





# 1222-1

TIMBER SALES:

Hoover





**Land Board Agenda Item  
December 19, 2022**

**1222-1 Timber Sale: Hoover**

**Location:** Powell County

Section 14, 16 and 22 T11N R11W

**Trust Beneficiaries:** Common Schools

**Trust Revenue:** \$398,062 (estimated, minimum bid)

**Item Summary**

**Location:** The Hoover Timber Sale is located approximately 8 miles northeast of Drummond, Montana.

**Size and Scope:** The sale includes 9 harvest units (*919 acres*) of tractor logging.

**Volume:** The estimated harvest volume is 21,956 tons (*3.1 MMBF*) of sawlogs.

**Estimated Return:** The minimum bid is \$18.13 per ton, which would generate approximately \$398,062 for Common Schools and approximately \$68,503 in Forest Improvement fees.

**Prescription:** This sale would utilize a combination of seed tree, shelterwood and overstory removal harvest prescriptions designed to reduce insect and disease issues and to promote forest health.

**Road Construction/Maintenance:** In conjunction with the sale, the Department of Natural Resources and Conservation (DNRC) is proposing 13.9 miles of road maintenance and 5.5 miles of new road construction.

**Access:** Access to the sale is through county roads.

**Public Comments:** No public comments related to this timber sale were received.

**DNRC Recommendation**

The DNRC recommends the Land Board direct DNRC to sell the Hoover Timber Sale.

# State Trust Land Vicinity Map

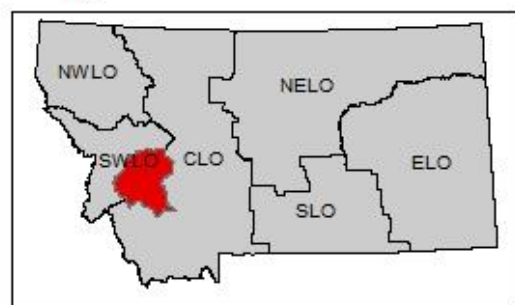
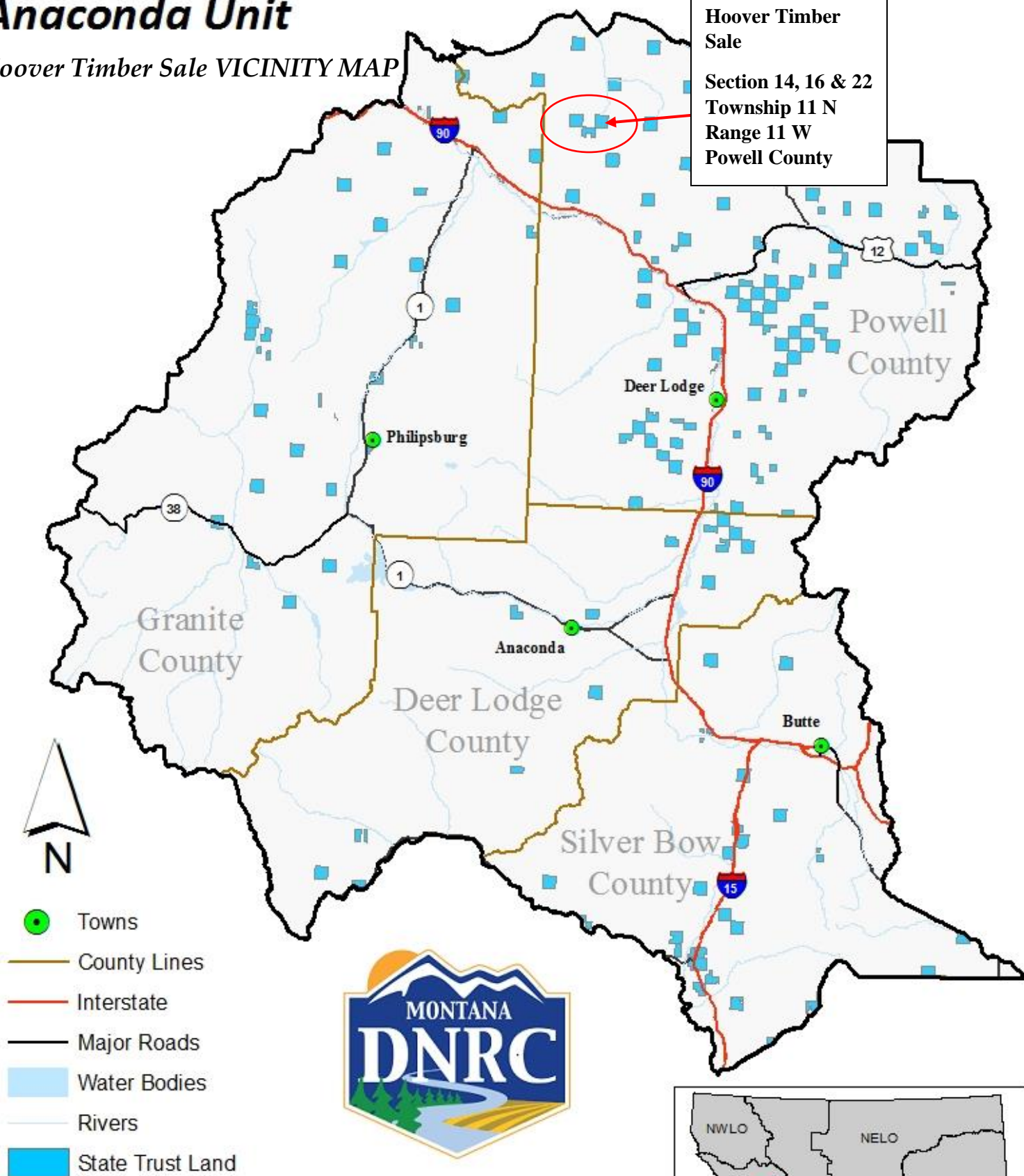
## Anaconda Unit

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Hoover Timber Sale VICINITY MAP

Hoover Timber Sale

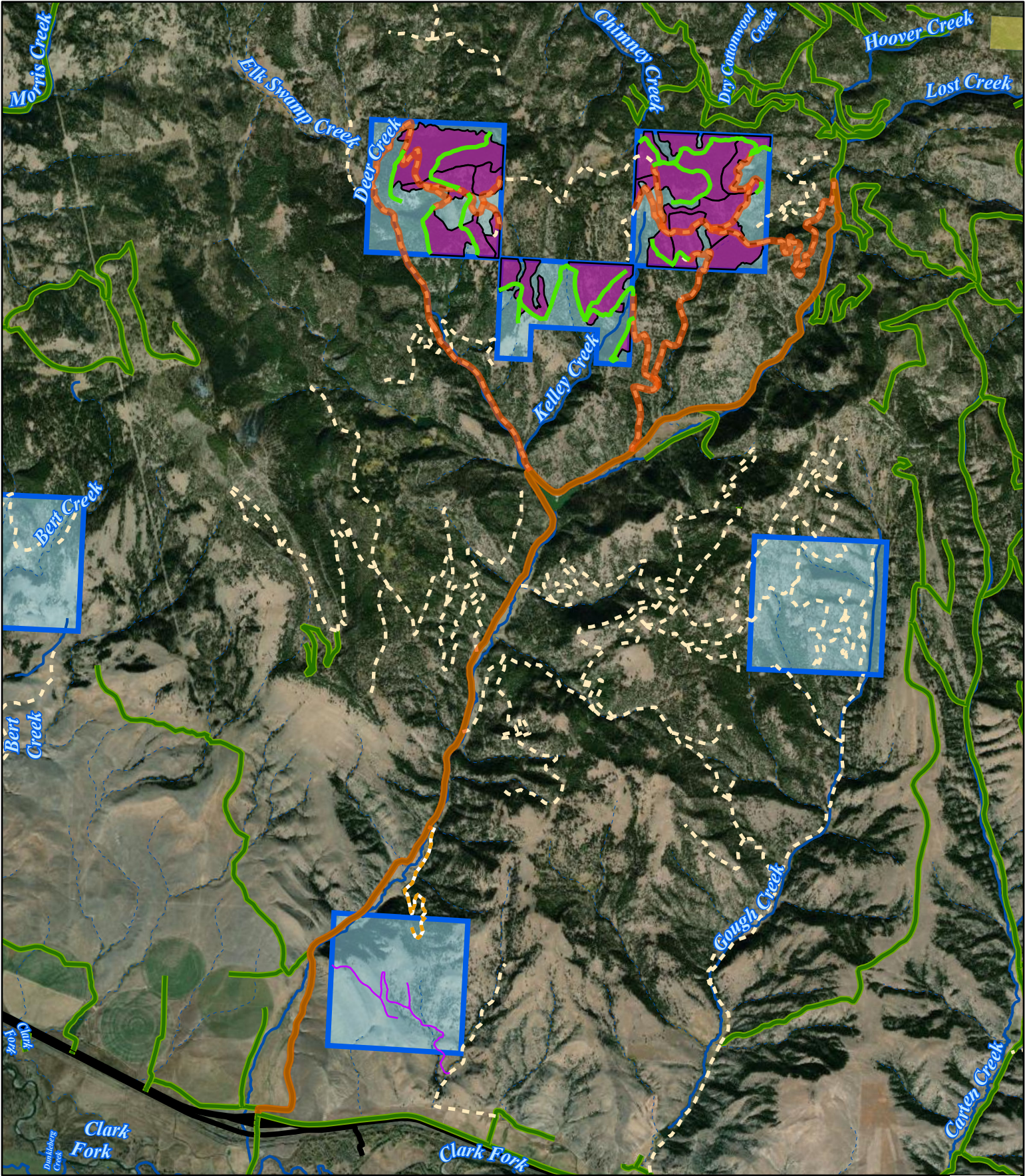
Section 14, 16 & 22  
Township 11 N  
Range 11 W  
Powell County



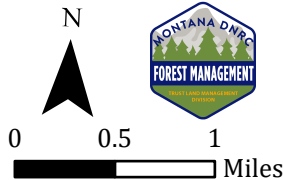


# Hoover Timber Sale Haul Route

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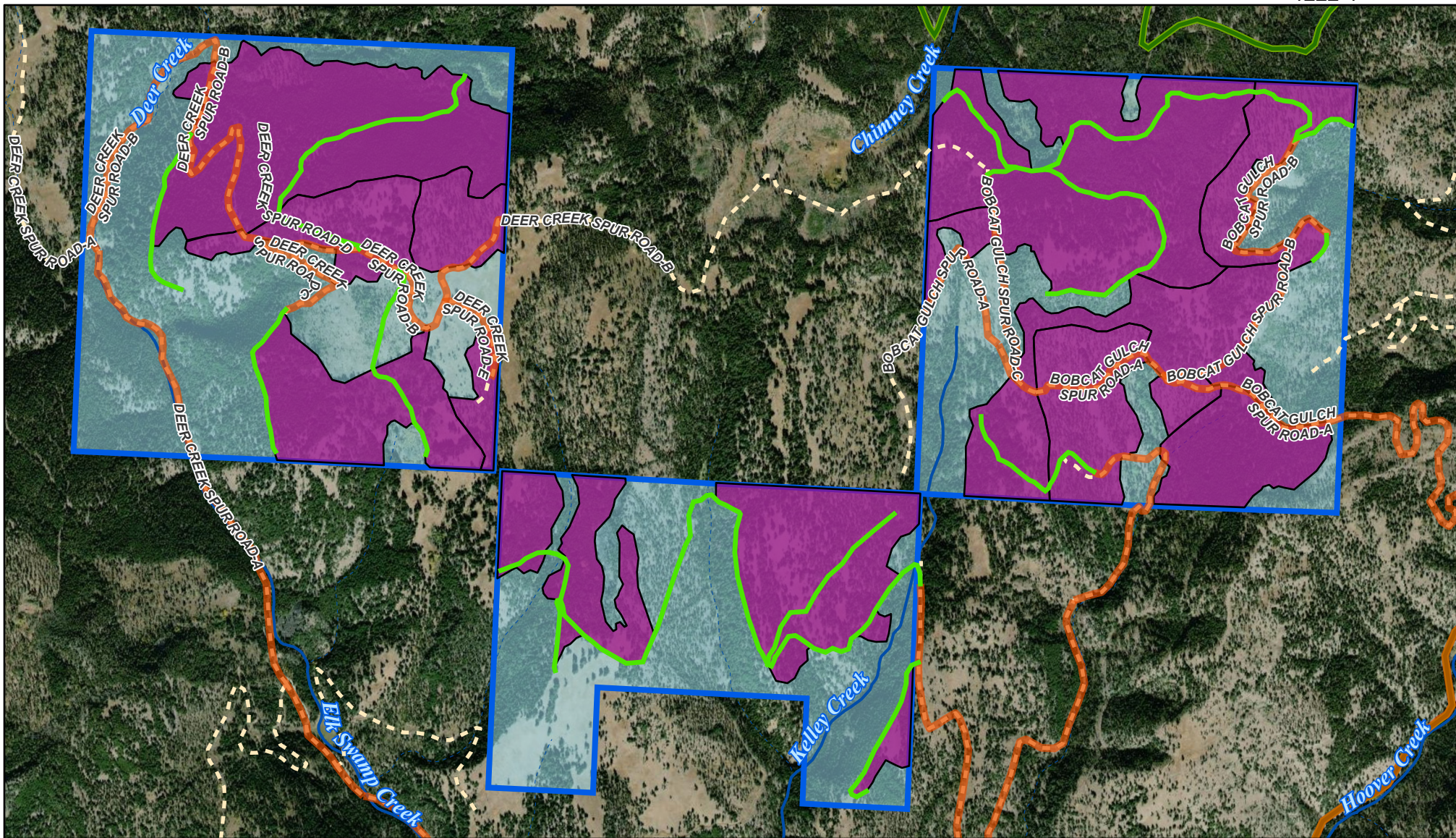
- |                   |                          |                           |
|-------------------|--------------------------|---------------------------|
| Haul Route        | Restricted Class A       | Perennial Stream          |
| New Road          | Restricted Class B       | Intermittent Stream       |
| Highway           | Pvt Access or Admin Site | Bureau of Land Management |
| Open/Public Roads | Harvest Units            | Montana State Trust Lands |
|                   | DNR Trust Lands          |                           |





# Hoover Timber Sale Harvest Units

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- Haul Route
- New Road
- Perennial Stream
- Intermittent Stream
- Harvest Units
- Montana State Trust Lands
- Open/Public Roads
- - - Restricted Class A
- - - Restricted Class B
- DNR Trust Lands
- Highway

0 0.25 0.5 0.75 1 Miles





# 1222-2

OIL and GAS LEASE SALE  
(DECEMBER 6, 2022)



**Land Board Agenda Item  
December 19, 2022**

**1222-2 Oil and Gas Lease Sale (December 6, 2022)**

**Location:** Daniels, Richland, Toole

**Trust Benefits:** Common Schools, Department of Military Affairs

**Trust Revenue:** \$14,862.00

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) held an online oil and gas lease sale that began on November 30, 2022, and closed on December 6, 2022, through the online auction company, EnergyNet. A total of twenty tracts were offered for lease. Seventeen tracts were leased for a total of \$14,862.00. The seventeen tracts that were sold covered a total of 5,618.77 acres. The average bid per acre was \$2.65.

The high competitive bid for the December 6, 2022, sale was \$3,705.00 per acre and the largest total bid was \$6,224.40 for Tract 14 in Richland County.

**DNRC Recommendation**

The director requests Land Board approval to issue the leases from the December 6, 2022, oil and gas lease sale.

**State of Montana**  
**Oil & Gas Lease Sale - December 6, 2022**  
**Lease Sale Results**

The following described lands were offered for oil and gas leasing through an online bidding service, EnergyNet, beginning November 30, 2022 and closed on December 6, 2022.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
<b>Daniels</b>									
2	1, 2, 3, 4, 5, 6, 9, 10	34.N	48.E	15	E2	320.00	\$1.75	\$560.00	4-JW, LTD.
3	1, 2, 3, 4, 5, 6, 10	34.N	48.E	16	W2, N2NE4, W2SE4	* 480.00	\$1.50	\$720.00	OLSEN ENERGY LLC
4	1, 2, 3, 4, 5, 6, 7	36.N	46.E	24	ALL	* 640.00	\$1.50	\$960.00	OLSEN ENERGY LLC
5	1, 2, 3, 4, 5, 6, 7	36.N	46.E	25	E2NW4, NE4	* 240.00	\$1.50	\$360.00	OLSEN ENERGY LLC
6	1, 2, 3, 4, 5, 6	36.N	47.E	19	LOTS 1, 2, 3, 4, E2W2, E2	* 642.64	\$1.50	\$963.96	OLSEN ENERGY LLC
7	1, 2, 3, 4, 5, 6	36.N	47.E	20	N2, SW4	* 480.00	\$1.50	\$720.00	OLSEN ENERGY LLC
8	1, 2, 3, 4, 5, 6, 7	36.N	47.E	29	W2	320.00	\$1.50	\$480.00	OLSEN ENERGY LLC
9	1, 2, 3, 4, 5, 6	36.N	47.E	30	LOTS 1, 2, 3, 4, E2W2, NE4	* 483.64	\$1.50	\$725.46	OLSEN ENERGY LLC
10	1, 2, 3, 4, 5, 6, 7	37.N	46.E	24	W2NE4, E2SW4	160.00	\$1.50	\$240.00	OLSEN ENERGY LLC
11	1, 2, 3, 4, 5, 6	37.N	46.E	25	W2, W2E2	480.00	\$1.50	\$720.00	OLSEN ENERGY LLC
12	1, 2, 3, 4, 5, 6, 10	37.N	46.E	36	N2, W2SW4	400.00	\$1.50	\$600.00	OLSEN ENERGY LLC
13	1, 2, 3, 4, 5, 6	37.N	47.E	20	N2NE4	80.00	\$1.50	\$120.00	OLSEN ENERGY LLC
<b>Richland</b>									
14	1, 2, 3, 4, 5, 6, 13, 14	23.N	59.E	32	TRACT IN NW4NW4	* 1.68	\$3,705.00	\$6,224.40	IRISH OIL & GAS, INC.
<b>Toole</b>									
15	1, 2, 3, 4, 5, 6, 12	30.N	2.E	3	LOTS 1, 2, 3, 4, S2N2	* 322.96	\$1.50	\$484.44	A. B. ENERGY LLC
16	1, 2, 3, 4, 5, 6	30.N	2.E	8	SE4SE4	* 40.00	\$2.50	\$100.00	A. B. ENERGY LLC
17	1, 2, 3, 4, 5, 6, 14	30.N	2.E	11	NE4	160.00	\$1.50	\$240.00	A. B. ENERGY LLC
19	1, 2, 3, 4, 5, 6, 14	36.N	4.W	1	LOTS 1, 2, 3, S2NE4, SE4	* 367.85	\$1.75	\$643.74	PETRO-SENTINEL LLC

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

## Summary by Lessor

	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	5,618.77	17

## Oil and Gas Lease Sale Summary

Total Tracts	17
Total Acres	5,618.77
Total Bid Revenue	\$14,862.00
Average Bid Per Acre	\$2.65



**State of Montana**  
**Oil & Gas Lease Sale - December 6, 2022**  
**Stipulations**

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- 1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
- 2 Prior to the drilling of any well on or into the lease premises, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.  
  
Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
- 3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
- 4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises. The lessee's methods of control shall be reviewed and approved by the Department's Unit Office that has jurisdiction for that locale.
- 5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
- 6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
- 7 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
- 8 Unless otherwise approved by the Department in writing, wells and related surface infrastructure, including new road construction, are prohibited within 1/2 mile of the centerline of a navigable river, lake or reservoir, and within 1/4 mile of direct perennial tributary streams of navigable waterways, on or adjacent to the tract. No surface occupancy is allowed within the bed of a river, stream, lake or reservoir, islands and accretions or abandoned channels.
- 9 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 10 This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well(s) and any existing facilities. The lessee may not enter the well(s) until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation. If a change of operator is accepted, the(se) well(s) must be returned to commercial production or plugged and the well site(s) reclaimed within 18 months from the effective date of this lease.
- 11 No surface occupancy shall be allowed on this tract.
- 12 This lease is spaced into an adjacent off-tract well.



# 1222-3

CABIN and HOME SITE SALES:

Preliminary Approval for Sale



**Land Board Agenda Item  
December 19, 2022**

**1222-3 Cabin and Home Site Sales: Preliminary Approval for Sale**

**Location:** Chouteau, Flathead, Judith Basin, Lewis and Clark, Missoula, Powder River, Sanders, and Valley Counties

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

**Trust Revenue:** Appraisal to be completed after preliminary approval

**Item Summary**

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of 22 cabin and home sites nominated for sale in Chouteau, Flathead, Judith Basin, Lewis and Clark, Missoula, Powder River, Sanders and Valley Counties. These sales were nominated by the lessees and DNRC in conjunction with the 2022-2023 Cabin and Home Site Sales Program.

Sale Number	# of Acres	Legal	Nominator	Trust
<b>Chouteau County</b>				
2037	12.3±	PT S2NE4, PT N2SE4* T22N-R11E, Section 27	Freida & Gordon Muir; Huckle Land & Livestock	Common Schools
2038	10±	PT NE4NE4SE4* T22N-R11E, Section 27	Gordon Muir	Common Schools
2039	8±	PT S2SW4NW4* T22N-R11E, Section 26	Evelyn Sande	Common Schools
<b>Flathead County</b>				
2051	1.545±	Lot 7, Rogers Lake, COS 20991 T27N-R23W, Section 30	Calina Garcia	Montana Tech
2052	0.776±	Lot 23, Rogers Lake, COS 18526 T27N-R23W, Section 30	Victoria & Frederick Nygard	Montana Tech
2053	0.832±	Lot 24, Rogers Lake, COS 18526 T27N-R23W, Section 30	Victoria & Frederick Nygard	Montana Tech
2054	1.231±	Lot 31, Rogers Lake, COS 18526 T27N-R23W, Section 30	DNRC	Montana Tech
2057	1.23±	Lot 15, Beaver Lake, COS 22282 T31N-R22W, Section 20	Ross & Sandra Anderson	Montana Tech
<b>Judith Basin County</b>				
2036	6.92±	Tract 1 of COS 443 T17N-R10E, Section 22	Kenneth Annala	Montana Tech
<b>Lewis and Clark County</b>				
2041	3.244±	Lot 47, Lincoln Flats, COS 3242262 T14N-R8W, Section 16	Scott & Catherine Joyner	Common Schools

2042	1.014±	Lot 25, Lincoln Flats, COS 3242262 T14N-R8W, Section 16	Kenneth & Jeanette Kranz	Common Schools
<b>Missoula County</b>				
2043	1.538±	Lot 14, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	John & Jacqueline Bigart	Montana State University
2044	1.396±	Lot 41, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	Daniel Carnine	Montana State University
2045	1.31±	Lot 34, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	Joseph & Melissa Flesch	Montana State University
2046	1.656±	Lot 1, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	John Harrington & Ana Hofschneider	Montana State University
2047	1.387±	Lot 16, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	Levi & Ashlee Shypkowski	Montana State University
2048	1.704±	Lot 11, Seeley Lake Development, COS 6161 T16N-R15W, Section 4	George & Glenda Tilden	Montana State University
<b>Powder River County</b>				
2035	2.72±	Tract A, COS _____* T8S-R48E, Section 32	Fulton Ranch LLC	Common Schools
<b>Sanders County</b>				
2049	0.36±	Lot 2 in NE4NE4* T22N-R27W, Section 2	Richard, Walter, & Greg Largent	Public Buildings
2050	0.95±	Lot 1 in NE4SE4* T22N-R26W, Section 8	Wilfred & Carolyn Ovitt	Public Buildings
2055	1.1±	Lot 1 in NE4SW4* T22N-R26W, Section 4	Brad & Tina Forman	Public Buildings
<b>Valley County</b>				
2040	3.38±	PT S2S2NE4SE4, Lying North of old highway * T28N-R41E, Section 36	DNRC	Common Schools

\*Survey pending

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

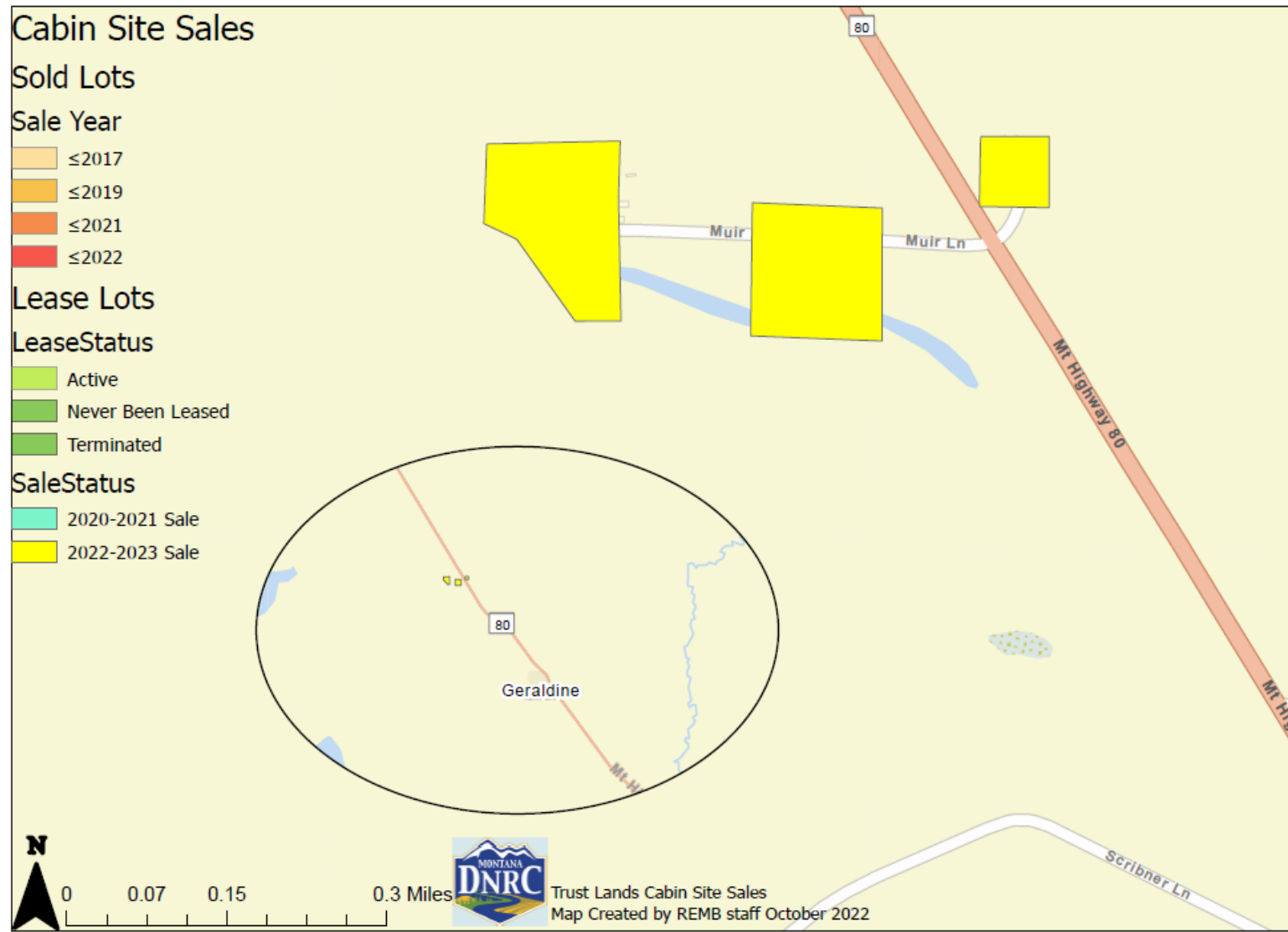
Preliminary approval allows DNRC to enter these sites in the Cabin/Home Site Sales process, the next step of which is an appraisal by a Montana general certified appraiser in Spring 2023. After appraisal, these sites will be brought to the Land Board again to set the minimum bid for the land and maximum 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**

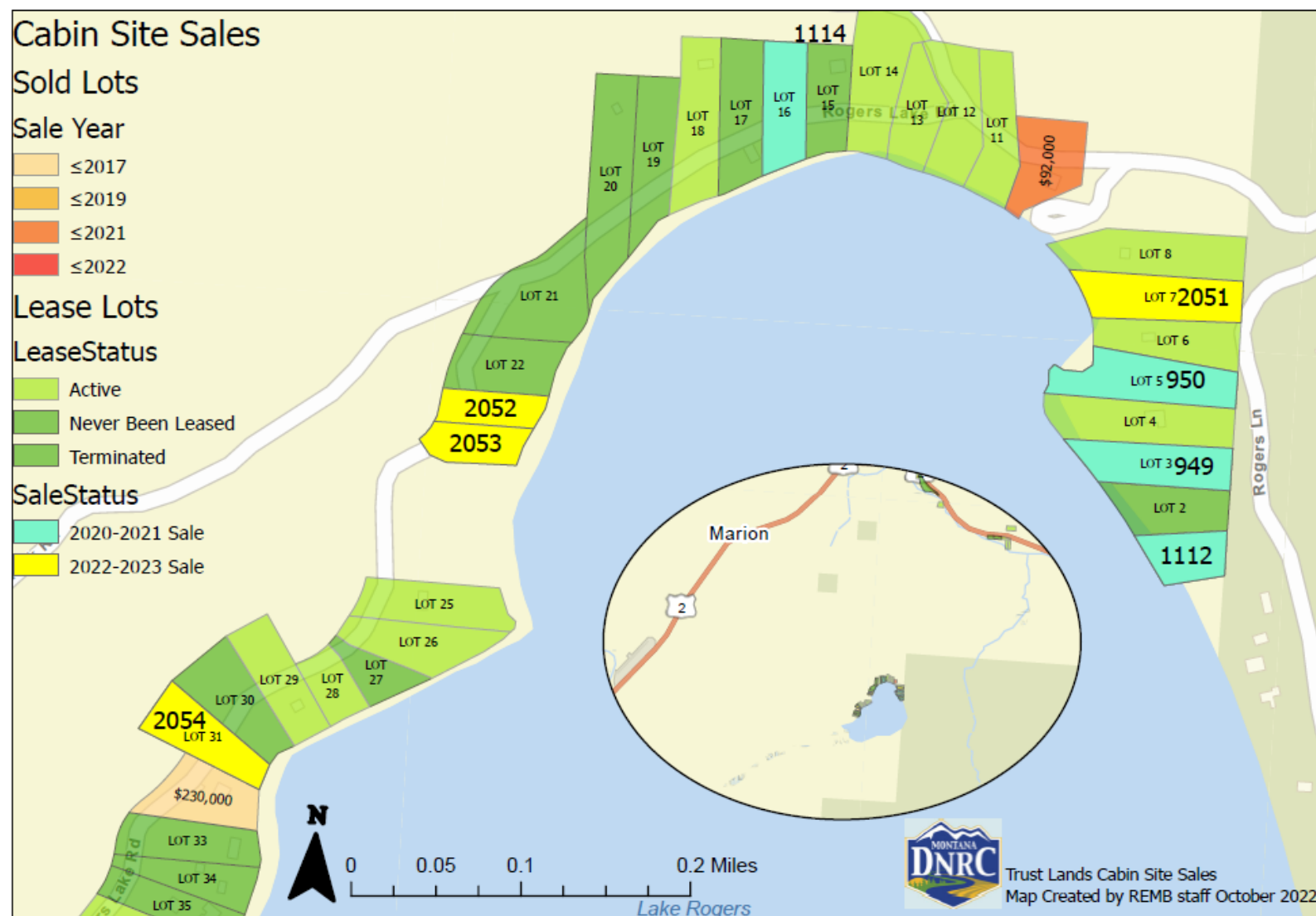
The DNRC recommends the Land Board grant preliminary approval to sell these cabin and home sites.

## Sales 2037, 2038, 2039, Chouteau County

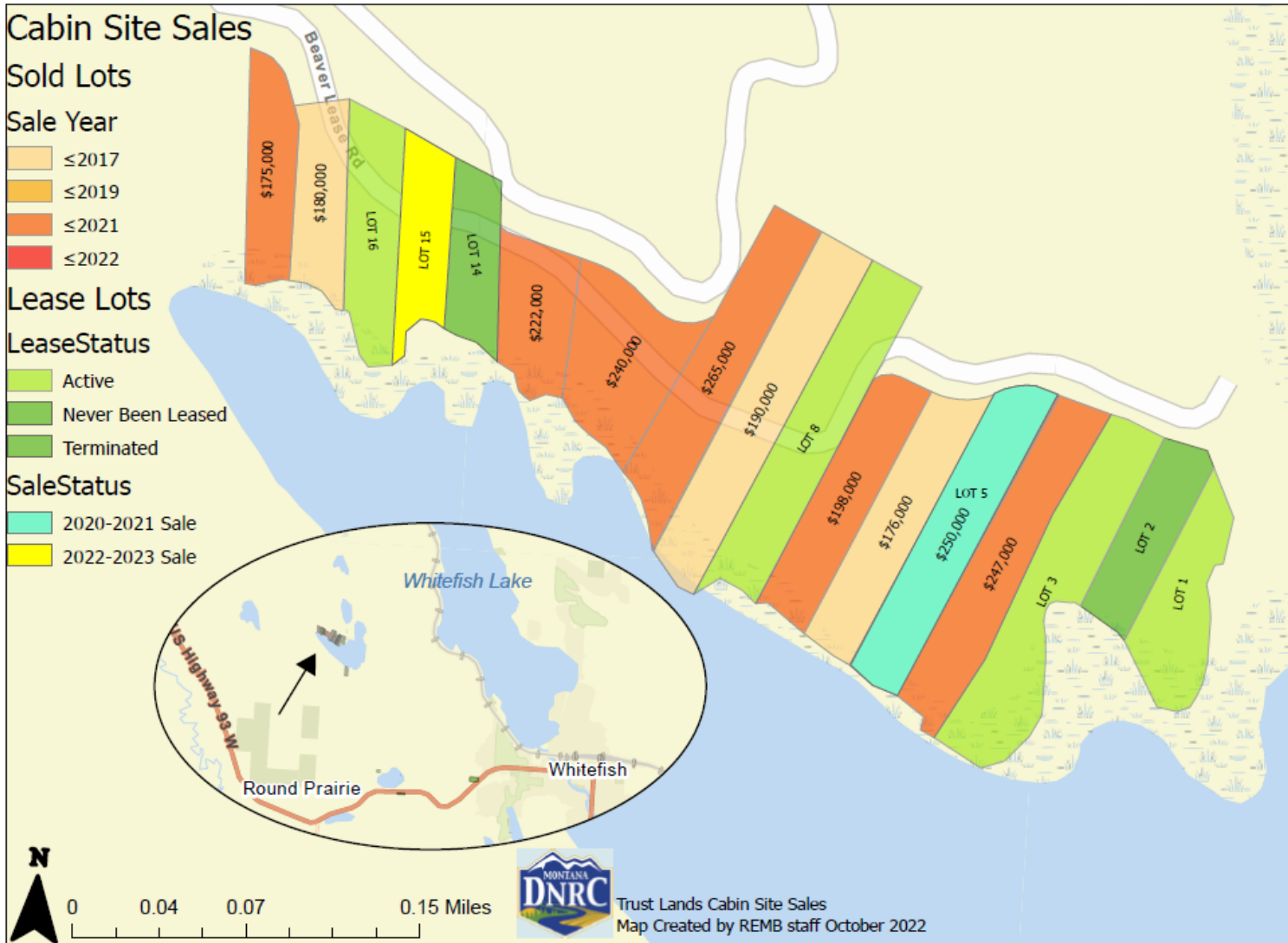




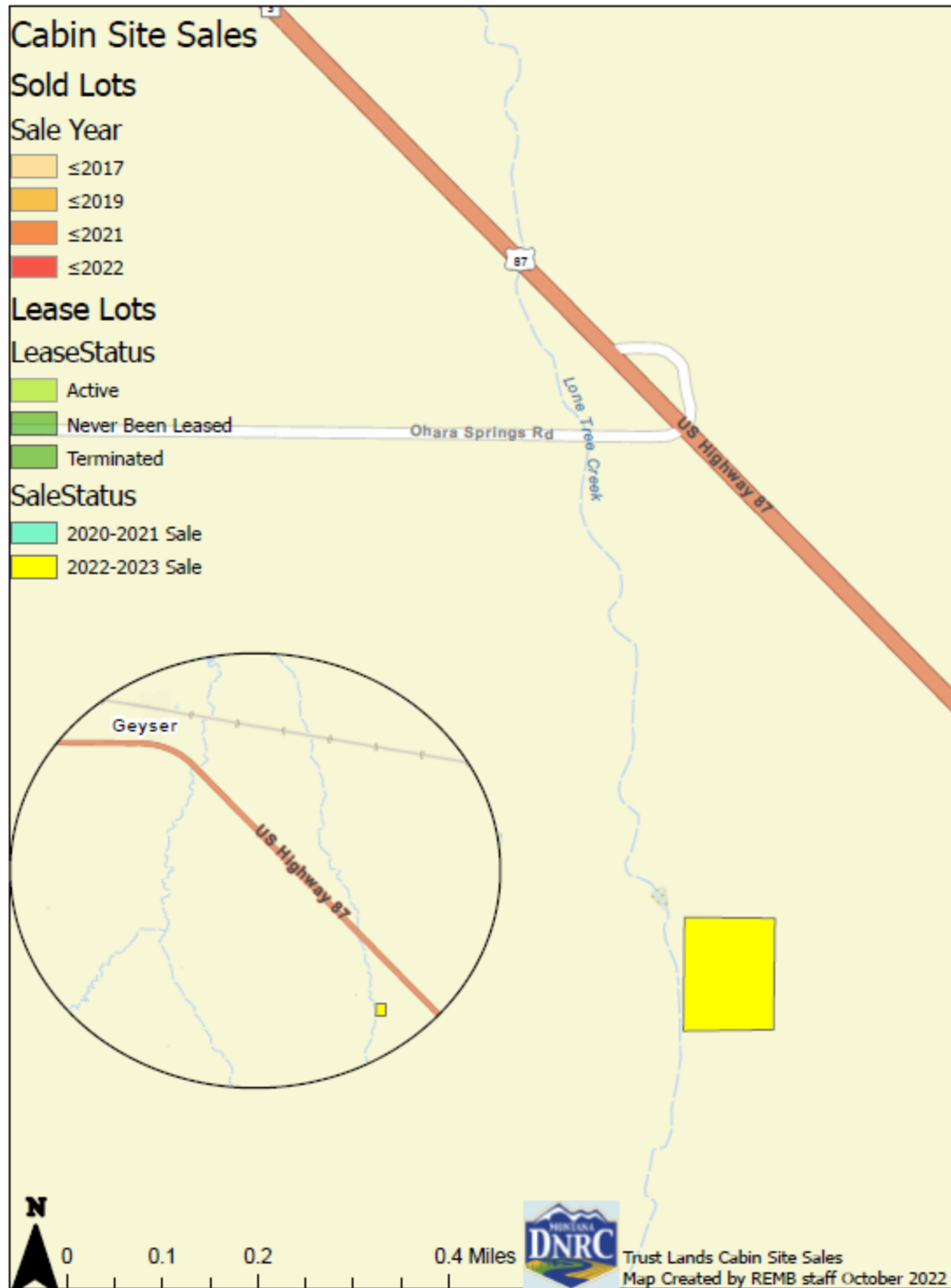
## Sales 2051, 2052, 2053, 2054, Rogers Lake, Flathead County



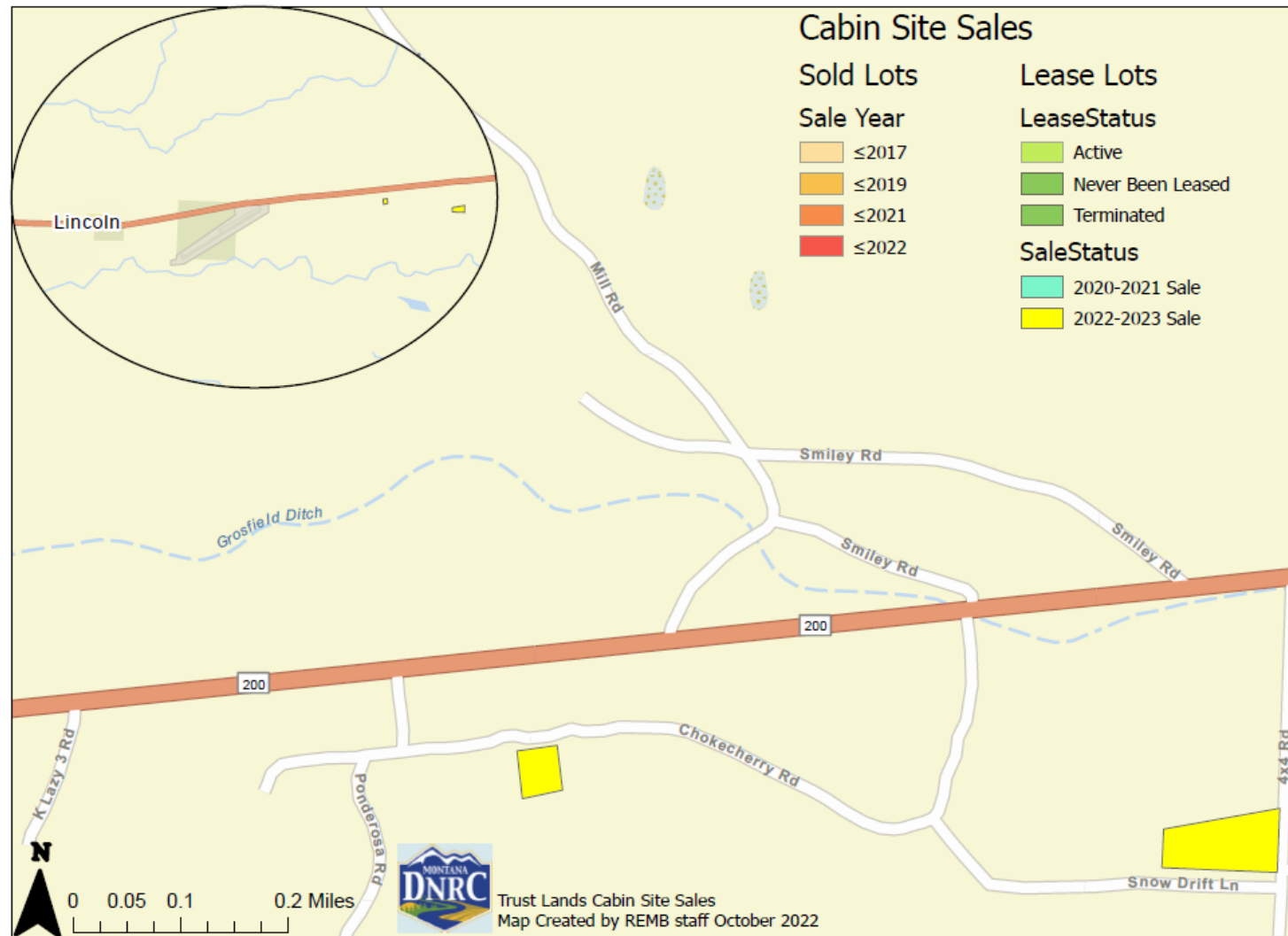
## Sales 2057, Beaver Lake, Flathead County



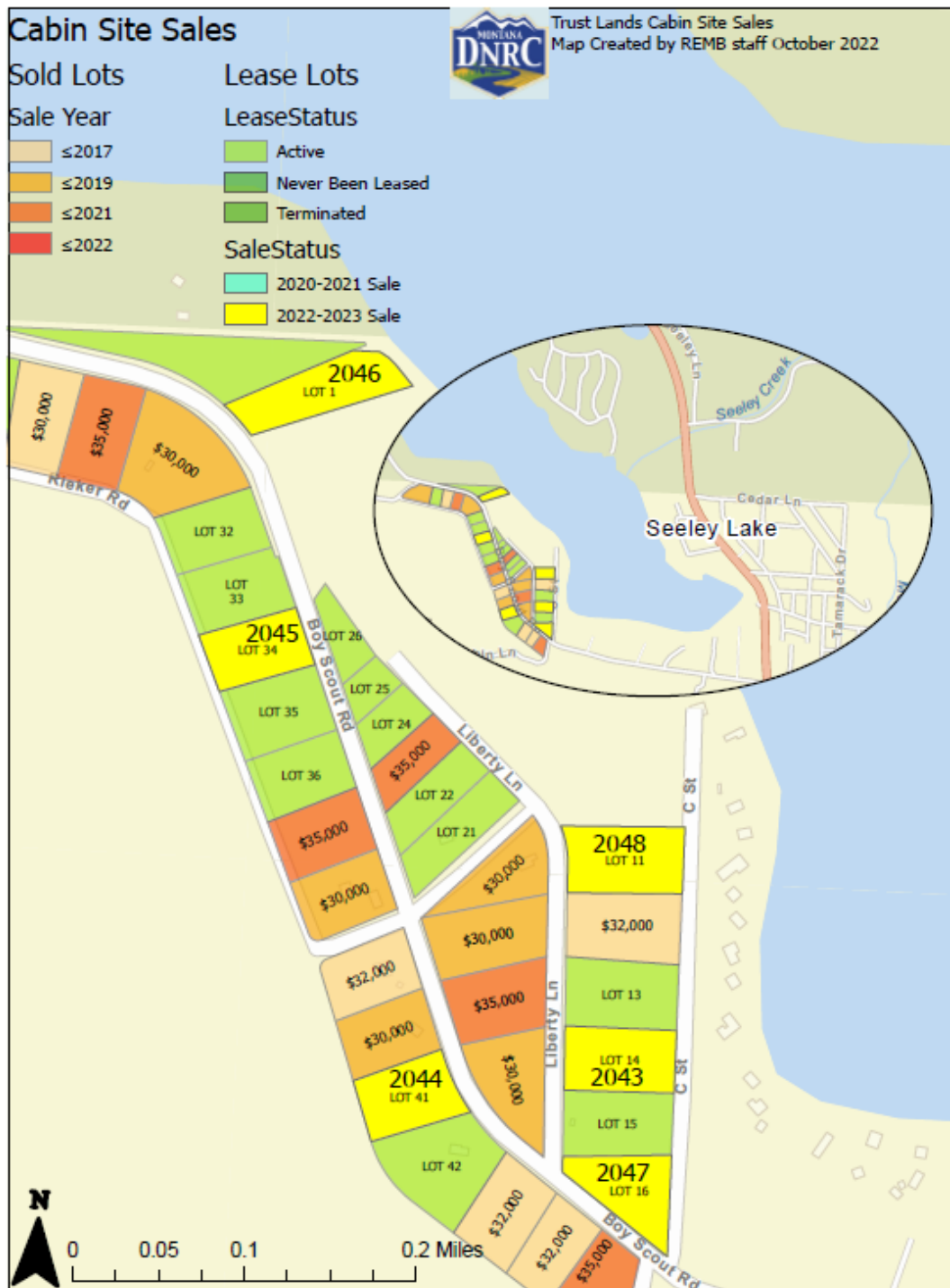
# Sale 2036, Judith Basin County



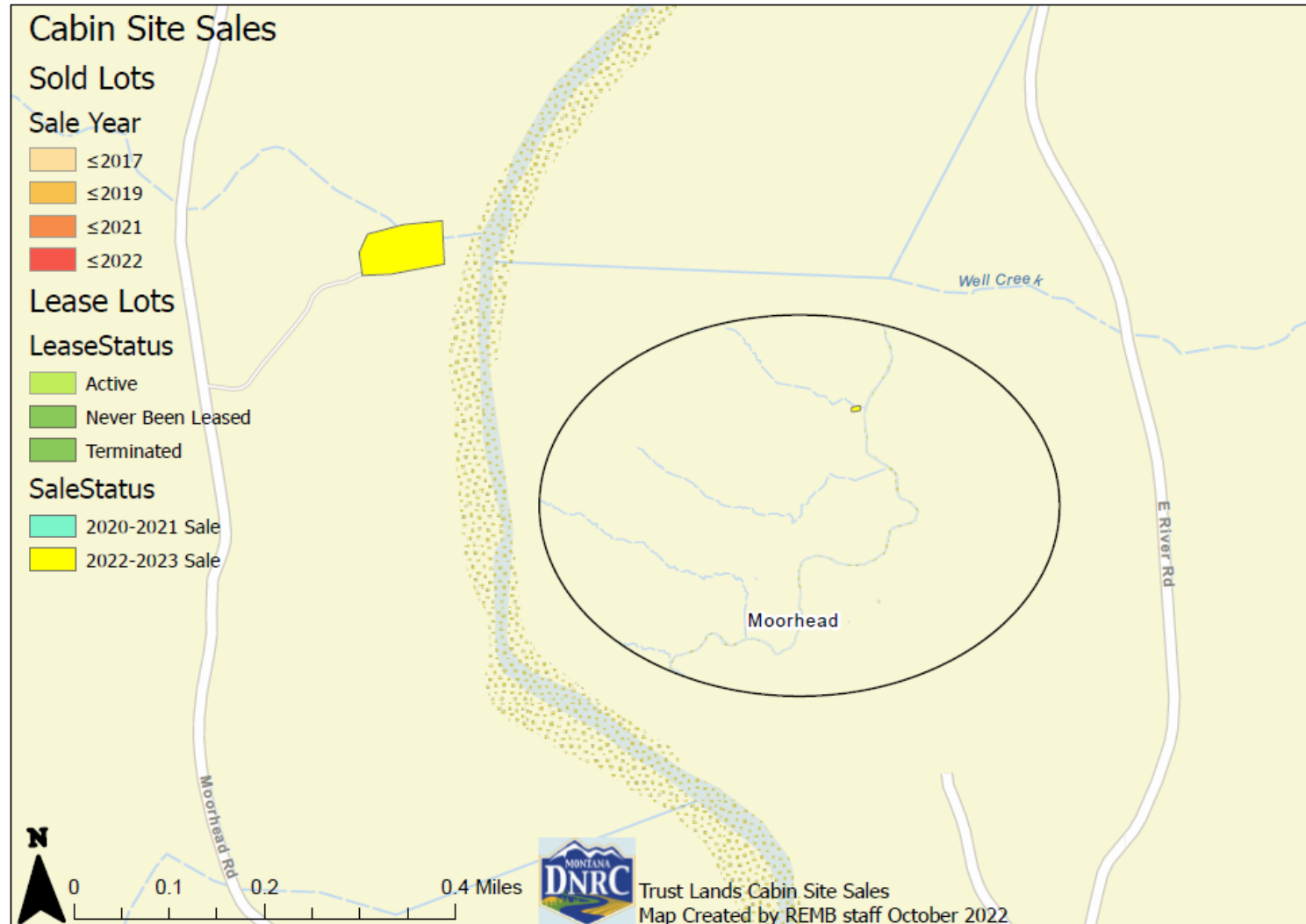
## Sales 2041, 2042, Lincoln Flats, Lewis & Clark County



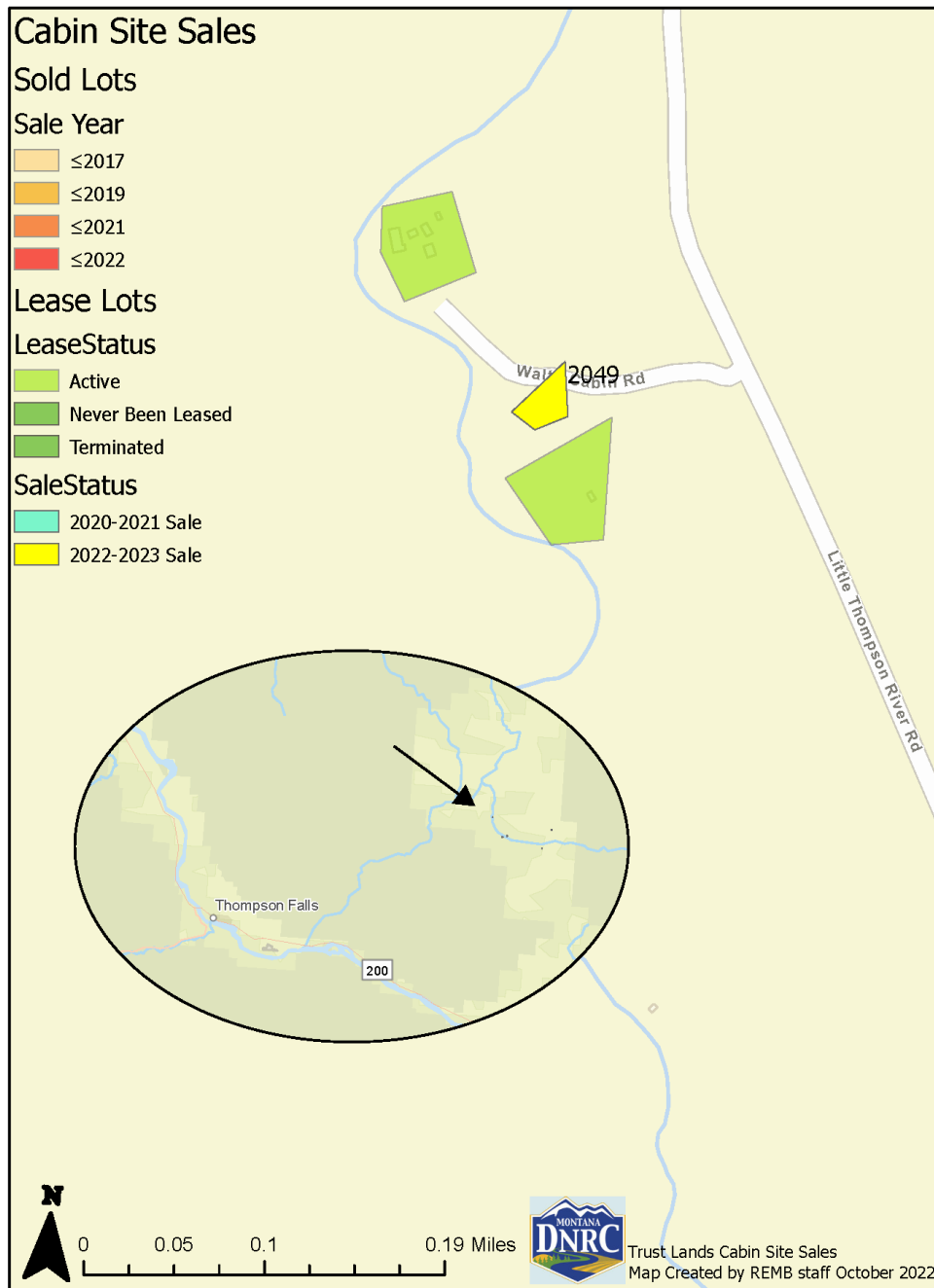
# Sales 2043, 2044, 2045, 2046, 2047, 2048, Missoula County



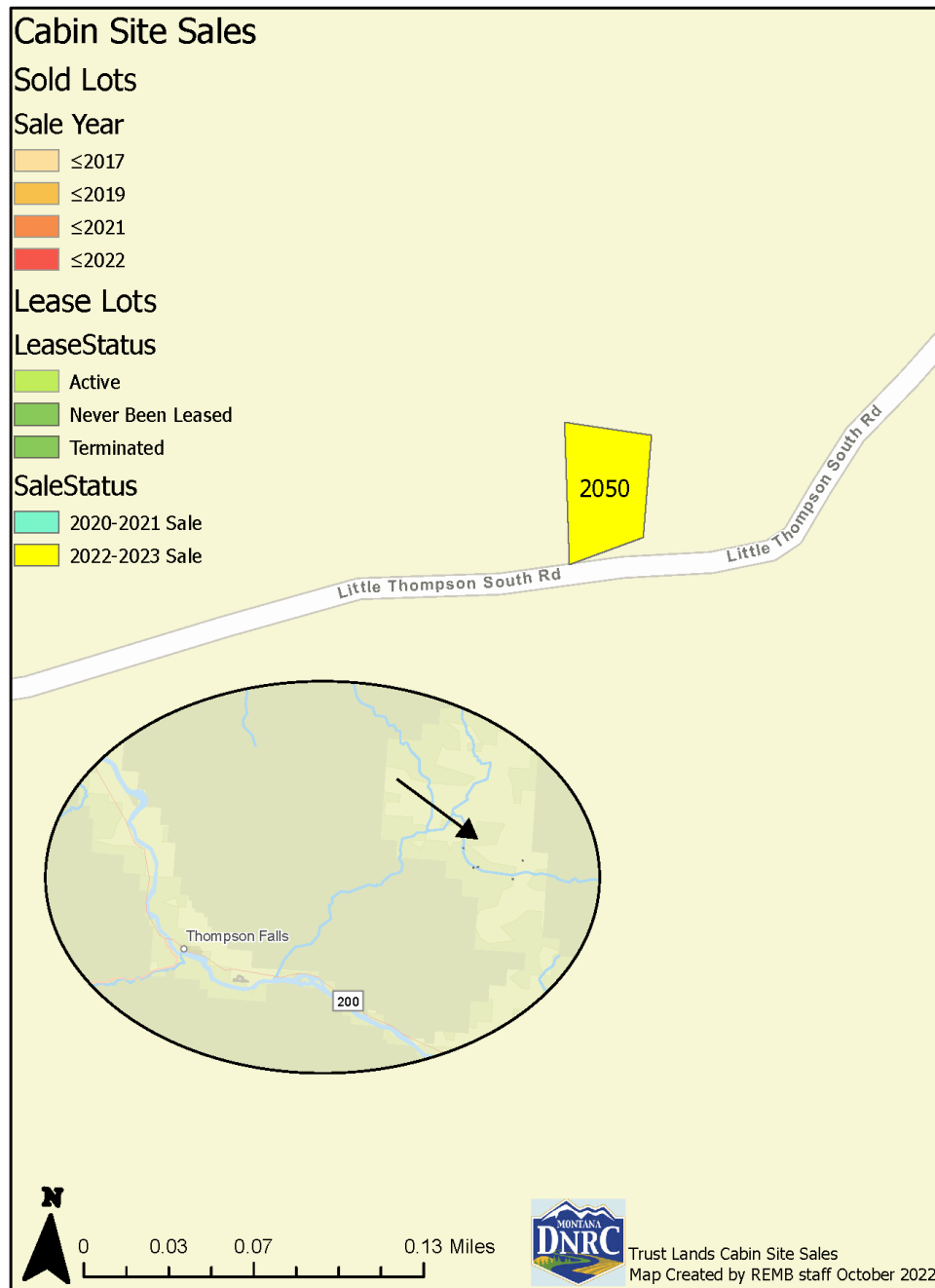
## Sale 2035, Powder River County



# Sale 2049, Sanders County

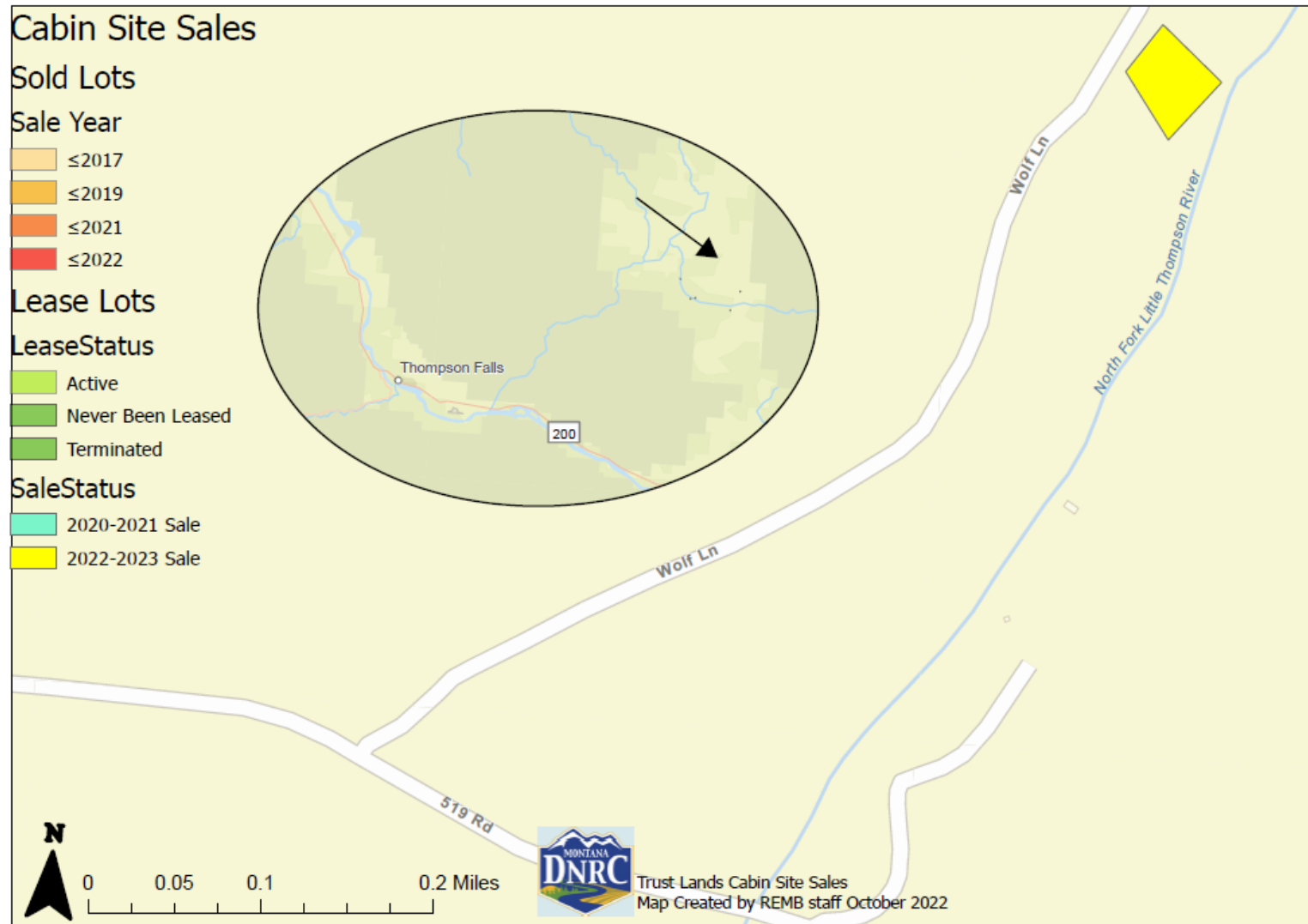


## Sale 2050, Sanders County

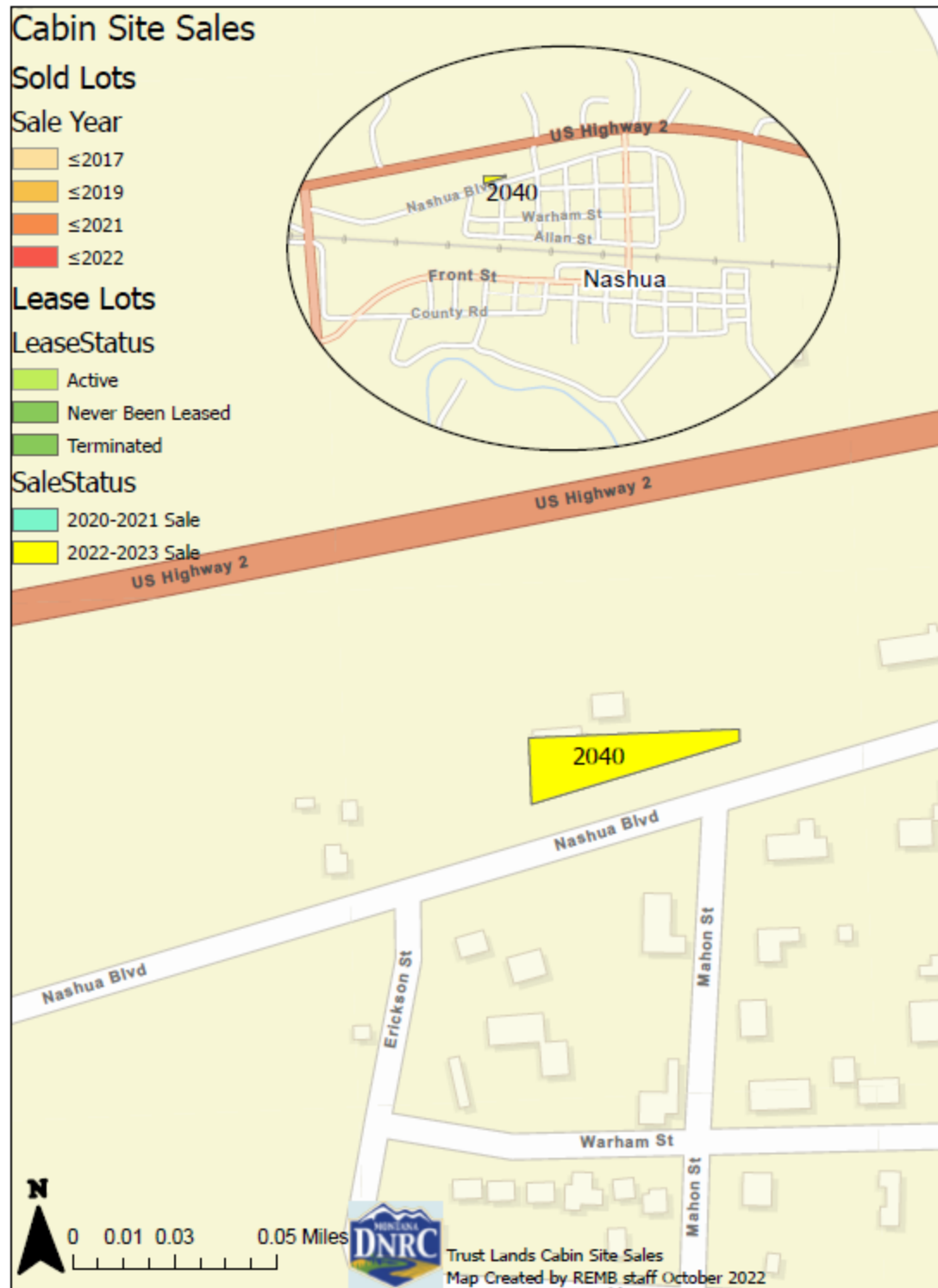




## Sale 2055, Thompson Creek, Sanders County



# Sale 2040, Valley County



# 1222-4

CABIN and HOME SITE SALES:

Set Minimum Bid for Sale



**Land Board Agenda Item  
December 19, 2022**

**1222-4 Cabin and Home Site: Set Minimum Bid for Sale**

**Location:** Big Horn County  
**Trust Benefits:** Common Schools  
**Trust Revenue:** \$18,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for one (1) home site nominated for sale in Big Horn County. This sale was nominated by the lessee in conjunction with the 2020-2021 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
1155	1.94±	Tract 1, COS 762 T2N-R33E, Section 27	Kenneth D. Fox	Common Schools

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

**Background**

Preliminary Land Board approval was granted in April of 2020 (Approved 5-0) for this site to be included as part of the 2020-2021 Cabin and Home Site Sale Program.

**Cultural/Paleontological Resources:**

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

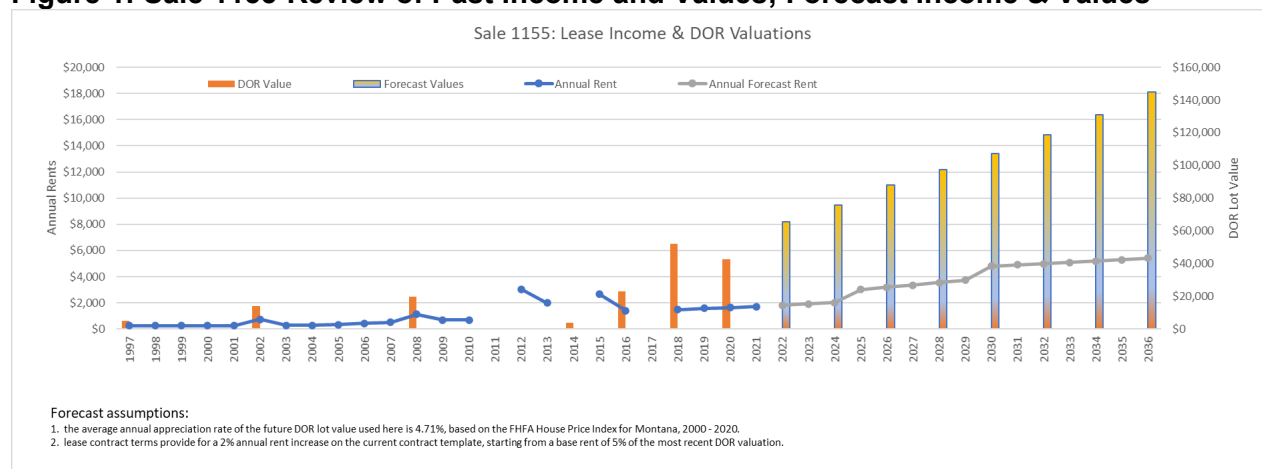
**Access/Recreational Use:**

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

### Economic Analysis:

Short term – The average rate of return on this sale parcel is 7.361%. The parcel will continue to receive this return if it remains in state ownership. The income rate of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase, as shown in Figure 1 below.

**Figure 1: Sale 1155-Review of Past Income and Values; Forecast Income & Values**



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 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years. Figure 2 shows hypothetical lot values derived from the 3-year average net revenue of the current lease, at a sample range of income rates of return that could be anticipated when the sale proceeds are used for a land banking acquisition.

**Figure 2: Lot Values derived from 3-year Average Net Income at Sample Rate of Return**

Sale Number		Rate of Return at Current Appraised Value for Land	Average Rate of Return on all Land Banking Acquisitions	Average Rate of Return on Land Banking Acquisitions within the last 5 years	Average Rate of Return on Land Banking Acquisitions within the last 10 years
	Income Rate of Return	7.36%	3.04%	3.46%	3.41%
1155	Derived Lot Value	\$18,000	\$43,586	\$38,406	\$38,857

**Appraised Values of Land and Improvements:**

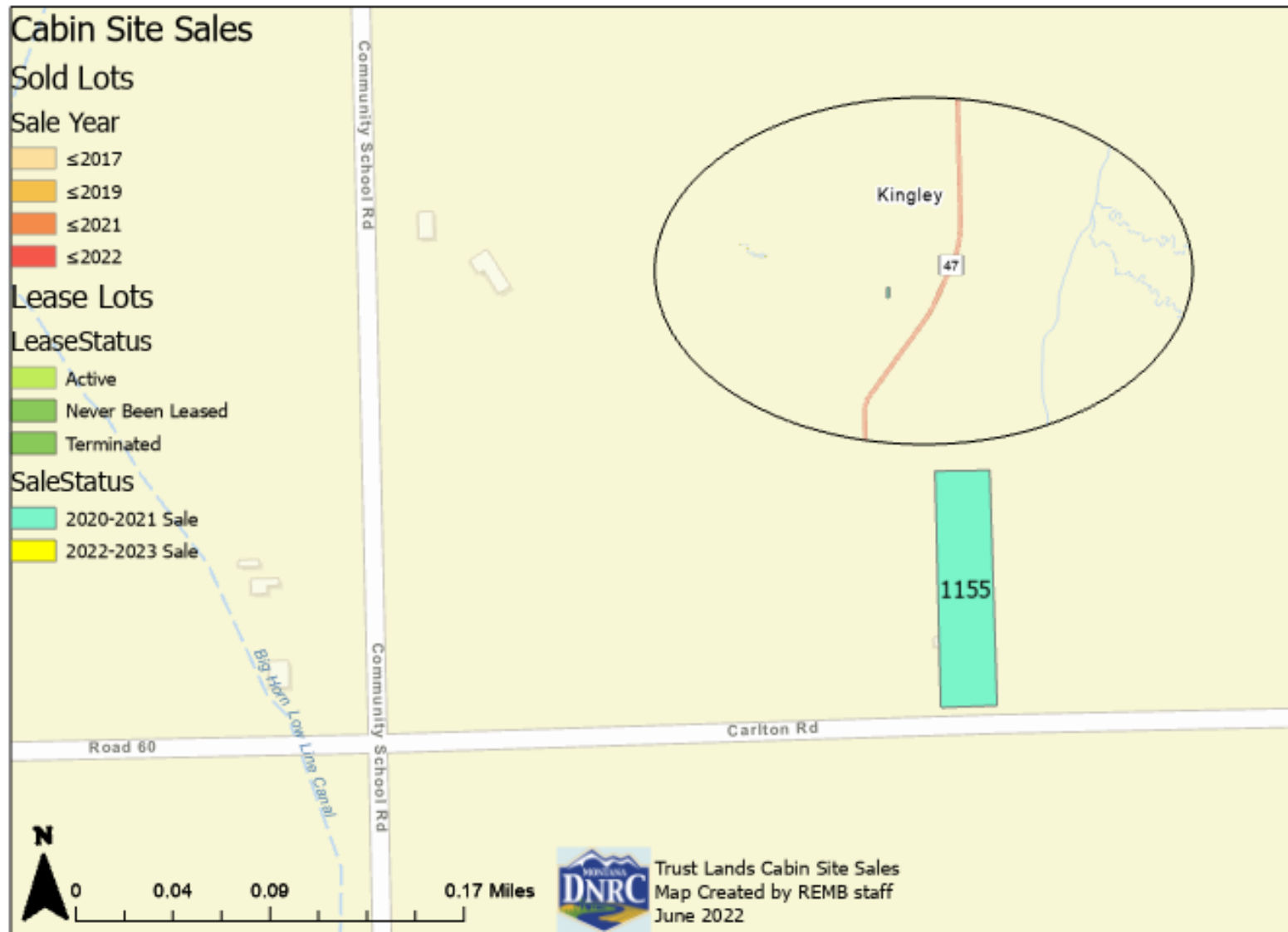
The appraisal was prepared by Montana General Certified Appraisers J. Scott Crosby and Valerie Crosby of Crosby Analytics, LLC in Cowley, Wyoming.

<b>Sale No.</b>	<b>Appraised Land Value</b>	<b>Appraised Improvements Value</b>
<b>1155</b>	\$18,000	\$207,000

**DNRC Recommendation**

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

## Sale 1155, Big Horn County





# 1222-5

CABIN and HOME SITE SALES:

Final Approval for Sale

- A. Flathead County
- B. Sanders County



**Land Board Agenda Item  
December 21, 2022**

**1222-5A Cabin and Home Sites: Final Approval for Sale**

**Location:** Flathead County

**Trust Benefits:** Common Schools, Deaf & Blind School

**Trust Revenue:** \$611,000

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for two (2) cabin sites nominated for sale in Flathead County. The sales were nominated by the lessees in conjunction with the 2022-2023 Cabin and Home Site Sale Program.

<b>Sale No.</b>	<b>Acres</b>	<b>Legal Description</b>	<b>Nominator</b>	<b>Trust</b>
<b>2031</b>	1.311±	Lot 24, McGregor Lake, COS 19909 T26N-R25W, Section 16	Thomas & Barbara Armentrout	Common Schools
<b>2034</b>	1.053±	Lot 23, Olney Townsite, COS 21331 T32N-R23W, Section 7	Nathan & Patti Conkle	Deaf & Blind School

**Background**

Preliminary Land Board approval was granted in April of 2022 (Approved 4-1), and the Land Board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised values in September of 2022 (Approved 4-1).

**Cultural/Paleontological Resources:**

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

**Access/Recreational Use:**

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

**Economic Analysis:**

Short term – The average rate of return on these sale parcels is 1.326% to 1.615%. The parcels will continue to receive these returns if they remain in state ownership. The income rates of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase.

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 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years.

**Appraised Values of Land and Improvements:**

The appraisal of these cabin sites was prepared by Montana General Certified Appraiser Elliott M. Clark, MAI of Clark Real Estate Appraisal of Whitefish, Montana.

<b>Sale Nos.</b>	<b>Appraised Land Value</b>	<b>Appraised Improvements Value</b>	<b>Final Sale Price</b>
<b>2031</b>	\$536,000	n/a	\$536,000
<b>2034</b>	\$75,000	n/a	\$75,000

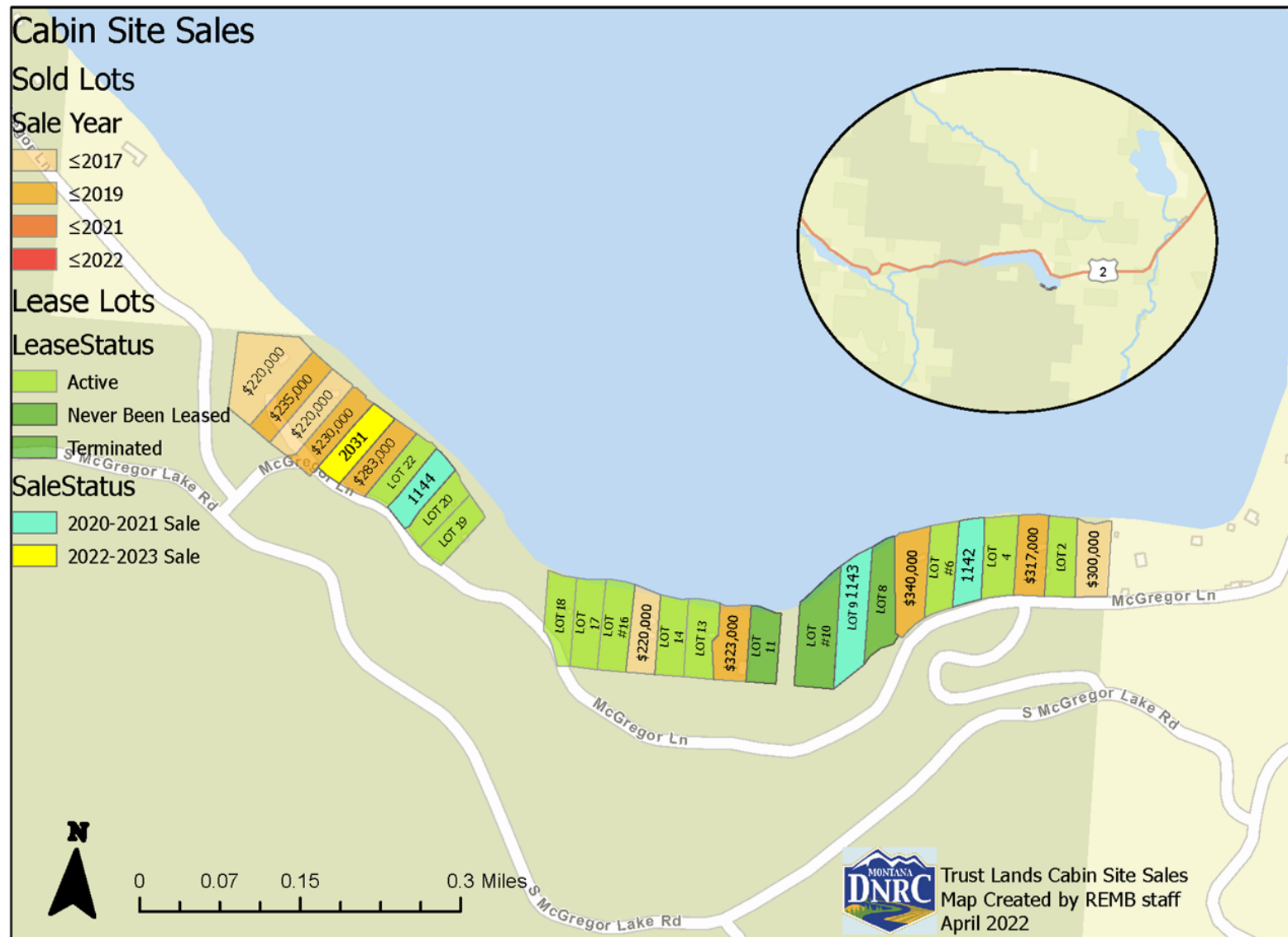
**Sale Price**

The cabin sites sold at public auction on December 1, 2022. There was one qualified bidder for each sale. The sites sold for the final sale prices listed above.

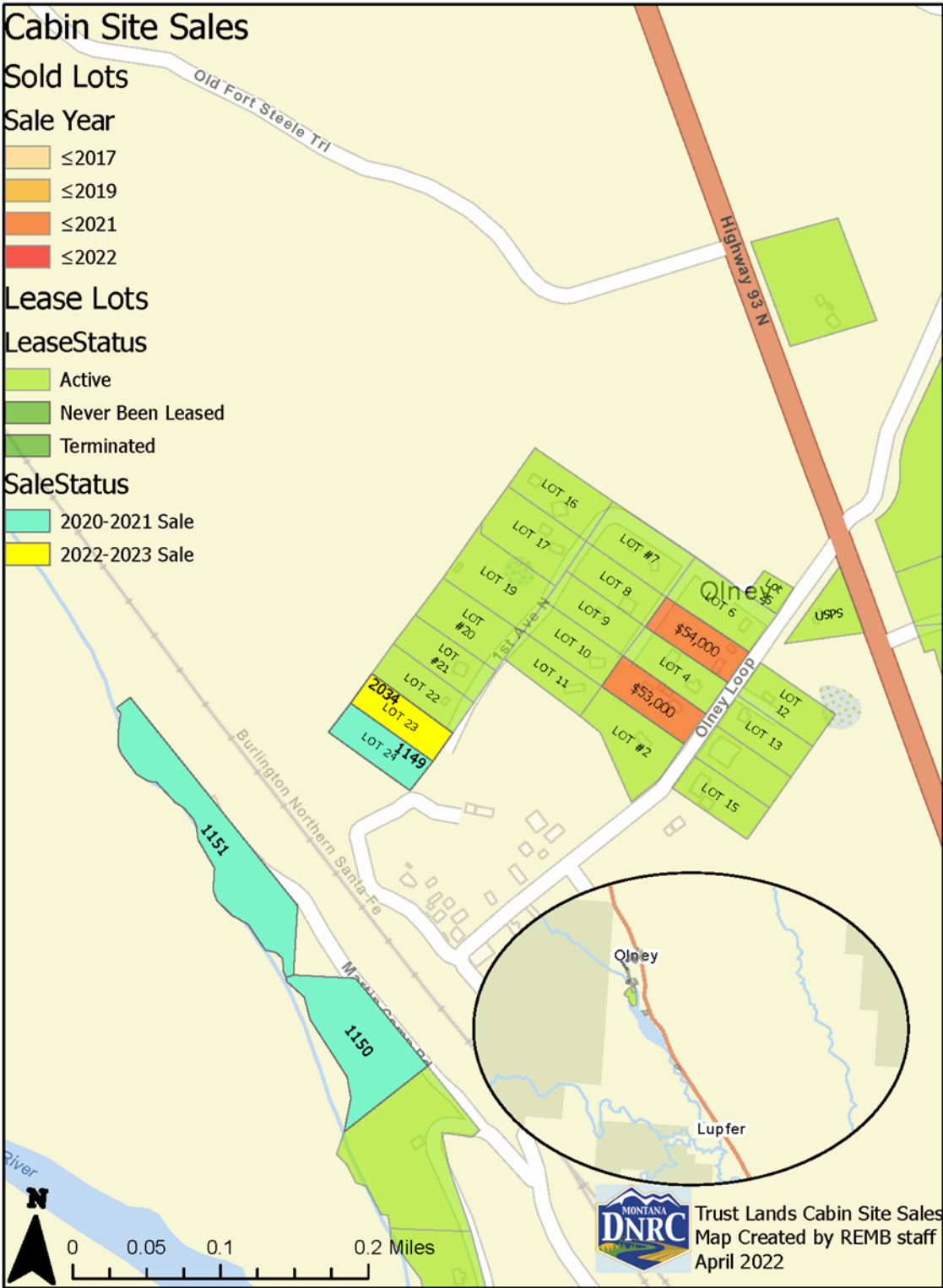
**DNRC Recommendation**

The DNRC recommends the Land Board grant final approval for the sale of these cabin sites at the values shown above.

# McGregor Lake, Flathead County



# Olney, Flathead County



**Land Board Agenda Item  
December 21, 2022**

**1222-5B Cabin and Home Sites: Final Approval for Sale**

**Location:** Sanders County  
**Trust Benefits:** Public Buildings  
**Trust Revenue:** \$122,000

The Department of Natural Resources and Conservation (DNRC) is requesting final approval for two (2) cabin sites nominated for sale in Sanders County. The sales were nominated by the lessees in conjunction with the 2022-2023 Cabin and Home Site Sale Program.

<b>Sale No.</b>	<b>Acres</b>	<b>Legal Description</b>	<b>Nominator</b>	<b>Trust</b>
<b>2032</b>	1.06±	Lot 10, Mudd Creek, COS 3534 T22N-R27W, Section 12	Glen Magera	Public Buildings
<b>2033</b>	1.34±	Lot 13, Mudd Creek, COS 3533 T22N-R27W, Section 12	Scott & Kendra Strowbridge	Public Buildings

**Background**

Preliminary Land Board approval was granted in April of 2022 (Approved 4-1), and the Land Board set the minimum bid for the land and the maximum value of compensation for the improvements at the appraised values in September of 2022 (Approved 4-1).

**Cultural/Paleontological Resources:**

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

**Access/Recreational Use:**

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

**Economic Analysis:**

Short term – The average rate of return on these sale parcels is 1.277% to 1.644%. The parcels will continue to receive these returns if they remain in state ownership. The income rates of return will likely grow smaller over the next 20 years, as average annual value appreciation is greater than the annual rent increase.

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 3.04% on acquisitions with income generated from annual lease payments. However, the rates of return on land acquired more recently have been higher, ranging from 3.46% on acquisitions purchased within the last five years to 3.41% for lands acquired within the last ten years.

**Appraised Values of Land and Improvements:**

The appraisal of these cabin sites was prepared by Montana General Certified Appraiser Elliott M. Clark, MAI of Clark Real Estate Appraisal of Whitefish, Montana.

<b>Sale Nos.</b>	<b>Appraised Land Value</b>	<b>Appraised Improvements Value</b>	<b>Final Sale Price</b>
<b>2032</b>	\$61,000	\$84,000	\$61,000
<b>2033</b>	\$61,000	\$101,000	\$61,000

**Sale Price**

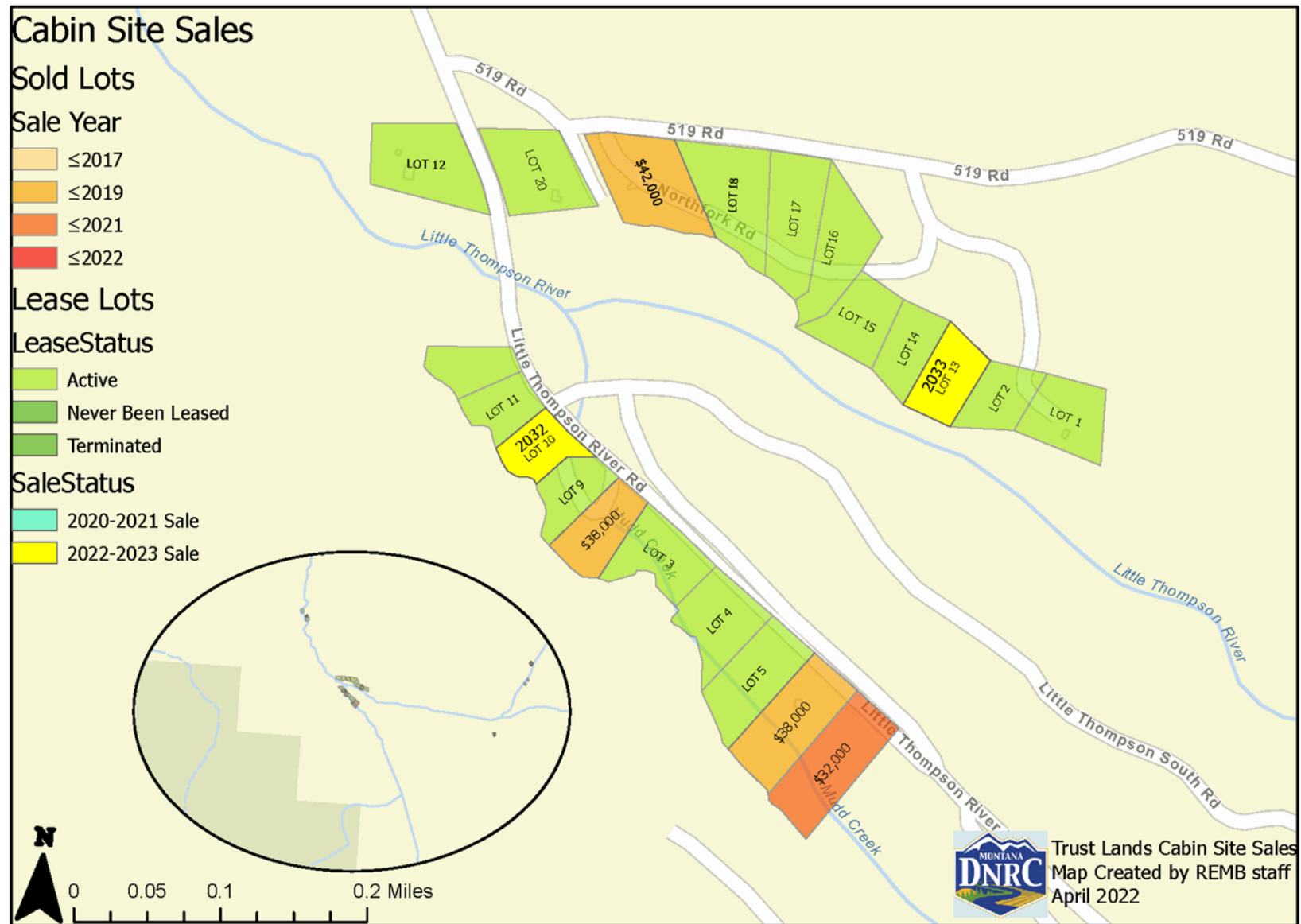
The cabin sites sold at public auction on November 30, 2022. There was one qualified bidder for each sale. The sites sold for the final sale prices listed above.

**DNRC Recommendation**

The DNRC recommends the Land Board grant final approval for the sale of these cabin sites at the values shown above.



# Mudd Creek, Sanders County





# 1222-6

EASEMENTS:

Standard Grants



**Land Board Agenda Item  
December 19, 2022**

**1222-6 Easements**

**Location:** Gallatin, Judith Basin, and Teton County  
**Trust Benefits:** Common School and Public Buildings  
**Trust Revenue:** Common Schools = \$6,334,910.00  
 Public Buildings = \$8,712.00

**Item Table of Contents**

<b>Applicant</b>	<b>Right-of-Way Purpose</b>	<b>Term</b>	<b>Page(s)</b>
Central Valley Fire District	Fire Station	Permanent	50-51
Judith Basin County	Fairgrounds Buildings	Permanent	52-53
Belgrade School District #44	School Buildings	Permanent	54-55
Frances Poitra	Private Access Road	Permanent	56-57
Table Mountain Range, LLC	Private Access Road	Permanent	58-59

## APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant:	Central Valley Fire District 215 Wings Way Belgrade, MT 59714
Application No.:	19134
R/W Purpose:	fire station and associated infrastructure
Lessee Agreement:	N/A (Unleased)
Acreage:	3.0
Compensation:	\$300,000.00
Legal Description:	tract of land in SW4SW4, Sec. 11, Twp. 1S, Rge. 4E, Gallatin County
Trust Beneficiary:	Common Schools

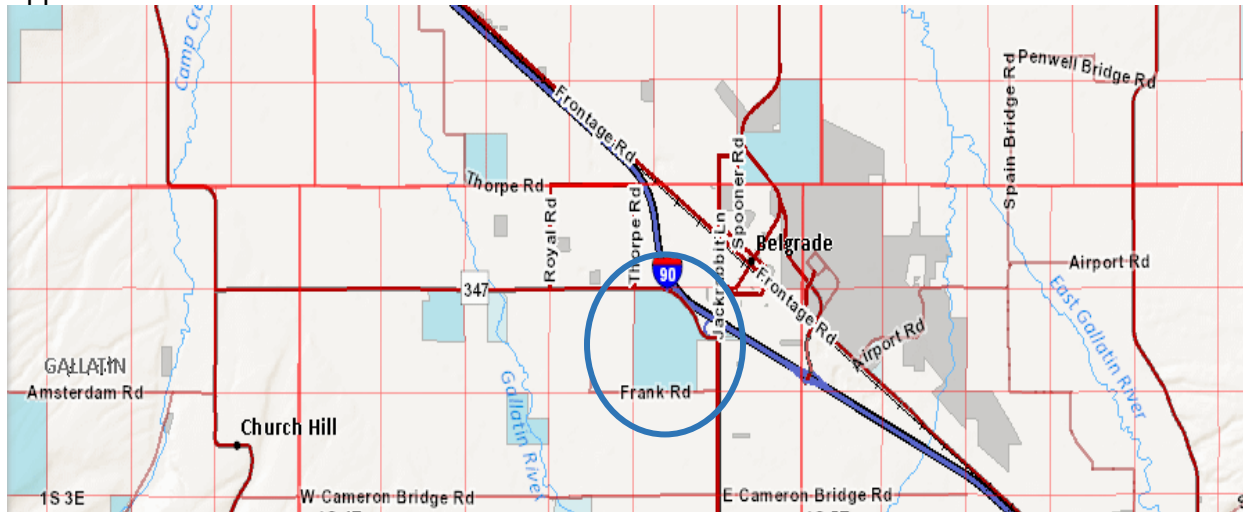
### Item Summary

Central Valley Fire District is requesting an easement to build a new 24-hour career staffed fire station to address significant growth within the City of Belgrade. Based on the growth in the area, the fire department has determined that a fire station in this location would be necessary to meet the needs of the community. This location would be adjacent to a proposed new school, also on trust lands. The DNRC scoped the public for comments and received one comment from the current agricultural Licensee on the parcel. Staff has discussed the removal of these acres from the licensed area with the Licensee on several occasions and as the lands are developed the license acres will be adjusted accordingly. Revenue from this easement would be allocated to the permanent fund for Common Schools and continue to generate revenue through interest investments. Currently, the agricultural license produces a fixed cash rate of \$55.00/acre for the acres in production, while the appraised value of the state parcel is \$100,000.00/acre.

### DNRC Recommendation

The DNRC recommends approval of the application of Central Valley Fire District.

## Application 19134



## APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant:	Judith Basin County 91 3rd Street North Stanford, MT 59479
Application No.:	19380
R/W Purpose:	public county fairgrounds, museum buildings, public park and associated utilities
Lessee Agreement:	ok
Acreage:	7.87
Compensation:	\$33,880.00
Legal Description:	tract of land in NE4SE4, Sec. 17, Twp. 16N, Rge. 12E, Judith Basin County
Trust Beneficiary:	Common Schools

### Item Summary

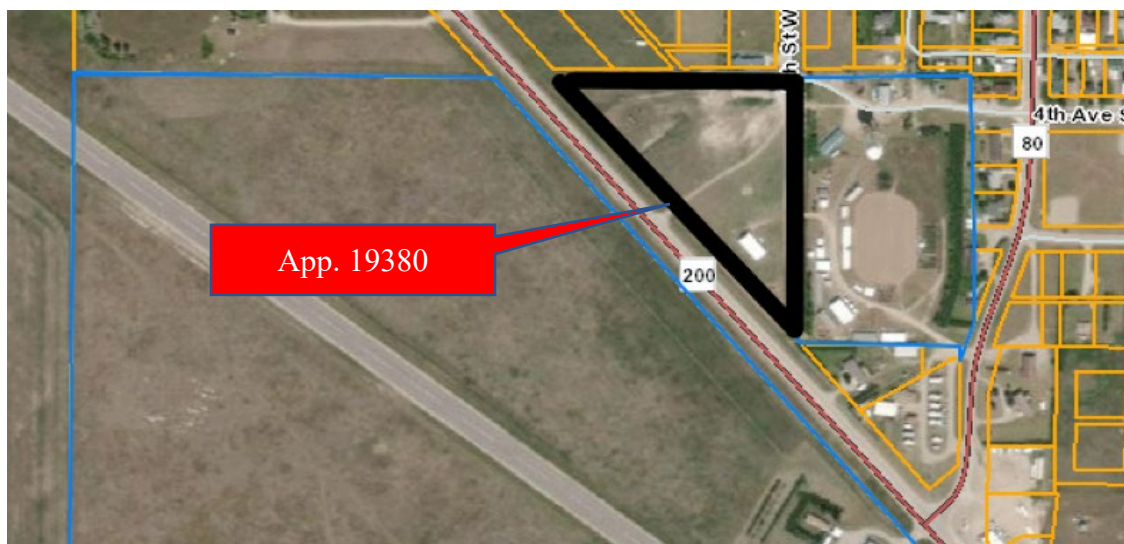
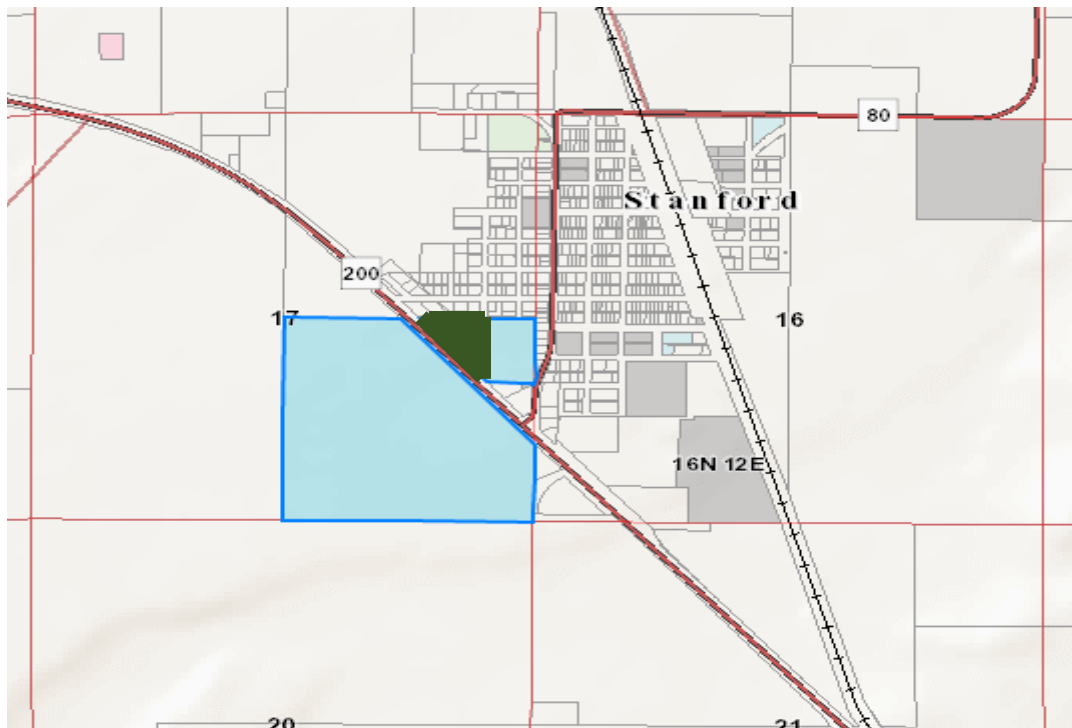
Judith Basin County is requesting an easement for use of existing county fairground facilities, museum, parks and utility purposes. The county has leased this area for over 30 years for the same uses. The county has invested and will invest significant resources to the management and maintenance of the facilities. They are wishing to secure a long-term agreement to perpetuate these uses due to the value of these improvements. The town of Stanford also utilizes this tract under existing easements for city water services and has entered into an agreement for joint use of the property with the county. The DNRC believes a permanent easement is appropriate for this use.

### DNRC Recommendation

The DNRC recommends approval of the application of Judith Basin County.



## Application 19380



## APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant:	Belgrade School District #44 312 N. Weaver St. Belgrade, MT 59714
Application No.:	19404
R/W Purpose:	public school facilities and associated infrastructure
Lessee Agreement:	N/A (Unleased)
Acreage:	60
Compensation:	\$6,000,000.00
Legal Description:	tract of land in SW4,W2SE4, Sec. 11, Twp. 1S, Rge. 4E, Gallatin County
Trust Beneficiary:	Common Schools

### Item Summary

Belgrade School District #44 is requesting an easement for expansion of school facilities to accommodate community growth. The proposal is to construct an elementary school and middle school and associated school facilities on this 60-acre parcel of state trust lands. The school district and surrounding area has experienced extreme growth and pursuant to a site selection process and community election process, this location was deemed the most desirable. Other potential locations held in private ownership did not provide adequate acreage or were not within an ideal location to accommodate the needs of the school district. This parcel of state land is currently under agricultural production through a license agreement, which currently earns \$50.00/acre under the fixed cash agreement. This parcel was recently appraised at \$100,000.00/acre and therefore the long-term best interest of the trust is to issue the easement to where the revenue continues to earn interest for the beneficiary. Public scoping was conducted, and the only comment received was from the Licensee. Staff has discussed the transition of this parcel from agricultural to suburban development with the Licensee, as the DNRC is currently accepting requests for proposals to develop the remainder of the parcel. The Licensee is aware that the existing license will be adjusted to remove the acres for the school expansion from his license and as proposals for development are accepted elsewhere on the parcel, the licensed agricultural acres will continue to be reduced as development occurs or be terminated entirely.

### DNRC Recommendation

The DNRC recommends approval of the application of Belgrade School District #44.



## APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant:	Frances Poitra 3604 N. Minnesota Ave. Florence, AZ 85132
Application No.:	19409
R/W Purpose:	private access road to one single family residence and associated outbuildings
Lessee Agreement:	ok
Acreage:	1.03
Compensation:	\$1,030.00
Legal Description:	30-foot strip thru SW4NW4, NW4SW4, Sec. 14, Twp. 21N, Rge. 6W, Teton County
Trust Beneficiary:	Common Schools

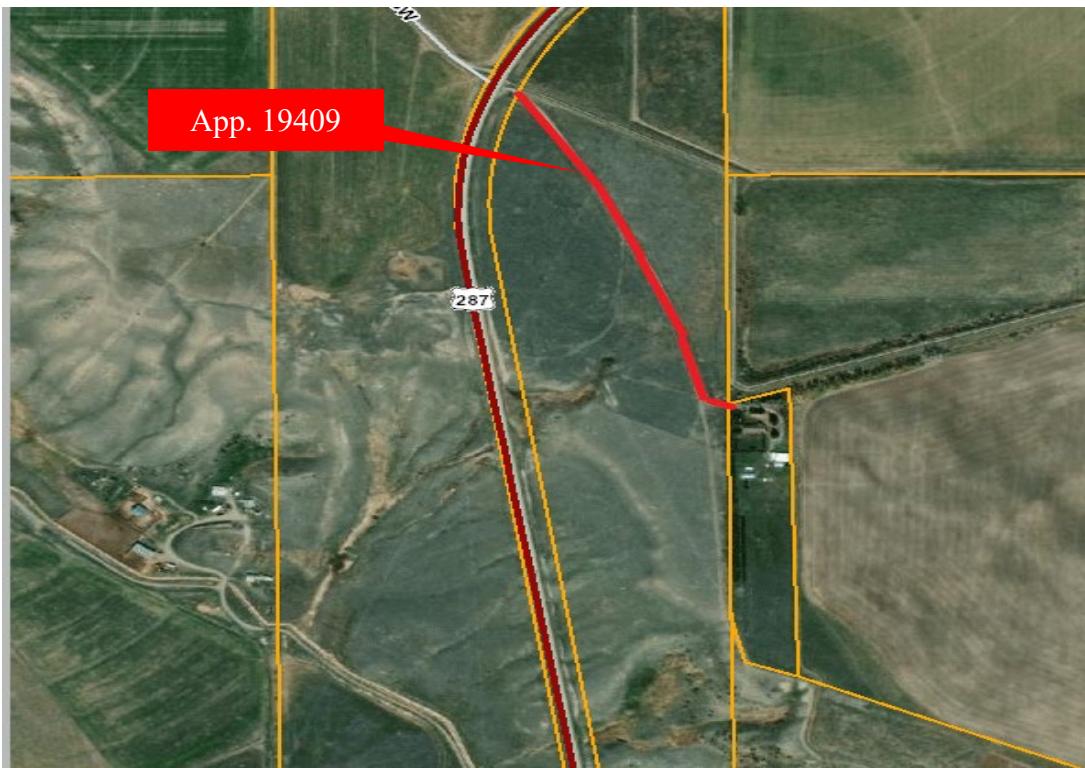
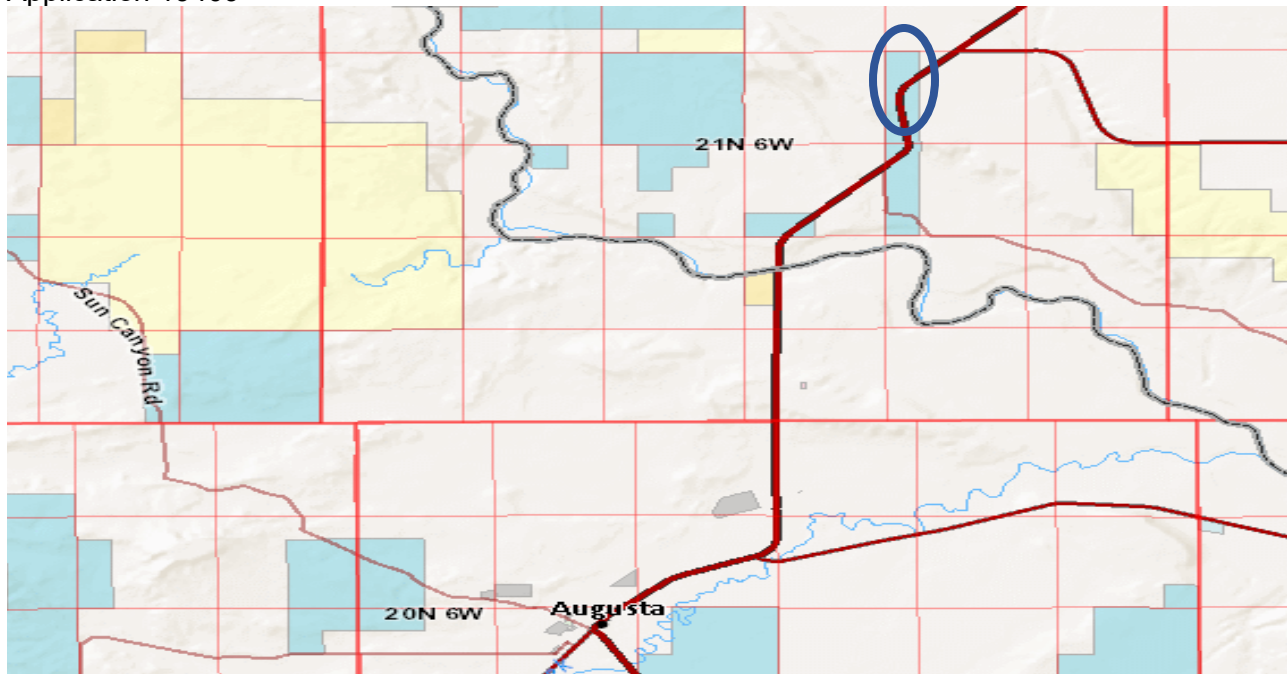
### Item Summary

Frances Poitra is requesting an easement for a private access road to his existing homesite. This is an existing road with direct access from Highway 287 across state land. Mr. Poitra's private land is adjacent to state land and is described as 4.76 acres in Section 14, Township 21 North, Range 6 West, known as the Hatch tract. The state has legal access via Highway 287, therefore reciprocal access is not needed.

### DNRC Recommendation

The DNRC recommends approval of the application of Frances Poitra.

Application 19409





## APPLICANTS AND RIGHTS OF WAY INFORMATION

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Applicant:	Table Mountain Range, LLC 1 Limerick Ln West Lake Hills, TX 78746
Application No.:	19410
R/W Purpose:	private access road to one single family residence and associated outbuildings and to conduct normal farming and ranch operations
Lessee Agreement:	N/A (Applicant is Lessee)
Acreage:	4.84
Compensation:	\$8,712.00
Legal Description:	40-foot strip thru S2S2, Sec. 12, Twp. 1S, Rge. 1E, Gallatin County
Trust Beneficiary:	Public Buildings

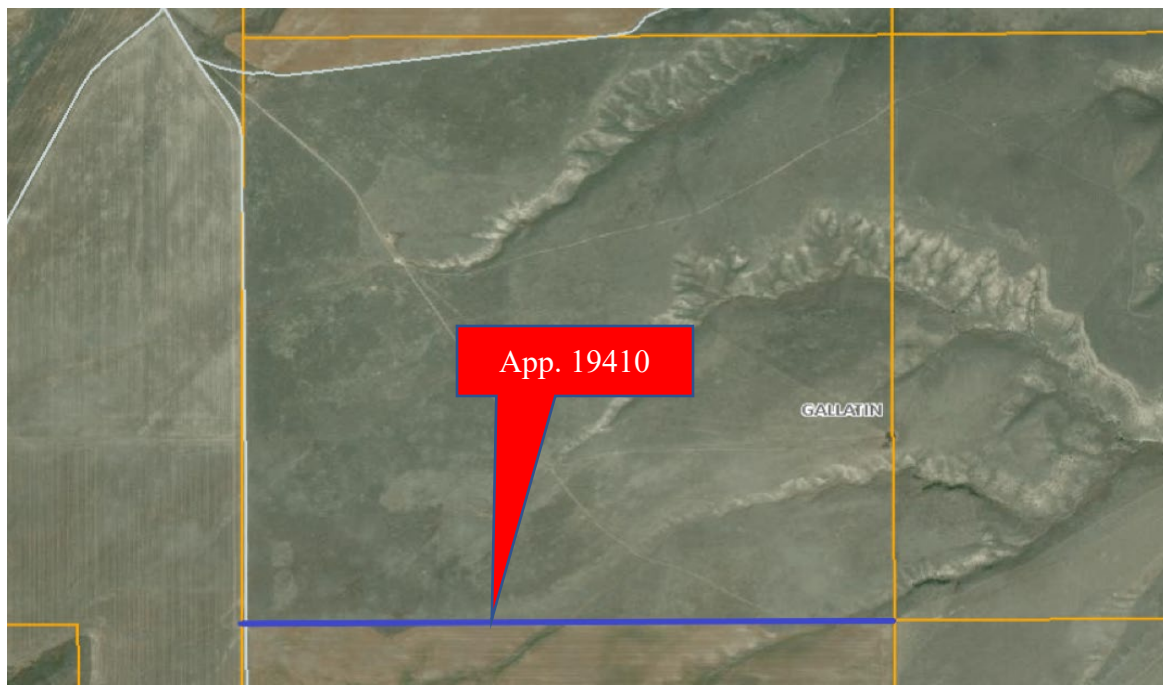
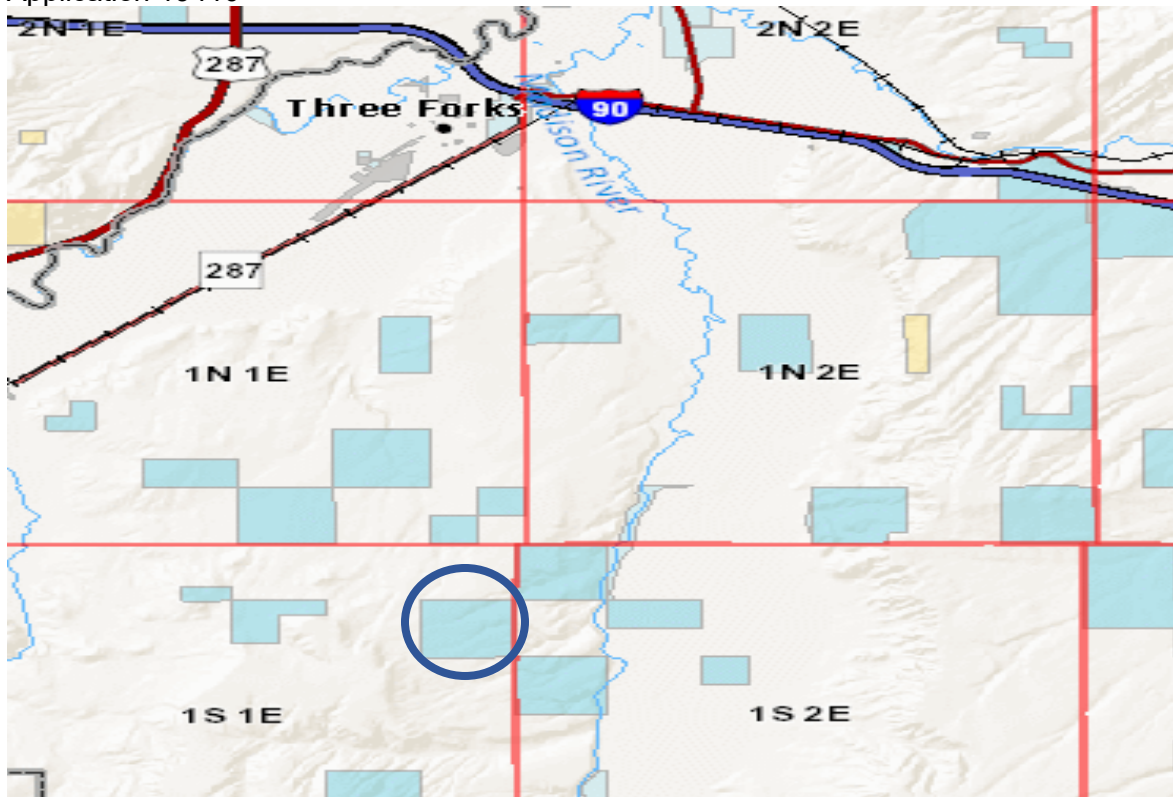
### Item Summary

Table Mountain Range, LLC has requested an easement for access to his private lands in Section 7, Township 1 South, Range 2 East, adjacent to this state land parcel. Applicant's land is surrounded on three sides by state lands and one side by the Madison River. The proposed road will be constructed on the south section line of Section 12, so minimal impacts to state land will occur. The parcel of state land is legally accessible by Table Mountain Road and Kyd Road, both are county roads, therefore reciprocal access is not needed.

### DNRC Recommendation

The DNRC recommends approval of the application of Table Mountain Range, LLC.

Application 19410







# 1222-7

MINERALS MANAGEMENT BUREAU:

Disclaimer of Interest: Jefferson Springs  
Ranch, LLC



**Land Board Agenda Item  
December 19, 2022**

**1222-7 Disclaimers of Interest: Jefferson Springs Ranch, LLC**

**Location:** Gallatin and Broadwater Counties

Township 1 North, Range 1 East, Part of Sections 7,8,9 and 17

**Trust Benefits:** N/A

**Trust Revenue:** N/A

**Item Summary**

Jefferson Springs Ranch, a riparian landowner along the Jefferson River about 4 miles southwest of Three Forks (see Figure 1), has requested the DNRC review their parcel for possible State ownership of an abandoned channel of the river. The Landowner requested that DNRC issue Disclaimers of Interest for their parcel, if DNRC determined it had no ownership of the abandoned channel or other parts of the parcel. The Landowner had a survey completed (Figures 2 and 3) that describes the area of interest but could not record the survey until the Disclaimers of Interest have been approved and issued.

Through the Equal Footing Doctrine, state statutes, and case law, the State of Montana owns the beds of navigable rivers and islands that form out of the bed of these rivers after Montana's statehood date. The State considers navigable waterways to be those waterways for which it has historical evidence of use in commerce. The DNRC has taken the position that the active Jefferson River in this area is navigable and would likely be judicially determined as such for title purposes.

The State also owns avulsively-abandoned channel areas of navigable rivers within the footprint of the General Land Office (GLO) survey of the river when the avulsive changes occur between 1937 and 2013. An avulsively abandoned channel is a channel that is suddenly abandoned due to an abrupt change in course of the waterway.

In 1868, the GLO surveyed Township 1 North and Range 1 East and the Jefferson River that flowed through it. Geomorphic analysis of historic maps and aerial photos covering the area of interest indicated the Jefferson River changed locations through both river migration and a river avulsion. The avulsive event occurred between 1868 and 1931. Since the avulsion occurred prior to 1937, DNRC concluded there is no State ownership of the former Jefferson River channel in Section 8 and in the part of the Landowner's parcel in Section 7. No other post-statehood riparian landforms with a potential State ownership interest, such as islands that formed from the bed of the river, were identified in the analysis.

Historic maps and imagery show that the Jefferson River has not flowed through Sections 9 or 17 from 1868 to present. Therefore, there are no State-owned islands or abandoned channels existing in these Sections, including portions in the parcel survey.

Figure 2 shows the area for disclaimer (yellow outline) on a 2021 aerial photo. It includes the surveyed area and the area the survey surrounds. Both areas contain part of the former Jefferson River channel in Section 8. Figure 3 presents a copy of the signed, unfiled, land survey plat.

DNRC prepared the proposed Disclaimers of Interest, Figures 4 and 5, one each for Gallatin and Broadwater Counties, to clarify the state's ownership position regarding the subject land. Each document disclaims any State interest in the area shown in Figure 2 while recognizing and preserving the State's ownership claim to the active Jefferson Riverbed and future islands.

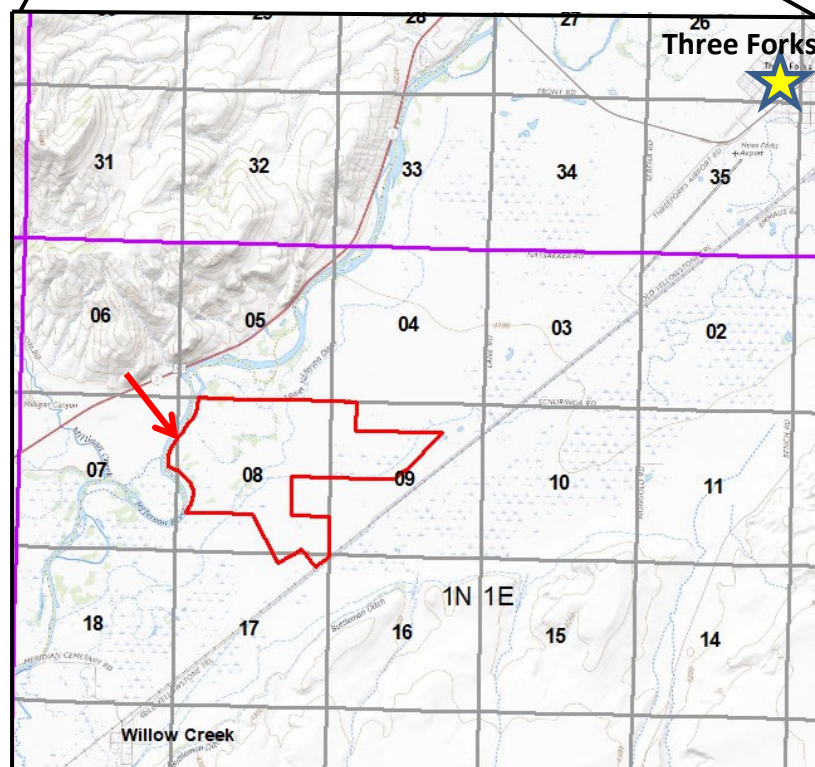
**DNRC Recommendation**

The director recommends approval of the proposed Disclaimers of Interest.

Figure 1



Montana State Library



Location Map



06

Figure 2

1222-7

04

Outline of Disclaimer of Interest Area on 2021 Aerial Photography

07

08

1N 1E

09

18

17

16

