

AGENDA
REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
 May 18, 2020, at 9:00 a.m.
 State Capitol, Room 317
 Helena, MT

ACTION ITEMS

- 0520-1 FWP: Mount Haggin WMA Grassy Mountain Addition/Fee Acquisition **Approved 5-0****
Benefits: N/A
Location: Deer Lodge County
- 0520-2 Timber Sales: **Approved 5-0****
A. All Don
Benefits: Common Schools
Location: Missoula County
B. MollyWood
Benefits: Common Schools
Location: Flathead County
C. Upper Swede
Benefits: Common Schools
Location: Flathead County
- 0520-3 Gas Storage Lease GS-6000-20: NorthWestern Energy **Approved 5-0****
Benefits: Common Schools
Location: Toole & Glacier Counties
- 0520-4 Land Banking Parcels: Set Minimum Bid for Sale **Approved 5-0****
A. Heirmosa Ranch, LLC. Sale # 1062
Benefits: Public Buildings
Location: Teton County
B. Daniel Roark Sale # 1063
Benefits: Public Buildings
Location: Toole County
C. Fred & Gayle Stout Sale # 1064
Benefits: Public Buildings
Location: Teton County
D. Barr & Colleen Gustafson Sale # 1065
Benefits: Common Schools
Location: Pondera County
E. Gerald Lear Sale # 1066
Benefits: Common Schools
Location: Pondera County
F. Meissner Ranches, LLC. Sale # 1067
Benefits: Common Schools
Location: Liberty County
G. Hawks Angus, Inc. Sale # 1068,1069,1070
Benefits: Common Schools
Location: Liberty County
H. Diamond 4D, LLC. Sale # 1071
Benefits: Public Buildings
Location: Teton County
- 0520-5 Land Banking Parcels: Final Approval for Sale **Approved 5-0****
Benefits: Common Schools
Location: Fergus County

0520-6 Cabin & Home Sites: Preliminary Approval for Sale Approved 5-0*Benefits: Common Schools**Location: Gallatin & Sanders Counties***0520-7 Cabin & Home Sites: Set Minimum Bid for Sale Approved 5-0****A. Chouteau County***Benefits: Common Schools**Location: Chouteau County***B. Flathead County***Benefits: School for the Deaf & Blind**Location: Flathead County***C. Pondera County***Benefits: Common Schools**Location: Pondera County***0520-8 Easements****A. Big Arm State Park Recreation Easement Approved 5-0***Benefits: Common Schools**Location: Lake County***B. Standard Grant Approved 5-0***Benefits: Capitol Buildings, Common Schools, MSU-Eastern/ UM-Western, Public Land Trust-Nav. Rivers**Location: Carbon, Cascade, Gallatin, Judith Basin, Madison, Phillips, and Toole Counties.***Withdrawn 0520-9 Forest Management Bureau Initiating the Montana Administrative Procedure Act***Benefits: N/A**Location: N/A Withdrawn***PUBLIC COMMENT**

0520-1

MONTANA DEPARTMENT OF FISH
WILDLIFE AND PARKS:

Mount Haggin WMA Grassy
Mountain Addition/Fee Acquisition

**Land Board Agenda Item
May 18, 2020**

0520-1 FWP: Mount Haggin WMA Grassy Mountain Addition/Fee Acquisition

Location: Deer Lodge County, Montana

Trust Benefits: n/a

Trust Revenue: n/a

Item Summary

Montana Fish Wildlife and Parks (FWP) proposes to purchase in fee simple a 244-acre parcel of private land adjacent to the existing nearly 58,000-acre Mount Haggin WMA. The Mount Haggin WMA is located southwest of Anaconda in Deer Lodge County. FWP proposes to purchase the 244-acre parcel for its appraised value of \$658,900 using Habitat Montana funds. Rocky Mountain Elk Foundation has helped facilitate the purchase. The new parcel would be managed as part of Mount Haggin WMA for its wildlife, fisheries, and recreational values. The Department will continue to pay an amount equal to the property taxes to Deer Lodge County pursuant to MCA 87-1-603. Motorized travel would be restricted to snow machine use December 2 – May 15, consistent with management on the adjacent portion of the WMA.

The parcel contributes to the ecological function of the WMA and surrounding Beaverhead-Deer Lodge National Forest. It is part of the migration pathway for mule deer and elk, connecting winter range on the west side of the Continental Divide to calving/fawning areas and summer range east of the divide. Mid-seral lodgepole forests on the property provide calving/fawning areas and elk security in the fall. Wet meadows and the associated aspen- and willow stands provide year-round habitat for moose, bear, and numerous other mammals, neotropical birds, amphibians, and reptiles. Oregon Creek runs along the western portion of the property and contributes to biological diversity.

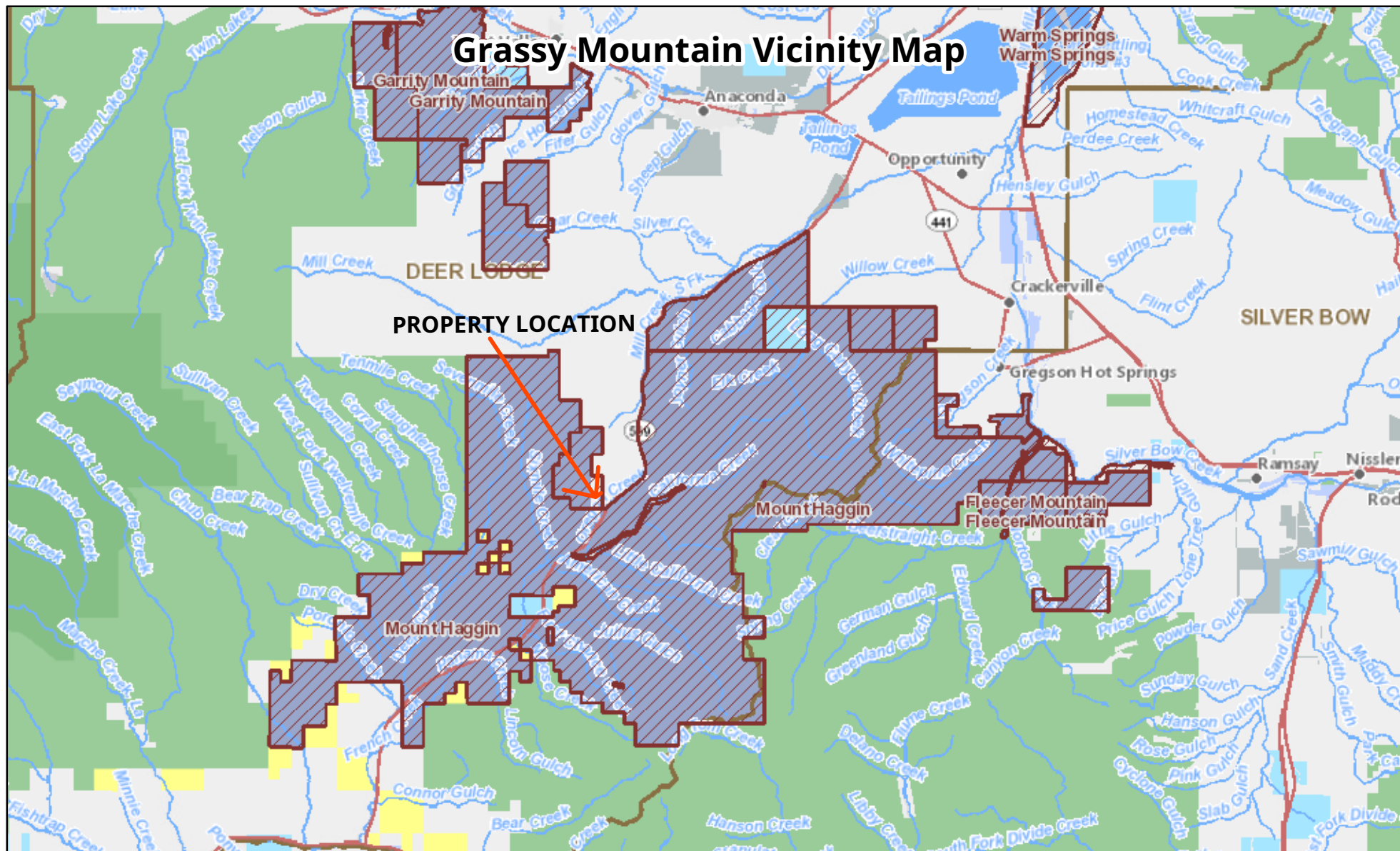
Public Involvement Process & Results:

FWP presented the proposed acquisition to the Anaconda-Deer Lodge County Commission on Oct. 22, 2019. The commissioners voted on November 5th to support the project and FWP received a letter stating this support (attached). FWP completed an Environmental Assessment (EA) for the proposed action, and solicited public involvement including an open house in Butte, notices in the *Butte Montana Standard*, the *Anaconda Leader*, and *Helena Independent Record* and copies of its availability were emailed to neighboring landowners and interested parties. Eleven comments were received; all were in support of the proposed action. A Decision Notice was released on 3 January 2020 that recommended proceeding with the acquisition.

FWP Recommendation

FWP recommends the members of the Land Board approve FWP's acquisition of the 244-acre Grassy Mountain Addition to the Mount Haggin WMA.

Grassy Mountain Vicinity Map



Wildlife Management Areas (Parcels)

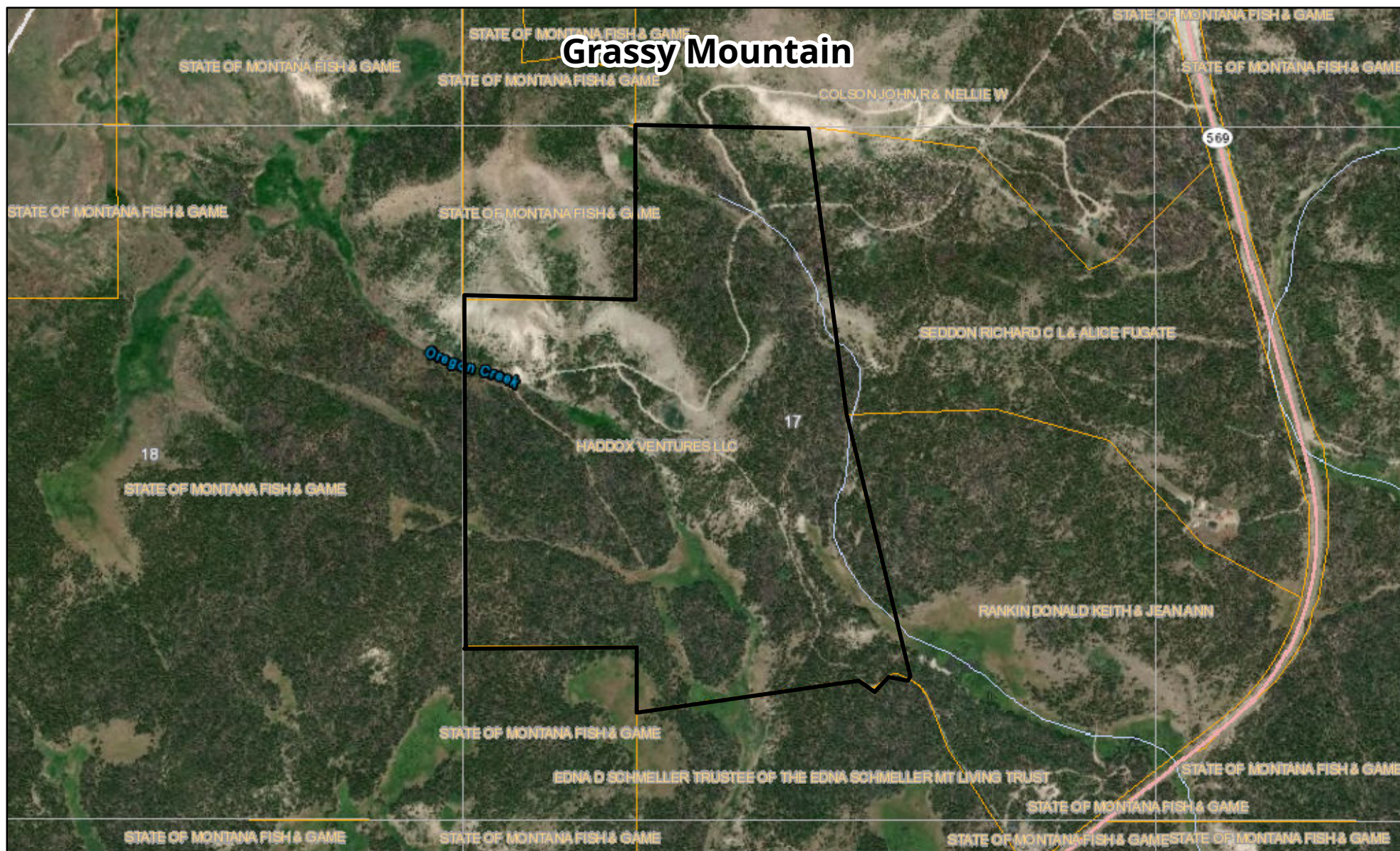
 Wildlife Management Areas (Parcels)

Wildlife Management Areas (Boundaries)

 Wildlife Management Areas (Boundaries)

Printed from fwp.mt.gov
January 21, 2020
1:288,896
0 2.5 5 10 mi
0 3.75 7.5 15 km

This map was generated from the Montana Fish, Wildlife & Parks (FWP) internal FWP Mapper online mapping system. Data layers on this map may depict sensitive species level information. This map is not intended for distribution or use beyond work associated with FWP.



Cadastral Labels

Cadastral Labels

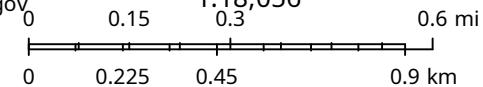
Cadastral Parcels



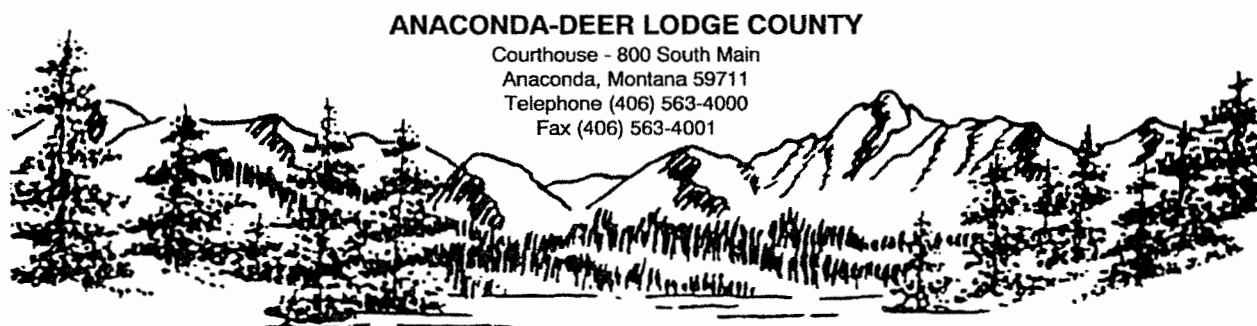
Cadastral Parcels

Printed from fwp.mt.gov
August 27, 2019

1:18,056



This map was generated from the Montana Fish, Wildlife & Parks (FWP) internal FWP Mapper online mapping system. Data layers on this map may depict sensitive species level information. This map is not intended for distribution or use beyond work associated with FWP.



November 6, 2019

Martin Balukas
Lands Section
MTFWP
P.O. Box 200701
Helena, MT 59620-0701

RE: Grassy Mountain Addition

Dear Mr. Balukas:

The Anaconda-Deer Lodge County Commission at the Commission Meeting of November 5th, 2019 voted to approve the Letter of Support for the Grassy Mountain Addition. The letter of support is enclosed. It sounds like an exciting project. If you have any questions please don't hesitate to contact the office.

Respectfully,

A handwritten signature in cursive script that reads "Lori Sturm".

Lori Sturm
Clerk of Commission
Anaconda-Deer Lodge County
lsturm@adlc.us
406-563-4002

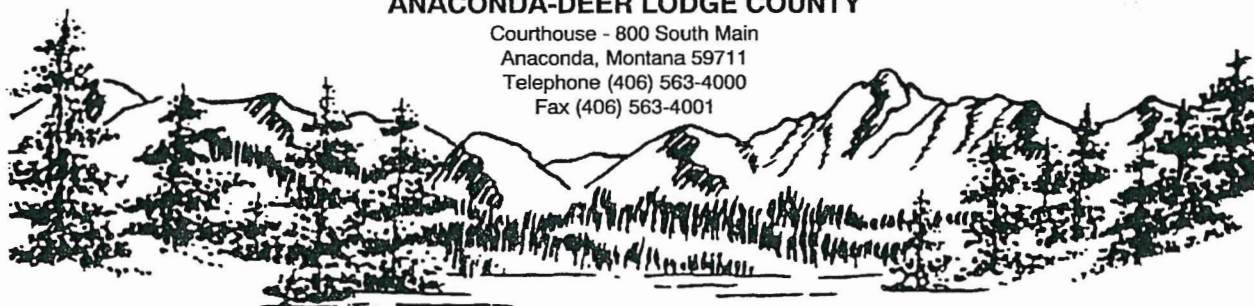
ANACONDA-DEER LODGE COUNTY

Courthouse - 800 South Main

Anaconda, Montana 59711

Telephone (406) 563-4000

Fax (406) 563-4001



Martin Balukas
Lands Section
MTFWP
P.O. Box 200701
Helena, MT 59620-0701

RE: Grassy Mountain Addition

Dear Mr. Balukas:

The Anaconda-Deer Lodge County Commission would like to express its support for the Grassy Mountain Addition to the Mount Haggin Wildlife Management Area. The purchase will benefit the people and wildlife of the area. It will protect habitat and provide recreational opportunities for future generations as well as enhanced public access to the existing Mount Haggin Wildlife Management Area.

Respectfully,

Terry Vermeire
Commission Chair

Kevin Hart
Commission Vice-Chair

Steve Gates
Commissioner

Paul Smith
Commissioner

Mike Huotte
Commissioner

0520-2

TIMBER SALES:

A. All Don

B. MollyWood

C. Upper Swede

**Land Board Agenda Item
May 18, 2020**

0520-2A Timber Sale: All Don

Location: Missoula County
Sections 2, 4, and 10 T12N R17W & Section 36 T13N R17W

Trust Beneficiaries: Common Schools

Trust Revenue: \$123,488 (estimated, minimum bid)

Item Summary

Location: The All Don timber sale is located approximately 13 miles east of Missoula, MT.

Size and Scope: The sale includes 11 harvest units (*502 acres*) of skyline (including excaline) and tractor logging.

Volume: The estimated harvest volume is 17,975 tons (*2,505 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$6.87 per ton, which would generate approximately \$123,488 for the Common Schools and Acquired-Public Schools Trust(s) and approximately \$60,756 in Forest Improvement fees.

Prescription: The timber sale would primarily utilize an individual tree selection (ITS) harvest prescription to reduce stand density by removing shade tolerant species (primarily Douglas-fir). The treatment would not only improve stand vigor, it would also promote seral species bringing stands closer to historic conditions. No portions of the timber sale were identified as Old Growth stands.

Road Construction/Maintenance: Montana Department of Natural Resources and Conservation (DNRC) is proposing 19 miles of road maintenance and .2 miles of new permanent road.

Access: Access is primarily through checker-boarded DNRC and The Nature Conservancy (TNC) ownership. Private ownership access is secured with established permanent easements, some harvest units will be accessed via a Temporary Road Use Agreement (TRUP) using existing TNC roads.

Public Comments: The All Don timber sale was analyzed under the Dirty-Donovan Project MEPA document of 2016. Two comments were received that are relevant to the All Don portion of the larger Dirty-Donovan Project. The Confederated Salish and Kootenai Tribes asked to be notified if any cultural materials are encountered during the project. Kelsey Noack Myers of the Chippewa Cree Cultural Resource and Preservation Department sent a letter requesting to visually survey the project area. DNRC responded with an invitation to meet and give a tour; however, Mr. Myers declined due to travel funding constraints.

DNRC Recommendation

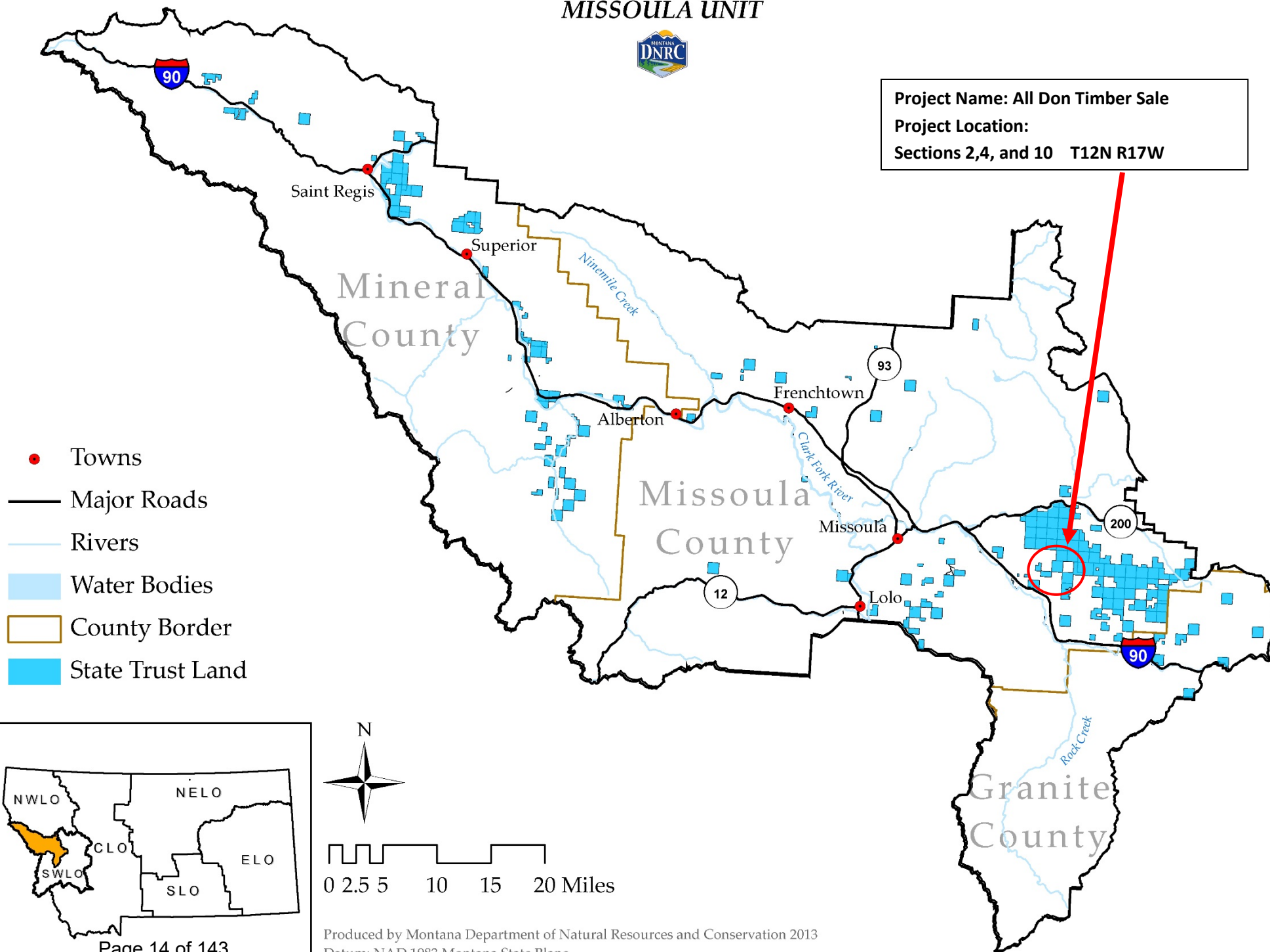
The director recommends the Land Board direct DNRC to sell the All Don Timber Sale.

ALL DON TIMBER SALE VICINITY MAP MISSOULA UNIT

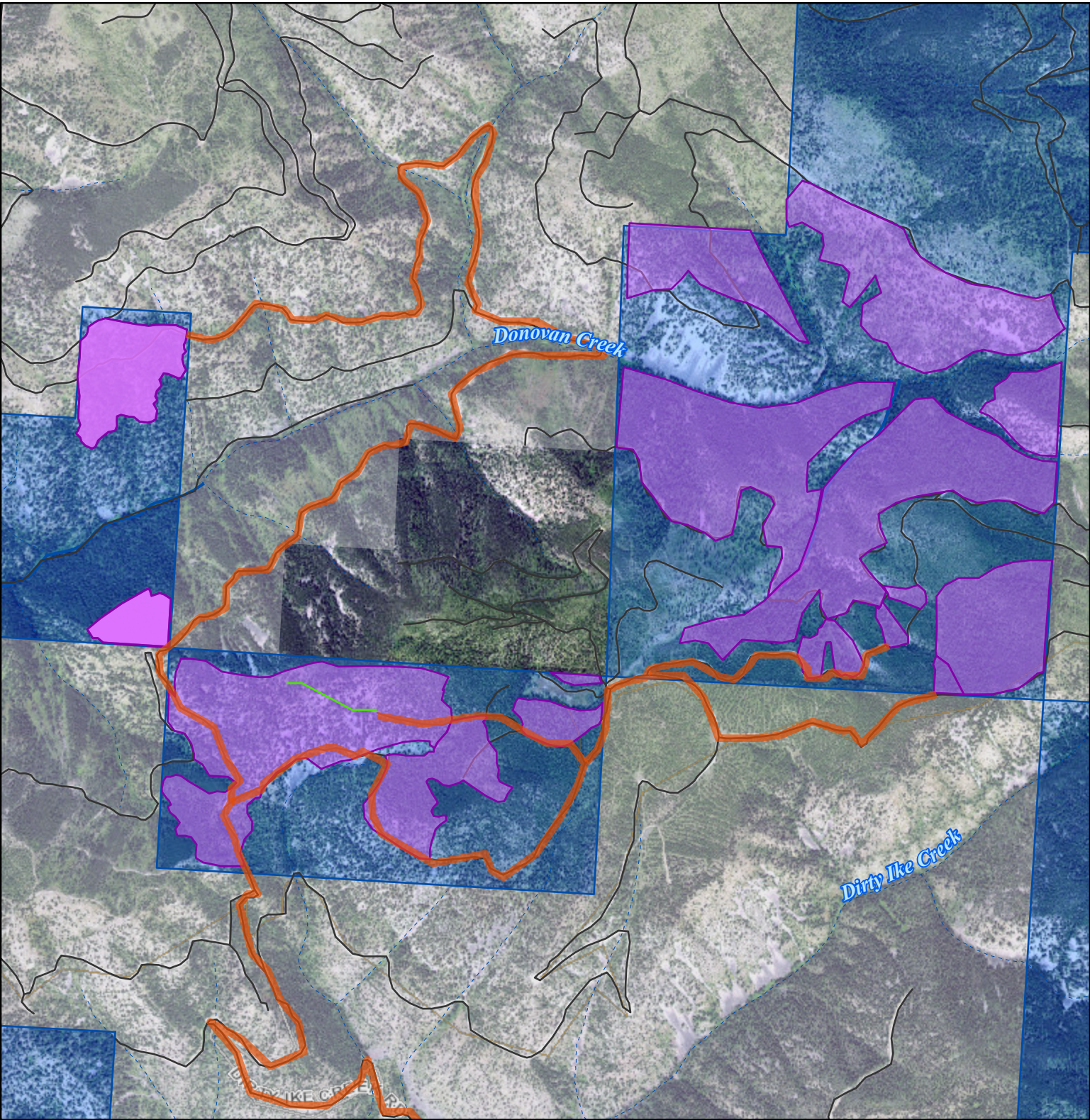
0520-2A



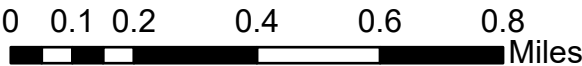
Project Name: All Don Timber Sale
Project Location:
Sections 2,4, and 10 T12N R17W



All Don Timber Sale Harvest Units



- Haul Route
- New Road
- All Don Harvest Units
- Existing Road
- Perennial Stream
- Intermittent Stream
- Montana State Trust Lands
- Private Ownership



**Land Board Agenda Item
May 18, 2020**

0520-2B Timber Sale: MollyWood

Location: Flathead County
Sections 10, 11,13,14,15,23,24 T33N R24W

Trust Beneficiaries: Common Schools

Trust Revenue: \$ 502,643 (estimated, minimum bid)

Item Summary

Location: The MollyWood Timber Sale is located approximately 8 miles northeast of Olney, MT.

Size and Scope: The sale includes 16 harvest units (522 acres) of ground-based logging systems.

Volume: The estimated harvest volume is 19,325 tons (2,988 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$26.01 per ton, which would generate approximately \$502,643 for the Common Schools Trust and approximately \$88,702 in Forest Improvement fees.

Prescription: This sale has harvest prescriptions of commercial thin, sanitation cuts with commercial thin, clear cut with reserves, seed tree with reserves, and sanitation treatments. These treatments are designed to reduce fuel loads in the Wildland Urban Interface by creating a mosaic of age classes and desired future conditions and improve growth of existing trees.

Road Construction/Maintenance: Montana Department of Natural Resources and Conservation (DNRC) is proposing 1 miles of temporary road construction, 0.5 miles of road reconstruction, and 6.3 miles of road maintenance.

Access: Access is obtained through the State-owned Ewing Road and the Woods Lake Road.

Public Comments: There were seven comments; four received by e-mail, two by letter, and one in person discussion with an adjacent landowner. One e-mailed comment was sent by Montana Fish, Wildlife and Parks (FWP), and the other e-mail from DNRC's wildlife biologist relaying concerns stated by another FWP biologist in a telephone call. These concerns were addressed in the EA. Lincoln Electric Cooperative expressed concerns about timber adjacent to powerlines causing outages through fire and weather events. Adjacent landowners expressed concerns about existing sediment delivery on roads and into streams, smoke from prescribed fire, impact to visuals, impact to recreation, and the need for fuels reduction adjacent to private land. 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 MollyWood Timber Sale.

State Trust Land Vicinity Map

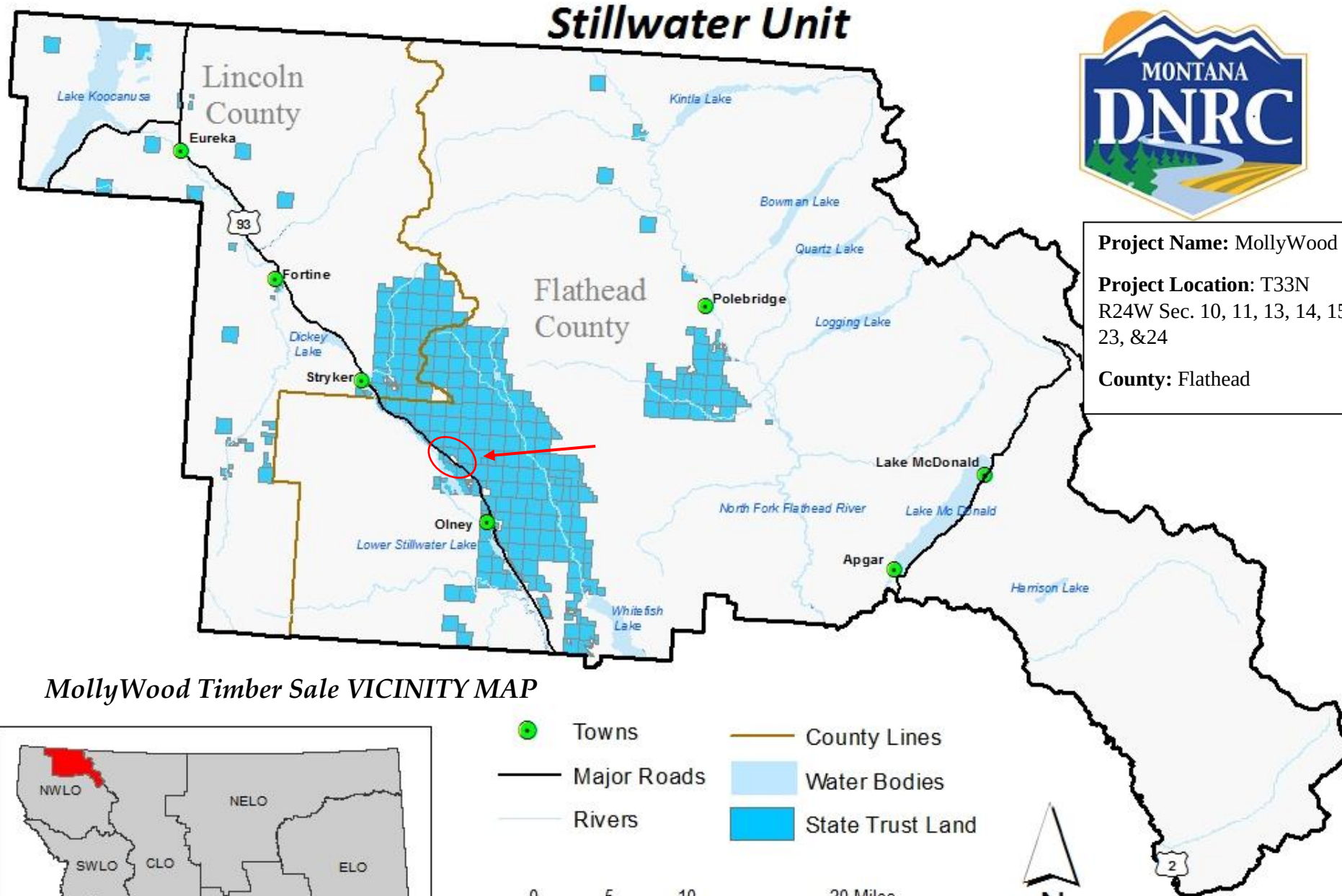
Stillwater Unit



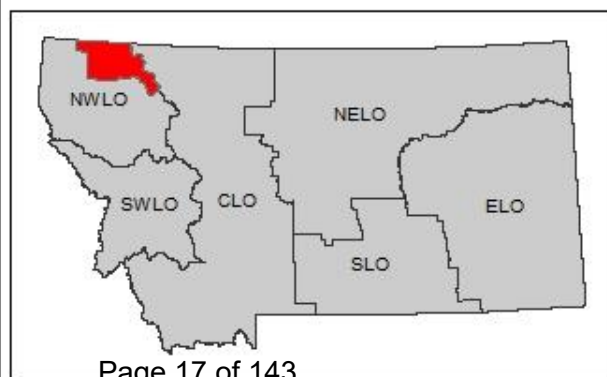
Project Name: MollyWood

Project Location: T33N
R24W Sec. 10, 11, 13, 14, 15,
23, & 24

County: Flathead



MollyWood Timber Sale VICINITY MAP



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

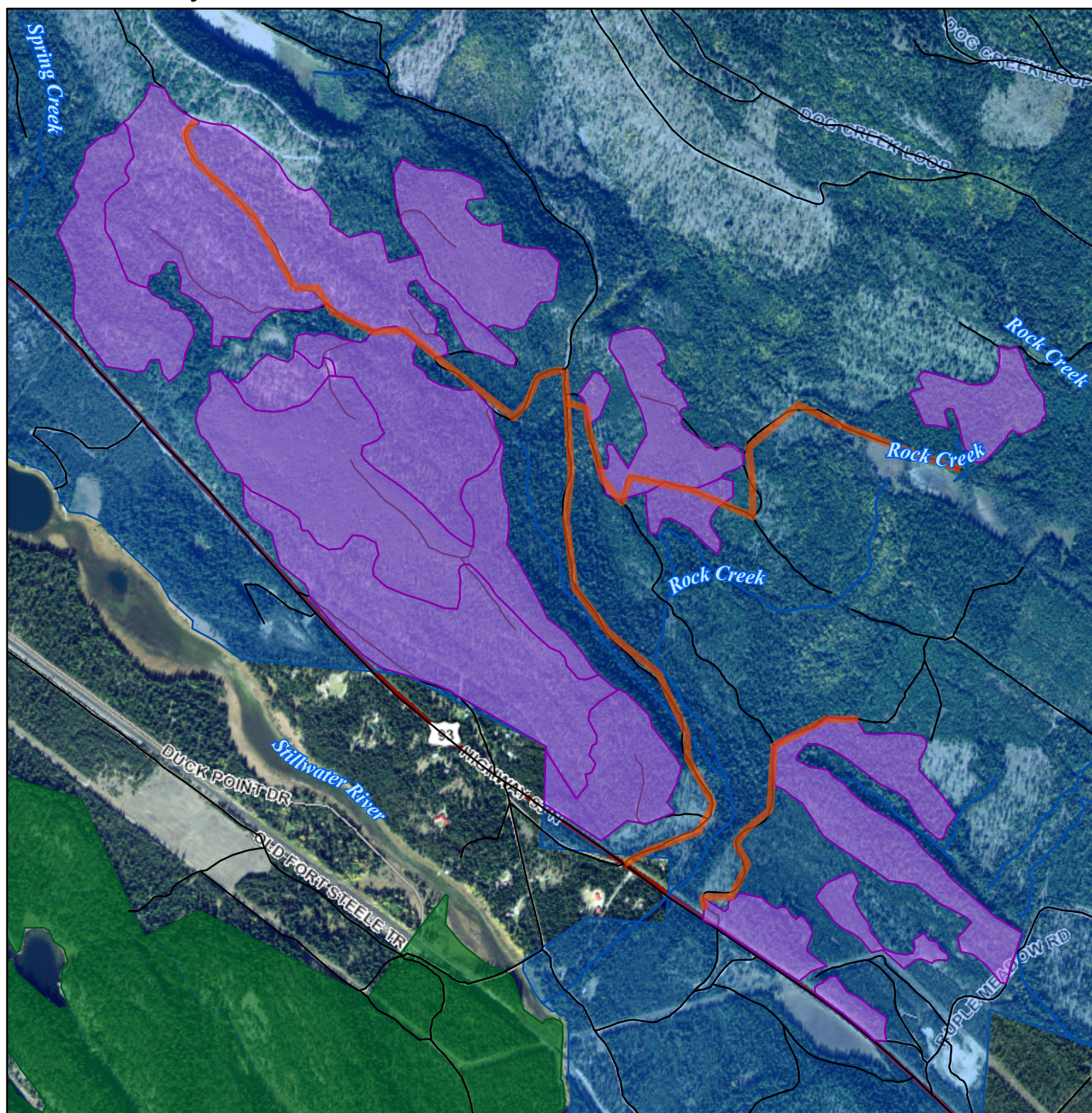
0 5 10 20 Miles



Produced by Montana Department of Natural Resources and Conservation 11/1/2019

Datum: NAD 1983 StatePlane

MollyWood Timber Sale Harvest Units and Haul Route



- | | |
|-------------------------|---------------------------|
| Haul Route | Perennial Stream |
| MollyWood Harvest Units | Intermittent Stream |
| Existing Road | Montana State Trust Lands |
| | US Forest Service |

0 0.1 0.2 0.4 0.6 0.8 Miles



**Land Board Agenda Item
May 18, 2020**

0520-2C Timber Sale: Upper Swede

Location: Flathead County
Sections 2, 3, 10, 11 & 14 T33N R23W

Trust Beneficiaries: Common Schools

Trust Revenue: \$147,315 (estimated, minimum bid)

Item Summary

Location: The Upper Swede Timber Sale is located approximately 8 miles northeast of Olney, MT.

Size and Scope: The sale includes 14 harvest units (302 acres) of both skyline and ground based logging systems (49 acres of tractor, 141 acres of both tractor and skyline and 112 acres of cable).

Volume: The estimated harvest volume is 17,250 tons (2,777 MMBF) of sawlogs.

Estimated Return: The minimum bid is \$8.54 per ton, which would generate approximately \$147,315 for the Common Schools Trust and approximately \$82,628 in Forest Improvement fees.

Prescription: This sale has a harvest prescription of seedtree, which is an even-aged management strategy where 6 – 8 trees per acre are retained. Providing adequate seed source to regenerate harvested units with the desired species.

Road Construction/Maintenance: Montana Department of Natural Resources and Conservation (DNRC) is proposing 3.6 miles of new permanent road construction, 0.03 miles of road reconstruction, and 17 miles of road maintenance.

Access: Access is obtained through the State-owned Upper Whitefish Road.

Public Comments: One comment from Montana Fish Wildlife and Parks was received with a request to maintain communication with DNRC's Wildlife Biologist, they did not have specific comments on the project.

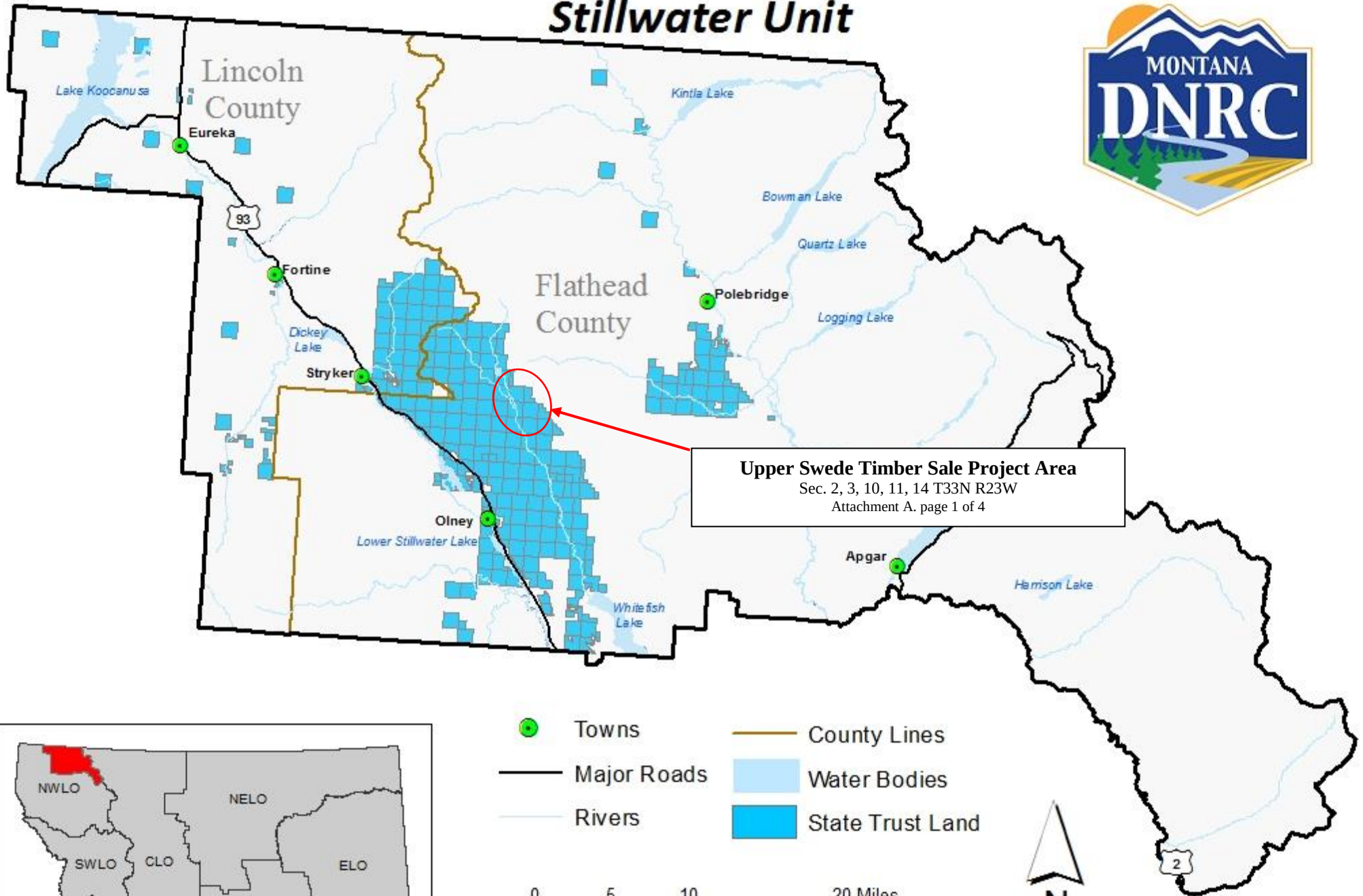
DNRC Recommendation

The director recommends the Land Board direct DNRC to sell the Upper Swede Timber Sale.

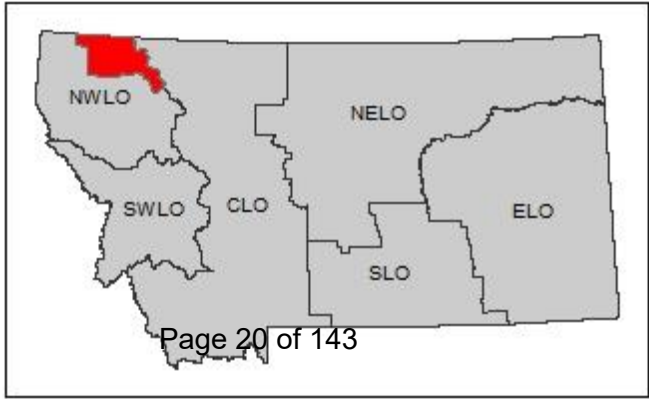
UPPER SWEDE TIMBER SALE VICINITY MAP

Stillwater Unit

0520-2C



Upper Swede Timber Sale Project Area
 Sec. 2, 3, 10, 11, 14 T33N R23W
 Attachment A. page 1 of 4



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

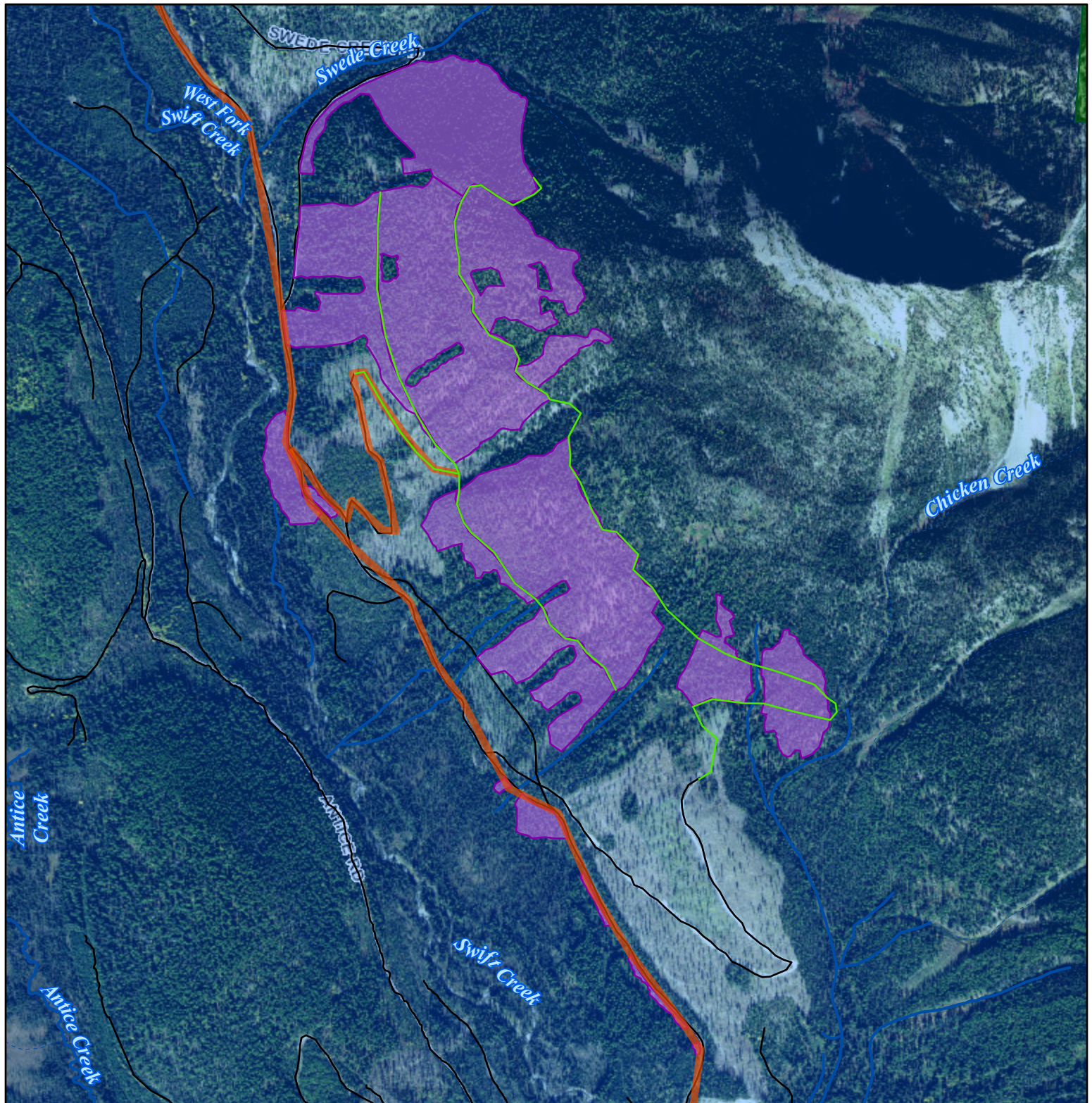
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Produced by Montana Department of Natural Resources and Conservation 11/1/2019

Datum: NAD 1983 State Plane

Upper Swede Timber Sale Harvest Units



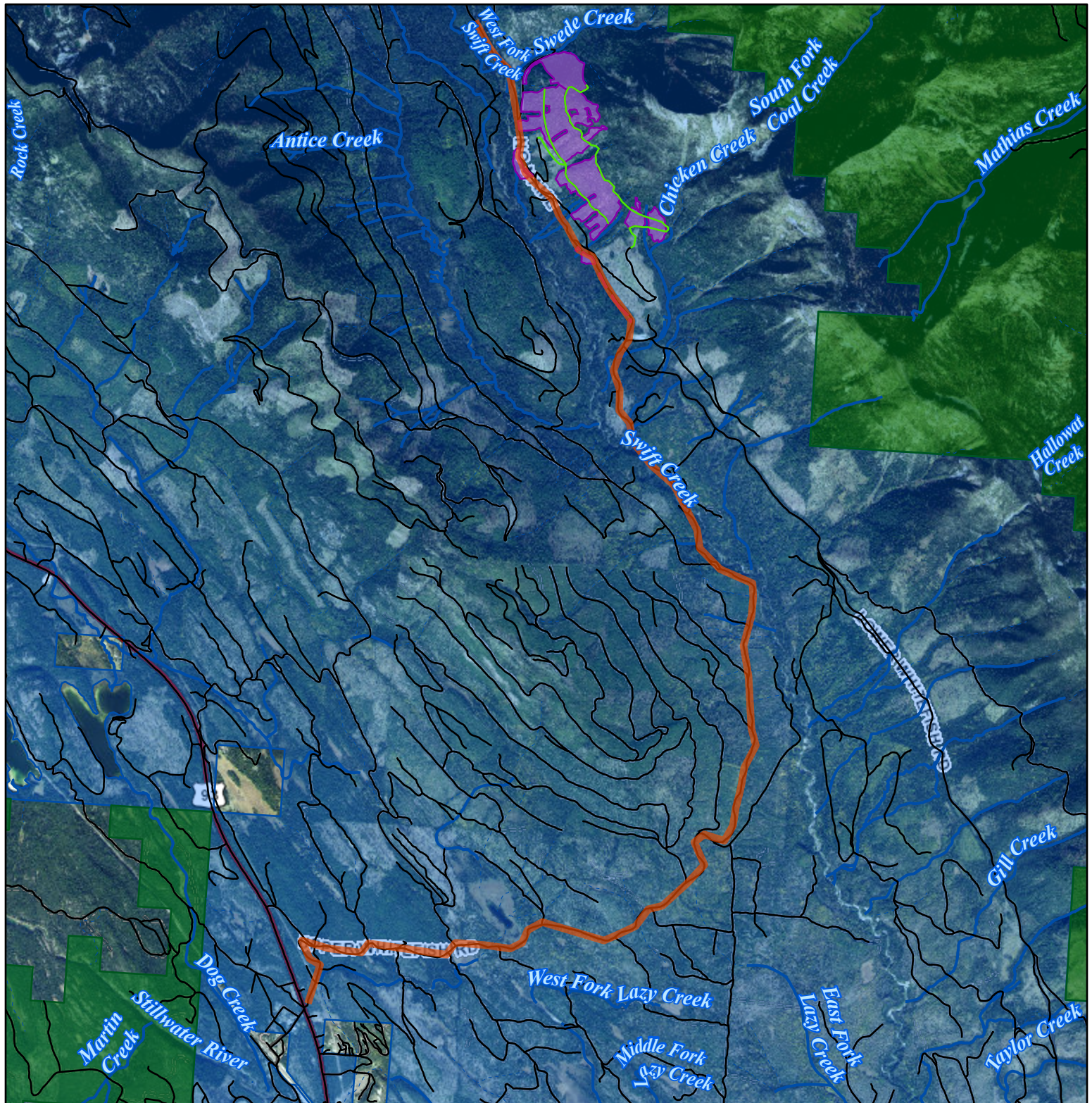
- | | |
|---------------------------|---------------------------|
| Haul Route | Perennial Stream |
| New Road | Intermittent Stream |
| Upper Swede Harvest Units | Montana State Trust Lands |
| Existing Road | US Forest Service |

0 0.13 0.25 0.5 0.75 1 Miles



Upper Swede Timber Sale Haul Route

0520-2C



- Haul Route
- New Road
- Upper Swede Harvest Units
- Existing Road
- Perennial Stream
- Intermittent Stream
- Montana State Trust Lands
- US Forest Service

0 0.38 0.75 1.5 2.25 3 Miles



0520-3

Gas Storage Lease GS-6000-20:

NorthWestern Energy

**Land Board Agenda Item
May 18, 2020**

0520-3 Gas Storage Lease GS-6000-20: NorthWestern Energy

Location: Toole County

**Township 36 North, Range 4 West,
Section 6: NW4, SW4NE4**

Township 37 North, Range 4 West,

Section 16: All

Section 17: E2

Section 20: NE4

Section 30: NE4

Section 31: SW4, Lot 2

Section 32: W2, W2SE4

Glacier County

Township 37 North, Range 5 West,

Section 36: All

Trust Benefits: Common Schools

Trust Revenue: \$32,123.20/Year

Item Summary

NorthWestern Energy has applied to renew their underground gas storage lease for a period of 20 years with a preferential right to renew for an additional 20-year period, subject to terms and conditions imposed by the Board of Land Commissioners. The gas storage agreement allows NorthWestern Energy to continue storing and withdrawing gas from any and all geologic formations down to the top of the Ellis Formation (approximate depth of 2,800 feet). The Lease encompasses 2,720 acres of State minerals located in Glacier and Toole Counties, approximately 12 miles northwest of Sunburst. [Exhibit 1]

The Cobb Gas storage area was first leased by the Montana Department of Natural Resources and Conservation (DNRC) in 1960 and has been renewed every 20 years since. All native gas existing in the reservoir has been previously quantified and purchased by the Montana Power Company. Should any crude oil or condensate be produced, the Lessee shall pay a 16.67% royalty of the gross proceeds. An updated annual payment of \$32,123.20 was calculated using the previous lease payment adjusted on the CPI-U index. Payment will be due prior to the anniversary date each year and will be subject to reevaluation every 5 years.

The Agreement provides significant revenue to Common Schools with minimal impact on the department's ability to explore and produce oil and gas from underlying formations if such interest arises in the future.

DNRC Recommendation

The director recommends approval to renew the Gas Storage Lease GS-6000-20.

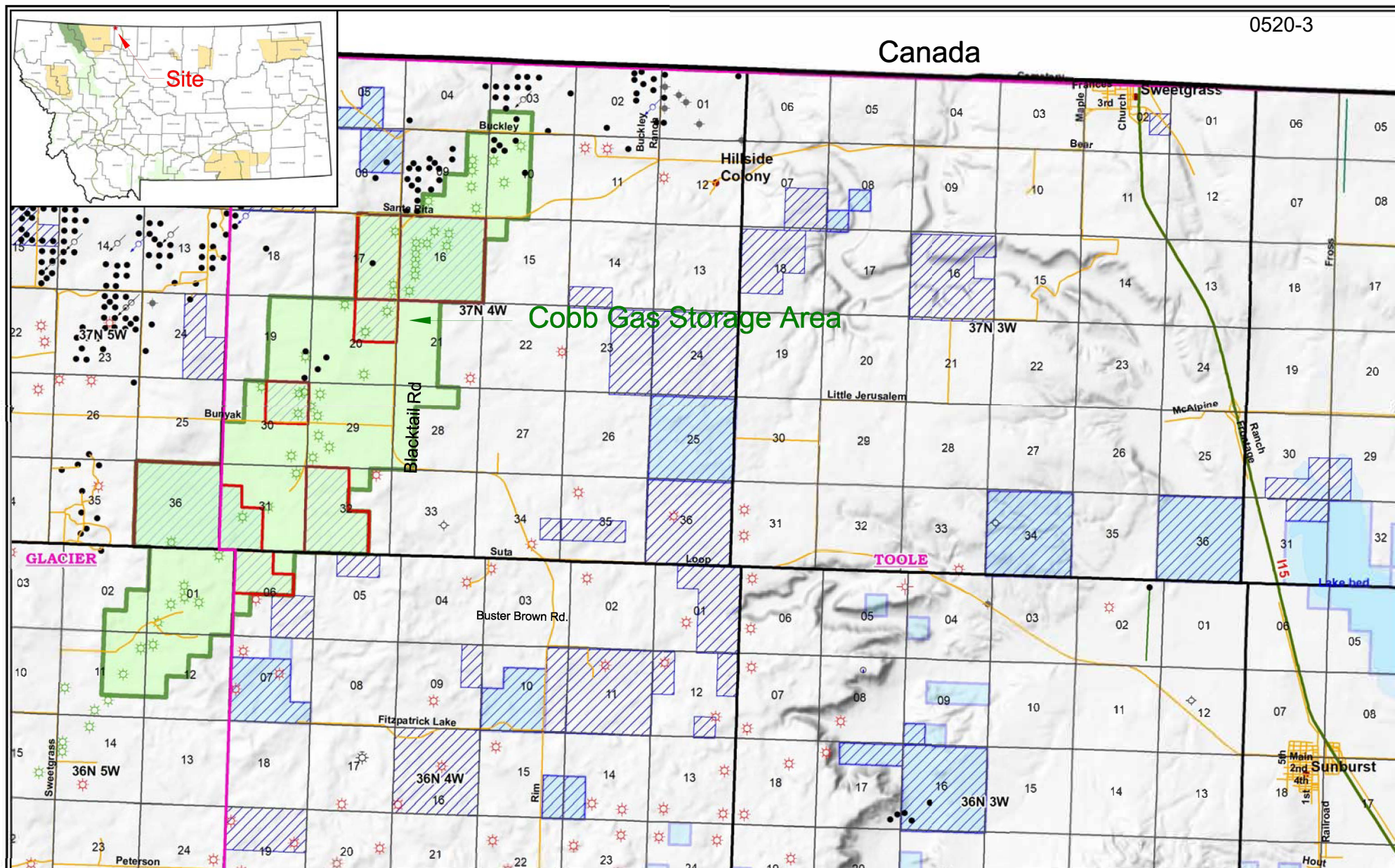


Exhibit 1

Northwestern Energy Gas Storage Lease GS-6000-20

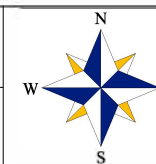


Exhibit 2

STATE OF MONTANA
LEASE OF STATE LAND
FOR USE AS AN UNDERGROUND GAS STORAGE RESERVOIR

No. GS-6000-20

THIS INDENTURE OF LEASE, entered into by and between the State of Montana, through its Board of Land Commissioners (Lessor), and the Northwestern Corporation dba Northwestern Energy, 11 East Park Street, Butte MT 59701 (Lessee), pursuant to the provisions of Title 77, Chapter 3, Part 5, M.C.A., and all acts amendatory thereof and supplemental thereto, WITNESSETH:

The above parties entered into Underground Gas Storage Lease No. 6000-XXX on April 13, 1960 for a period of 20 years, which lease provided, and the Lessee exercised, a preferential right to renew the lease for an additional term of 20 years, subject to such terms and conditions as the Board of Land Commissioners may impose. The renewal lease also contained a provision granting the Lessee a preferential right to renew the lease for an additional 20-year term, which was granted. State statute (77-3-508, MCA) may be construed to limit underground gas storage leases to one renewal period. This Lease constitutes a new agreement between the parties and enables an additional renewal period.

Lessor and Lessee hereby agree as follows:

1. **GRANTING CLAUSE:** Lessor, in consideration of the payments to be made and covenants to be kept and performed by Lessee, does lease, let and demise unto Lessee, its successors and assigns, the exclusive right and privilege to use as and for an underground natural reservoir, or as a part of an underground natural reservoir, for use for the underground storage of natural gas and the withdrawal of gas, any and all formations down to the top of the Ellis formation, which is usually encountered in the area at a depth of approximately 2,800 feet, in the specified 2,720 acres lying and being in the Counties of Glacier and Toole, State of Montana, described as follows, to-wit:

Toole County: Township 36 North, Range 4 West
 Section 6: NW4, SW4NE4

Township 37 North, Range 4 West
 Section 16: All
 Section 17: E2
 Section 20: NE4
 Section 30: NE4
 Section 31: SW4, Lot 2
 Section 32: W2, W2SE4

Glacier County: Township 37 North, Range 5 West
 Section 36: All

containing 2,720 acres, more or less, which said lands are hereinafter referred to as the “Premises,” together with all rights and privileges incidental to or appropriate for the establishment, use, maintenance and operation of such underground storage reservoir, subject to the approval of the Lessor.

All rights herein granted by the Lessor to the Lessee to use the surface of the Premises shall apply only to that portion of the surface of the Premises now owned by Lessor. If any portion of the surface of the Premises has been leased by Lessor to others for grazing, agricultural or other purposes, or if the surface is not owned by the State of Montana, Lessee shall operate in accordance with applicable laws, rules and regulations and take all reasonable measures to minimize interference with the use of the Premises for such other purposes.

All rights granted Lessee are subject to the conditions that the Lessee in conducting the underground storage of natural gas shall use all reasonable precautions to prevent waste of oil or gas developed in the land, or the entrance of water through wells drilled to store natural gas to the lower oil or gas formations.

2. **LAND DISPOSITIONS:** There is reserved unto the State of Montana the right to sell, lease or otherwise dispose of the Premises, subject always to the rights and privileges granted unto Lessee under and by virtue of this Lease.

Nothing in this Lease contained shall affect existing leases for oil and gas or be construed to prohibit Lessor from leasing or otherwise disposing of formations in and under the premises lower or at a greater depth than the formations hereby leased to Lessee, but Lessor or any person, firm or corporation acting for or through or by virtue of Lessor's rights in such lower formations shall take all reasonable precautions to seal off and protect the formations hereby leased.

3. **TERM:** The effective date of this Lease is April 13, 2020. The term of this Lease shall be for a period of twenty (20) years from the effective date; provided, however, that the Lessee shall have a preferential right to renew this Lease for an additional period of twenty (20) years, subject to such terms and conditions as the Lessor may impose.
4. **RENTAL:** Lessee has simultaneously with the delivery of these presents paid to Lessor the sum of \$11.81 per acre (\$32,123.20) which is the amount of rental to be paid by Lessee for the twelve (12) month period next succeeding the date of this Lease, the receipt of which is hereby acknowledged by Lessor. Lessee agrees to pay to Lessor on or before each anniversary date a like sum of money, each such payment to cover the rental for the twelve (12) month period next succeeding the anniversary date on which such payment became due and payable. However, all rentals are subject to reevaluation by the Lessor every five (5) years during the term of the Lease and shall be adjusted, if necessary, to the fair market value for storage of natural gas as reasonably determined by the Lessor. Lessor has utilized the CPI-U index to determine the market value rental rate adjustments for State of Montana gas storage leases, including for Lessee's previous renewal lease. The same methodology will be used during the term of this Lease.

All rental payments hereunder shall be paid to the Department of Natural Resources and Conservation (hereinafter "DNRC"), 1539 11th Avenue, PO Box 201601, Helena MT 59620-1601.

5. **OPERATIONS:** This Lease and all operations hereunder shall be subject to the following conditions:
 - a. Lessee shall notify and obtain approval from the DNRC, Trust Land Management Division (TLMD), prior to drilling a well, constructing well pads, roads, power lines and any other related facilities that may require surface disturbance on the premises. Lessee shall comply with any mitigation measures stipulated in the TLMD's approval.
 - b. Prior to the drilling of any well, Lessee shall send one copy of the Montana Board of Oil and Gas Conservation (BOGC) Application for Permit to Drill to the TLMD. After a well is drilled and completed, Lessee shall send a copy of the completion report. A copy of the BOGC Sundry Notices or other appropriate BOGC forms shall be sent to the TLMD whenever any subsequent change in well status or operator is intended or has occurred.
 - c. No well shall be drilled and no structure shall be erected nearer than six hundred sixty (660) feet to any house, barn or similar structures located thereon without written consent of Lessor.
 - d. Lessee shall contact and coordinate with the Lessor and Lessor's surface lessee, if any, or other surface owners prior to engaging in any new or additional use of the surface. Lessee is obligated to repair, replace or compensate the Lessor and Lessor's surface lessee, if any, or other surface owners for any actual damages caused by or arising from Lessee's utilization of the surface.
 - e. Lessee shall bury its pipelines below plow depth on the premises unless waived by Lessor and Lessor's surface lessee, if any, or other surface owners, as appropriate.
 - f. Lessee shall save and hold Lessor harmless from, and indemnify it against, all loss, damages and costs caused by or arising from the negligent, wonton or willful actions of the Lessee in its operations hereunder on or related to the premises including, but not limited to, saving Lessor harmless from damages caused by Lessee's disposal of all water drawn from the premises and the transportation thereof to the point of disposal.
 - g. The term of this Lease and operation hereunder shall include the final draw-down of the gas storage reservoir to remove any remaining natural gas, and shall further include any other actions required by Lessee to close out the operation of the lease premises as a gas storage reservoir. Any natural gas recovered by Lessee from the final draw-down is the property of the Lessee.
 - h. Lessee shall reclaim to the satisfaction of the Lessor, all surface disturbances on the premises caused by Lessee's actions or operations pursuant to this Lease. Pipelines, wells or other improvements which cannot be removed, shall be properly plugged and abandoned or

otherwise reclaimed by the Lessee in accordance with applicable laws, rules, or regulations, and to the satisfaction of the Lessor, such that future disturbance or damage to the surface, groundwater, or other subsurface resources will be prevented. Casing shall not be removed from wells without the express, written consent of Lessor and the Montana Board of Oil and Gas Conservation. Well casing and surface extensions of abandoned pipelines shall be cut off below plow depth and plugged with cement. Abandoned well surface markers are prohibited.

6. **FORBEARANCE OF LEASING:** Lessor, for and in consideration of the sum of Seventy-Eight Thousand Five Hundred Dollars (\$78,500) cash in hand previously paid and acknowledged, agrees to forgo and refrain from issuing oil and gas leases for the exploration, development or production of oil or gas within the gas storage reservoir formations within the State lands described above within the Cobb Gas Storage Unit during the term of this Lease. Lessor acknowledges that the funds received constitute full market value for the State's forbearance of its legal right to issue such oil and gas leases.
7. **INCIDENTAL OIL PRODUCTION:** Lessor and Lessee recognize that issuance of oil and gas leases to produce oil and gas from the Cobb Gas Storage Reservoir formations are incompatible with the terms of this Lease and the operation of the gas storage unit. However, Lessor and Lessee recognize that some crude oil and/or condensate may be unavoidably produced at the surface when gas is withdrawn during normal gas reservoir storage operations. Lessor recognizes that under this Lease, Lessee has no obligation to diligently produce and market oil existing within the Cobb Gas Storage Reservoir formations. However, Lessee agrees that for oil and condensate produced from any of the State wells during normal operation of the Cobb Gas Storage Reservoir, it will annually pay a royalty to the Lessor of 16.67% of the gross proceeds received by Lessor, free of costs and deductions. Lessee shall file with its annual gas storage lease rental payment, an oil and/or condensate production report and a royalty payment for the preceding year's production. The royalty shall be calculated according to lease terms normally applicable to Lessor's oil and gas leases.
8. **PROPERTY:** All property of every kind, nature and description placed upon the Premises by Lessee shall at all times during the term of this Lease remain personal property and belong to Lessee, regardless of its annexation or manner of annexation to the soil, and with the exception of the well casing restriction in paragraph 5.h. of this Lease, Lessee shall have the right at any time during the term of this Lease, or any renewal thereof, to remove any and all such property from the Premises. Upon the termination of this Lease for any cause, the Lessee shall have six (6) months after the date of such termination within which to remove all machinery, fixtures, improvements, buildings and equipment belonging to Lessee upon the Premises. Any such property not removed within six (6) months after the date of such termination may, at the option of the Lessor, be removed and the removal costs charged to the Lessee.
9. **CHANGE IN OWNERSHIP:** No change in the ownership of the Premises or of any interest therein affecting the right to receive any payments that may become payable hereunder shall be binding upon the Lessee until the Lessee has been given notice thereof and furnished a true copy of the instrument evidencing such change.
10. **RELINQUISHMENT:** Lessee shall have the right at the end of any rental year by giving the Lessor at least sixty (60) days prior notice in writing, of such intended surrender, to surrender and relinquish this Lease to the Lessor and be thereupon discharged from any obligation not theretofore accrued.
11. **CANCELLATION:** This Lease may be forfeited and cancelled by Lessor upon failure of the Lessee to fully discharge the obligations imposed on it by this Lease, after written notice from the Lessor and reasonable time allowed to the Lessee for performance of any undertaking or obligation specified in such notice concerning which the Lessee is in default; and Lessee upon application therefore shall be granted a hearing by the Lessor on any notice or demand before this Lease is forfeited or cancelled by the Lessor.
12. **BOND:** Lessee agrees that promptly upon execution of this Lease, it will furnish a bond to the State of Montana with corporate surety in the sum of Twenty Thousand Dollars (\$20,000), to be approved by the Director of the DNRC, to indemnify the State of Montana against loss, damage or detriment by reason of failure of the Lessee to fully discharge the obligations contained in this Lease. The bond amount does not limit Lessee's indemnification obligations pursuant to Paragraphs 5.f., 10., 11. and 12. of this Lease. Additional bonding within statutory limits may be required, or reduced bonding allowed, whenever Lessor determines it is necessary or sufficient to ensure compliance with this Lease.
13. **PRIOR EXISTING RIGHTS:** This Lease is granted subject to all existing rights, as of the effective date of this Lease, in the Premises heretofore granted, let or demised by the Lessor to other persons. Lessee shall save and hold Lessor harmless from, and indemnify it against, all claims, demands, actions, causes of action and rights of action arising from or growing out of Lessee's violation of any such existing rights by its operations hereunder.

14. **NATIVE GAS:** Pursuant to that certain lease entitled “Lease of State Lands for Use as Underground Gas Storage Reservoir and Sale of Native Gas Remaining Therein”, dated April 13, 1960, Lessee has compensated Lessor, and Lessor has conveyed all right, title and interest which Lessor has or may thereafter acquire in the native gas now remaining in the formations hereby leased.
15. **NOTICE:** Any notice provided for in this Lease shall be in writing and shall be directed to the post office address of the parties hereto as follows:

Lessor: Department of Natural Resources & Conservation
Minerals Management Bureau
P.O. Box 201601
Helena, MT 59620-1601

Lessee: Northwestern Corporation dba Northwestern Energy
11 East Park Street
Butte, MT 59701

or to other such address as either party shall from time to time designate.

16. **EXECUTING PARTIES BOUND:** All covenants and agreements herein set forth between the parties hereto shall extend to and bind their successors, heirs, executors and assigns.
17. **COMPLIANCE WITH LAWS, RULES AND REGULATIONS:** This Lease is subject to further permitting under the provisions of Title 75 or 82, Montana Code Annotated. The Lessee agrees to comply with all applicable laws, rules and regulations in effect at the effective date of this Lease or renewal thereof, including the statutes governing the issuance of leases for the underground storage of natural gas. The Lessee agrees to comply with all applicable laws, rules and regulations which may, from time to time, be adopted and which do not impair the obligations of this Lease and which do not deprive the Lessee of an existing property right recognized by law.
18. **WARRANTY OF TITLE:** It is understood and agreed that this Lease is issued only under such title as the State of Montana may now have or hereafter acquire, and that the Lessor shall not be liable for any damages sustained by the Lessee, nor shall the Lessee be entitled to or claim any refund of rentals theretofore paid to the Lessor in the event the Lessor does not have the title to the hydrocarbon gas storage and production rights in the Premises.
19. **LEGAL FEES:** In the event Lessor shall institute and prevail in any action or suit for the enforcement of any provisions of this Lease, Lessee shall pay to Lessor a reasonable sum for costs incurred on account thereof.

IN WITNESS WHEREOF, the State of Montana has caused this instrument to be executed by the Department of Natural Resources and Conservation under the authority of the Board of Land Commissioners, and the official seal of the said Board to be hereunto affixed, and the Lessee has caused these presents to be executed in its corporate name by its proper officers hereunto duly authorized, to be effective as of the date specified in Paragraph 3. above.

NORTHWESTERN CORPORATION dba NORTHWESTERN ENERGY

Signature

By: _____

Its: _____

Date: _____

STATE OF MONTANA, BOARD OF LAND COMMISSIONERS

By: John E. Tubbs

Its: Director, DNRC

Date: _____

0520-4

LAND BANKING PARCELS:

Set Minimum Bid for Sale

- A. Heirmosa Ranch, LLC. Sale #1062
- B. Daniel Roark Sale #1063
- C. Fred & Gayle Stout Sale #1064
- D. Barr & Colleen Gustafson Sale #1065
- E. Gerald Lear Sale #1066
- F. Meissner Ranches, LLC. Sale #1067
- G. Hawks Angus, Inc. Sale #1068,1069,1070
- H. Diamond 4D, LLC. Sale #1071

**Land Board Agenda Item
May 18, 2020**

**0520-4A Land Banking Parcel: Set Minimum Bid for Sale
A. Heirmosa Ranch, LLC. Sale # 1062**

Location: Teton County

Trust Benefits: Public Buildings

Trust Revenue: \$42,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Teton County. The sale was nominated by the lessee and is located southwest of Dupuyer, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1062	40±	SW4SW4, T27N-R8W, Sec. 8	Heirmosa Ranch, LLC.	Public Buildings

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

The parcel is surrounded entirely by private land and not legally accessible by the public. This parcel is also surrounded by Conservation Easements. The proponent has indicated that they intend to include this parcel in a Conservation Easement with Rocky Mountain Elk Foundation after the purchase of the property. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.39%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcel proposed for sale was inventoried to Class III standards for cultural and paleontological resources. No cultural or paleontological resources were identified. A formal

report of findings has been prepared and filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1062	\$42,000	\$42,000

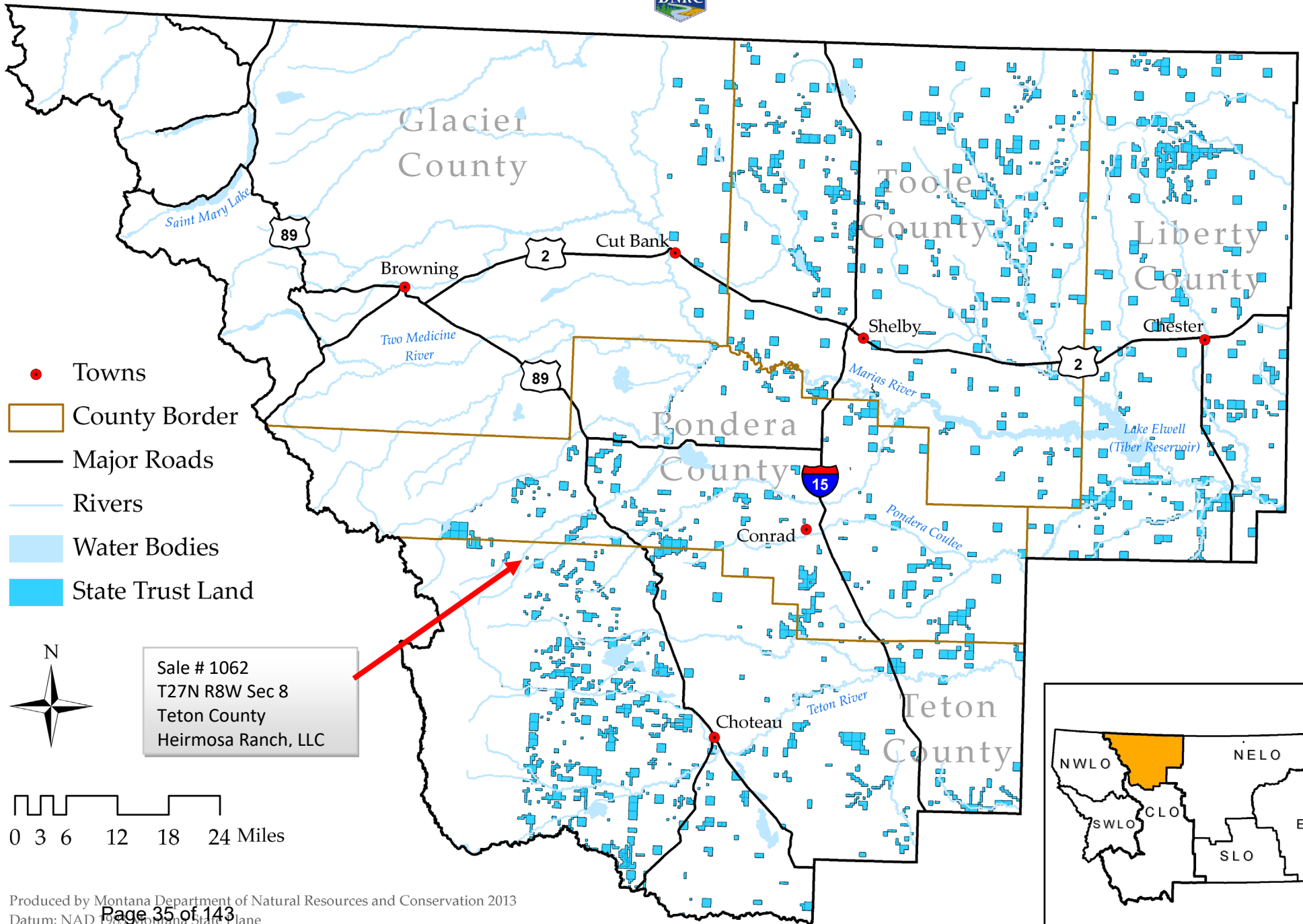
DNRC Recommendation

The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

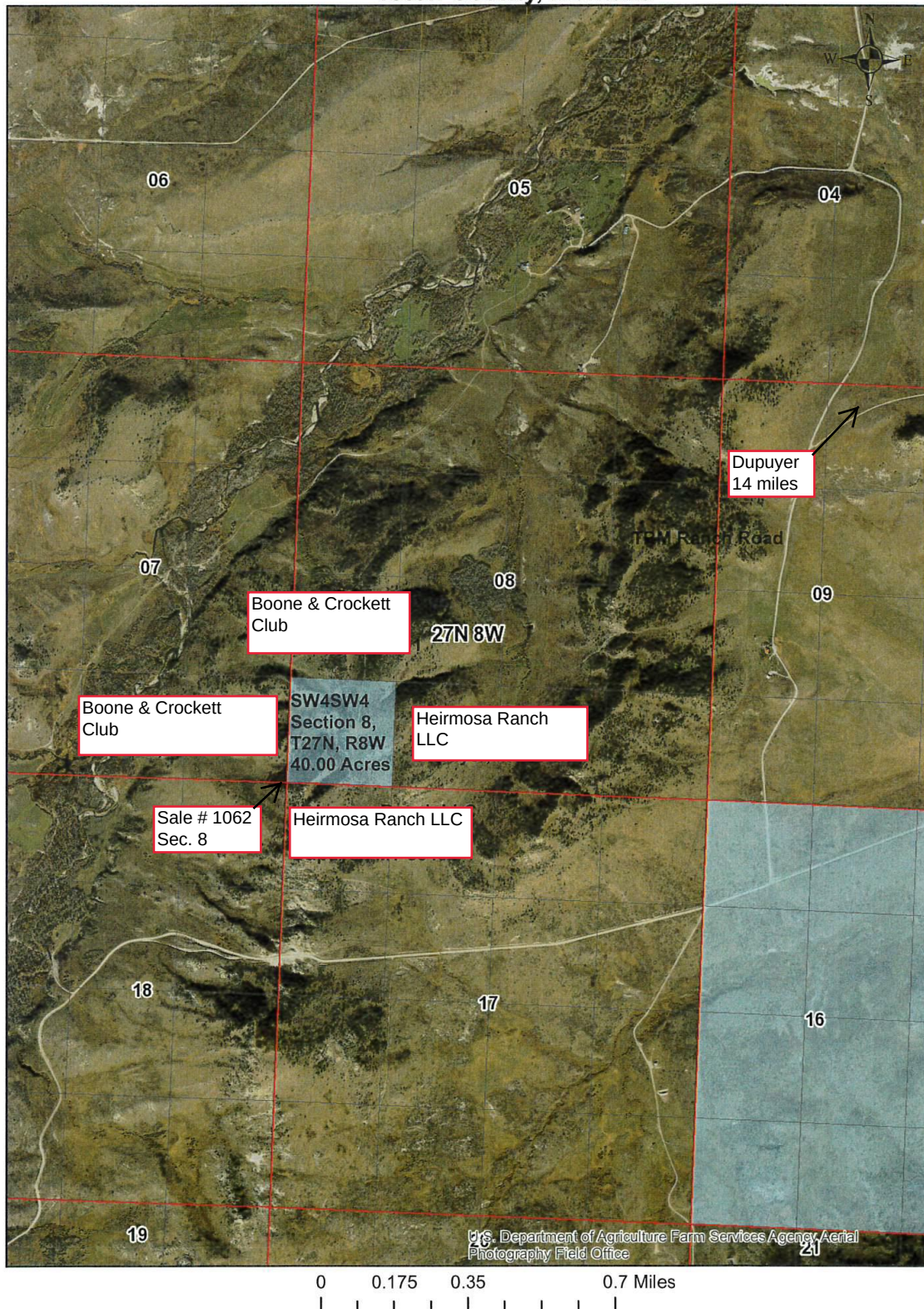
STATE TRUST LAND VICINITY MAP

CONRAD UNIT

0520-4A



Appendix B
Teton County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4B Land Banking Parcel: Set Minimum Bid for Sale
B. Daniel Roark Sale #1063**

Location: Toole County

Trust Benefits: Public Buildings

Trust Revenue: \$15,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Toole County. The sale was nominated by the lessee and is located north of Shelby, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1063	40±	SE4NW4, T34N-R2W, Sec. 12	Daniel Roark	Public Buildings

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

The parcel is surrounded entirely by private land and not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.89%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The DNRC conducted a Class III cultural and paleontological resources inventory of the parcel proposed for sale. A precontact (pre-1805 A.D.) stone circle site was documented. Significance and integrity of the site has not been determined, but a change in land use is unlikely if the resource leaves state ownership. Therefore, the DNRC recommends the sale of the state parcel will result in *No Effect* to *Antiquities* as defined under the Montana State Antiquities Act.

A normal report of findings will be prepared and filed with the DNRC and the Montana State Historic Preservation Officer per the requirements of the Montana State Antiquities Act.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1063	\$15,000	\$15,000

DNRC Recommendation

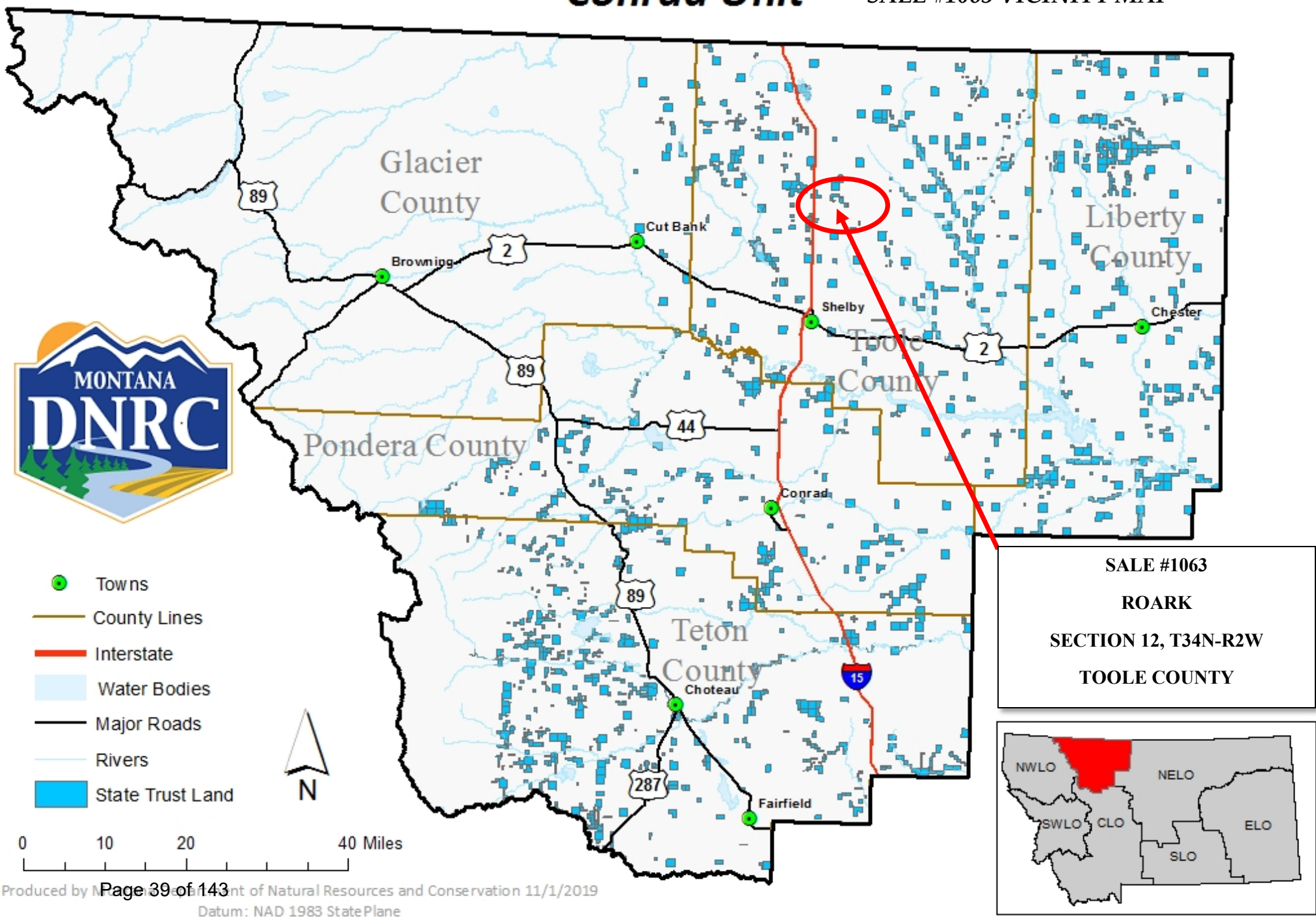
The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

State Trust Land Vicinity Map

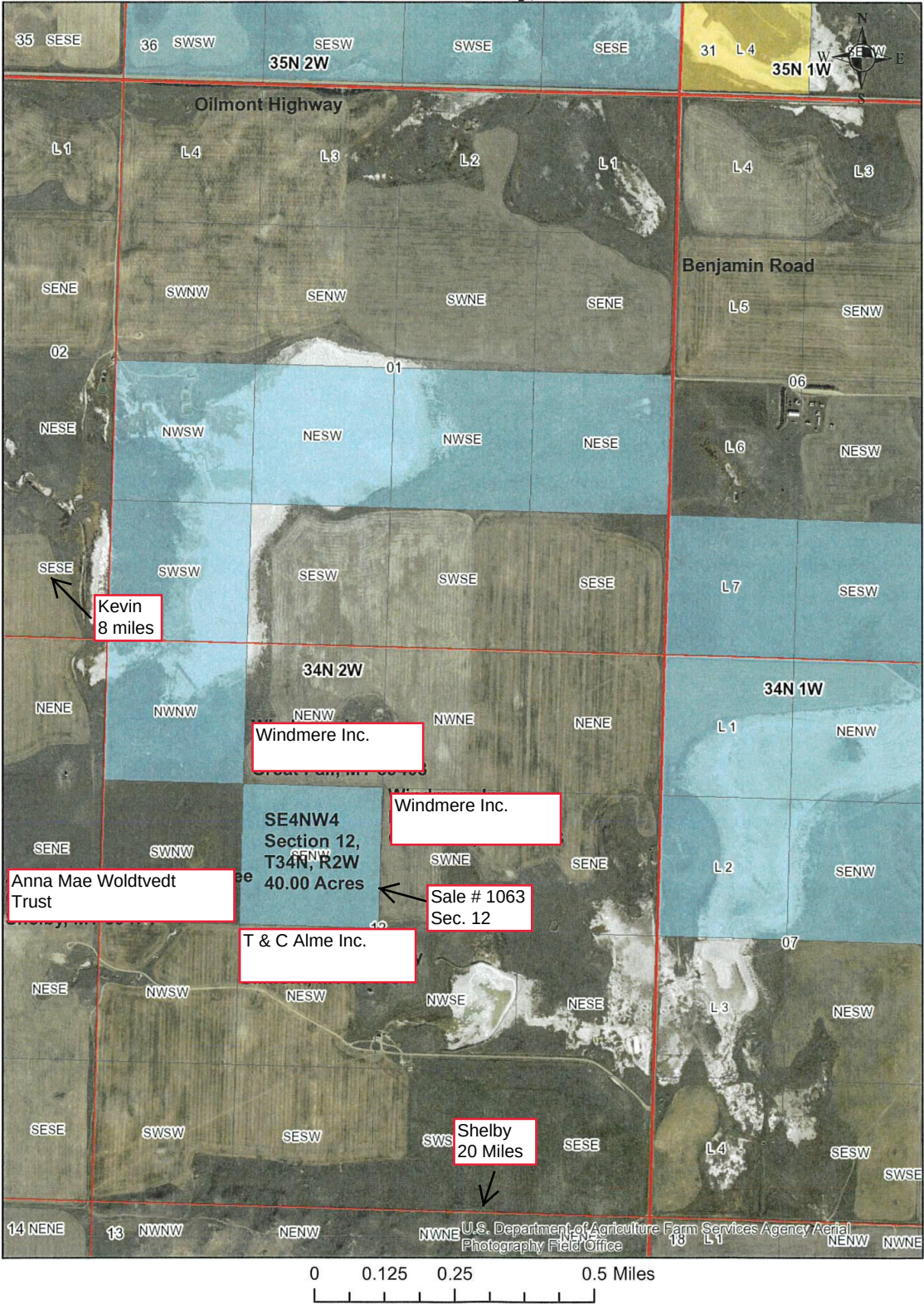
0520-4B

Conrad Unit

SALE #1063 VICINITY MAP



Appendix B
Toole County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4C Land Banking Parcel: Set Minimum Bid for Sale
C. Fred & Gayle Stout Sale #1064**

Location: Teton County

Trust Benefits: Public Buildings

Trust Revenue: \$23,400

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Teton County. The sale was nominated by the lessee and is located west of Bynum, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1064	40±	NE4SE4, T26N-R7W, Sec. 24	Fred & Gayle Stout	Public Buildings

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

The parcel is surrounded entirely by private land and not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.48%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The DNRC conducted a Class III cultural and paleontological resources inventory of the subject parcel. An abandoned historic ditch was documented and evaluated as ineligible for National Register listing. As such, sale of the state parcel will result in *No Effect to Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings will be prepared and filed with the DNRC and the Montana State Historic Preservation Officer.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1064	\$23,400	\$23,400

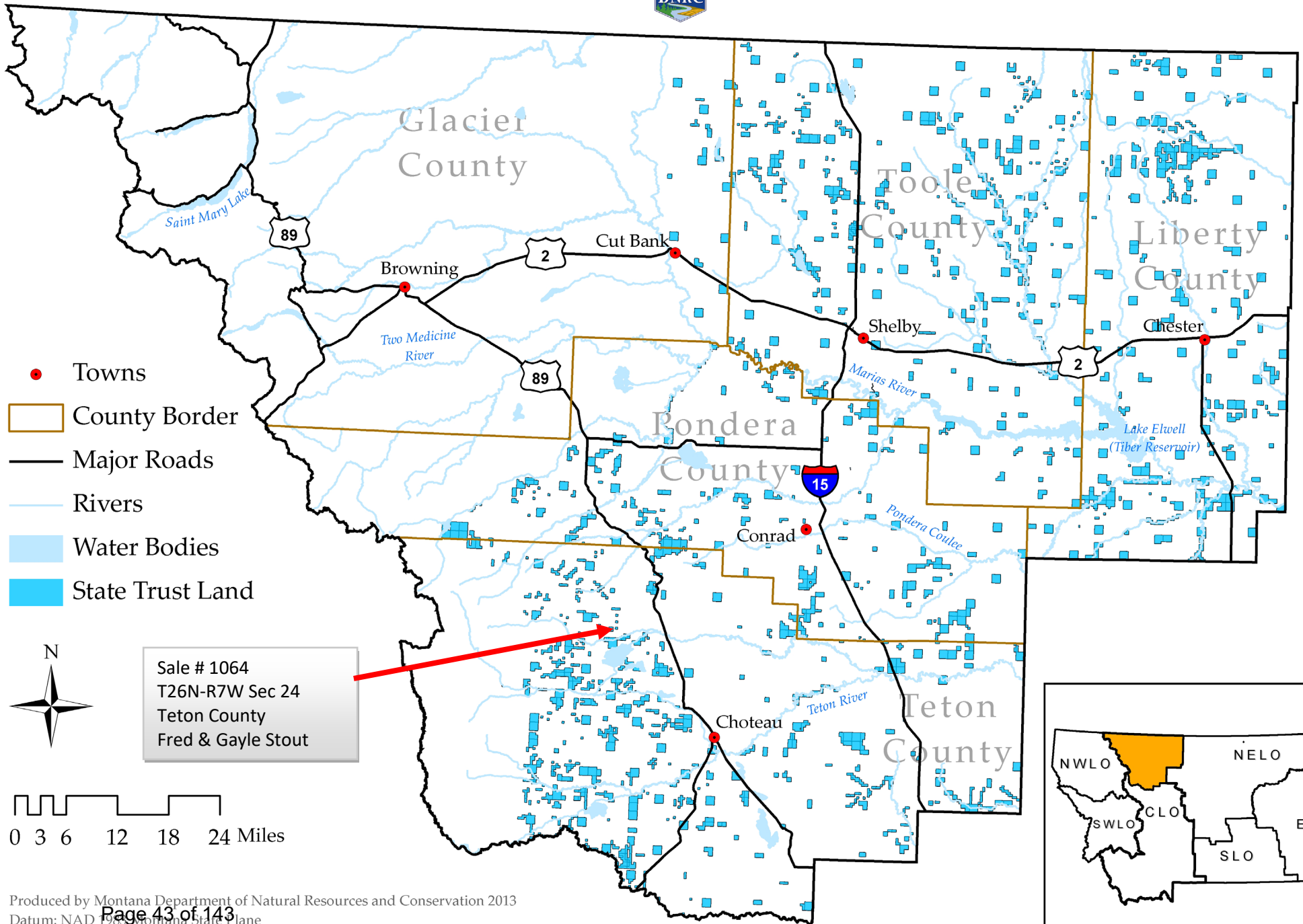
DNRC Recommendation

The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

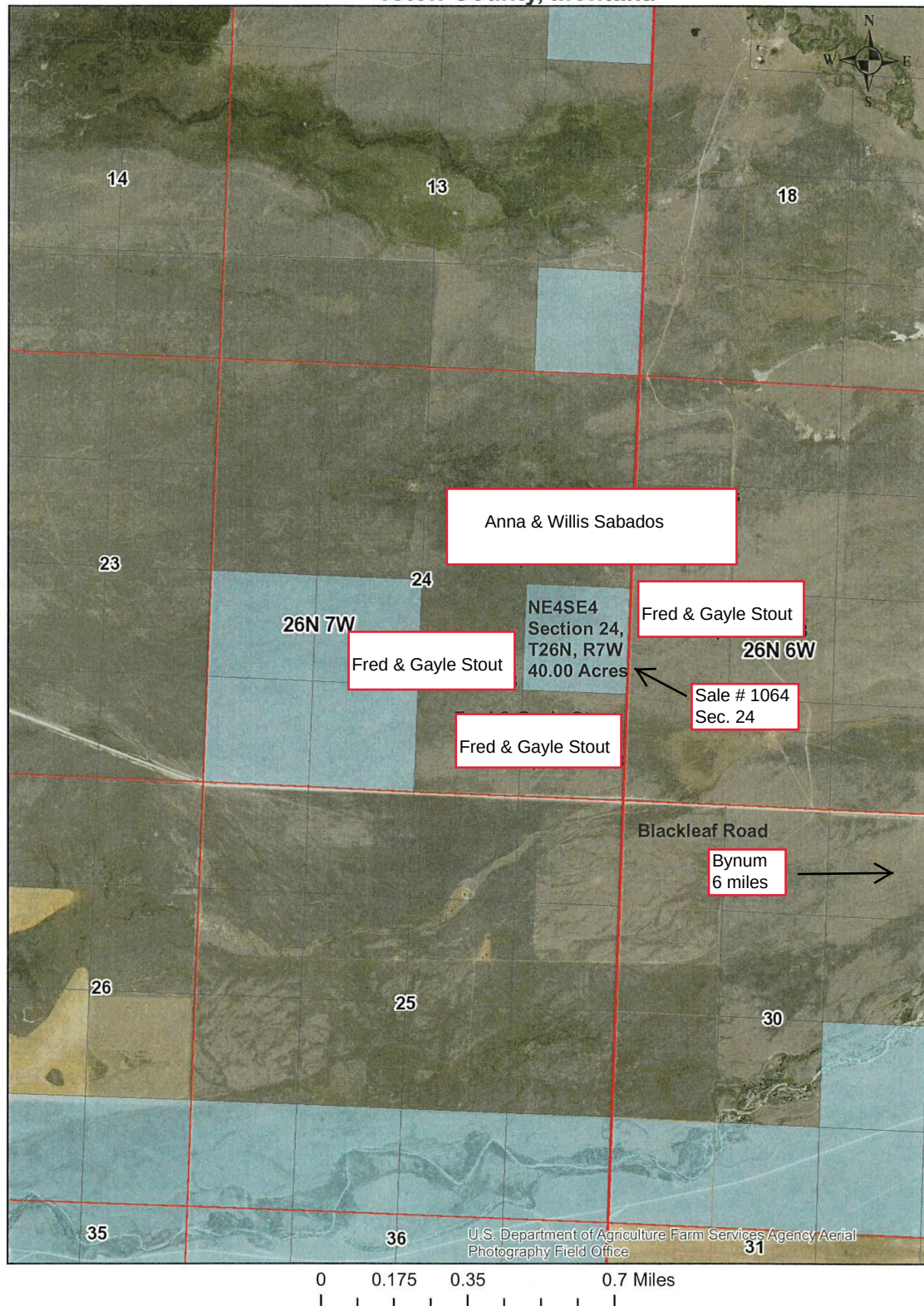
STATE TRUST LAND VICINITY MAP

CONRAD UNIT

0520-4C



Appendix B Teton County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4D Land Banking Parcel: Set Minimum Bid for Sale
D. Barr & Colleen Gustafson Sale #1065**

Location: Pondera County

Trust Benefits: Common Schools

Trust Revenue: \$23,400

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Pondera County. The sale was nominated by the lessee and is located northwest of Dupuyer, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1065	40±	SW4SE4, T29N-R8W, Sec. 33	Barr & Colleen Gustafson	Common Schools

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

The parcel is surrounded entirely by private land and not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.43%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

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

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1065	\$23,400	\$23,400

DNRC Recommendation

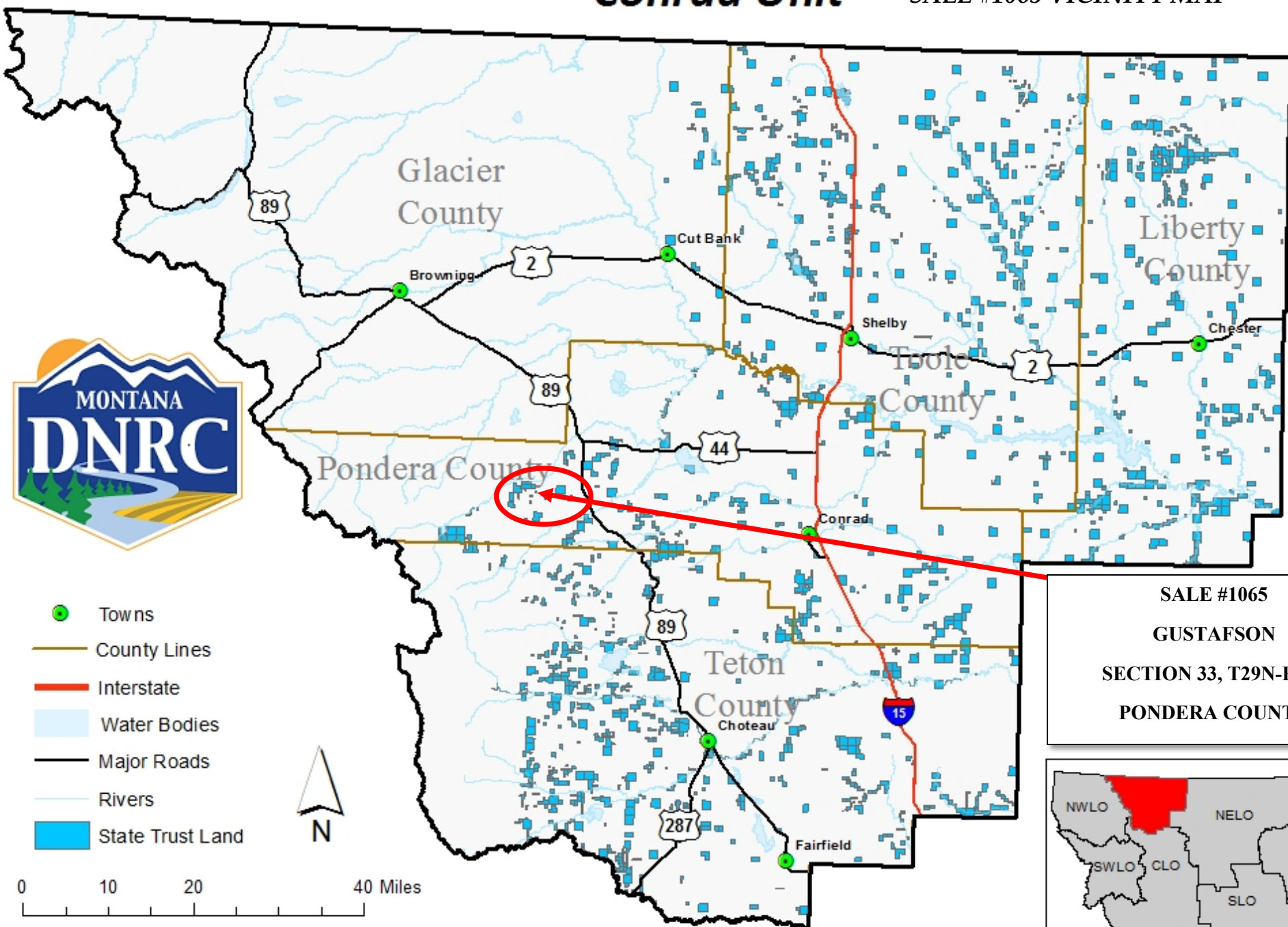
The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

State Trust Land Vicinity Map

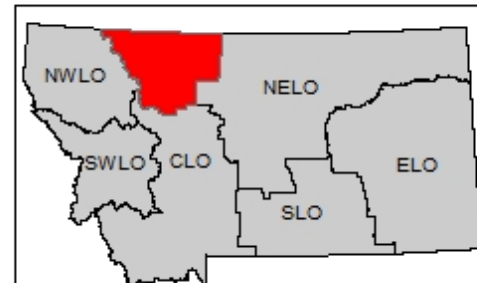
0520-4D

Conrad Unit

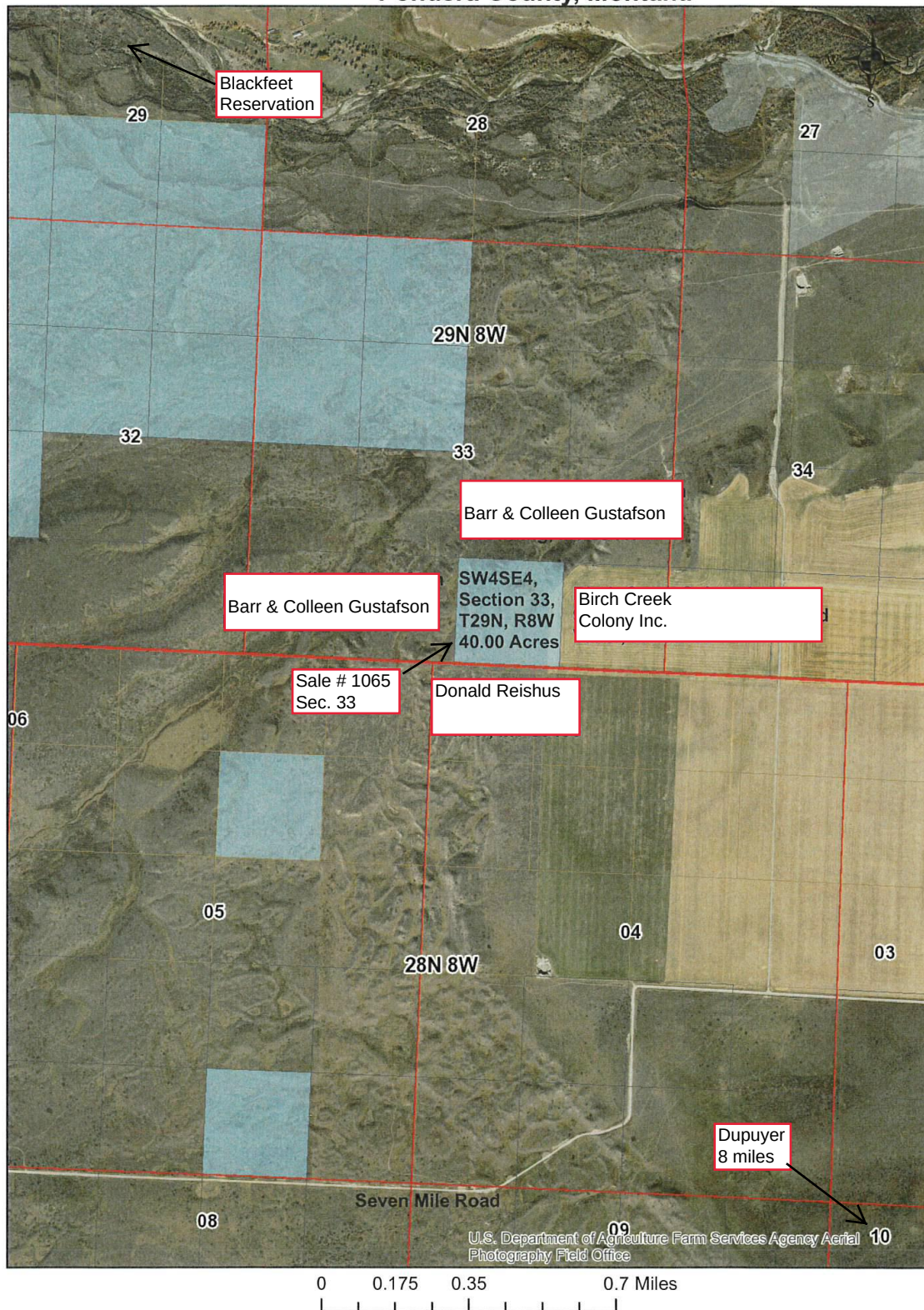
SALE #1065 VICINITY MAP



SALE #1065
GUSTAFSON
SECTION 33, T29N-R8W
PONDERA COUNTY



Appendix B
Pondera County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4E Land Banking Parcel: Set Minimum Bid for Sale
E. Gerald Lear Sale #1066**

Location: Pondera County

Trust Benefits: Common Schools

Trust Revenue: \$40,100

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 68.56 acres nominated for sale in Pondera County. The sale was nominated by the lessee and is located west of Dupuyer, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1066	68.56±	LOTS 5 & 6 T28N-R8W, Sec. 6	Gerald Lear	Common Schools

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

The parcel is surrounded entirely by private land and not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.64%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The DNRC conducted a Class III cultural and paleontological resources inventory of the subject parcel. A series of low-profile cairns were documented. Significance and integrity of the cairn sites has not been determined, but a change in land use is unlikely if the resource leaves state ownership. Therefore, the DNRC recommends the sale of the state parcel will result in *No Effect*

to *Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings will be prepared and filed with the DNRC and the Montana State Historic Preservation Officer.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1066	\$40,100	\$40,100

DNRC Recommendation

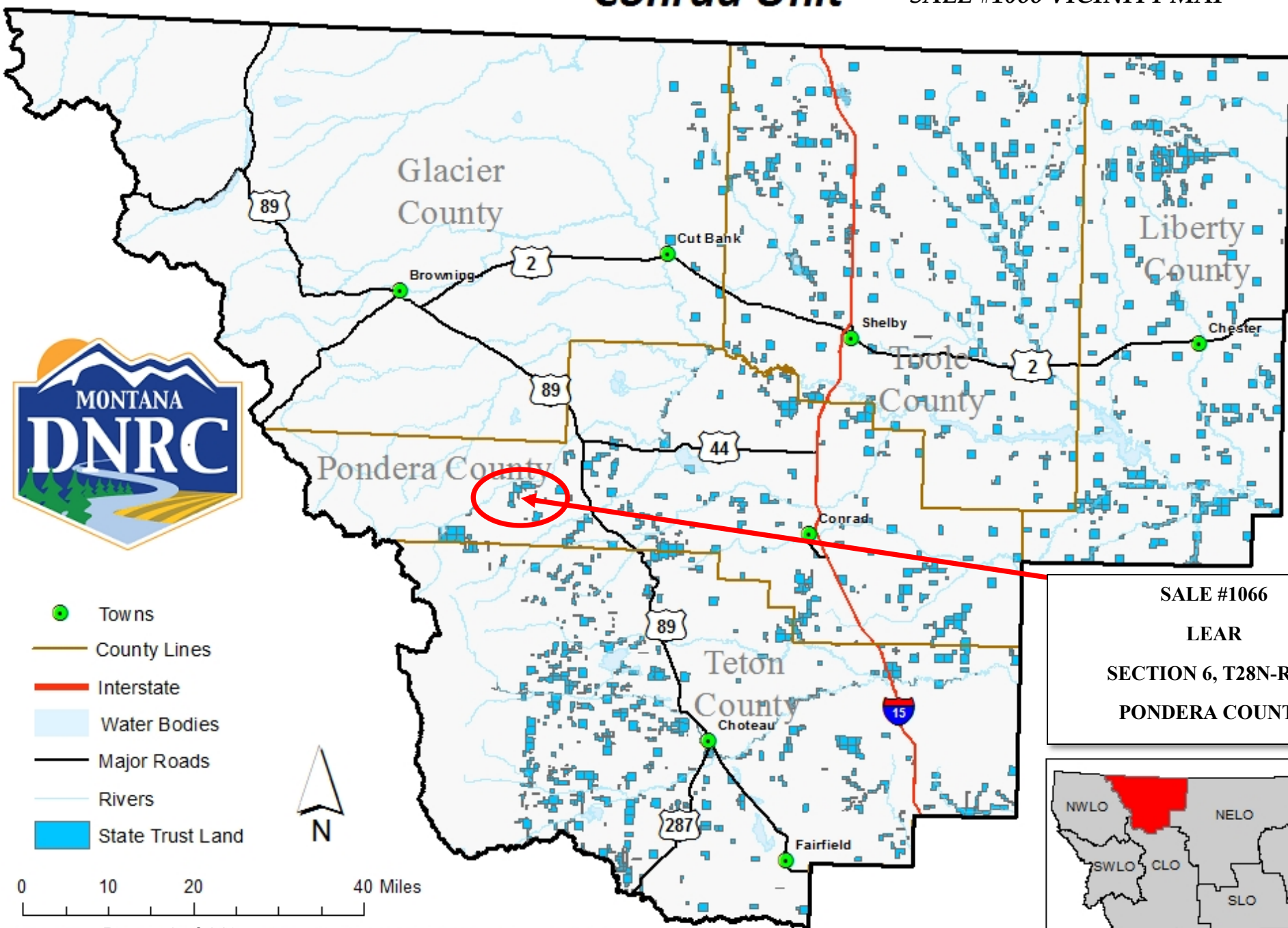
The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

State Trust Land Vicinity Map

0520-4E

Conrad Unit

SALE #1066 VICINITY MAP

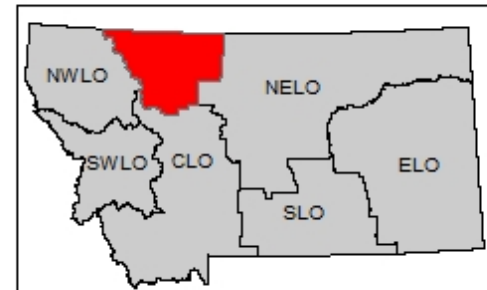


SALE #1066

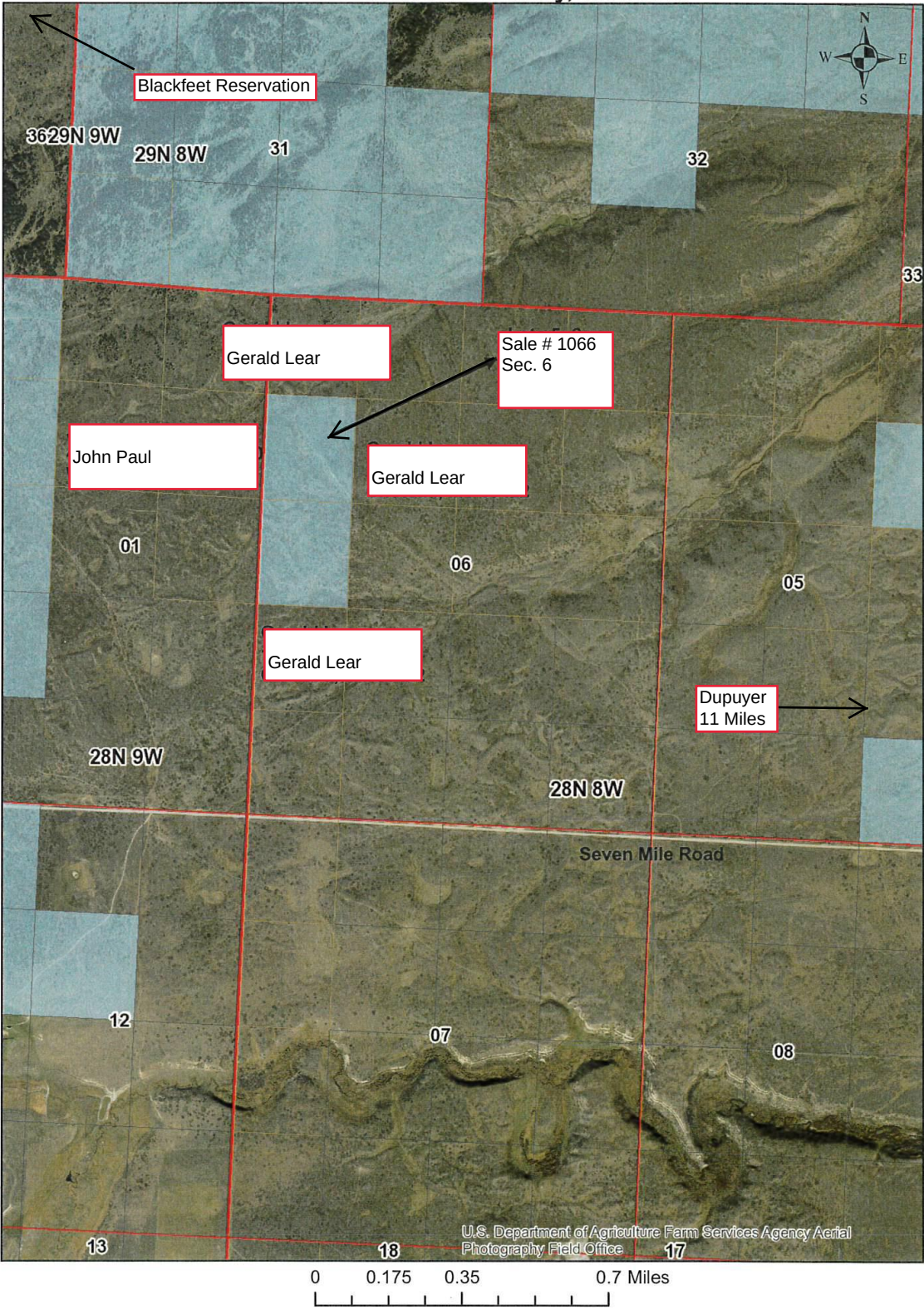
LEAR

SECTION 6, T28N-R8W

PONDERA COUNTY



Appendix B
Pondera County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4F Land Banking Parcel: Set Minimum Bid for Sale
F. Meissner Ranches, LLC. Sale # 1067**

Location: Liberty County

Trust Benefits: Common Schools

Trust Revenue: \$15,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Liberty County. The sale was nominated by the lessee and is located north of Chester, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1067	40±	SE4NE4, T35N-R5E, Sec. 15	Meissner Ranches, LLC	Common Schools

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

The parcel is surrounded entirely by private land and not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.92%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcel proposed for sale was inventoried to Class III standards for cultural and paleontological resources. A historic irrigation ditch and a precontact age (pre-1805 A.D.) stone circle/cairn site was documented. The irrigation ditch is privately owned and outside of DNRC jurisdiction. Significance and integrity of the stone circle/cairn site has not been determined, but

a change in land use is unlikely if the resource leaves state ownership. Therefore, the DNRC recommends the sale of the state parcel will result in *No Effect* to *Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings has been prepared and filed with the DNRC and the Montana State Historic Preservation Officer.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1067	\$15,000	\$15,000

DNRC Recommendation

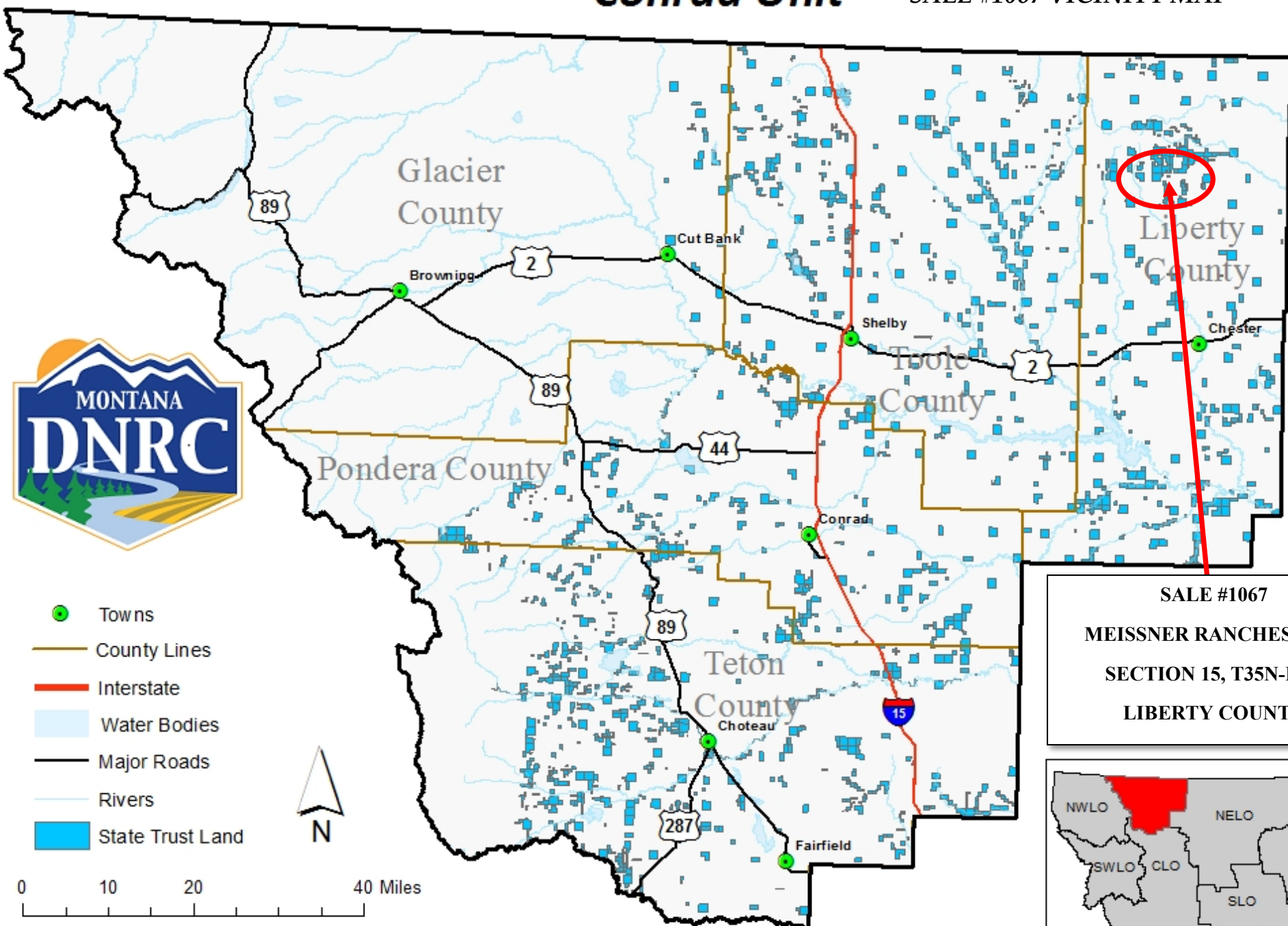
The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

State Trust Land Vicinity Map

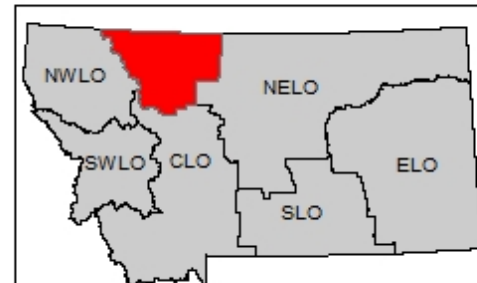
0520-4F

Conrad Unit

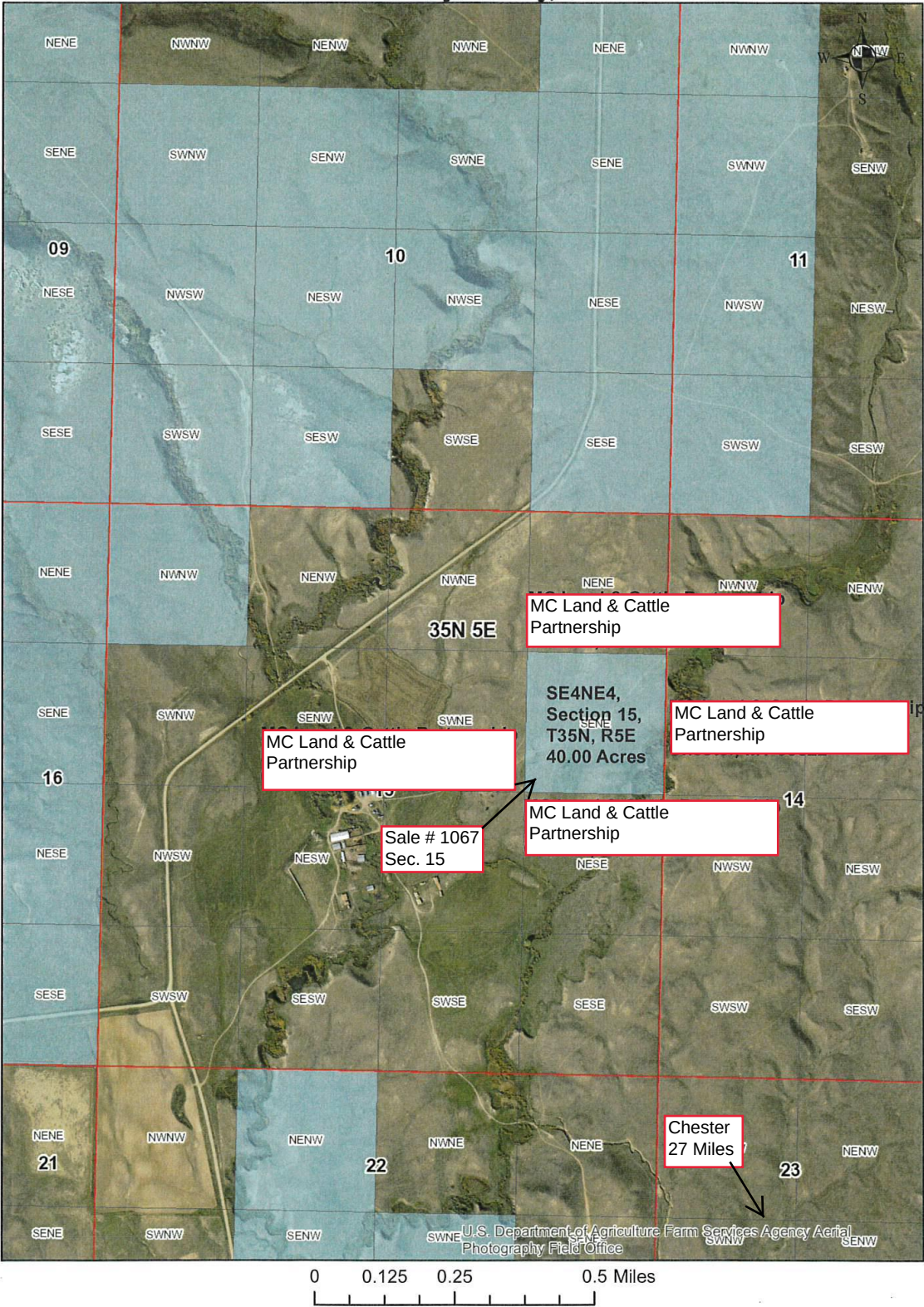
SALE #1067 VICINITY MAP



SALE #1067
MEISSNER RANCHES, INC.
SECTION 15, T35N-R5E
LIBERTY COUNTY



Appendix B
Liberty County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4G Land Banking Parcel: Set Minimum Bid for Sale
G. Hawks Angus, Inc. Sale # 1068,1069,1070**

Location: Liberty County

Trust Benefits: Common Schools

Trust Revenue: \$45,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for three parcels totaling approximately 120 acres nominated for sale in Liberty County. The sales were nominated by the lessee and are located north of Chester, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1068	40±	NW4SE4, T36N-R5E, Sec. 21	Hawks Angus, Inc.	Common Schools
1069	40±	NE4NE4, T36N-R5E, Sec. 23	Hawks Angus, Inc.	Common Schools
1070	40±	SE4SE4, T36N-R5E, Sec. 27	Hawks Angus, Inc.	Common Schools

The sale parcels have been used primarily for livestock grazing purposes.

The parcels are surrounded entirely by private land and not legally accessible by the public. The sale of these parcels would not restrict or eliminate access to adjacent private land.

No potentially negative issues were identified through the MEPA process regarding the sale of these parcels.

Economic Analysis:

Short term – The average rate of return on sale parcel #1068 and #1070 is 0.84%; for sale parcel #1069 it is 1.01%. The parcels would continue to receive these returns if they remain in state ownership.

Long-term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcels proposed for sale were inventoried to Class III standards for cultural and paleontological resources. No cultural or paleontological resources were identified. A formal report of findings has been prepared and filed with the Montana State Historic Preservation Office per the requirements of the Montana State Antiquities Act.

Background:

In June 2019, the Board granted preliminary approval for these parcels to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1068	\$15,000	\$15,000
1069	\$15,000	\$15,000
1070	\$15,000	\$15,000

DNRC Recommendation

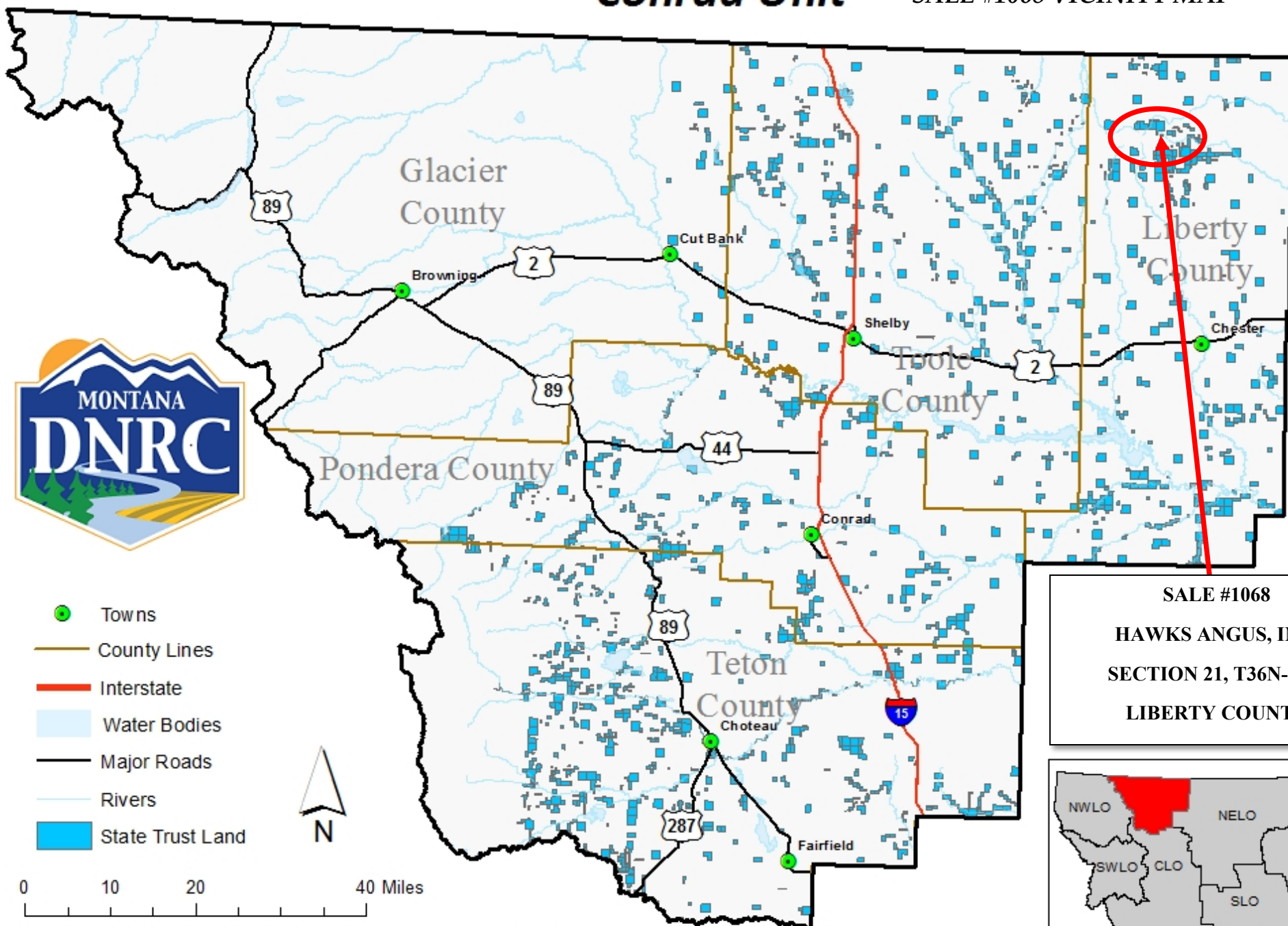
The director recommends the Land Board set the minimum bid for these parcels at the appraised land value shown above.

State Trust Land Vicinity Map

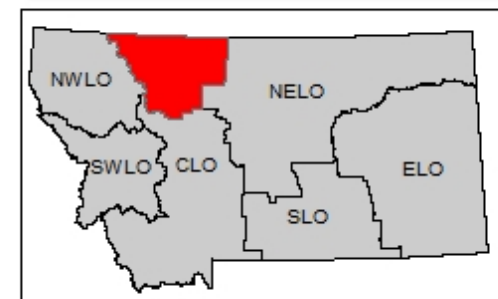
0520-4G

Conrad Unit

SALE #1068 VICINITY MAP



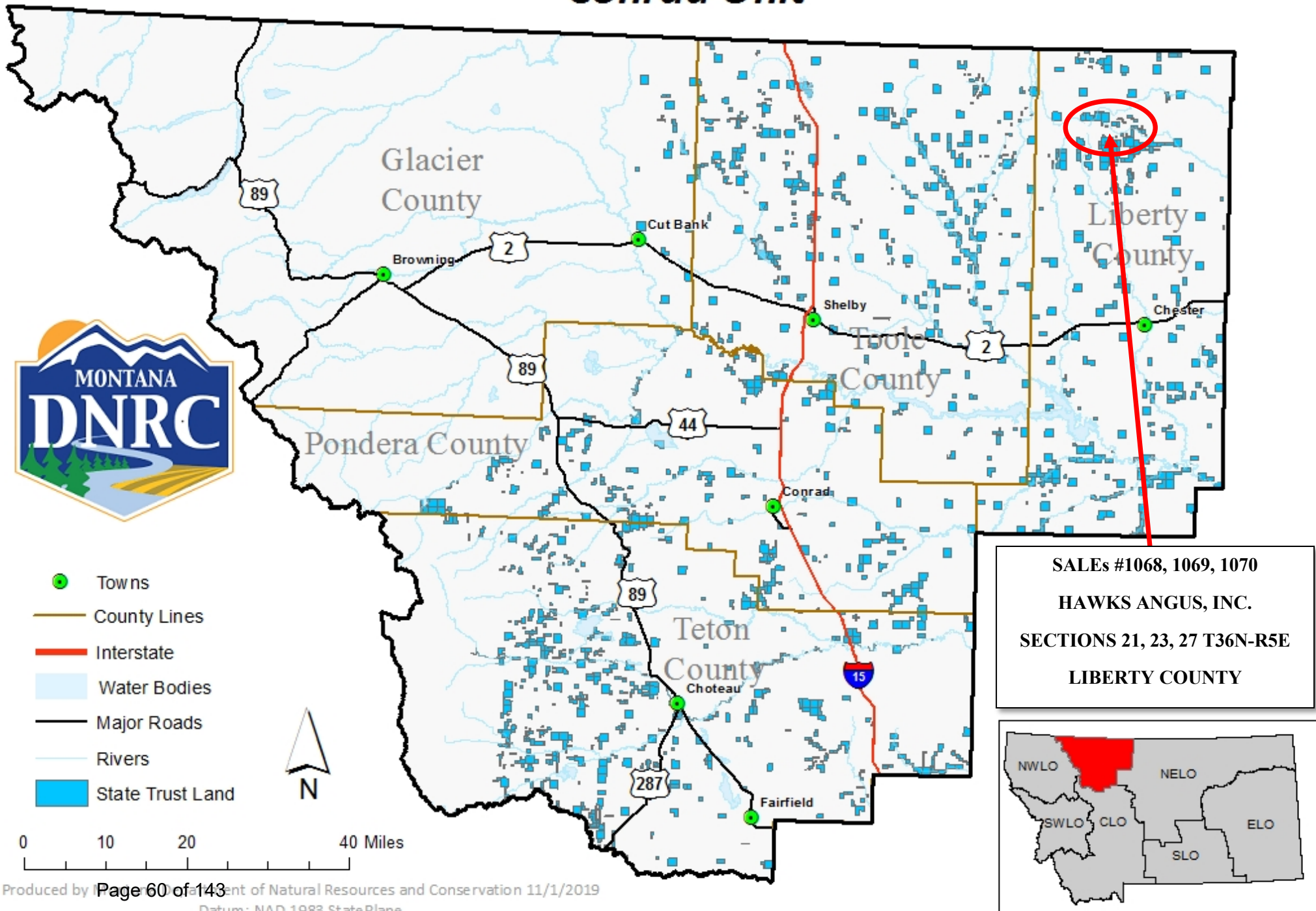
SALE #1068
HAWKS ANGUS, INC.
SECTION 21, T36N-R5E
LIBERTY COUNTY



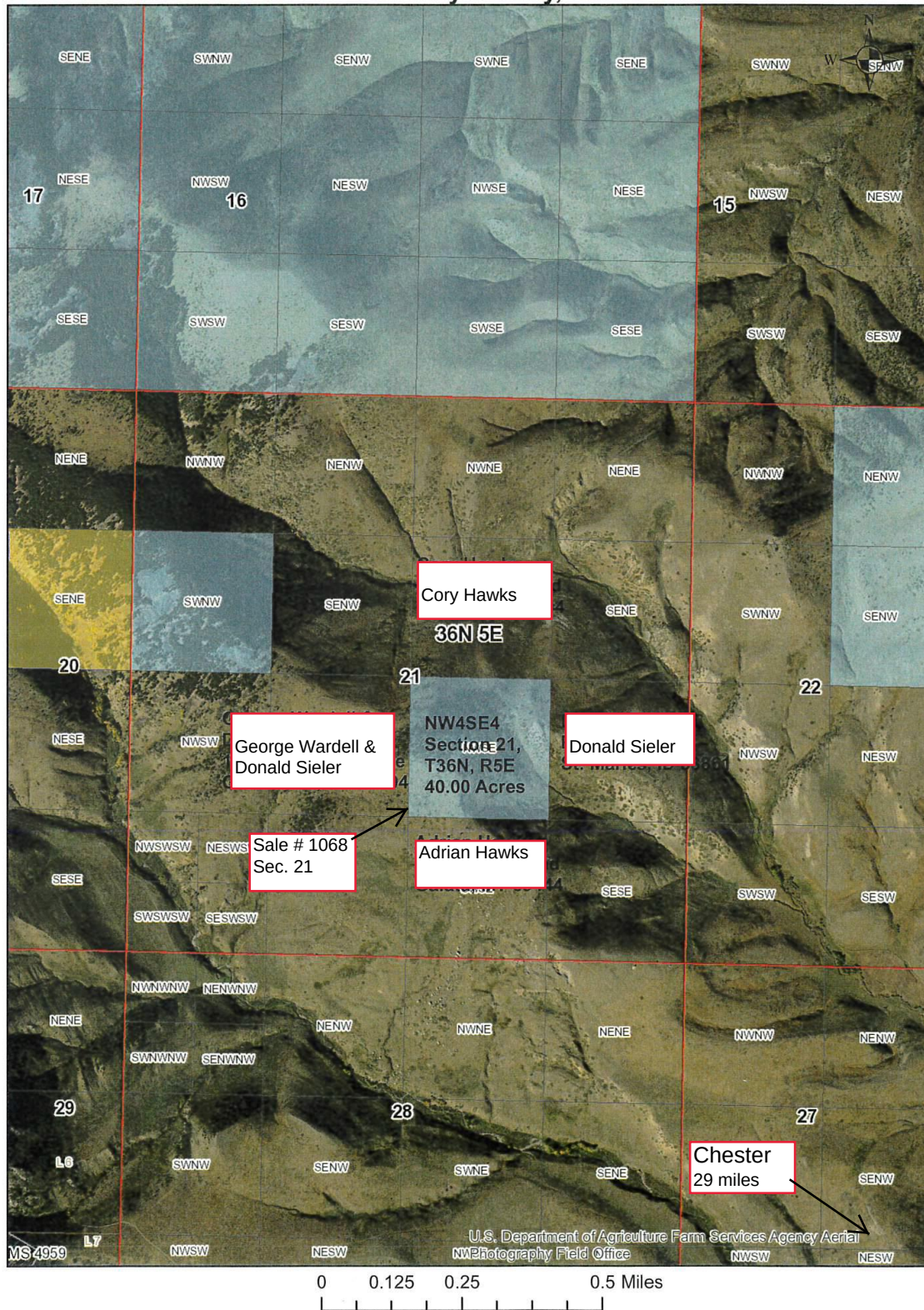
State Trust Land Vicinity Map

Conrad Unit

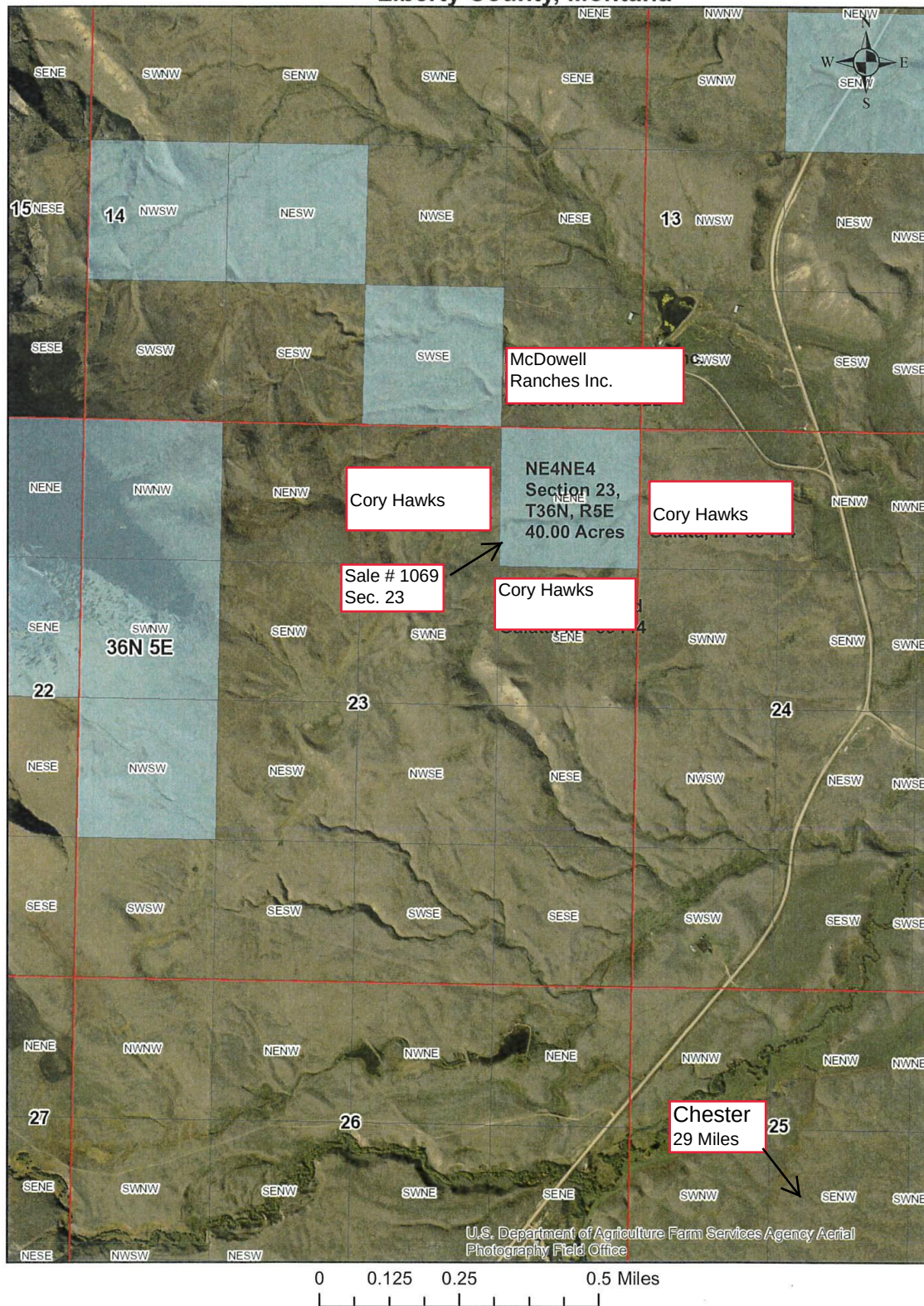
0520-4G



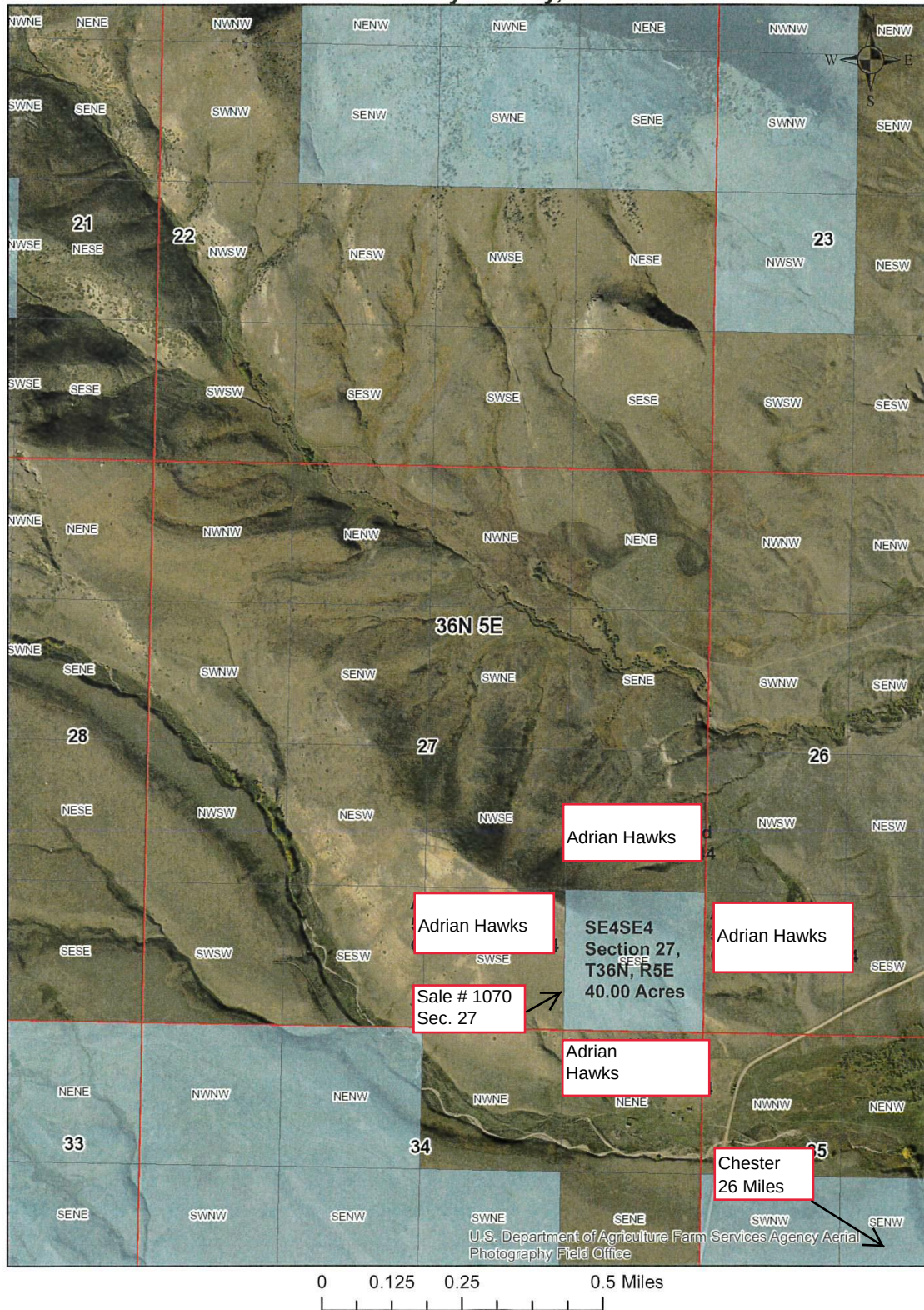
Appendix B Liberty County, Montana



Appendix B Liberty County, Montana



Appendix B Liberty County, Montana



**Land Board Agenda Item
May 18, 2020**

**0520-4H Land Banking Parcel: Set Minimum Bid for Sale
H. Diamond 4D, LLC. Sale # 1071**

Location: Teton County

Trust Benefits: Public Buildings

Trust Revenue: \$42,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests to set minimum bid for one parcel totaling approximately 40 acres nominated for sale in Teton County. The sale was nominated by the lessee and is located southwest of Choteau, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1071	40±	NE4SE4, T23N-R7W, Sec. 27	Diamond 4D, LLC	Public Buildings

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

The parcel is surrounded entirely by private land and not legally accessible by the public. This parcel is also surrounded by Conservation Easements. The proponent has indicated that they intend to include this parcel in Conservation Easement after the purchase of the property. The sale of this parcel would not restrict or eliminate access to adjacent private land.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel is 0.15%. The parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement land through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The DNRC conducted a Class III cultural and paleontological resources inventory of the subject parcel. A precontact (pre 1805 A.D.) stone circle/cairn site was documented. Significance and integrity of the site has not been determined, but a change in land use is unlikely if the resource

leaves state ownership. Therefore, the DNRC recommends the sale of the state parcel will result in *No Effect to Antiquities* as defined under the Montana State Antiquities Act. A formal report of findings will be prepared and filed with the DNRC and the Montana State Historic Preservation Officer.

Background:

In June 2019, the Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process.

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1071	\$42,000	\$42,000

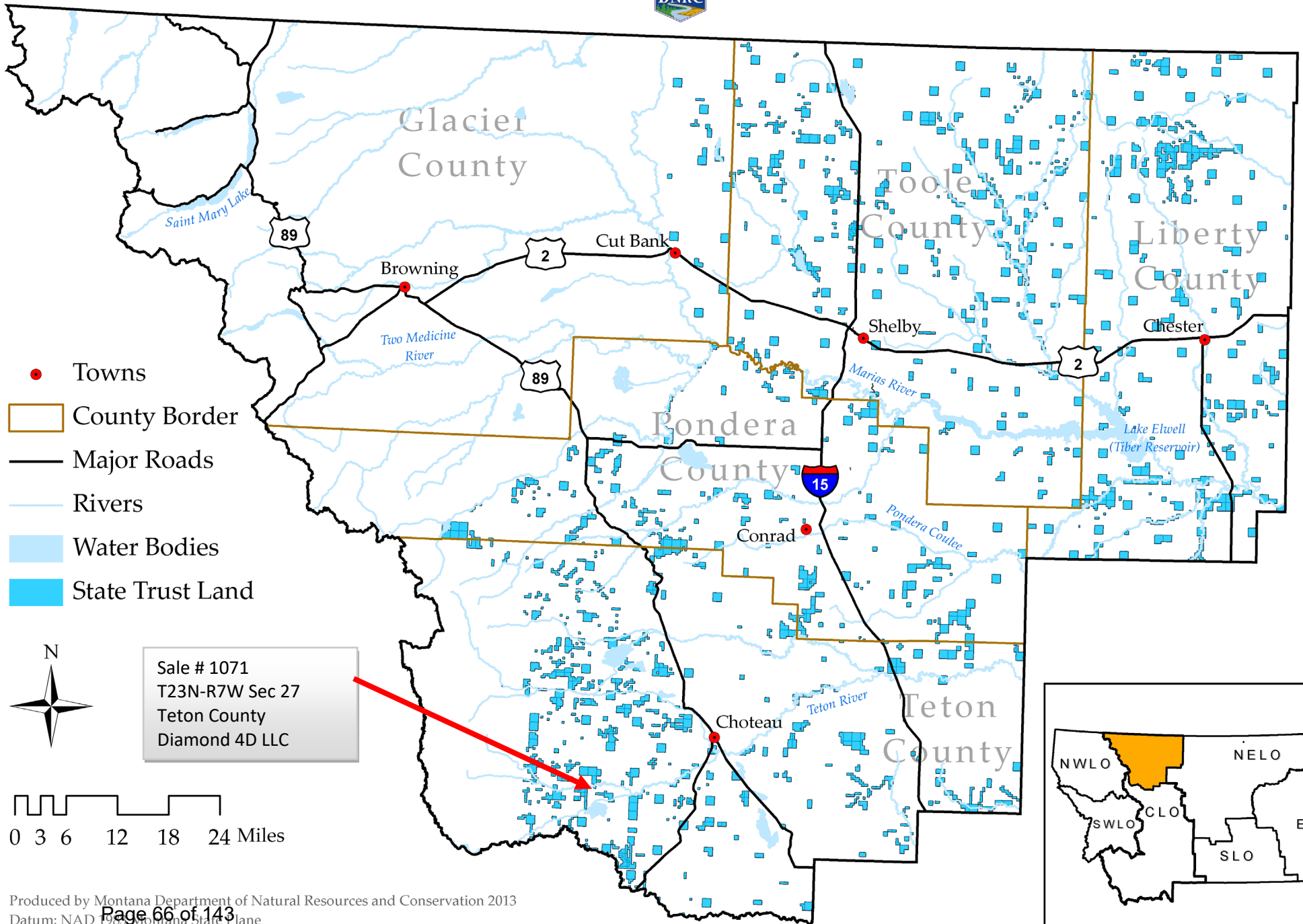
DNRC Recommendation

The director recommends the Land Board set the minimum bid for this parcel at the appraised land value shown above.

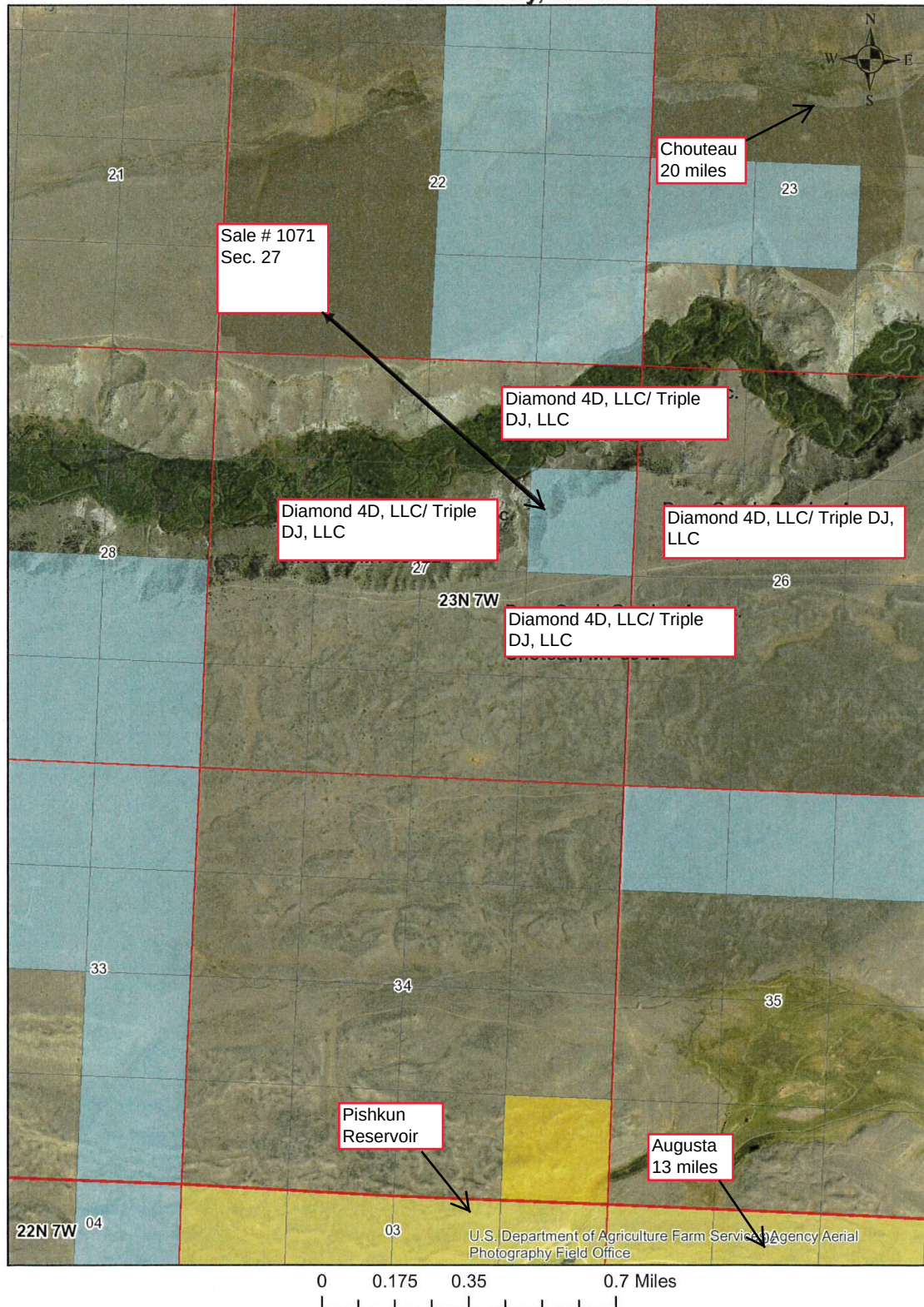
STATE TRUST LAND VICINITY MAP

CONRAD UNIT

0520-4H



Appendix B Teton County, Montana



0520-5

LAND BANKING PARCELS:

Final Approval for Sale

**Land Board Agenda Item
May 18, 2020**

0520-5 Land Banking Parcel: Final Approval for Sale

Location: Fergus County

Trust Benefits: Common Schools

Trust Revenue: \$368,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests final approval to sell one parcel totaling approximately 640 acres in Fergus County. The sale was nominated by the lessee and is located approximately 10 miles southeast of Winifred, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
1077	640±	ALL, Section 16, T20N-R20E	Rolling Hills Gumbo Ranch, Inc.	Common Schools

Sale parcel 1077 includes approximately 119 acres of hay land and 521 acres of grazing land. The parcel has below average productivity for agricultural and grazing lands statewide.

The parcel is surrounded entirely by private land and is not legally accessible by the public.

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

Economic Analysis:

Short term – The average rate of return on the sale parcel 1077 is 0.66%. This parcel would continue to receive this return if it remains in state ownership.

Long-term – The funds from the sale of these parcels would be combined with other sale funds to purchase replacement lands through the department's Land Banking program. Lands purchased are required to have an equal or greater rate of return than the combined lands that generated the sale funds used for the purchase. To date, the average annual rate of return on acquisitions has been 2.91% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

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

Background:

In August 2019, the Land Board granted preliminary approval for this parcel to continue through the Land Banking sale evaluation process. After appraisal, in February of 2020, the Land Board set the minimum bid as follows:

Appraised Value:

Sale #	Appraised Value with Access	Recommended Minimum Bid
1077	\$368,000	\$368,000

Sale Price:

The parcel sold at a public auction on April 28, 2020. There was one qualified bidder for the sale, which was the current lessee. The parcel sold for the minimum bid shown above.

DNRC Recommendation

The director recommends the Land Board grant final approval for the Land Banking sale at the value shown above. The sales will close within 30 days of final approval by the Land Board.

ROLLING HILLS GUMBO RANCH, INC. VICINITY MAP

LEWISTOWN UNIT

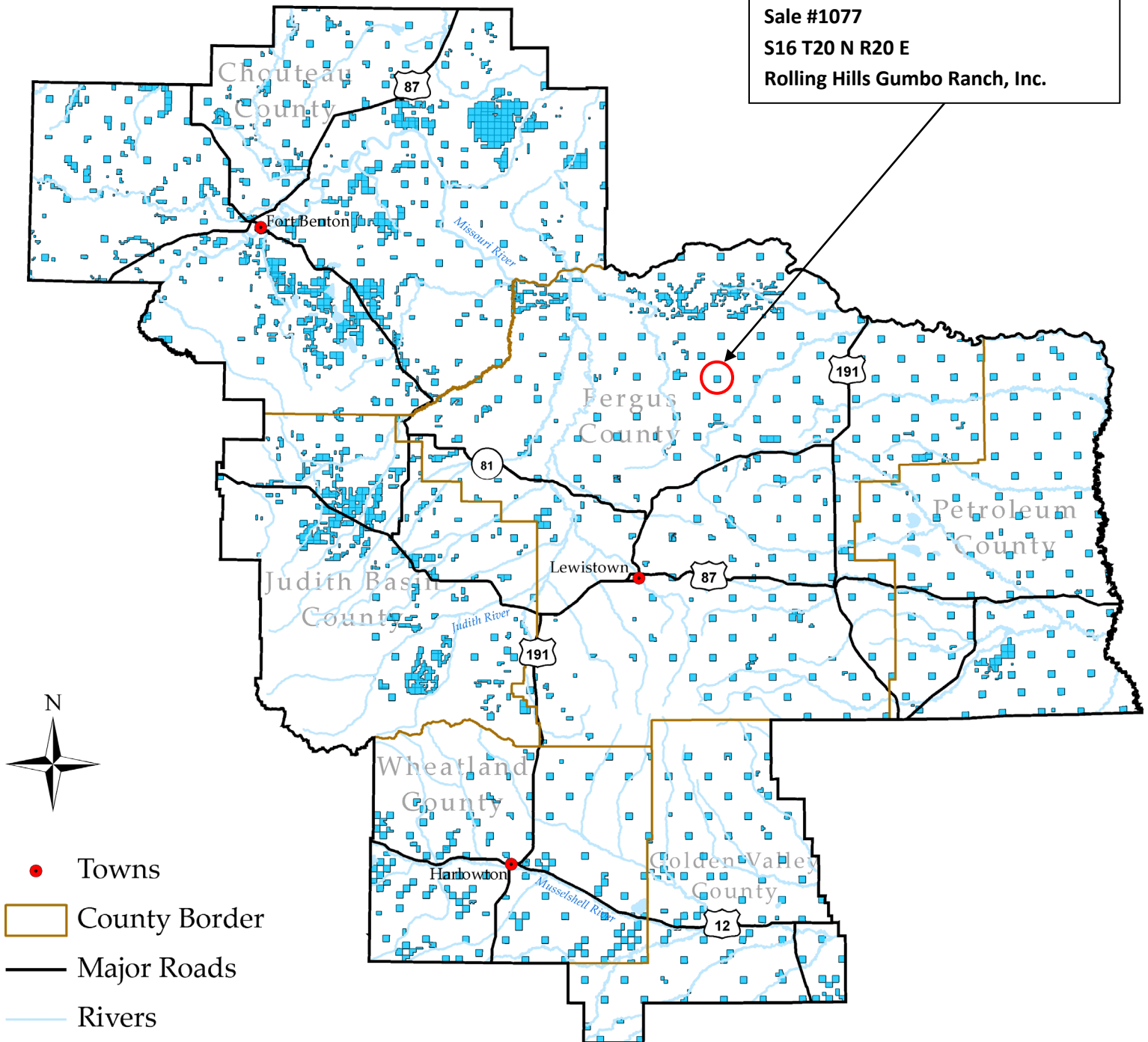
0520-5



Sale #1077

S16 T20 N R20 E

Rolling Hills Gumbo Ranch, Inc.



● Towns

County Border

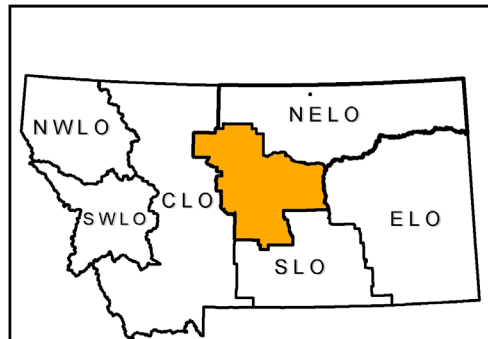
Major Roads

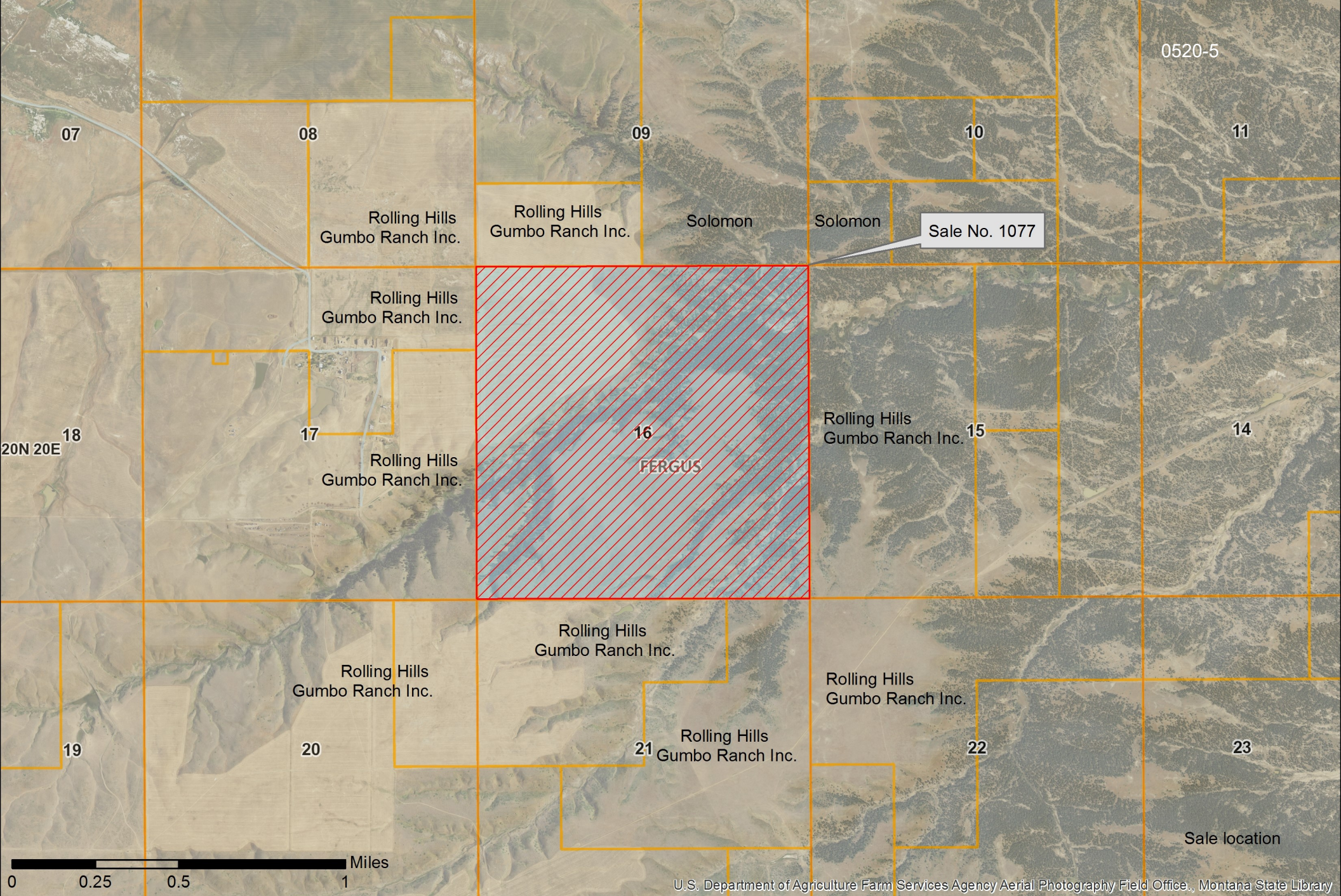
Rivers

Water Bodies

State Trust Land

0 5 10 20 30 40 Miles





U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office., Montana State Library



Location: Fergus County
 Legal Description: S16 T20 N R20 E
 Prepared on: 15 JULY 2019
 Prepared by: DNRC REMB Staff
 Projection: NAD 1983 - MT State Plane

Fergus County Sale: Rolling Hills Gumbo Ranch, Inc.
 Sale No. 1077, Common Schools

 Land Sale
  Montana State Trust Land
  Bureau of Land Management



0520-6

CABIN AND HOME SITES:
Preliminary Approval for Sale

**Land Board Agenda Item
May 18, 2020**

0520-6 Cabin and Home Site Sales: Preliminary Approval for Sale

Location: Gallatin & Sanders Counties
 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 of 4 cabin and home sites nominated for sale in Gallatin and Sanders counties. These sales were nominated by the lessees in conjunction with the 2020-2021 Cabin and Home Site Sales Program.

Sale Number	# of Acres	Legal	Nominator	Trust
Gallatin County				
1169	5.94±	PT S2W2SW4 T1N-R4E, Sec. 33	Dean & Carrie Johnson	Common Schools
Sanders County				
1170	0.1±	PT SW4SW4 T23N-R26W, Sec. 6	Marcie Albright & Jodie Chacon	Common Schools
1171	0.32±	Lot 8, East of Thompson River T24N-R27W, Sec. 36	Bonnie J. & John Jay Gagnon	Common Schools
1172	1.94±	PT SE4SE4 Thompson River T25N-R27W, Sec. 36	Juan Lulack	Common Schools

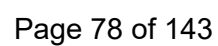
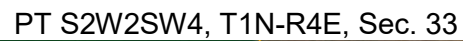
These sale parcels are currently leased as cabin or home sites and produce an average income for residential leases statewide.

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 2021. 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.

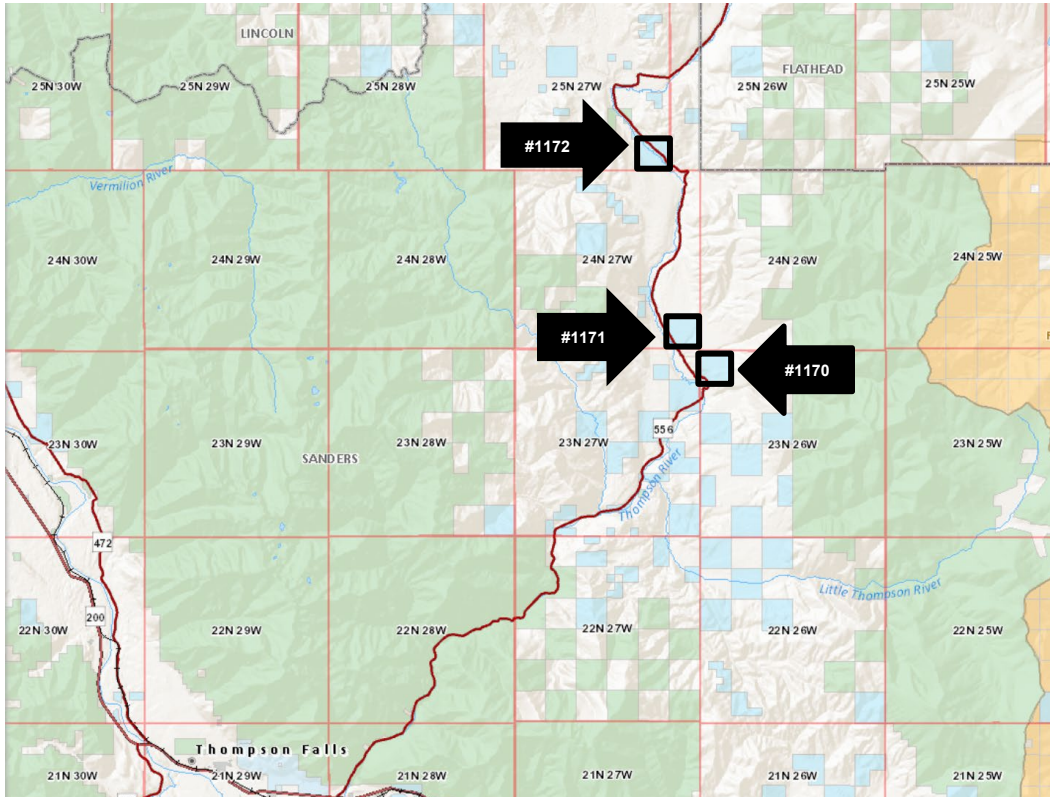
Each parcel will be sold with the access that is currently provided to the current lessee under their lease agreement.

DNRC Recommendation

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



SANDERS COUNTY SALES



PT SW4SW4*, T23N-R26W, Sec. 6



Lot 8, East of Thompson River*, T24N-R27W, Sec. 36



PT SE4SE4*, T25N-R27W, Sec. 36



*Sites will be surveyed prior to appraisal. All locations depicted above are approximate.

0520-7

CABIN AND HOME SITES:

Set Minimum Bid for Sale

A. Chouteau County

B. Flathead County

C. Pondera County

**Land Board Agenda Item
May 18, 2020**

**0520-7A Cabin and Home Sites: Set Minimum Bid for Sale
A. Chouteau County**

Location: Chouteau County
Trust Benefits: Common Schools
Trust Revenue: \$27,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for a cabin site nominated for sale in Chouteau County. This sale was nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

Sale No.	Acres	Legal Description	Nominator	Trust
1012	6.00±	Tract 2 of COS 208B, T22N-R11E, Sec. 36	Charles A. Tonne	Common Schools

The parcel is currently leased as a home site and produces an average income for residential leases statewide. The parcel will be sold with the access that is currently provided under the current lease agreement and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rates of return on this sale parcel is 3.629%. The parcel will continue to receive this rate of return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through 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.

Cultural/Paleontological Resources:

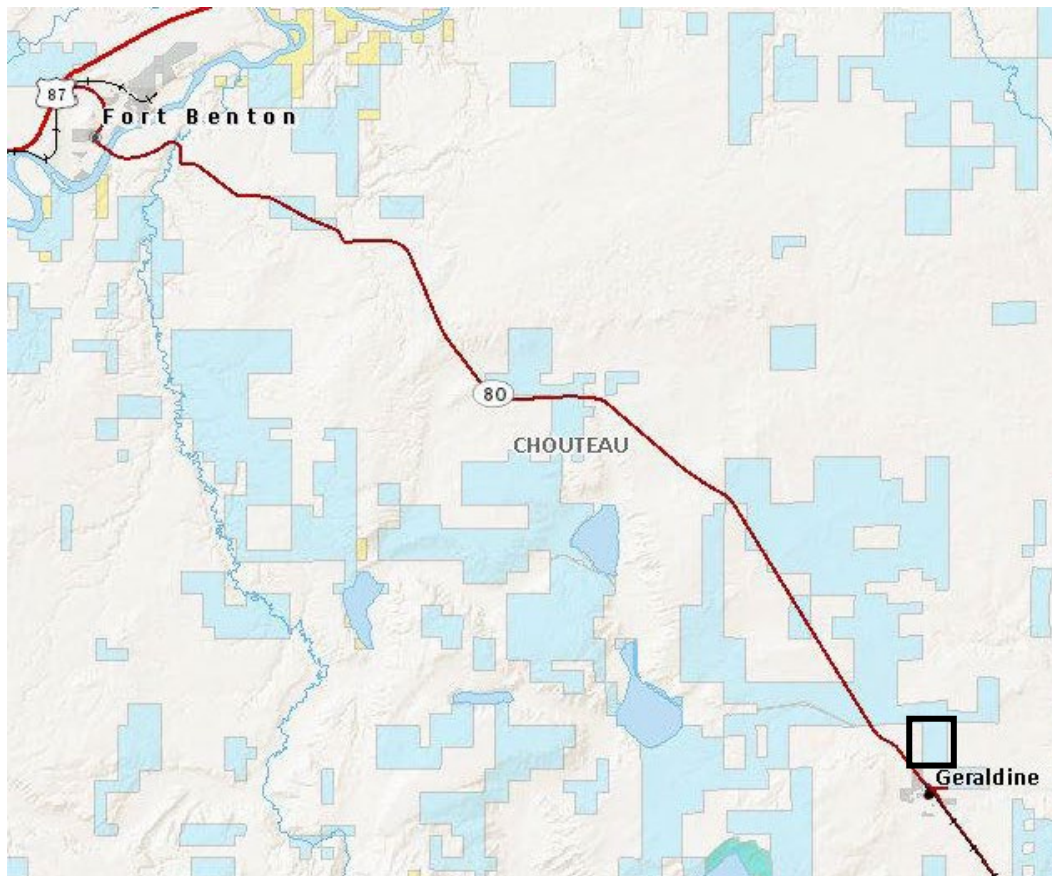
A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous privately-owned structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. This sale will have no effect to state-owned heritage properties.

Appraised Values of Land and Improvements:

Sale No.	Appraised Land Value	Appraised Improvements Value
1012	\$27,000	\$128,000

DNRC Recommendation

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

CHOUTEAU COUNTY SALE**Sale #1012**

Tract 2 of COS 208B, T22N-R11E, Sec. 36



**Land Board Agenda Item
May 18, 2020**

**0520-7B Cabin and Home Sites: Set Minimum Bid for Sale
B. Flathead County**

Location: Flathead County
Trust Benefits: School for the Deaf & Blind
Trust Revenue: \$107,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for two cabin sites nominated for sale in Flathead County. These sales were nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

Sale No.	Acres	Legal Description	Nominator	Trust
1023	1.036±	Lot 3, Olney Townsite, COS 21331, T32N-R23W, Sec. 7	David & Amanda Snavelly	School for the Deaf & Blind
1024	1.058±	Lot 5, Olney Townsite, COS 21331, T32N-R23W, Sec. 7	Shawn Roy	School for the Deaf & Blind

The parcels are currently leased as home sites and produce an average income for residential leases statewide. The parcels will be sold with the access that is currently provided under the current lease agreement and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rates of return on these sale parcels are below. The parcels will continue to receive these rates of return if they remain in state ownership.

Sale No.	Rate of Return
1023	2.686%
1024	2.879%

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.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous privately-owned structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. This sale will have no effect to state-owned heritage properties.

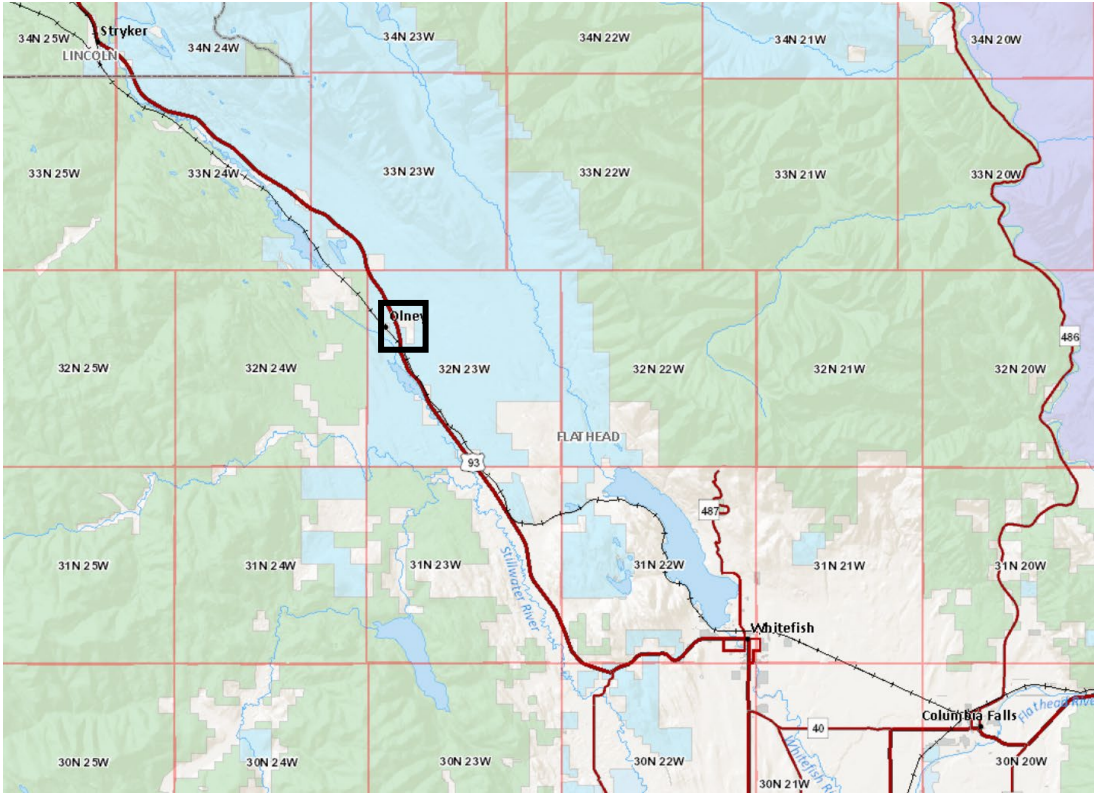
Appraised Values of Land and Improvements:

Sale No.	Appraised Land Value	Appraised Improvements Value
1023	\$53,000	\$63,000
1024	\$54,000	\$88,000

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.

FLATHEAD COUNTY SALES



Olney Townsite
COS 21331, T32N-R23W, Sec. 7



**Land Board Agenda Item
May 18, 2020**

**0520-7C Cabin and Home Sites: Set Minimum Bid for Sale
C. Pondera County**

Location: Pondera County
Trust Benefits: Common Schools
Trust Revenue: \$26,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting to set the minimum bid for a home site nominated for sale in Pondera County. This sale was nominated by the lessees in conjunction with the Cabin and Home Site Sale Program.

Sale No.	Acres	Legal Description	Nominator	Trust
972	8.10±	Tract 1, COS 334212, T27N-R1E, Sec. 36	R & L Petersen Farm, LLC	Common Schools

The parcel is currently leased as a home site and produces an average income for residential leases statewide. The parcel will be sold with the access that is currently provided under the current lease agreement and can be conveyed by DNRC.

Economic Analysis:

Short term – The average rates of return on this sale parcel is 4.255%. The parcel will continue to receive this rate of return if it remains in state ownership.

Long term – The funds from the sale of this parcel would be combined with other sale funds to purchase replacement lands through 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.

Cultural/Paleontological Resources:

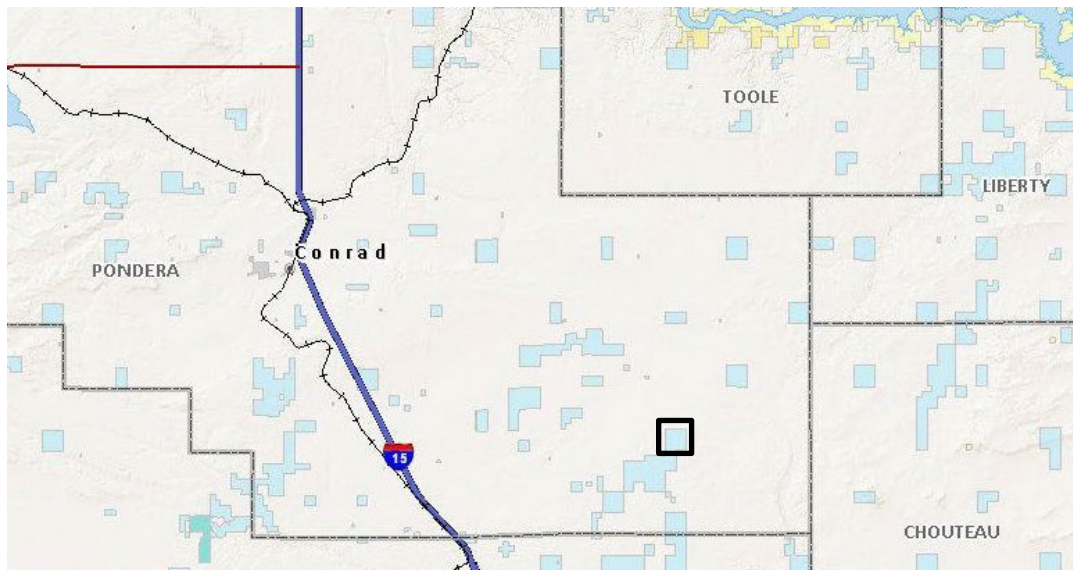
A Class I level of cultural resource inventory was conducted for the proposed sale. Home sites typically contain numerous privately-owned structures and the ground surfaces within most home sites have been variously disturbed over the course of many years of occupation and development. This sale will have no effect to state-owned heritage properties.

Appraised Values of Land and Improvements:

Sale No.	Appraised Land Value	Appraised Improvements Value
972	\$26,000	\$60,000

DNRC Recommendation

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

PONDERA COUNTY SALE**Sale #972**

Tract 1, COS 334212, T27N-R1E, Sec. 36



0520-8

EASEMENTS:

- A. Big Arm State Park Recreation Easement
- B. Standard Grant

**Land Board Agenda Item
May 18, 2020**

0520-8A Big Arm State Park Recreation Easement

Location: Lake County

Trust Benefits: Common Schools

Trust Revenue: \$10,054,000.00

Item Summary

Pursuant to HB695 introduced and passed in the 2019 Legislative Session, the Department of Fish, Wildlife and Parks (DFWP) has made application for a permanent recreation easement for the operation of Big Arm State Park located on State Trust Lands along Flathead Lake. Over the past year the Montana Department of Natural Resources and Conservation (DNRC) and DFWP have worked jointly in identifying alternatives in configuring an easement footprint and completion of surveying and appraisal contracts. A joint agency Montana Environmental Policy Act (MEPA) analysis has been completed. The area proposed to be eased is defined as two designated parcels; Parcel 1, containing 169.3 acres east of Highway 93 with Flathead Lake frontage; and Parcel 2, containing 55.68 acres west of Highway 93. All but 17.2 acres within Parcel 1 is currently under the existing lease footprint, with this additional acreage being a portion of trust land contiguous to Big Arm State Park to the south. A pre-existing State Cabin Site lease (#606) consisting of 2.615 acres, an access driveway and lessee surface improvements, will remain as an active leased inholding surrounded by this proposed Park easement.

Appraisal:

A Yellow-Book appraisal for each parcel was completed and reviewed in compliance with federal funding requirements. The appraisals considered the easement interest to be disposed of through the proposed grant and the value was determined to be \$10,054,000. This appraisal was subject to a technical appraisal review by an independent certified appraiser who concurred with the appraisal methodology and value.

Public Scoping:

DNRC and FWP conducted an initial public scoping of the Big Arm Recreational Easement in July of 2019. The proposal was mailed to 75 stake holders, local decision makers, tribal authorities and neighbors, and posted in the *Missoulian*, *Daily Inter Lake* and *The Lake County Leader* newspapers on July 10, 2019. Additionally, this proposal has been highlighted frequently in local print and electronic media, including the *Missoulian*, *Kalispell Daily Inter Lake*, *Flathead Beacon* and *Montana Public Radio*.

Environmental Assessment and Public Comment:

DNRC/FWP jointly released the Draft Environment Assessment (EA) for the Big Arm

Permanent Easement Acquisition for public review from December 2019 through January 2020. The EA offered three alternatives, including continuation of the existing lease; an easement for the existing footprint under the existing lease; and an easement adding acreage from an adjacent State Trust land section with additional lake frontage.

A total of 26 written comments were received during this period and all were in favor of the proposed Park easement. Twenty-two commenters favored the specific alternative of additional acreage and lake frontage.

Recommendation

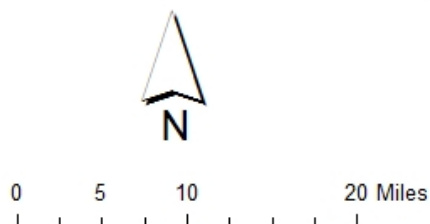
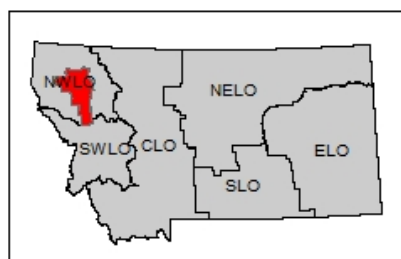
The director recommends approval of this recreation easement request associated with Big Arm State Park.

State Trust Land Vicinity Map Kalispell Unit

***BIG ARM
STATE PARK***



- | | |
|--|--|
|  State Trust Land |  Water Bodies |
|  Towns |  Rivers |
|  County Lines |  Major Roads |



Produced by Montana Department of Natural Resources and Conservation 11/1/2019
Datum: NAD 1983 StatePlane

Parcel 1

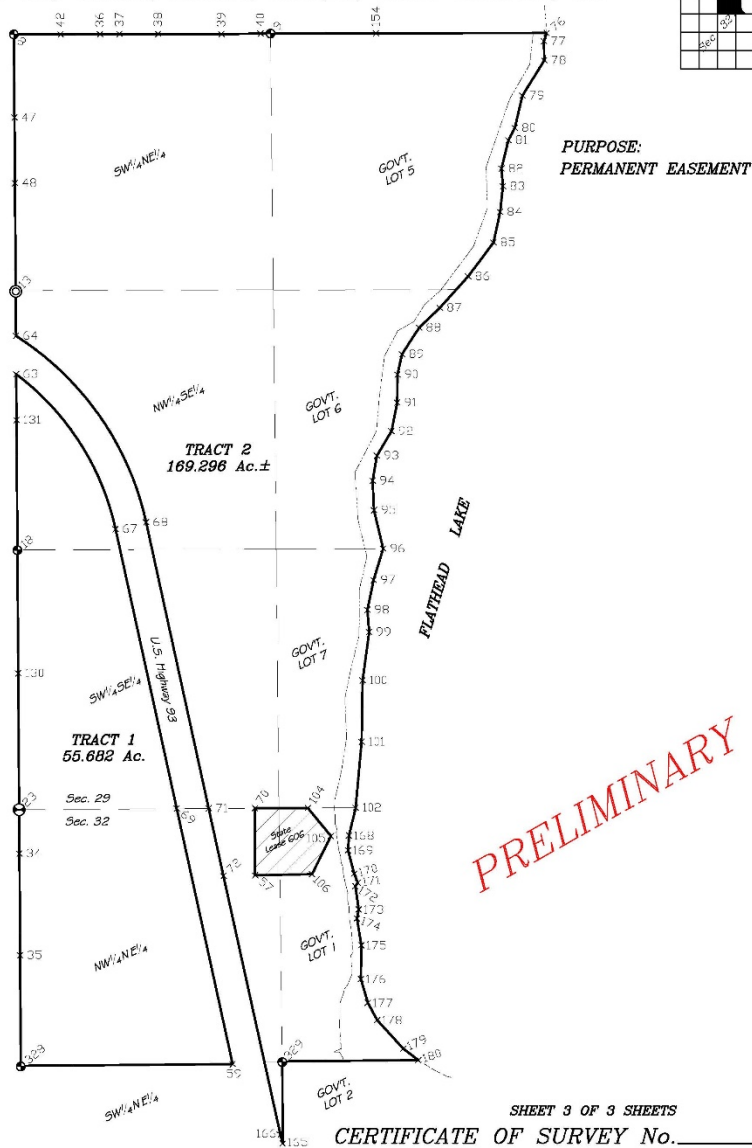


Parcel 2



in E1/2 SEC. 29 & **CERTIFICATE OF SURVEY**
NE1/4 SEC. 32, T.24N., R.21W., P.M.M., LAKE COUNTY, MT

11 W
15 W
25 W
32 W
34 W
40 W
48 W
50 W
56 W
62 W
64 W
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198 W
200 W



**Land Board Agenda Item
May 18, 2020**

0520-8B Easements

Location: Carbon, Cascade, Gallatin, Judith Basin, Madison, Phillips, Toole

Trust Benefits: Capitol Buildings, Common Schools, MSU-Eastern /
UM-Western, Public Land Trust – Nav. River

Trust Revenue: Capitol Buildings = \$363
Common Schools = \$20,273
MSU-Eastern / UM-Western = \$250
Public Land Trust = \$1,471

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Roger & Douglas Smith	Private Access Road	Permanent	100-101
3-Rivers Telephone Coop. Inc	Buried Fiber-Optic Cable	Permanent	102-103
Beartooth Electric Coop. Inc.	Buried Electrical Dist. Line	Permanent	104-105
Triangle Telephone Coop	Buried Telecommunications Cable	Permanent	106-119
Phillips 66 Carrier LLC	Buried Oil Pipeline	30-Year Term	120-121
Bruce & Doreen Gillespie	Historic Private Access Road	Permanent	122-123
Phillips 66 Carrier LLC	Buried Oil Pipeline	30-Year Term	124-125
Triangle Telephone Coop.	Buried Telecommunications Cable	Permanent	126-139

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Roger W. & Douglas L. Smith 20505 Norris Rd. Manhattan, MT 59741
Application No.:	18795
R/W Purpose:	a private access road to a single-family residence and associated outbuildings and to conduct normal farming and ranching, including buried utilities operations
Lessee Agreement:	N/A (Applicant is Lessee)
Acreage:	0.25
Compensation:	\$250.00
Legal Description:	30-foot strip through Gov. Lot 5 & 11, Sec. 18, Twp. 2S, Rge. 2E, Gallatin County
Trust Beneficiary:	MSU-Eastern / UM-Western

Item Summary

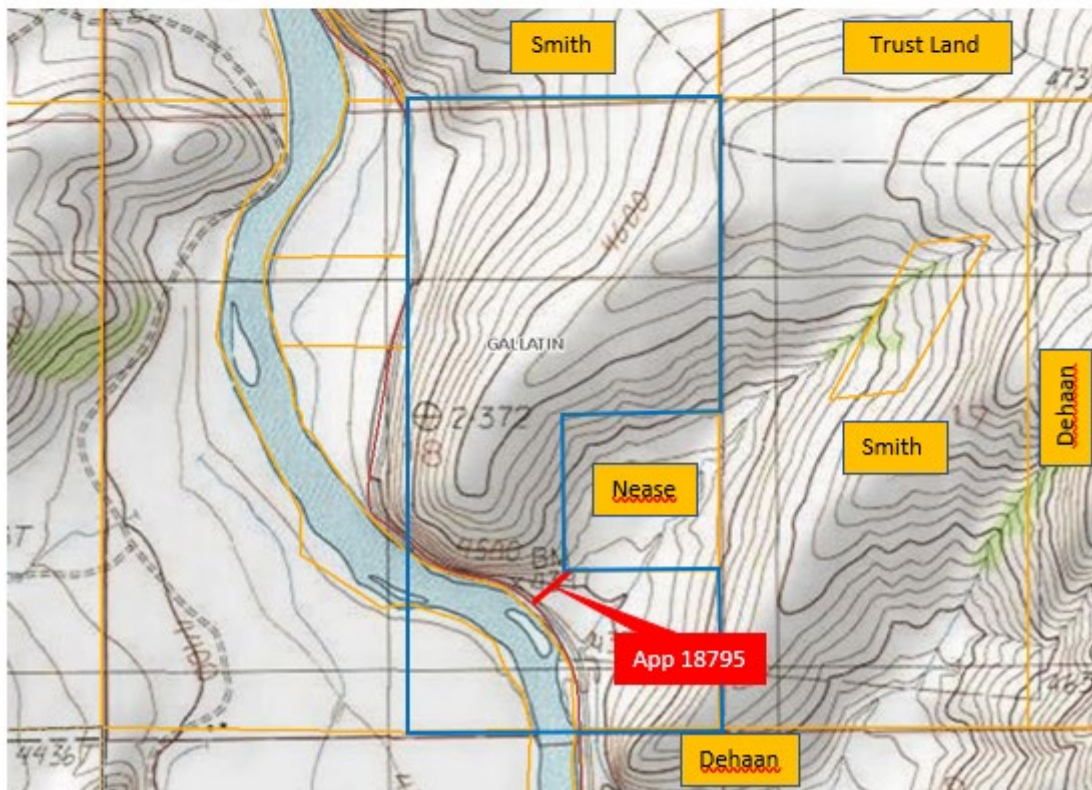
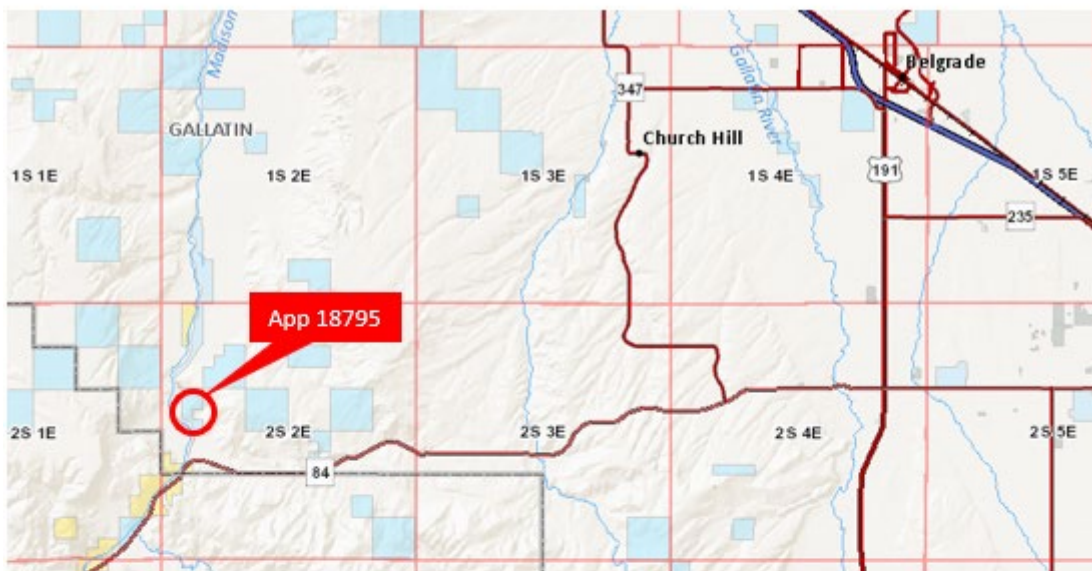
Roger and Douglas Smith have made application for the use of an existing road to access a future single-family residence along with buried utilities and to continue farming and ranching operations on their private lands. The road is an existing two-track trail that is also utilized by an adjacent landowner. The Smiths' have an easement across the private land in the NE4SE4 of Section 18 and only need the access across State Land to be whole. The State parcel has legal public access, therefore reciprocal access is not needed. The Smiths' private land to be accessed is as follows:

- Gov. Lots 1, 2, 3, 4 & 5, NW4NW4, SW4 Sec. 17, Twp. 2S, Rge. 2E, Gallatin County

DNRC Recommendation

The director recommends approval of the application of Roger and Douglas Smith.

R/W Application 18795



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	3-Rivers Telephone Cooperative PO Box 429 Fairfield, MT 59436
Application No.:	18885
R/W Purpose:	a buried fiber optic communications cable
Lessee Agreement:	N/A (Nav. River)
Acreage:	0.05
Compensation:	\$100.00
Legal Description:	10-foot strip across the Madison River in NW4SE4, Sec. 7, Twp. 10S, Rge. 1E, Madison County
Trust Beneficiary:	Public Land Trust - Nav. River

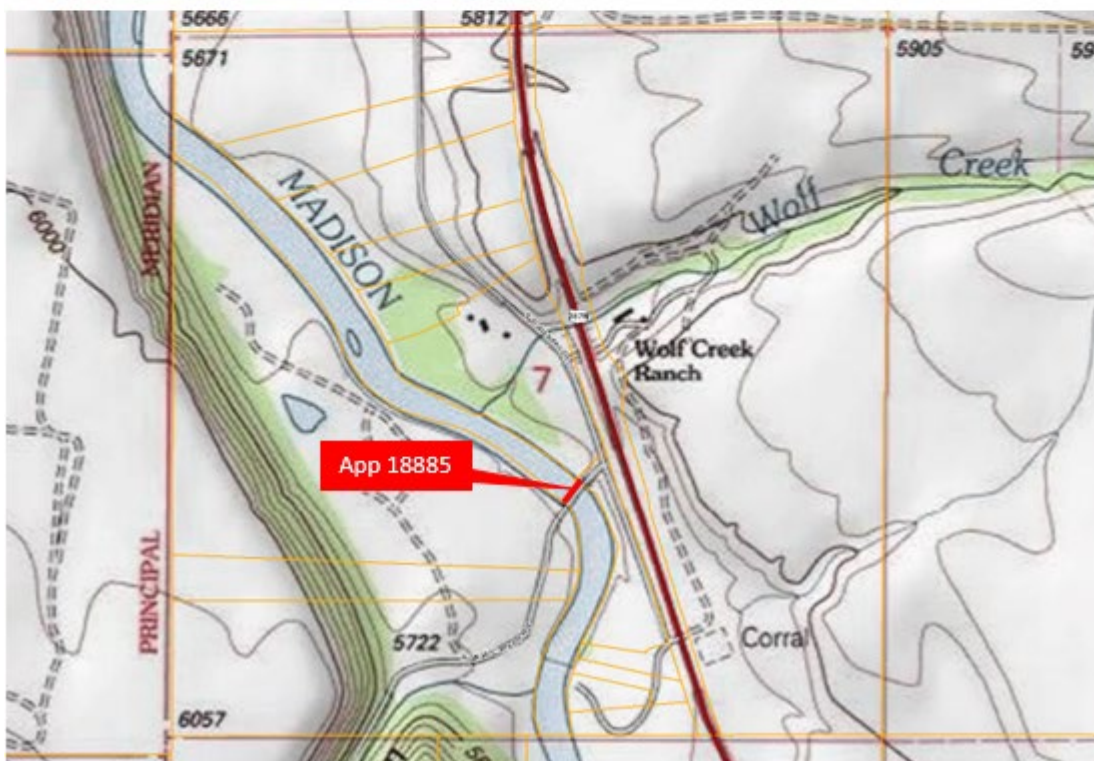
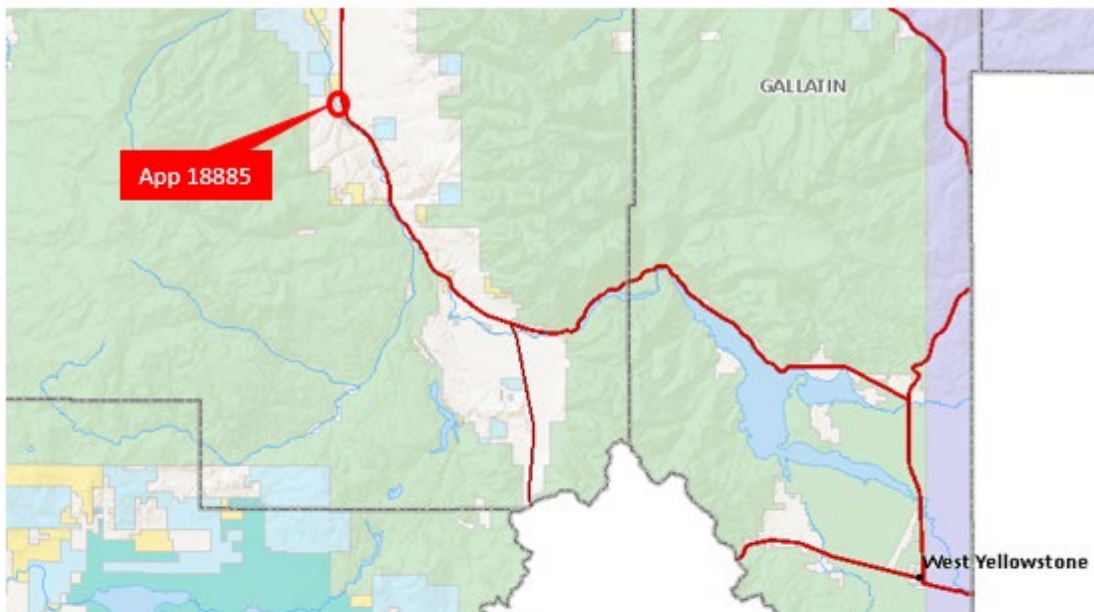
Item Summary

3-Rivers Telephone Cooperative is requesting easements to place fiber optic cable across the Madison River (State Trust land) in rural Madison County. This application is part of a 114-mile cable installation under the Fiber to the Home (FTTH) project that provides high speed internet and broadband services to rural customers. The existing copper cables are at capacity and do not allow for future growth capabilities.

DNRC Recommendation

The director recommends approval of the application of 3-Rivers Telephone Cooperative.

R/W Application 18885



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Beartooth Electric Coop. Inc. PO Box 1100 Red Lodge, MT 59068
Application No.:	18886
R/W Purpose:	four buried 7.2kV electrical lines
Lessee Agreement:	ok
Acreage:	3.02
Compensation:	\$3,625.00
Legal Description:	one 20-foot strip through W2W2; two 20-foot strips through SW4NW4; one 20-foot strip through SE4SW4 & SW4SE4, Sec. 36, Twp. 5S, Rge. 18E, Carbon County
Trust Beneficiary:	Common Schools

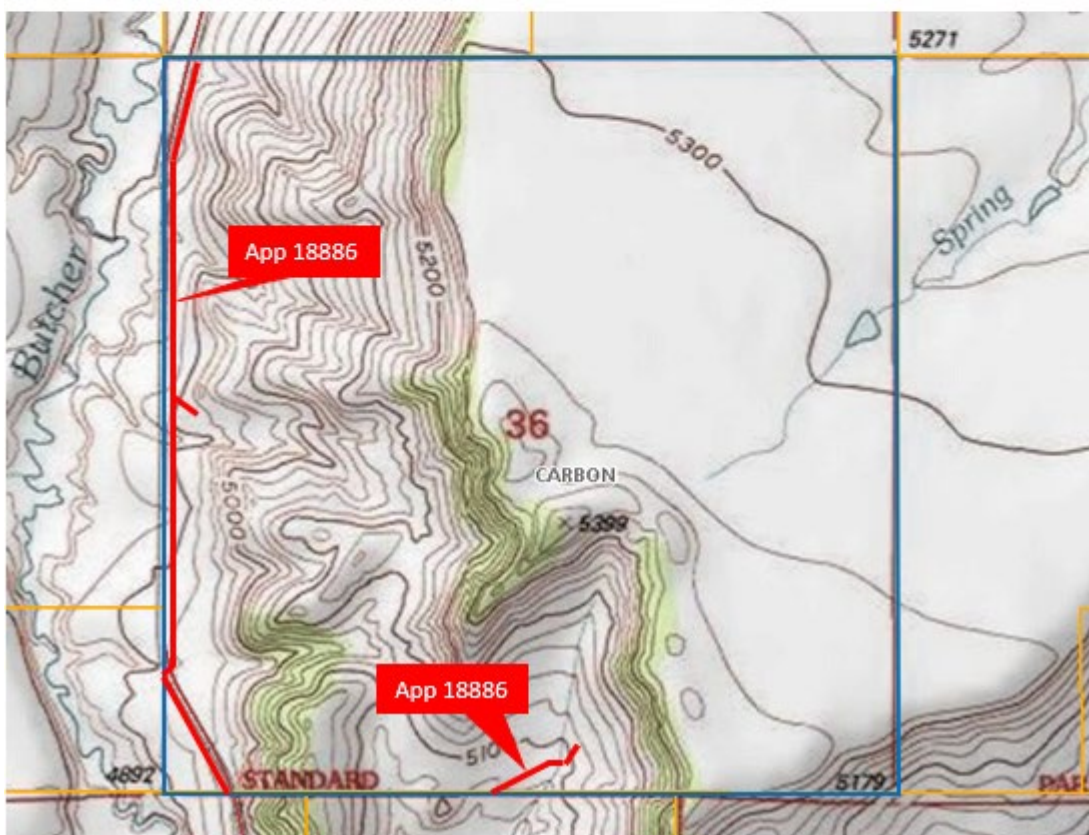
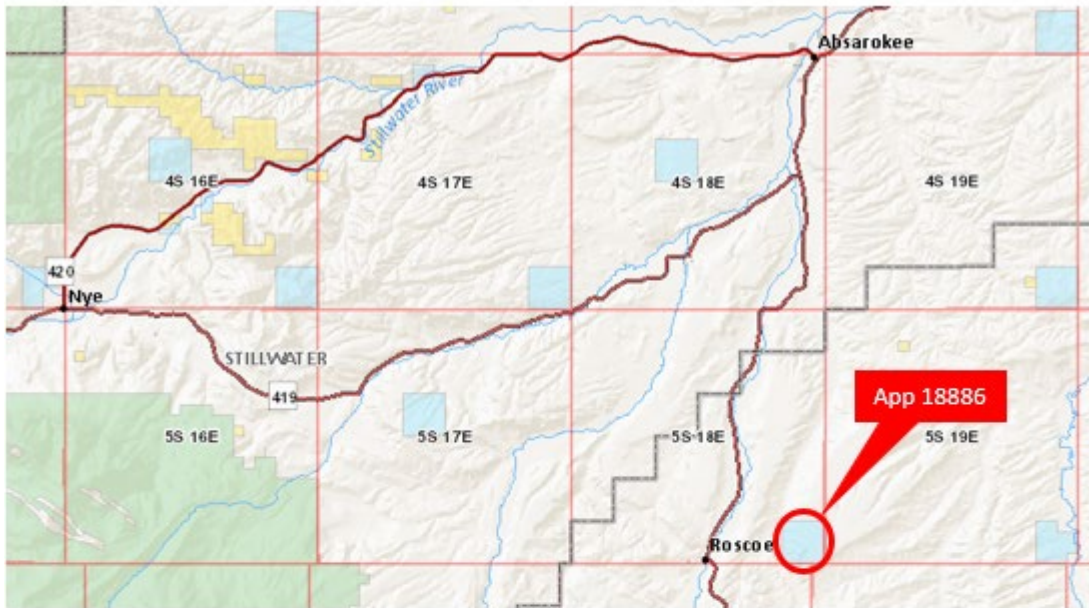
Item Summary

Beartooth Electric Coop. is requesting an easement for a buried electric distribution line to replace and upgrade their current overhead facilities. Beartooth has an existing easement for the overhead line and is responding to a request from a local landowner to install new buried facilities to replace the ageing overhead line. The request also includes tap lines to existing wells on State and adjacent private land. The existing line, and this new proposed buried line, follow a county road, therefore minimal disturbance will occur. Upon installation of the buried line the overhead line will be decommissioned and removed.

DNRC Recommendation

The director recommends approval of the easement request by Beartooth Electric Coop.

R/W Application 18886



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre, MT 59501
Application No.:	18887
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.21
Compensation:	\$666.00
Legal Description:	20-foot strip through W2SW4, Sec. 10, Twp. 34N, Rge. 29E, Phillips County
Trust Beneficiary:	Common Schools

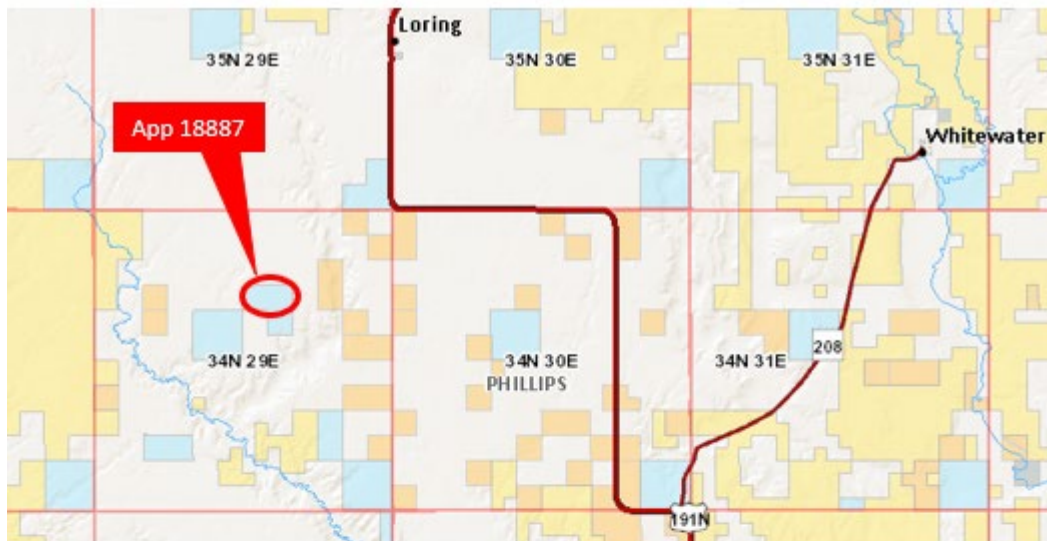
Item Summary

Triangle Telephone Coop. is proposing to install new telecommunications cable for approximately 149 miles north of Malta in Phillips County. The project on State Land is in the Whitewater Exchange area. All but 18 miles of proposed cable installation is within sage grouse habitat and consultation has occurred with the Sage Grouse program. The project consists of replacing ageing copper cables and installation of new cable where none previously existed. The cable replacement/new installation will occur generally along existing disturbed ground along roads and impacts will be minimal.

DNRC Recommendation

The director recommends approval of the application of Triangle Telephone Coop.

R/W Application 18887



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18888
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 2.50
Compensation: \$875.00
Legal Description: 20-foot strip through N2N2, Sec. 15, Twp. 37N, Rge. 32E,
Phillips County
Trust Beneficiary: Common Schools

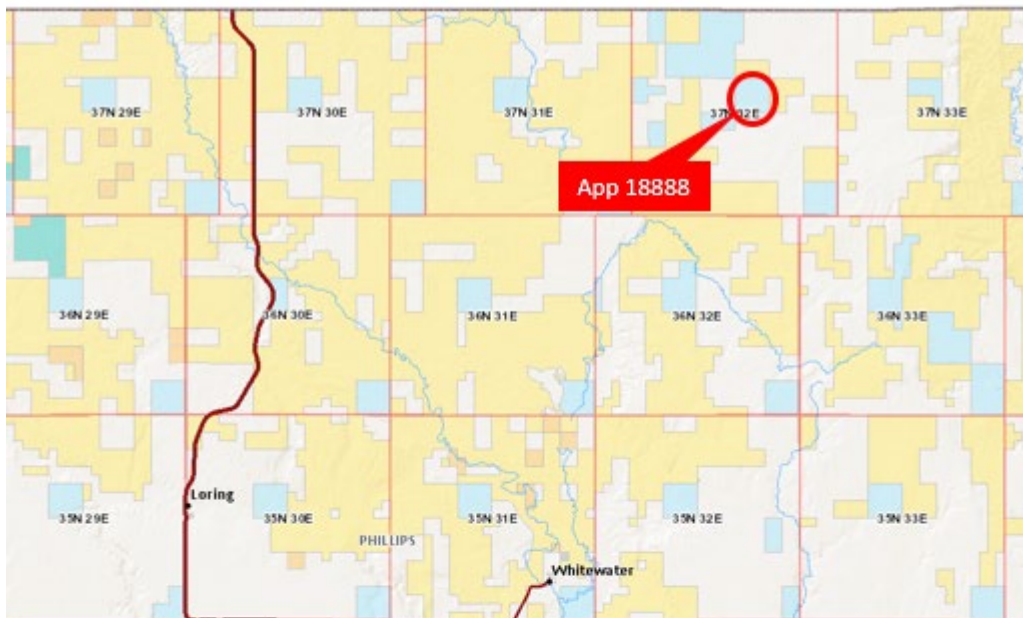
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18888



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre, MT 59501
Application No.:	18889
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.04
Compensation:	\$100.00
Legal Description:	20-foot strip through SW4SW4, Sec. 16, Twp. 35N, Rge. 29E, Phillips County
Trust Beneficiary:	Common Schools

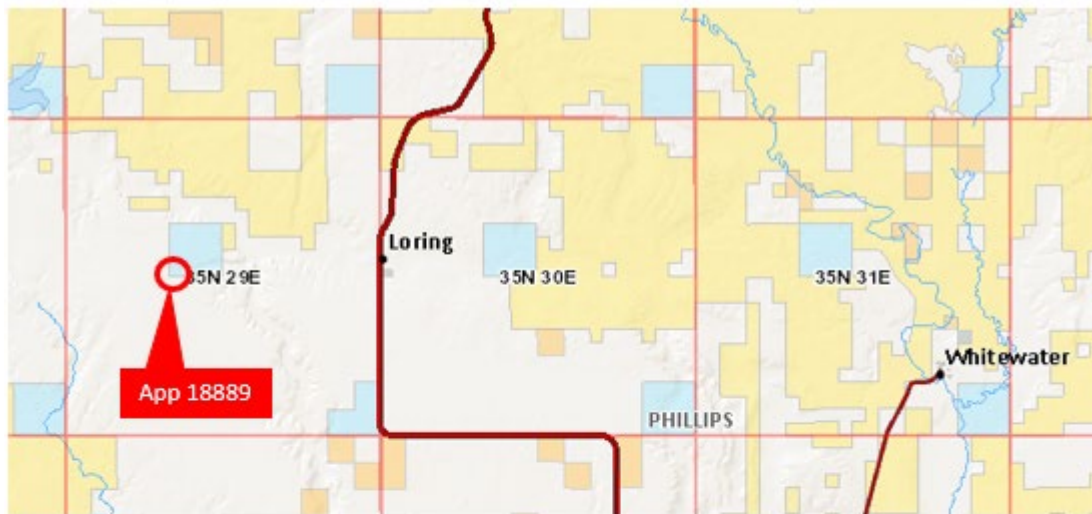
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18889



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18890
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.27
Compensation: \$443.00
Legal Description: 20-foot strip through N2NE4, SE4NE4, Sec. 36, Twp. 35N,
Rge. 32E, Phillips County
Trust Beneficiary: Common Schools

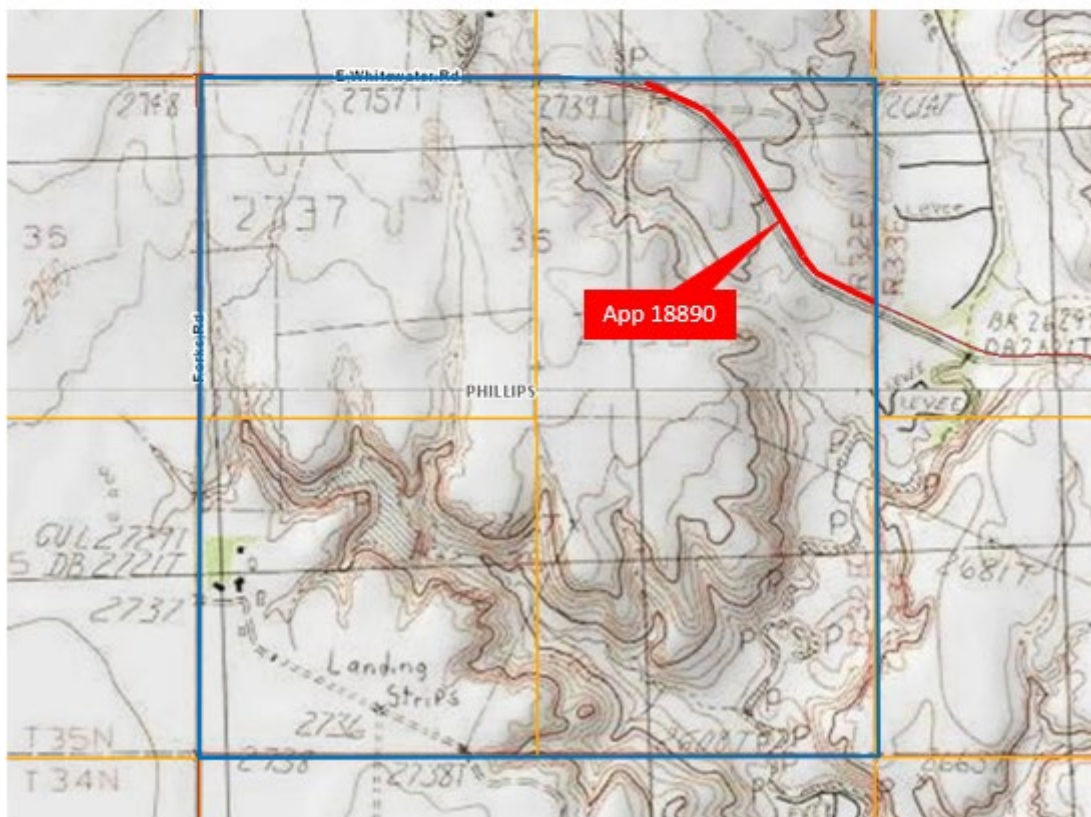
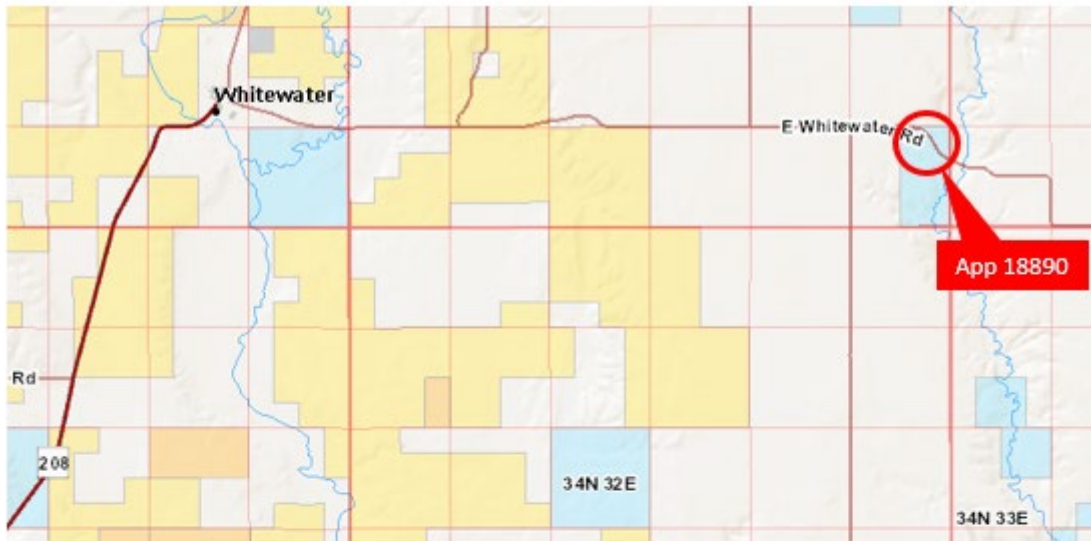
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18890



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre, MT 59501
Application No.:	18891
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.84
Compensation:	\$644.00
Legal Description:	20-foot strip through SW4NW4, W2SW4, SE4SW4, Sec. 16, Twp. 34N, Rge. 34E, Phillips County
Trust Beneficiary:	Common Schools

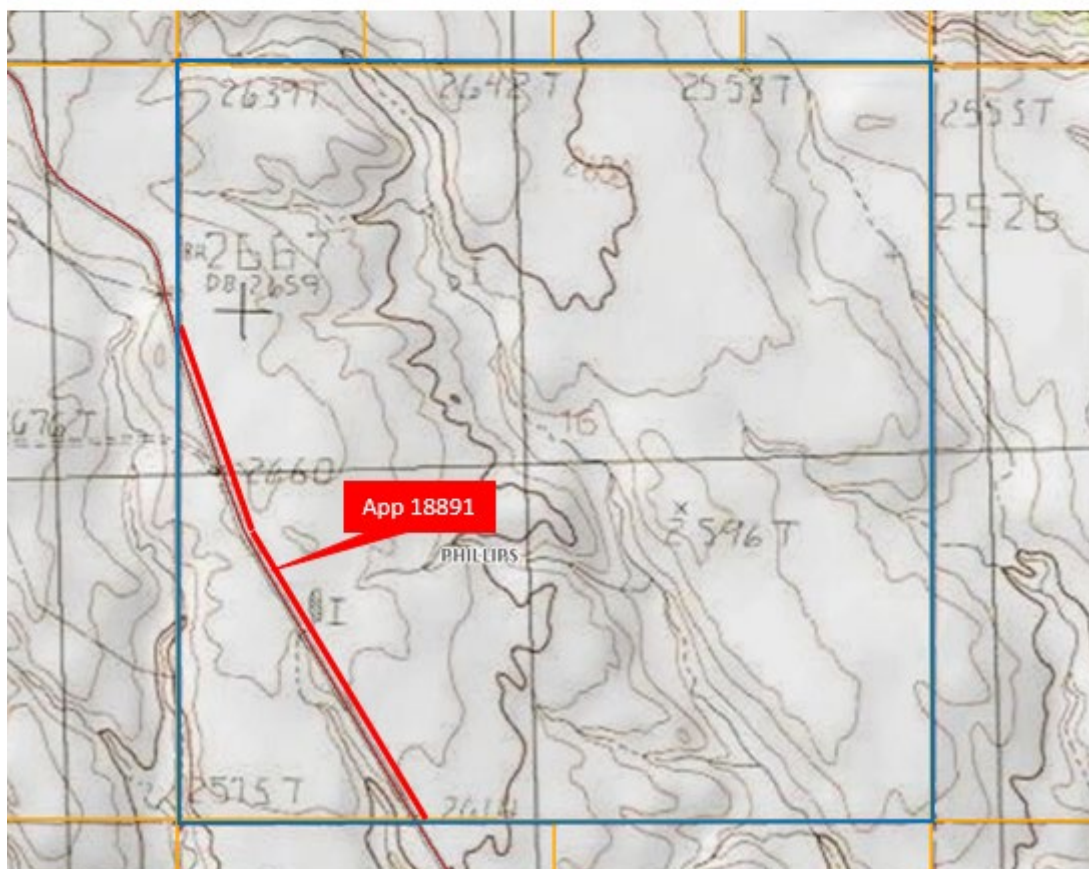
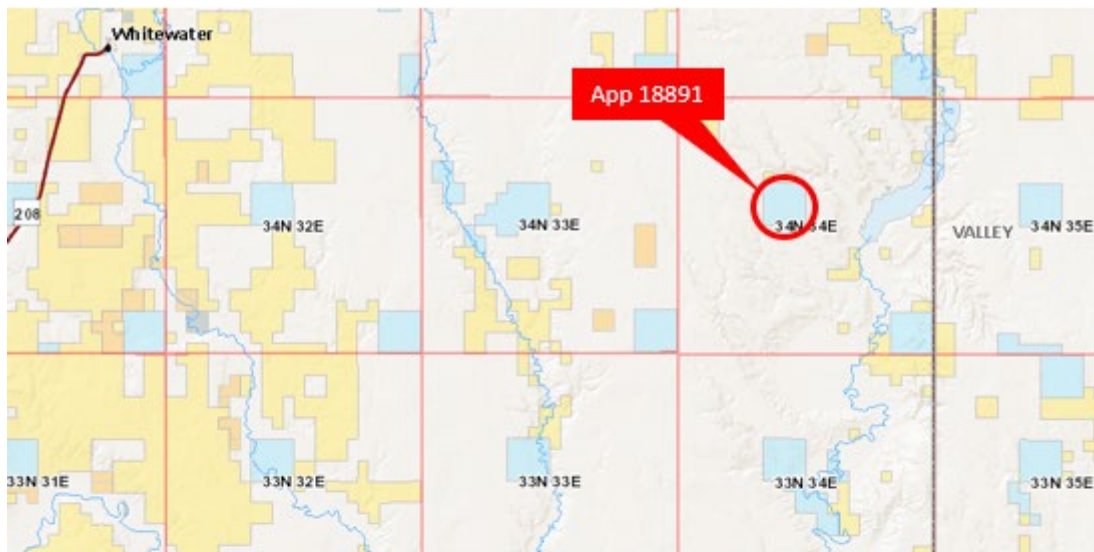
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18891



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18892
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.21
Compensation: \$849.00
Legal Description: 20-foot strip through E2NE4, Sec. 21, Twp. 37N, Rge. 32E,
Phillips County
Trust Beneficiary: Common Schools

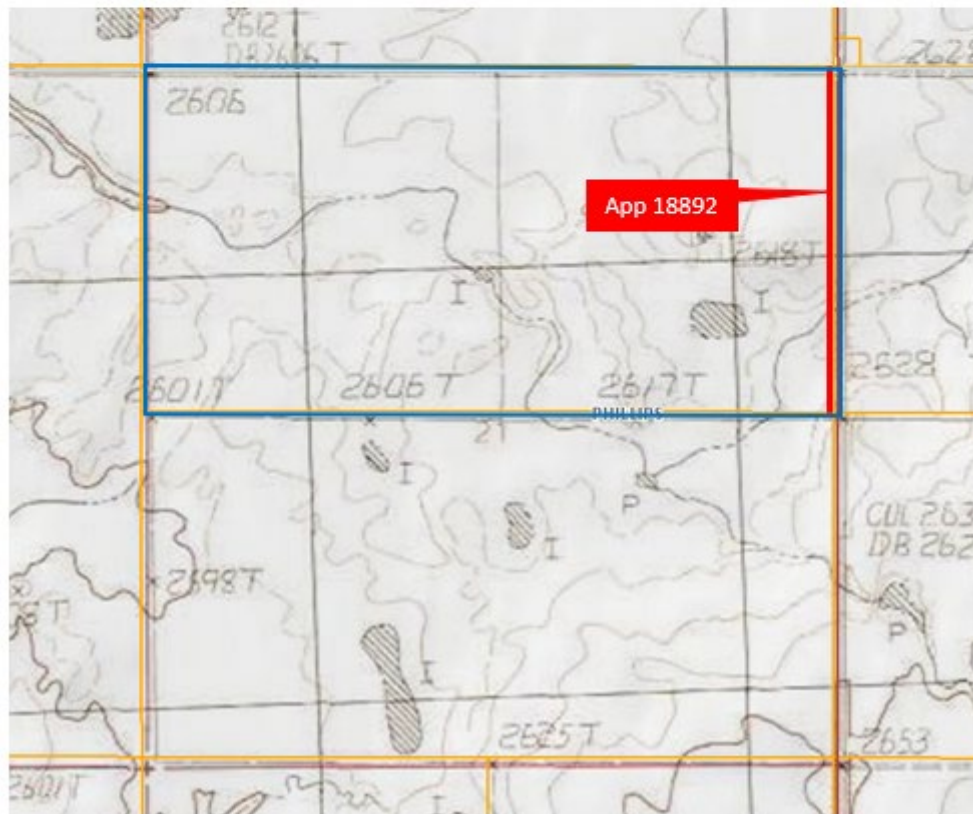
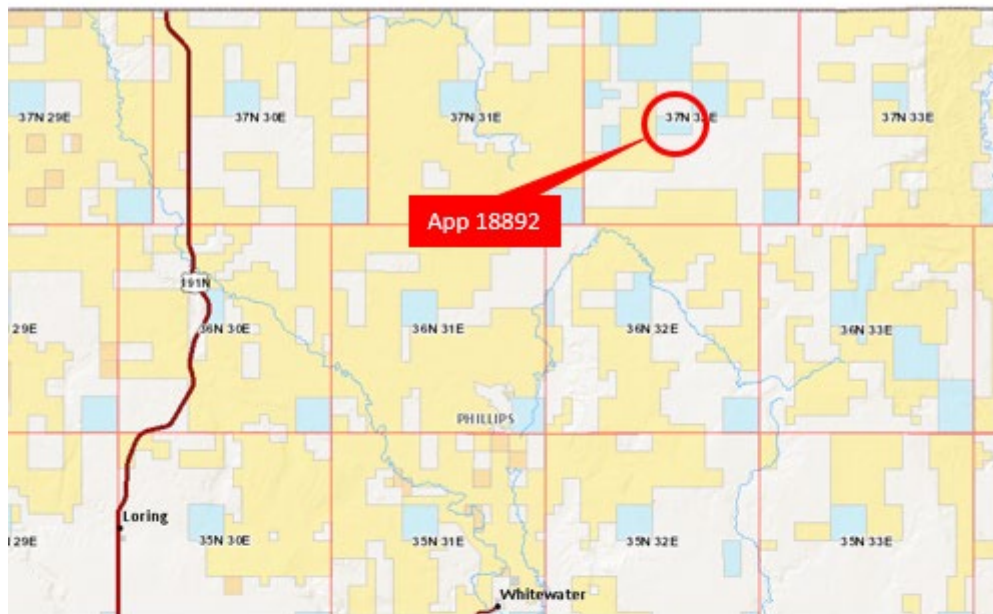
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18892



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18893
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.17
Compensation: \$816.00
Legal Description: 20-foot strip through W2NW4, Sec. 16, Twp. 34N, Rge. 29E,
Phillips County
Trust Beneficiary: Common Schools

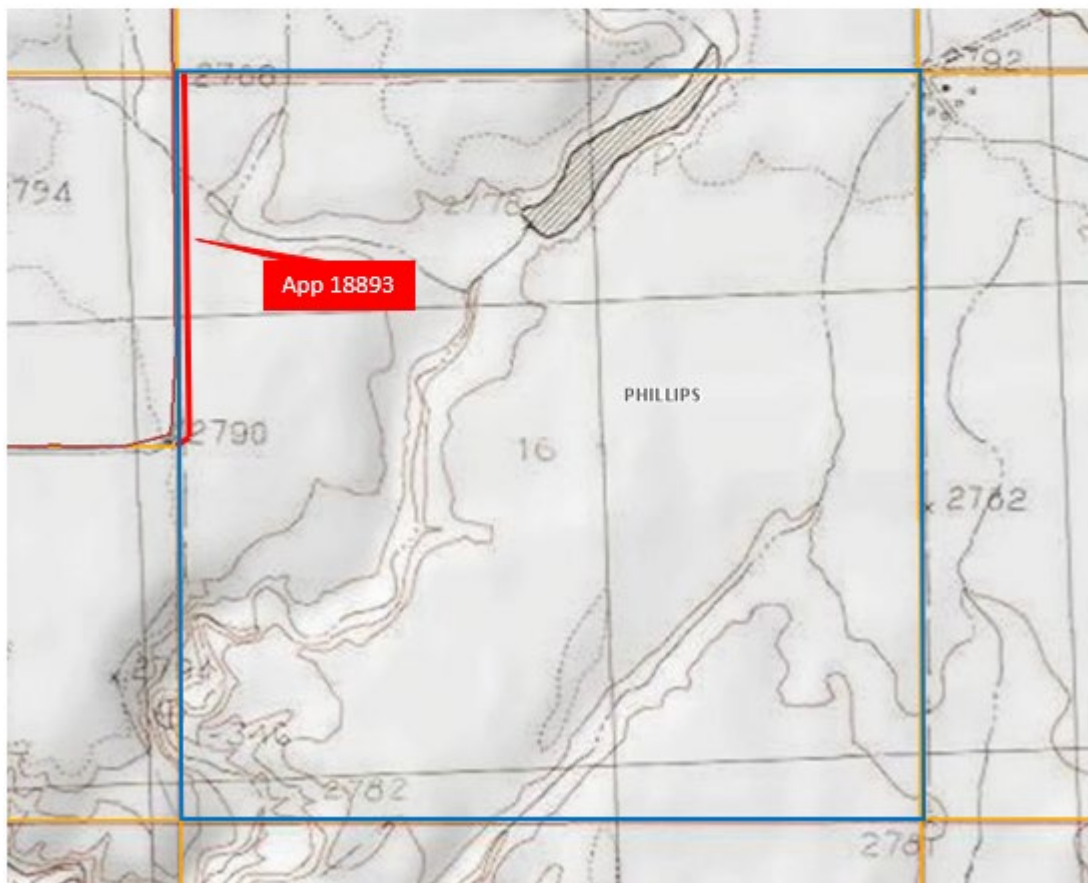
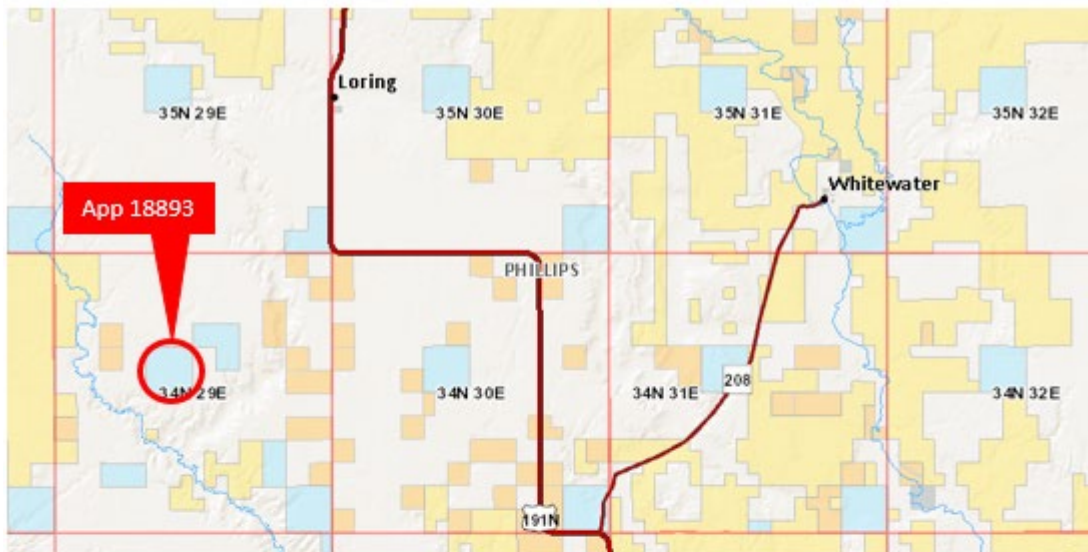
Item Summary

See page 106 for summary.

DNRC Recommendation

See page 106 for recommendation.

R/W Application 18893



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Phillips 66 Carrier LLC. 2626 Lillian Ave. Billings, MT 59101
Application No.:	18894
R/W Purpose:	a buried 8" crude oil pipeline
Lessee Agreement:	N/A (Nav. River)
Acreage:	0.73
Compensation:	\$659.00
Legal Description:	50-foot strip across the Missouri River in N2NE4, Sec. 11, Twp. 21N, Rge. 5E, Cascade County
Trust Beneficiary:	Public Land Trust - Nav. River

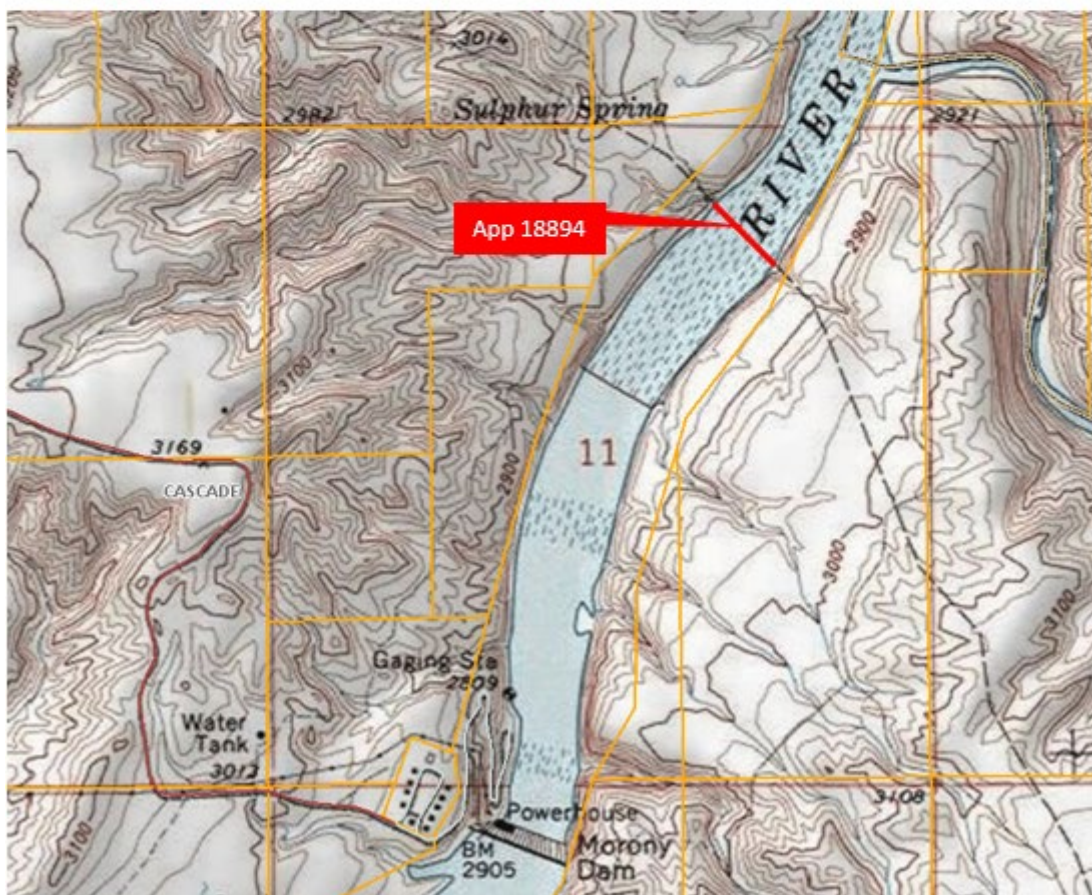
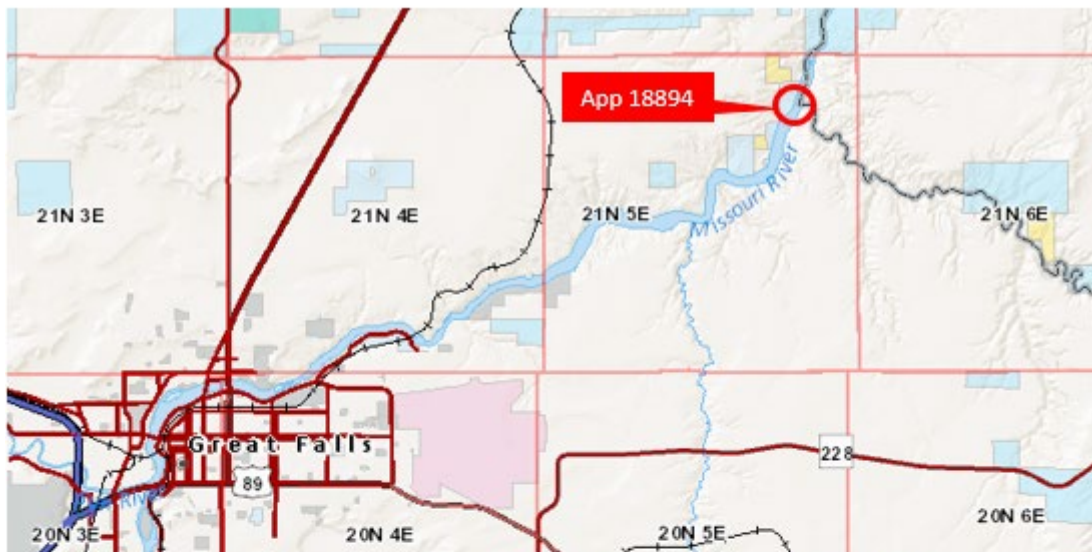
Item Summary

Phillips 66 Carrier LLC is requesting an easement for an existing 8-inch crude oil pipeline crossing the Missouri River. This pipeline, along with a 12-inch pipeline, were constructed in the 1960's across the river without authorization from the Land Board. Both pipelines are part of the Glacier Pipeline infrastructure which delivers crude oil from Canada to refineries in Billings. Phillips 66 is proposing to replace the existing 12-inch pipeline with a new pipeline offset approximately 50-foot upstream from the existing corridor and will be removing the old 12-inch pipeline from the river bed. The new 12-inch pipeline will be directionally drilled to a depth of 60 feet below the elevation of the river channel and well below scour depth. The 8-inch pipeline will remain active and this application is made to legitimize the encumbrance of it in the riverbed. It is anticipated that the 8-inch pipeline will be replaced in the future. Permits needed from other agencies for the removal of the existing 12-inch pipeline and installation of the new pipeline are in process.

DNRC Recommendation

The director recommends approval of the Phillips 66 Carrier oil pipelines request for a 30-year term.

R/W Application 18894



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Bruce and Doreen Gillespie PO Box 275 Ethridge, MT 59435
Application No.:	18895
R/W Purpose:	a private access road to conduct normal farming and ranching operations
Lessee Agreement:	N/A (Historic)
Acreage:	3.51
Compensation:	\$1404.00
Legal Description:	10-foot strip through SW4, Sec. 12; a 10-foot strip through NW4SW4, SE4NW4, E2NW4 and 10-foot strip through W2SW4, NE4SW4, NW4SE4, Sec. 13; and two 10-foot strips through SE4SE4, Sec. 14, Twp. 35N, Rge. 4W, Toole County
Trust Beneficiary:	Capitol Buildings & Common Schools

Item Summary

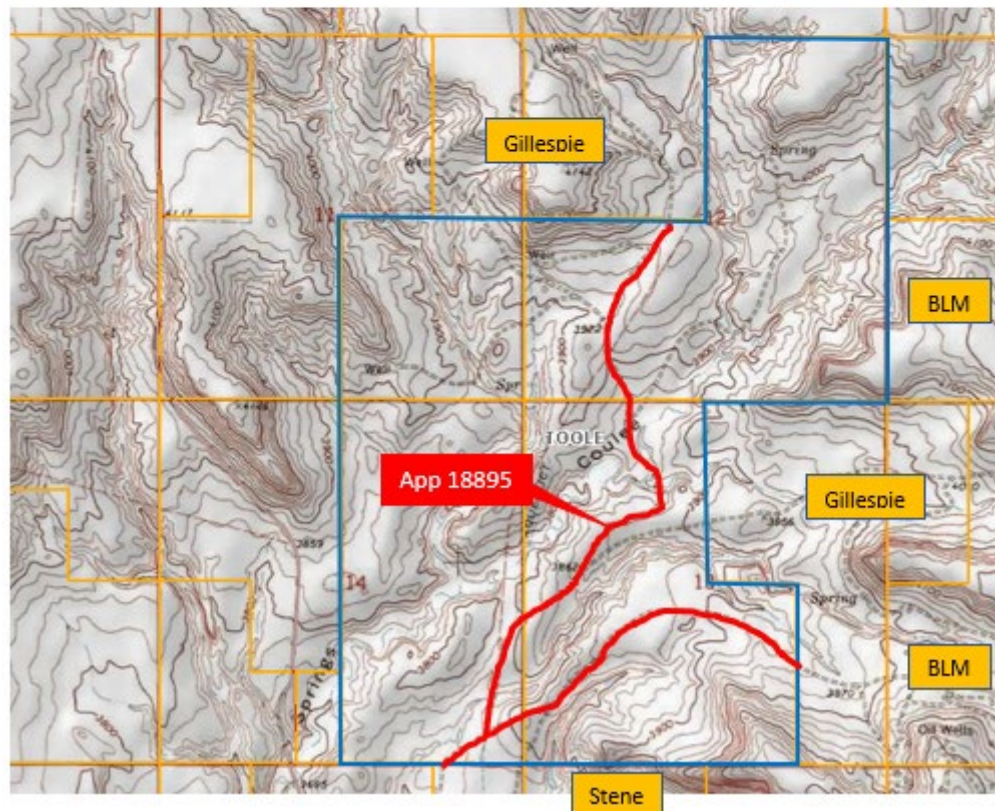
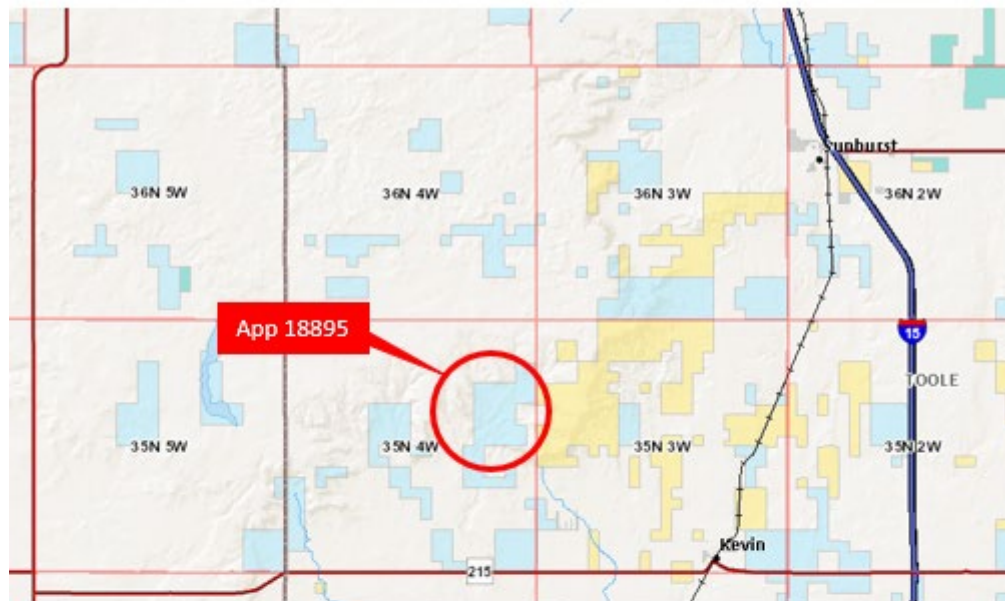
Bruce and Doreen Gillespie have made application for the use of an existing road to access a single-family residence and to conduct normal farming and ranching operations. The road has been in place for many years and authorization for continued use is being requested pursuant to §77-1-130, MCA, which allows for recognition of such historic access. The block of State parcels affected have legal public access through a County road to the south and adjoin BLM land on the east. The private property to be accessed is described as:

- NE4, Sec. 7, Twp. 35N, Rge. 3W, Toole County
- Gov. Lots 1 & 2, Sec. 18, Twp. 35N, Rge. 3W, Toole County
- E2NE4, Sec. 11, Twp. 35N, Rge. 4W, Toole County
- NW4, Sec. 12, Twp. 35N, Rge. 4W, Toole County
- NE4, E2SE4, Sec. 13, Twp. 35N, Rge. 4W, Toole County

DNRC Recommendation

The director recommends approval of the application of Bruce and Doreen Gillespie.

R/W Application 18895



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant: Phillips 66 Carrier LLC.
2626 Lillian Ave.
Billings, MT 59101

Application No.: 18897
R/W Purpose: a buried 12" crude oil pipeline
Lessee Agreement: N/A (Nav. River)
Acreage: 0.75
Compensation: \$712.00
Legal Description: 50-foot strip across the Missouri River in N2NE4, Sec. 11,
Twp. 21N, Rge. 5E, Cascade County
Trust Beneficiary: Public Land Trust - Nav. River

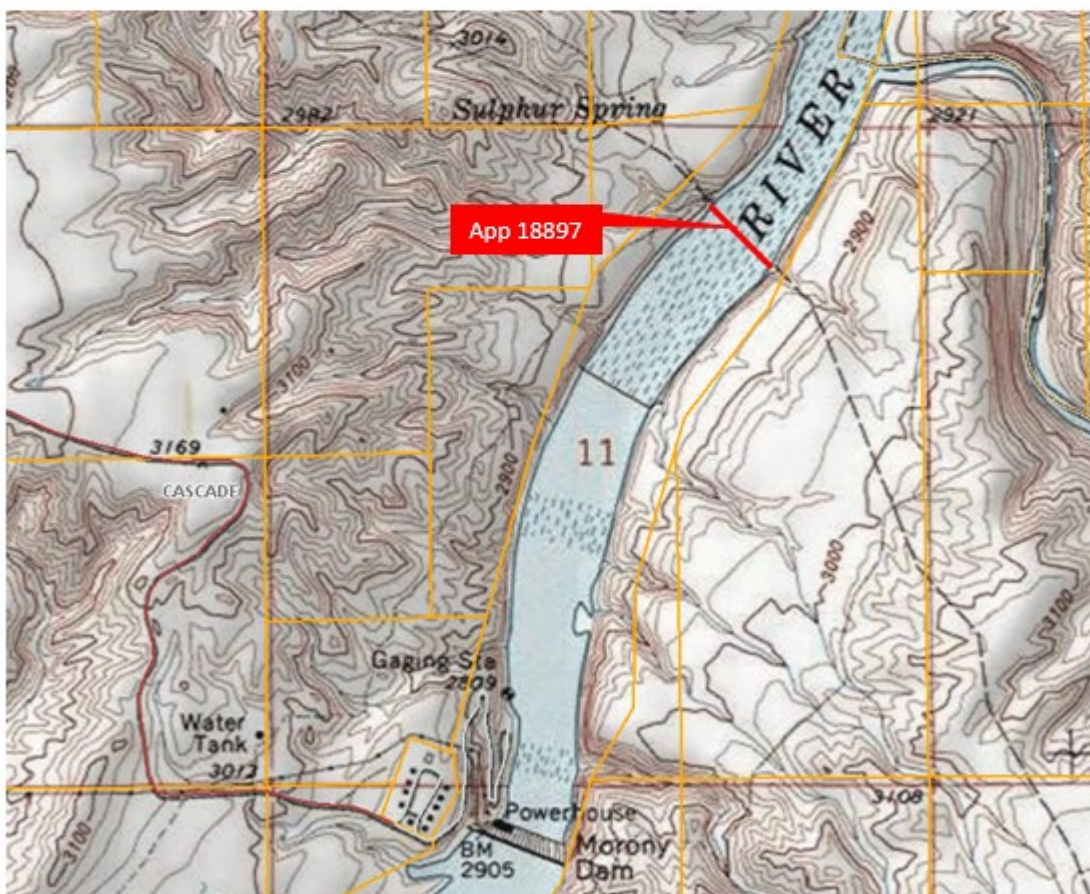
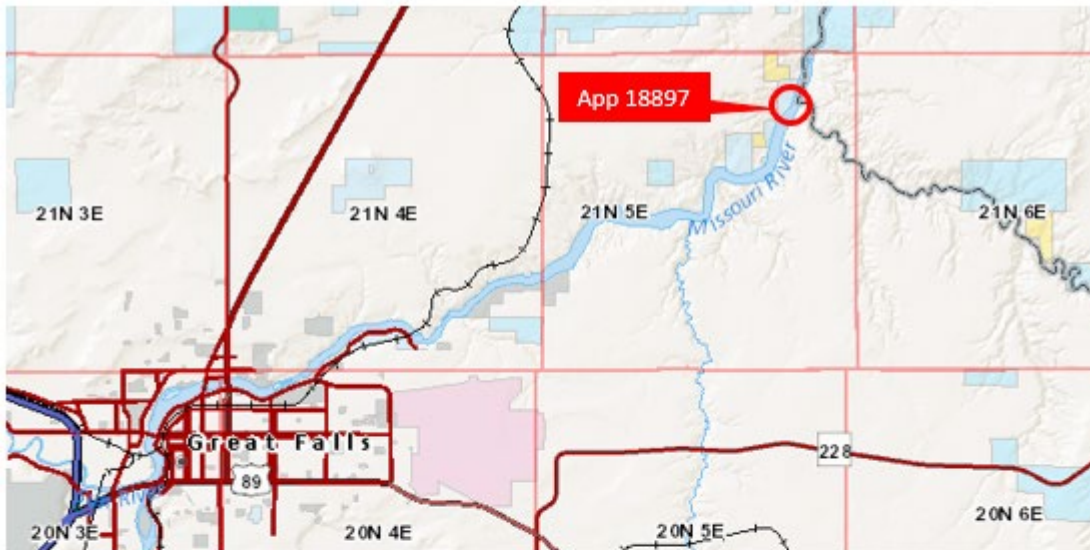
Item Summary

See summary on page 120

DNRC Recommendation

See recommendation on page 120

R/W Application 18897



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre, MT 59501
Application No.:	18898
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	0.38
Compensation:	\$266.00
Legal Description:	20-foot strip through SW4SW4, Sec. 1, Twp. 15N, Rge. 12E, Judith Basin County
Trust Beneficiary:	Common Schools

Item Summary

Triangle Telephone Coop. is proposing to upgrade existing telecommunications facilities in the Stanford Exchange area in Judith Basin County. The proposed project involves eight sections of Trust land. The new telecommunications cables will provide improved service to rural customers and provide future growth capabilities. Installation of the new cable will primarily be along existing roads and minimal impacts are expected.

DNRC Recommendation

The director recommends approval of the application of Triangle Telephone Coop.

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18899
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.72
Compensation: \$1,204.00
Legal Description: 20-foot strip through S2SE4, Sec. 2, Twp. 15N, Rge. 12E,
Judith Basin County
Trust Beneficiary: Common Schools

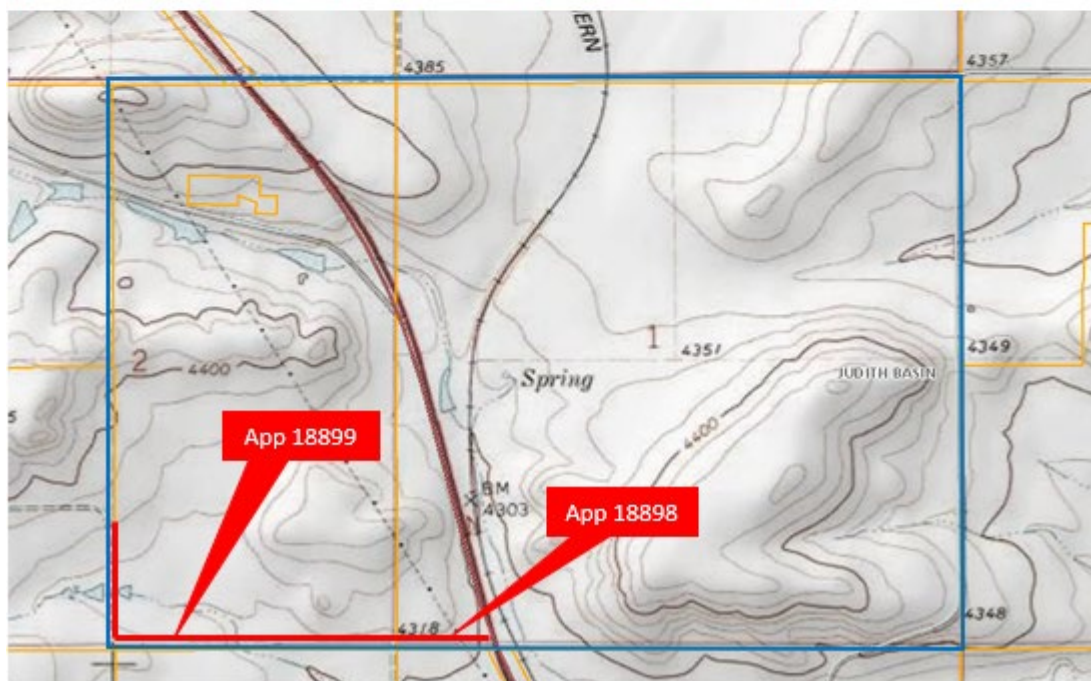
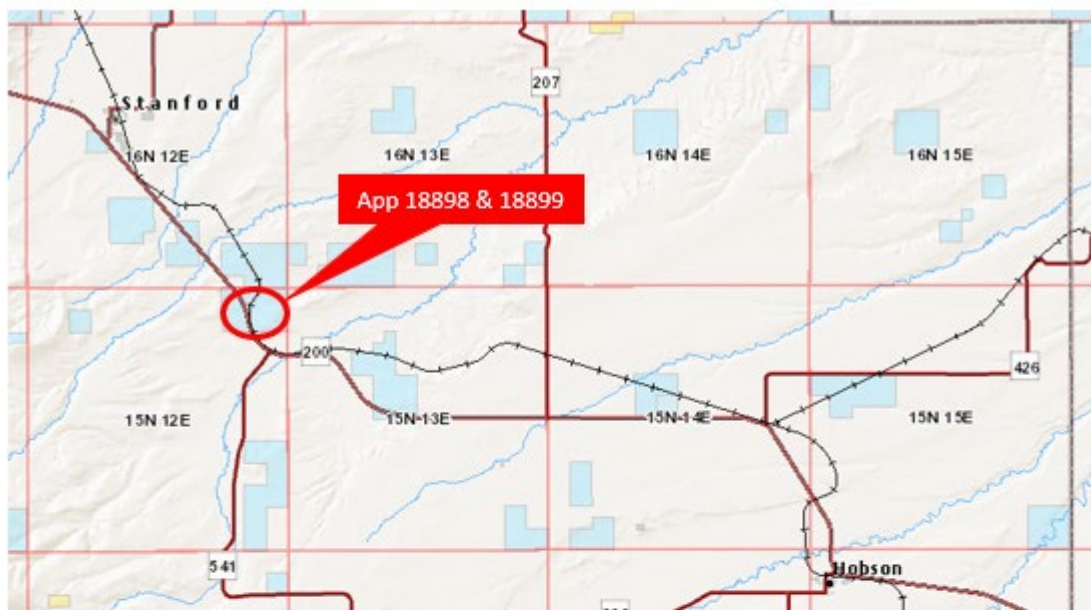
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18898 & 18899



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18900
R/W Purpose: five buried telecommunications cables
Lessee Agreement: ok
Acreage: 0.44
Compensation: \$308.00
Legal Description: three 20-foot strips through NE4SE4 and two 20-foot strips
through SE4SE4, NE4SE4, Sec. 17, Twp. 16N, Rge. 12E,
Judith Basin County

Trust Beneficiary: Common Schools

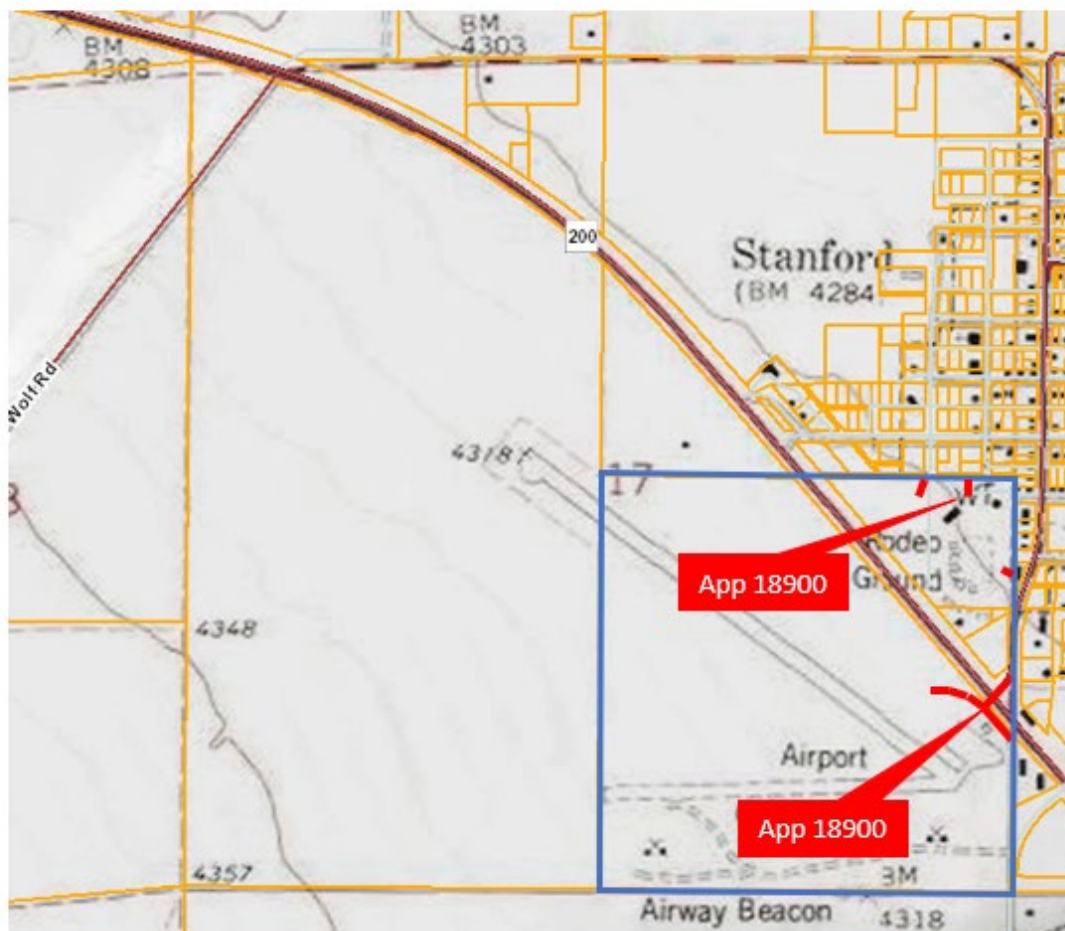
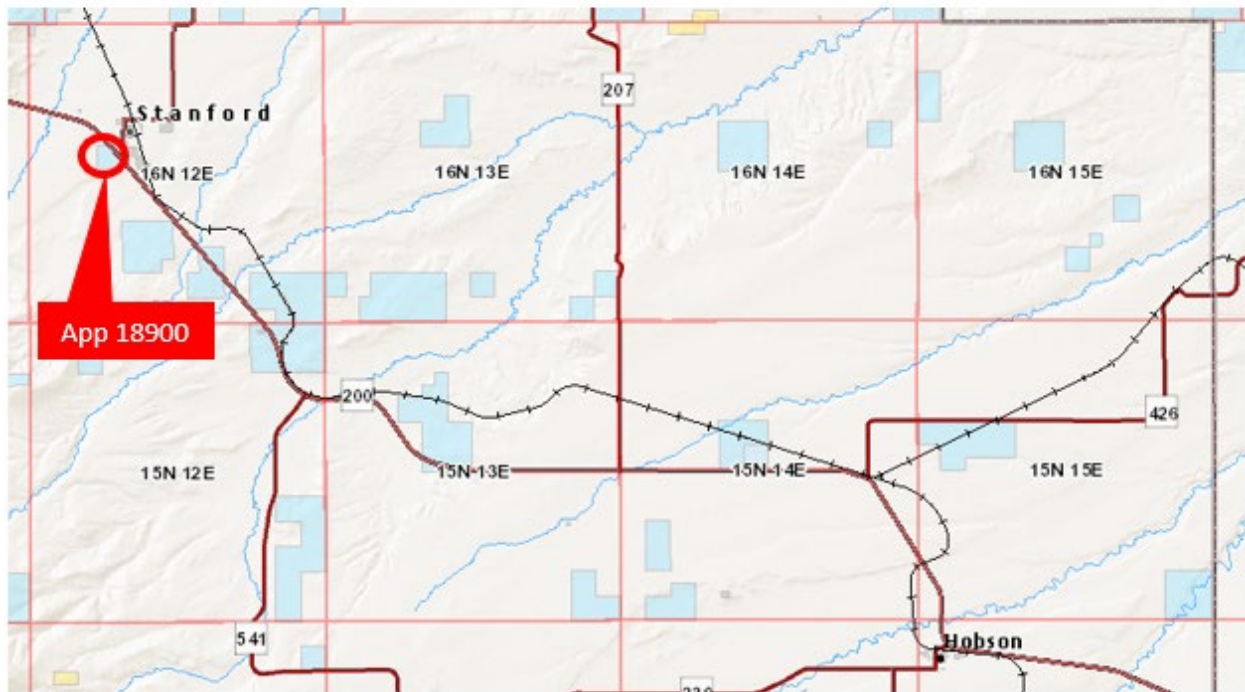
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18900



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18901
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.32
Compensation: \$224.00
Legal Description: 20-foot strip through NE4NE4, Sec. 34, Twp. 16N, Rge. 12E,
Judith Basin County
Trust Beneficiary: Common Schools

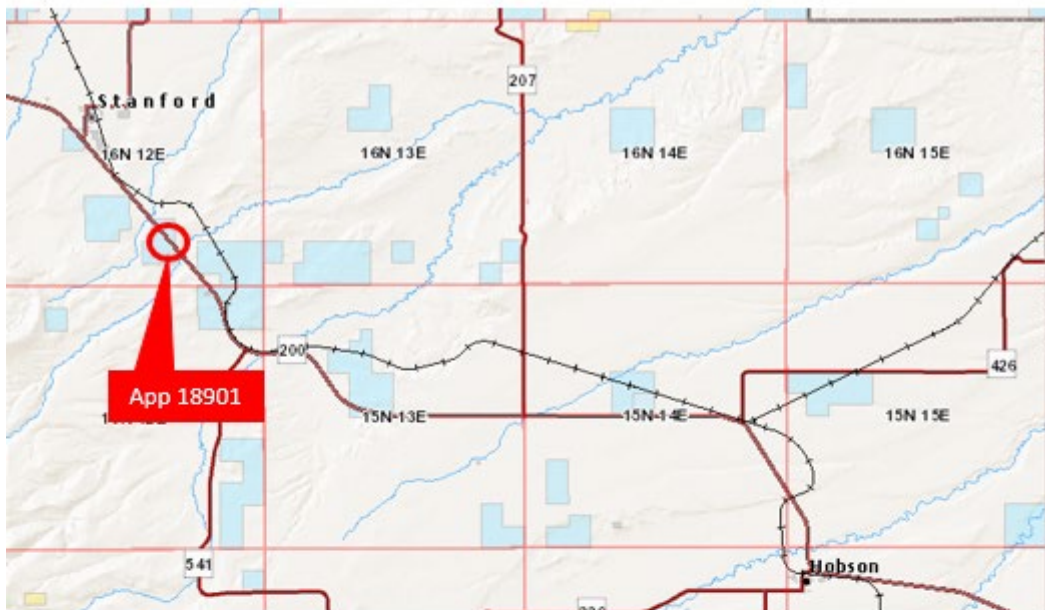
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18901



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18902
R/W Purpose: a buried telecommunications cable
Lessee Agreement: needed
Acreage: 4.36
Compensation: \$4078.00
Legal Description: 20-foot strip through W2SW4, SE4SW4, W2E2, NE4NE4,
Sec. 12, Twp. 17N, Rge. 11E, Judith Basin County
Trust Beneficiary: Common Schools

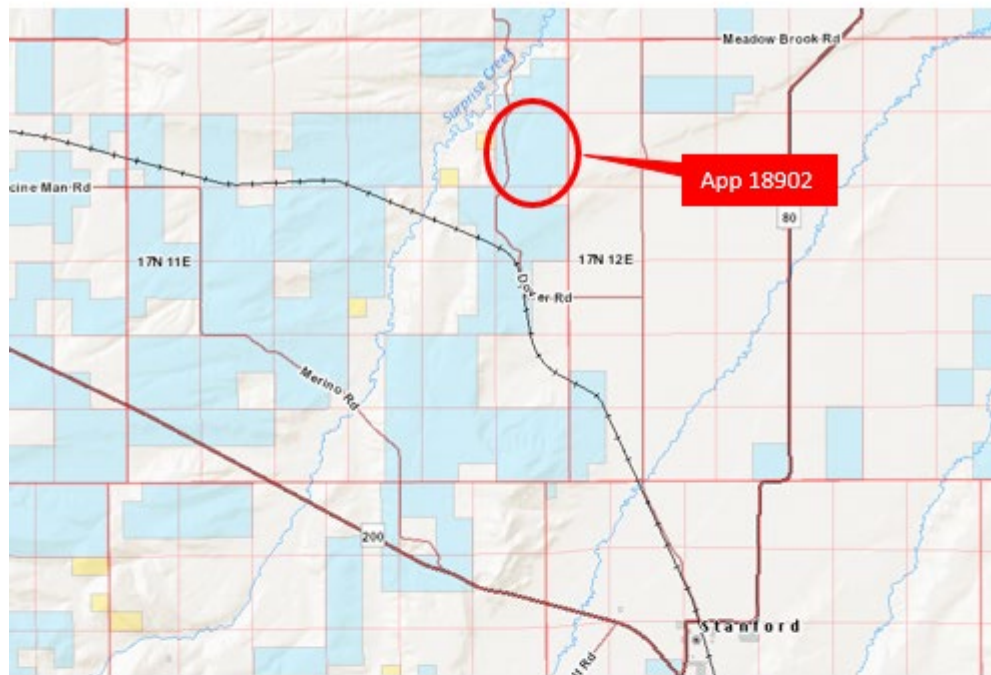
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18902



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18903
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 0.80
Compensation: \$800.00
Legal Description: 20-foot strip through W2NE4, Sec. 27, Twp. 17N, Rge. 11E,
Judith Basin County
Trust Beneficiary: Common Schools

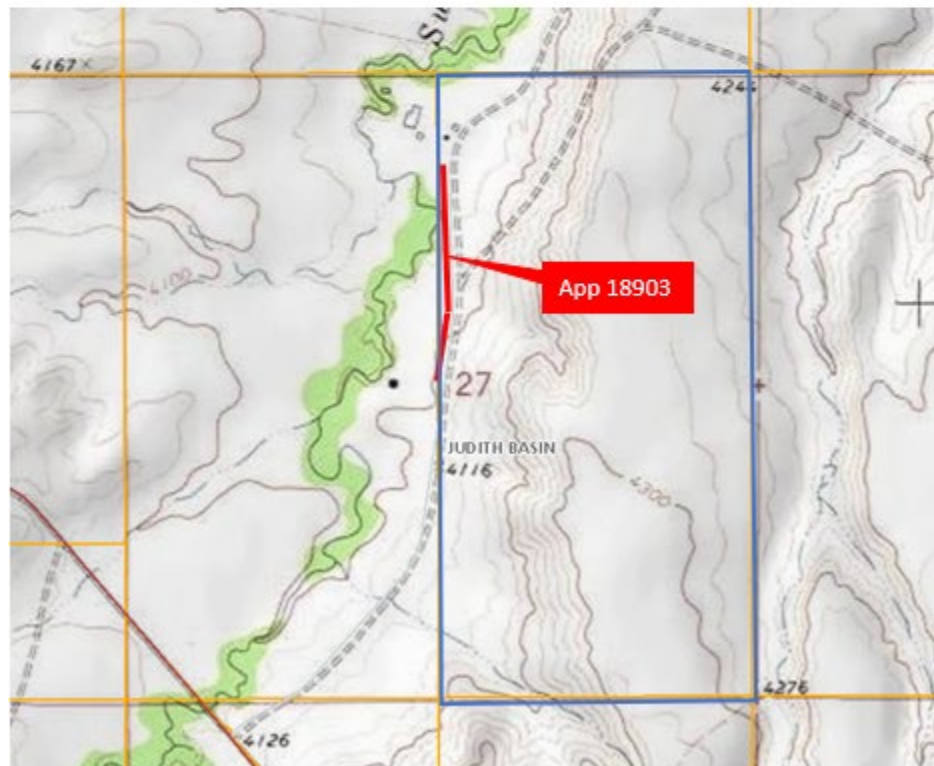
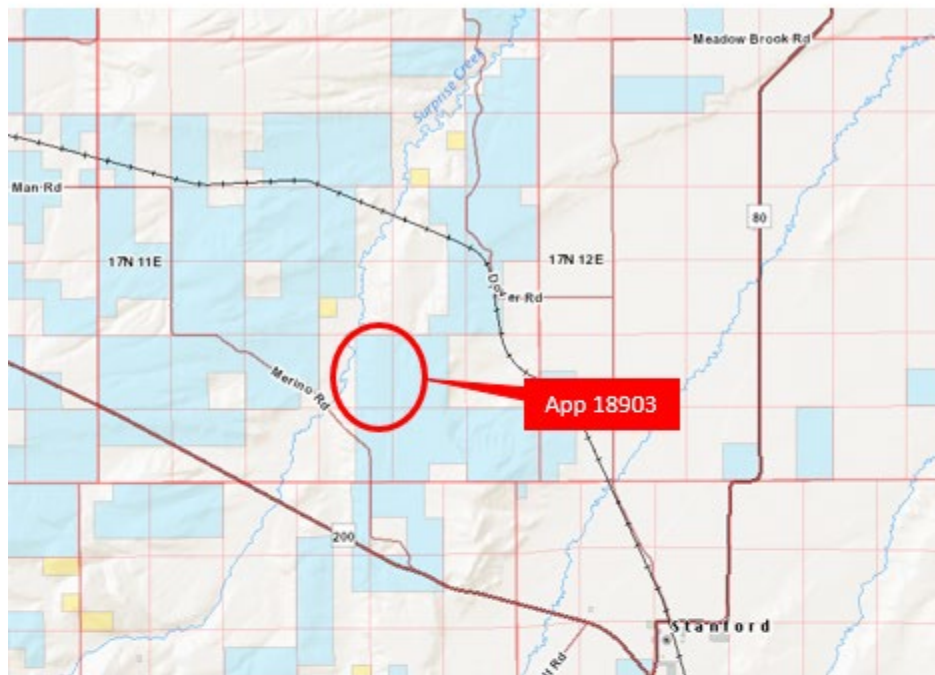
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18903



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 18904
R/W Purpose: a buried telecommunications cable
Lessee Agreement: ok
Acreage: 1.22
Compensation: \$1,220.00
Legal Description: 20-foot strip through S2SE4, Sec. 24, Twp. 17N, Rge. 12E,
Judith Basin County
Trust Beneficiary: Common Schools

Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Triangle Telephone Cooperative Association, Inc. PO Box 1220 Havre, MT 59501
Application No.:	18905
R/W Purpose:	a buried telecommunications cable
Lessee Agreement:	ok
Acreage:	1.25
Compensation:	\$1,250.00
Legal Description:	20-foot strip through Gov. Lot 4, SE4SW4, Sec. 19, Twp. 17N, Rge. 13E, Judith Basin County
Trust Beneficiary:	Common Schools

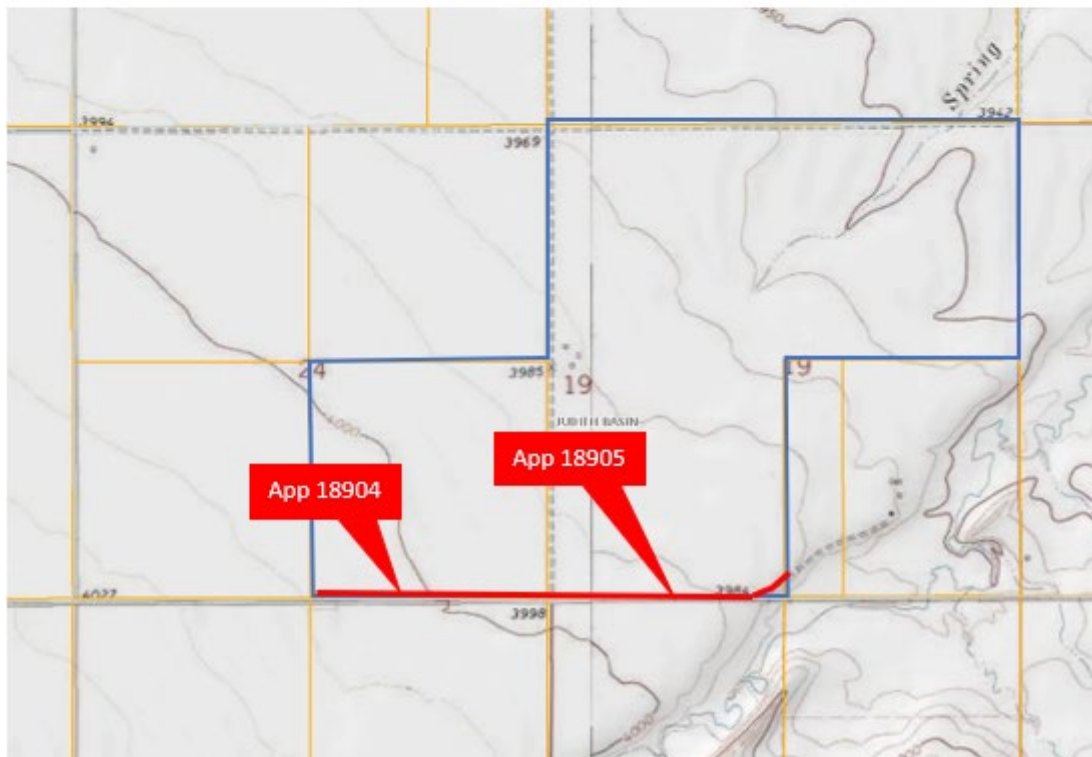
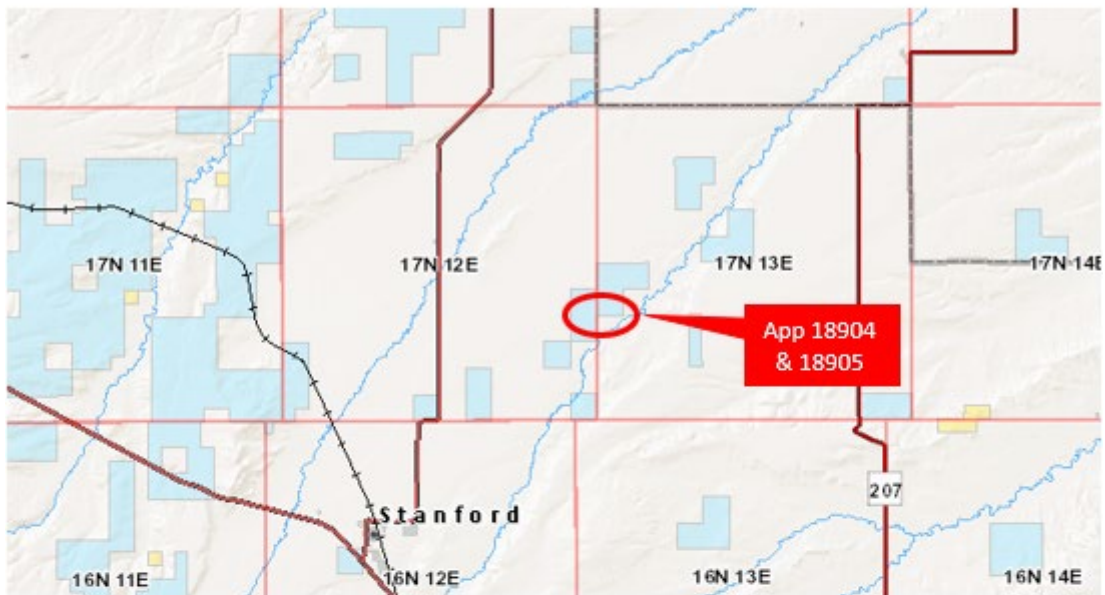
Item Summary

See page 126 for summary.

DNRC Recommendation

See page 126 for recommendation.

R/W Application 18904 & 18905



0520-9

FOREST MANAGEMENT BUREAU Initiating the Montana Administrative Procedure Act

**Land Board Agenda Item
May 18, 2020**

0520-9 Forest Management Bureau Initiating the Montana Administrative Procedure Act

Item Summary

The Forest Management Bureau is proposing to initiate the Montana Administrative Procedure Act (MAPA) to amend and repeal the Administrative Rules for forest management. Four primary categories of proposed rule amendment and repeal are being proposed, which include: **1.** general rule clarification/revision; **2.** Adopting Habitat Conservation Plan (HCP) Conservation Strategies; **3.** Threatened, Endangered and sensitive species updates; and **4.** statute updates from legislative action in the 2019 session. The majority of rule revisions fall under the general rule clarification and revision category. Changes related to grizzly bear management on state trust lands are driven by incorporation of HCP commitments, dissolution of the Swan Valley Grizzly Bear Conservation Agreement in August 2018, and signatory commitments associated with the Northern Continental Divide Ecosystem Grizzly Bear Conservation Strategy. Conservation strategies contained in the HCP will be applied on all Classified Forest lands, and they would also apply to forest management actions on a subset of lands with various land use classifications.

Item Timeline

Upon Land Board approval the Montana Administrative Procedures Act process will begin and the department will file a Proposal Notice with the Secretary of State's office at the beginning of June 2020. The final proposal will be brought to the Land Board in September 2020 following completion of the public review and comment process. If approved, the final rules would be effective approximately October 1st, 2020.

DNRC Recommendation

The director recommends the Land Board direct DNRC to proceed with the MAPA process.