P.C. in Missoula.

<table>
<thead>
<tr>
<th>Sale Nos.</th>
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</table>

DNRC Recommendation
The director recommends that the Land Board set the minimum bid for these cabin sites at the appraised land value and the maximum value of compensation for the improvements shown above.
## 0921-5 Easements

**Location**: Dawson, Madison, Pondera, Richland, Stillwater, Yellowstone

**Trust Benefits**: Common Schools, Public Land Trust - Nav. River

**Trust Revenue**: Common Schools = $3,067  
Public Land Trust = $3,940

### Item Table of Contents

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Right-of-Way Purpose</th>
<th>Term</th>
<th>Page(s)</th>
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<tbody>
<tr>
<td>Caleb &amp; Amanda Snodgrass</td>
<td>Private Access Road</td>
<td>Permanent</td>
<td>39-40</td>
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<tr>
<td>Vigilante Electric Cooperative Inc</td>
<td>Overhead Electrical Distribution Line</td>
<td>Permanent</td>
<td>41-42</td>
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<tr>
<td>3 Rivers Communications, Inc</td>
<td>Buried Fiber Optic Cable</td>
<td>Permanent</td>
<td>43-44</td>
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<tr>
<td>Gary &amp; Brenda Kartevold</td>
<td>Private Access Road</td>
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<tr>
<td>Mid-Rivers Telephone Cooperative</td>
<td>Buried Fiber Optic Cable</td>
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<tr>
<td>Project Telephone Company</td>
<td>Buried Fiber Optic Cable</td>
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</table>
Item Summary

Caleb and Amanda Snodgrass have made application under the Private Access Policy for an easement to access private lands for a single-family residence and associated outbuildings and to conduct normal farming and ranching operations and resource management activities. The Snodgrass family does not have the ability to reciprocate access to the State, therefore a reciprocal agreement is not possible. Access to the State Land is through a two-track trail across the lands of the State’s surface lessee, Scott Staffanson. Mr. Staffanson has been approached about providing legal access to the State and has declined to provide access. Snodgrass has an easement across Staffanson to get to their private lands. Minor clearing of some vegetation along the road corridor has occurred to accommodate vehicular travel. The private property of Snodgrass to be accessed is as follows:

- SE4, Sec. 15, Twp. 22N, Rge. 58E

DNRC Recommendation

The director recommends approval of the application of Caleb and Amanda Snodgrass.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Vigilante Electric Cooperative Inc
225 E. Bannack St.
Dillon, MT 59725

Application No.: 19125
R/W Purpose: an overhead 3-phase electrical distribution line
Lessee Agreement: ok
Acreage: 0.56
Compensation: $560
Legal Description: 30-foot strip through SW4NE4, Sec. 16, Twp. 1S, Rge. 2W, Madison County
Trust Beneficiary: Common Schools

Item Summary

Vigilante Electric Cooperative requested an easement to install a new overhead distribution powerline to provide service to a private land parcel. Pursuant to the August Land Board meeting, upon payment of the proposed $560 compensation, Vigilante Electric was granted a Letter of Authorization to install the overhead facility. The application is now before the Board for final disposition.

DNRC Recommendation

The director recommends approval of the easement request by Vigilante Electric Cooperative.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: 3 Rivers Communications, Inc
PO Box 429
Fairfield, MT 59436-0429

Application No.: 19130
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.21
Compensation: $100
Legal Description: 10-foot strip through Gov. Lots 1 & 2, Sec. 1, Twp. 30N, Rge. 6W, Pondera County
Trust Beneficiary: Common Schools

Item Summary

3 Rivers Telephone Cooperative is requesting an easement to install a new fiber optic cable in the Valier service area. The cable will be placed adjacent to a county road and provide upgraded service to rural customers. Minimal impacts are expected from the installation which will utilize a static plow.

DNRC Recommendation

The director recommends approval of the application of 3 Rivers Telephone Cooperative.
R/W Application 19130

App 19130

App 19130
### APPLICANTS AND RIGHTS OF WAY INFORMATION

<table>
<thead>
<tr>
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<th>Gary &amp; Brenda Kartevold</th>
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<tr>
<td>536 Road 106</td>
<td>Glendive, MT 59330</td>
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<td>Application No.:</td>
<td>19131</td>
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<td>R/W Purpose:</td>
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<td>Trust Beneficiary:</td>
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</table>

**Item Summary**

Gary and Brenda Kartevold have made application for the use of an existing road to conduct normal farming and ranching operations. The road has been in place for many years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The State Land is legally accessible by means of Interstate 94 off-ramps and associated frontage roads, as well as a county road. The private property of applicant to be accessed is described as:

- All: Sec. 13, Twp. 15N, Rge. 57E, Dawson County
- All: Sec. 17, Twp. 15N, Rge. 58E, Dawson County
- All: Sec. 18, Twp. 15N, Rge. 58E, Dawson County

**DNRC Recommendation**

The director recommends approval of the application of Gary and Brenda Kartevold.
APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 19132
R/W Purpose: three buried fiber optic cables within separate right of way corridors
Lessee Agreement: ok
Acreage: 2.99
Compensation: $1,047
Legal Description: 16-foot strip through SW4NW4, N2S2; a 16-foot strip through E2SE4 and a 16-foot strip through SE4SE4, Sec. 36, Twp. 16N, Rge. 54E, Dawson County
Trust Beneficiary: Common Schools

Item Summary

Mid-Rivers Telephone Cooperative is requesting an easement to place three fiber optic cables across State Trust land in rural Dawson County. The proposed project will provide upgraded communication facilities to rural customers west of Glendive. The cable will be installed using a direct trench/static plow method and will be located along existing roadways where ground disturbance has previously occurred. The project is not within Sage Grouse habitat areas.

DNRC Recommendation

The director recommends approval of the application of Mid-Rivers Telephone Cooperative.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Project Telephone Company
PO Box 8
Worden, MT 59088

Application No.: 19133
R/W Purpose: a buried fiber optic cable
Lessee Agreement: N/A (Nav. River)
Acreage: 0.14
Compensation: $740
Legal Description: 10-foot strip across Yellowstone River in NE4SE4, Sec. 28, Twp. 2S, Rge. 20E, Stillwater County
Trust Beneficiary: Public Land Trust - Nav. River

Item Summary

Project Telephone Company is requesting an easement to install a fiber optic cable beneath the Yellowstone River immediately south of Columbus. This easement request is part of a 51-mile project to provide upgraded services between Absarokee and Billings. The cable will be installed using a directional boring method 10-feet beneath the bed of the Yellowstone River and is located alongside the Highway 78 bridge. Permits from other authorizing agencies for impacts to the Yellowstone River have been secured.

DNRC Recommendation

The director recommends approval of the application of Project Telephone Company.
APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Project Telephone Company
PO Box 8
Worden, MT 59088

Application No.: 19135
R/W Purpose: a buried fiber optic cable
Lessee Agreement: N/A (Nav. River)
Acreage: 0.73
Compensation: $3,200
Legal Description: 34-foot strip across the Yellowstone River in SW4, Sec. 24,
Twp. 2N, Rge. 27E, Yellowstone County
Trust Beneficiary: Public Land Trust - Nav. River

Item Summary

Project Telephone Company is requesting an easement to attach a fiber optic cable in a conduit to the underside of the existing Highway 312 bridge across the Yellowstone River immediately west of Huntley. This easement is part of a 3.5-mile project to facilitate upgraded fiber optics to Project Telephone’s data center and provide upgraded services for rural customers. Directional drill method was evaluated for this project, however it was determined that the proposed bridge attachment was more efficient and less impactive to the surrounding property.

DNRC Recommendation

The director recommends approval of the application of Project Telephone Company.