

REGULAR MEETING OF THE BOARD OF LAND COMMISSIONERS
AGENDA
Monday, December 16, 9:00 a.m.
Supreme Court Chambers, Mazurek Justice Building
Helena, MT

ACTION ITEMS

- 1224-1 Fish Wildlife & Parks: Habitat Conservation Leases APPROVED 4-0**
Location: Broadwater, Dawson, and Prairie County
Benefits: N/A (non-trust land)
- 1224-2 Montana Great Outdoors Conservation Easement – Phase I APPROVED 4-0**
Location: Sanders, Lincoln, and Flathead County
Benefits: N/A (non-trust land)
- 1224-3 Timber Sales APPROVED 4-0**
A. North Highway
Location: Lake County
Benefits: Common Schools
- B. Tamarack**
Location: Mineral County
Benefits: Montana State University Trust
- 1224-4 Oil and Gas Lease Sale APPROVED 4-0**
Location: Fallon, Richland, Roosevelt, and Toole County
Benefits: Common Schools, Public Land Trust
- 1224-5 Long Term Gravel Lease Form APPROVED 4-0**
Location: NA
Benefits: NA
- 1224-6 Cabin and Home Site: Preliminary Approval for Sale APPROVED 4-0**
Location: Flathead, Sanders, and Valley County
Benefits: Capitol Buildings, Common Schools, and Montana Tech
- 1224-7 Cabin and Home Site: Minimum Bid for Sale APPROVED 4-0**
A.
Location: Lewis and Clark County
Benefits: Common Schools
- B.**
Location: Powell County
Benefits: Common Schools
- C.**
Location: Missoula County
Benefits: MSU 2nd, Pine Hills School
- 1224-8 Land Banking: Final Approval for Sale APPROVED 4-0**
Location: Fergus County
Benefits: Common Schools
- 1224-9 Easements APPROVED 4-0**
Location: Chouteau, Ravalli, and Roosevelt County
Benefits: Common Schools and Public Land Trust – Navigable Rivers

PUBLIC COMMENT

1224-1

FISH WILDLIFE & PARKS

HABITAT CONSERVATION LEASES

**Land Board Agenda Item
December 16, 2024**

1224-1 Fish Wildlife & Parks: Habitat Conservation Leases

Location: Broadwater, Dawson, and Prairie County

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

Trust Revenue: N/A

Item Summary: Fish Wildlife and Parks (FWP) proposes to enroll 3 private properties, totaling 20,009 acres, into the prairie Habitat Conservation Lease Program (HCLP) for a total of \$2,566,677. These leases will help ensure high-priority rangeland habitats, including sagebrush grassland, mixed grasslands, riparian/floodplain, wetland-grassland complexes, and intermountain grasslands are conserved while continuing to support traditional agricultural activities and providing public access opportunities.

Background: A habitat conservation lease (HCL) is a voluntary, incentive-based agreement with private landowners that helps ensure high-priority prairie habitats are conserved while traditional agricultural activities, primarily livestock grazing, continue. Owners commit to retaining wildlife habitats for 30 or 40-year terms. Prairie species expected to benefit from these agreements include sage-grouse, migratory grassland birds that have experienced long-term population declines, pronghorn, mule deer, elk, and many other species of wildlife. The leases also provide for public hunting and other wildlife-related recreation.

Valuation: For the region in which a HCL is located FWP will pay 15% of average fee title value for a 30-year lease. A landowner who opts for a 40-year lease will receive 20% of fee title value plus a 5% bonus (5% of 20%). Average fee title values are based on the valuation of State Trust Land by the DNRC. See Figure 2; Table 2.

Public Involvement Process & Results: FWP released a programmatic environmental assessment (EA) in fall 2022 and an invitation for applications in summer 2023. On August 12, 2022, following MEPA's required public participation process, FWP published its decision to approve the programmatic EA and proceed with the program. On May 12, 2023, FWP approved a Supplemental Programmatic EA which proposed increasing compensation for HCL's and adding a penalty-free buy out provision for participants who wish to enter a permanent conservation easement.

As required by statute, for each HCL, public notice was posted on FWP's website and emailed to FWP's regional distribution lists. Notice was also mailed to owners of neighboring properties. Public comment for each proposed HCL was taken for 30 days and public meetings were held in relevant areas. Comments were also received prior to and at the Fish, Wildlife and Parks Commission meeting on November 12, 2024. The Commission unanimously approved the three Habitat Conservation Leases at its November 12th meeting.

Recommendation: FWP recommends the Land Board approve the 3 proposed 40-year Habitat Conservation Leases.

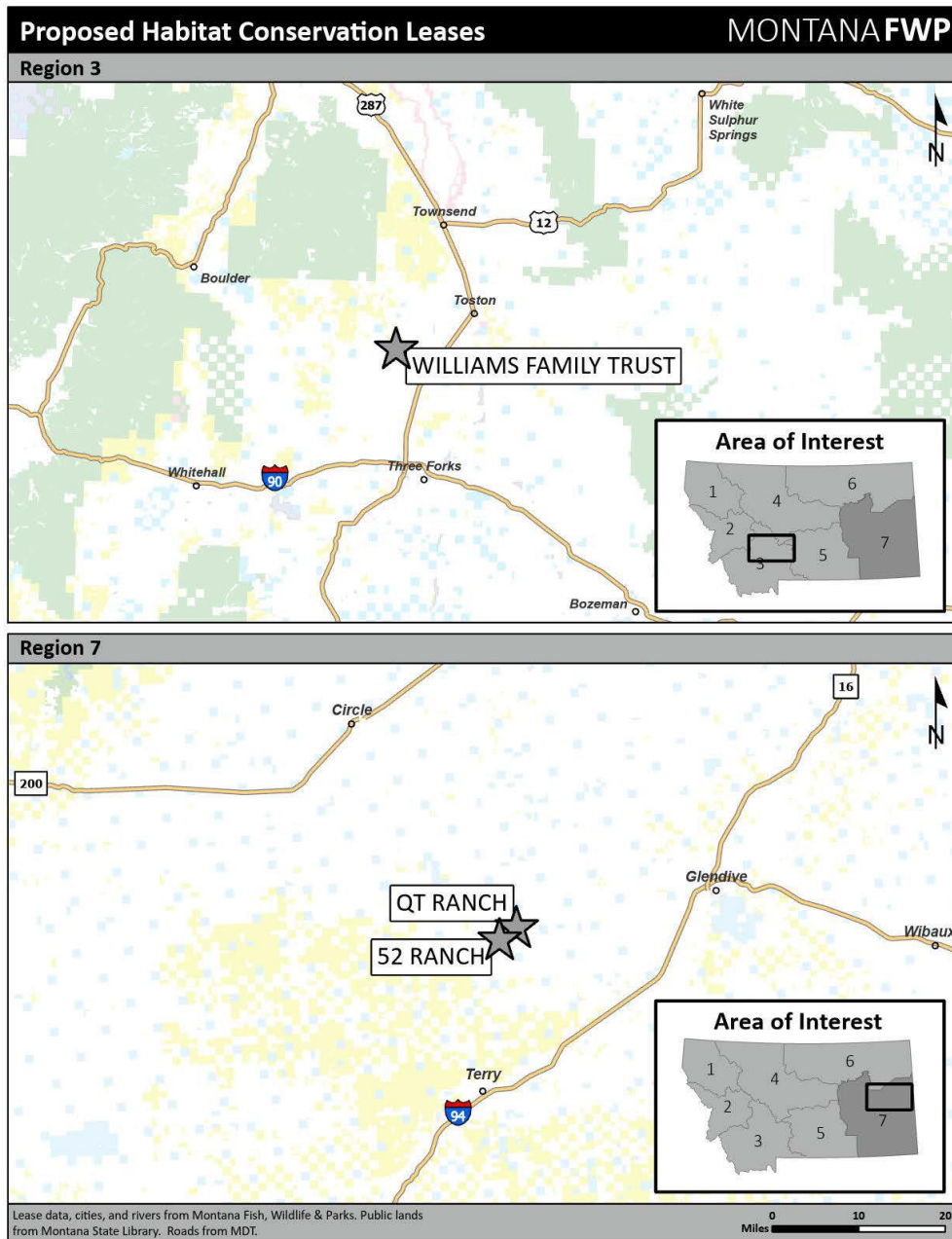


Figure 1: Location of 3 proposed 40-year habitat conservation leases.

Table 1. Payment rates using FWPs payment formula based on a percentage of average fee title values using DNRC appraisal data involving State trust lands, as updated 2023.

Proposed Habitat Conservation Lease Habitat and Payment Details										MONTANAFWP	
Habitat Conservation Lease	Term	Valuation Area	Rangeland Acres	Hay Land Acres	Cropland Acres	Major River Floodplain/Riparian Acres	Major River Floodplain/Riparian Hay Land Acres	Major River Floodplain/Riparian Cropland Acres	Total Acres	Approximate Payment	
52 Ranch	40 yrs	Eastern MT	17,650	605	0	0	0	0	18,255	\$2,150,746.50	
QT Ranch	40 yrs	Eastern MT	640	0	0	0	0	0	640	\$76,160.00	
Williams	40 yrs	Western MT	1,114	0	0	0	0	0	1,114	\$339,770.00	

1) Terms of the lease stipulations require that >50% of acres enrolled must priority habitat and 75% must be intact native or restored perennial habitat. Hay land, seeded areas that are annually or more frequently harvested, and cropland, land that is annually or more frequently seeded or operates in a crop/fallow, can be enrolled but receives a payment of 70% and 50% respectively, of the per acre value, and does not count priority habitat.

2) 52 Ranch is currently enrolled in a conservation lease program for which the Department will receive a credit. Payment will be lowered accordingly.

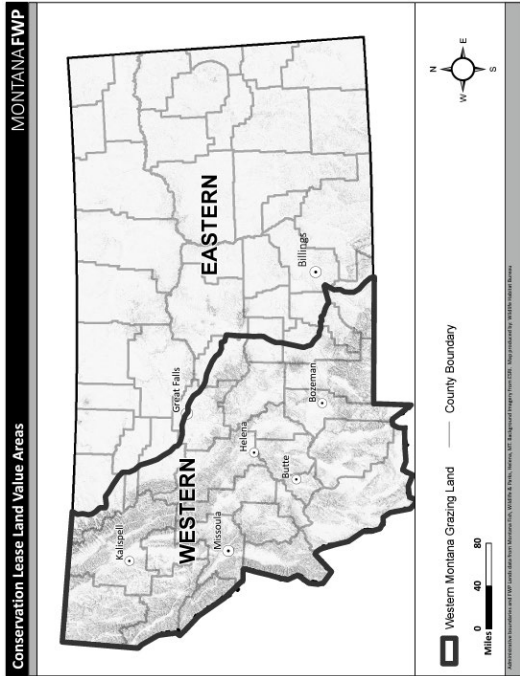


Figure 2. Delineation of western and eastern Montana for the purposes of assigning habitat conservation lease values.

Table 2: 2023 habitat conservation lease values based on 15% of fee value for 30-year lease and 20% of fee value plus a 5% bonus for the 40-year lease.

Conservation Lease Habitat Payments Based on Fee Values		MONTANAFWP
Area and Habitat	30 Year Lease Payment/Acre	40 Year Lease Payment/Acre
Eastern Montana Rangeland	\$85	\$119
Eastern Montana Floodplain/Riparian	\$349	\$489
Western Montana Rangeland	\$218	\$305
Western Montana Floodplain/Riparian	\$729	\$1,021

1224-2

FISH WILDLIFE & PARKS

MONTANA GREAT OUTDOORS

CONSERVATION EASEMENT – PHASE I

**Land Board Agenda Item
December 18, 2024**

1224-2 Montana Great Outdoors Conservation Easement – Phase I

Location: Sanders, Lincoln, and Flathead County

Trust Benefits: NA

Trust Revenue: NA

Item Summary

Background: This item is a revisitation of Agenda Item # 1024-1 from the October 21, 2024, Land Board meeting. Per Secretary Jacobsen's motion, language in the Deed of Conservation Easement has been amended to clarify that it is not the intent of the parties to restrict third-party mineral rights holders' ability to access and develop their mineral rights within the easement footprint. Those changes are highlighted in the attached documentation.

The Deed of Conservation Easement has also been amended to correct clerical errors discovered in the legal description the property subject to the easement. With the correct property description, the footprint of the MGO-1 Easement has been reduced by 160 acres. The corrections are described in more detail in the attached documentation.

Public Involvement Process & Results: The public participation process is described in the attached Land Board Agenda Item # 1024-1 Cover Sheet. Following that meeting, FWP received a letter from WRH Nevada, offering several proposals for the deed amendment. One of those proposals was adopted in the final amendment.

FWP Recommendation & Rationale: Based on the results of the environmental assessment, the record of decision, and amendments to the Deed of Conservation Easement requested by Secretary Jacobsen, the department recommends the Land Board approve the purchase of the 32,821-acre Montana Great Outdoors – Phase 1 conservation easement.



MEMORANDUM

To: Land Board Members and Staff
From: Bill Schenk and Alan Zackheim
Re: Updates to Montana Great Outdoors Conservation Easement
Date:

The purpose of this memo is to highlight two changes made to the Montana Great Outdoors Conservation Easement – Phase 1 (“Great Outdoors Easement”) since the October meeting of the Board of Land Commissioners.

Mineral Rights Protections

On October 21, 2024, the Land Board met and considered Action Item 1024-1, the Great Outdoors Easement.

After public comment and discussion, Secretary Jacobsen proposed a motion to amend the Great Outdoor Easement, “to clarify this intent to be crystal clear, that is, it is our intent on the Land Board ... to allow the potential of future mineral development or activity on the ground.” The motion was approved by a 3-2 vote.

Following the Land Board Meeting, teams from Governor Gianforte’s and Secretary Jacobsen’s offices collaborated to draft new language regarding protections for third-party mineral rights holders. The new language clarifies that the intent of the easement is not to prohibit mineral development by third-party mineral rights holders. The amendments are included on page 2, with new language highlighted.

Legal Description and Acreage Corrections

During document review, representatives of Green Diamond Resources discovered clerical errors in the legal description of tracts encompassed by the Great Outdoors Easement. These errors have been corrected in the Easement, and the stated footprint has been updated to accurately reflect the tracts involved. The corrections resulted in a reduction of 160 acres for Phase 1 and an increase of 120 acres for Phase 2, for a net reduction of 40 acres over both phases. Correcting these errors did not require reappraisal, as the appraisal was performed on the correct footprint. A more detailed description of the errors and corrections is attached, along with an explanatory map.

Mineral Rights Protections

To clarify the intent of the parties, the following paragraph B has been added to the recital section, where language of intent is typically included (new language in **bold**):

- A. The people of the State of Montana recognize the benefits of conserving forest land, watersheds, riparian corridors, open spaces, recreation opportunities and habitat for native fish, wildlife, and plant communities, through the prevention of development and continued management of working forests on the land and have authorized the Department to acquire conservation easements by voluntary, cooperative means.
 - B. **The people of the State of Montana also recognize the importance of mineral development and extraction to the economy of Montana and the economy and national security of the United States. It is the intent of the parties that the interests of third-party mineral rights holders shall not be infringed upon under this Easement. To that end, the Easement expressly allows third-party owners of the mineral estate and their lessees to enter and use the Land for exploration, recovery, and development of the minerals consistent with state law.**
-

To clarify the rights of the mineral estate owner under Montana law, the following edits were made to Section II.C.7 (new language in **bold**):

This Easement does not restrict any third parties owning or leasing any of the oil, natural gas, or any other mineral substances **in, upon, or** under the Land from a right of ingress or egress, or prevent such third parties' use and occupancy of the surface of the Land **for exploration, recovery and development of the minerals consistent with their rights and Montana law**. Nothing herein shall require Landowner to indemnify the Department for exploration or extraction activity by any third-party mineral interest owner.

Legal Description and Acreage Corrections

Green Diamond Resource Company identified errors in the Montana Great Outdoors Conservation Easement involving tracts, respectively, mistakenly omitted from and mistakenly included in the Phase 1 legal description and Environmental Assessment. The details below outline how FWP will ensure accurate alignment between the appraisal, legal description, and the Environmental Assessment for Phase 1. This will result in a slight reduction in the acreage of Phase 1 and an increase in acreage of Phase 2.

Corrections:

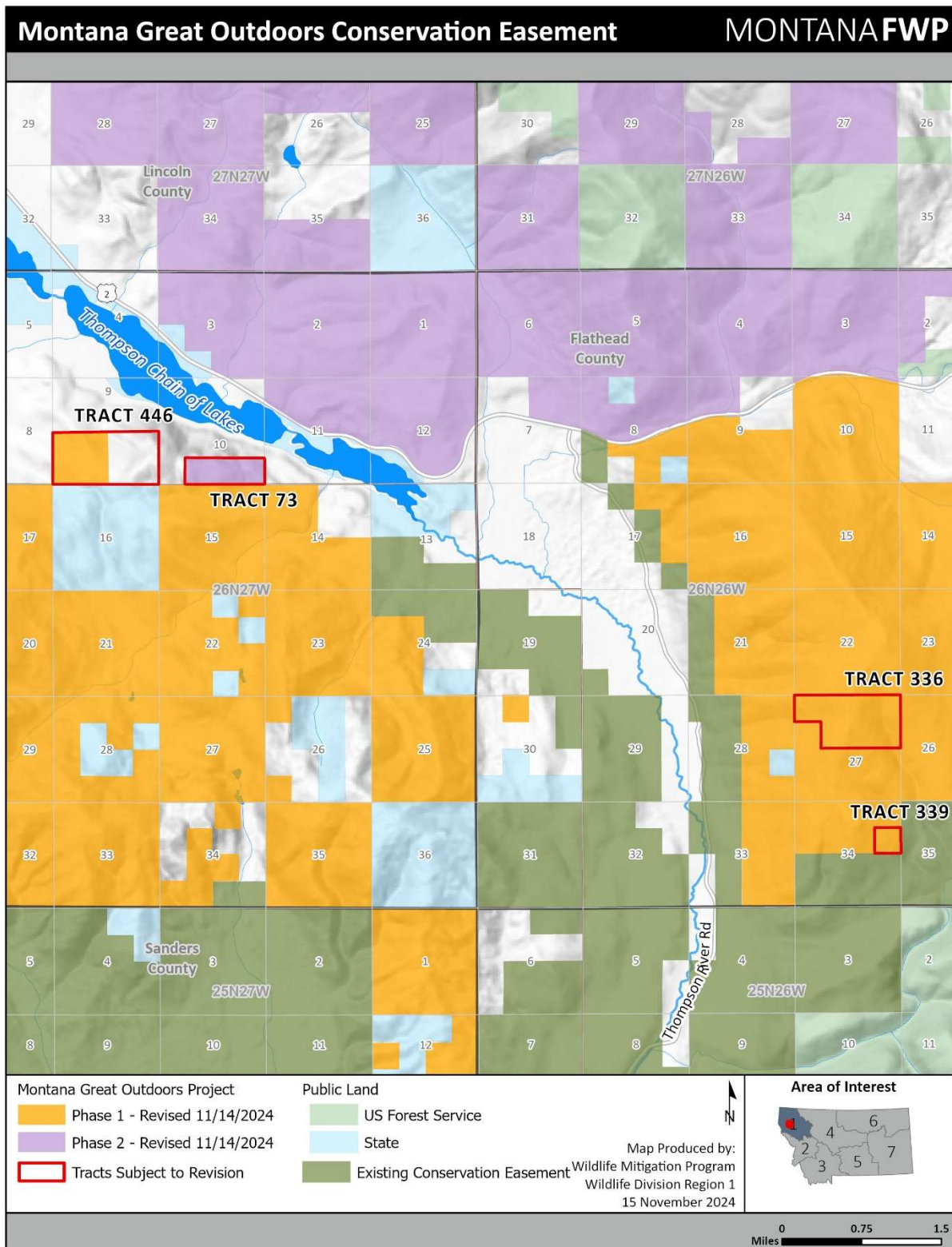
- **Tract 336:** This tract was mistakenly omitted from the legal description. It was correctly mapped, scoped, analyzed within the Environmental Assessment, and appraised. Tract 336 will be added to Exhibit A - Legal Description of the Montana Great Outdoors Phase 1 Conservation Easement. Tract 336 is in T26N R26W Section 27 (see Figure 1).
- **Tract 339:** This tract was mistakenly omitted from the legal description. It was correctly mapped, scoped, analyzed within the Environmental Assessment, and appraised. Tract 339 will be added to Exhibit A - Legal Description of the Montana Great Outdoors Phase 1 Conservation Easement. Tract 339 is in T26N R26W Section 34 (see Figure 1).
- **Tract 73:** This tract was appraised correctly but was not considered in the Environmental Assessment for Phase 1 as originally intended. This tract will be shifted to Phase 2 and will be added to Exhibit A - Legal Description of the Montana Great Outdoors Phase 2 Conservation Easement. FWP will coordinate with the USFS to appropriately allocate the value from Phase 1 to Phase 2. Tract 73 is in T26N R27W Section 10 (see Figure 1)
- **Tract 446:** A portion of this tract was mistakenly included in the Environmental Assessment. The southeast $\frac{1}{4}$ of Section 9 was not appraised and is not proposed for inclusion in the Montana Great Outdoors Conservation Easement. The southeast $\frac{1}{4}$ of Section 9 will be removed from Exhibits A - Legal Description and B – Map of the Land in the Montana Great Outdoors Phase 1 Conservation Easement as well as Exhibit D – Communication Towers/Fire Support Structures in the Multi-Resource Management Plan. Tract 446 is in T26N R27W Section 9 (see Figure 1).

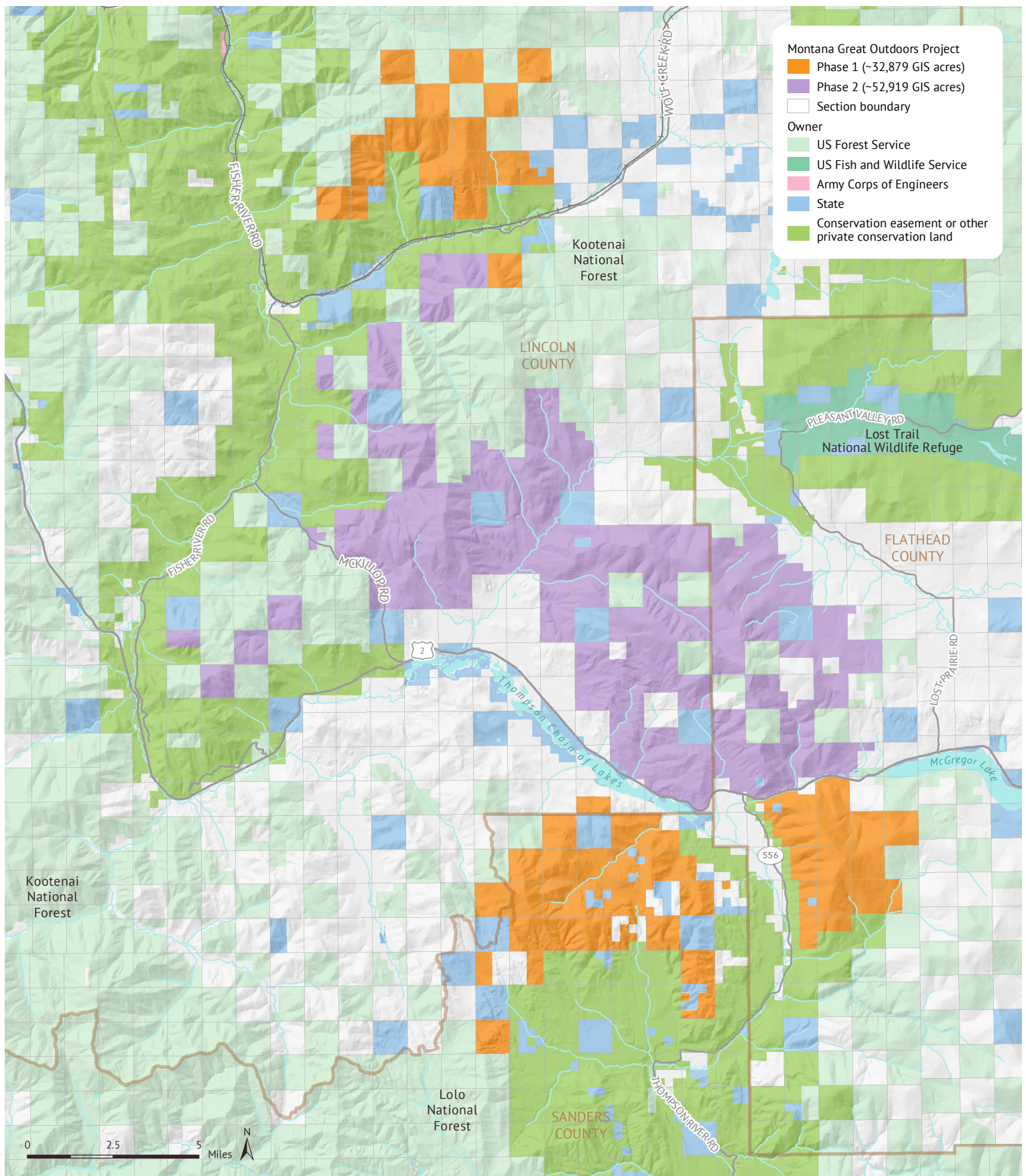
The corrections described above result in a slight acreage adjustment in Phase 1 and Phase 2, as well as a 40-acre reduction in the overall acreage of the combined Montana Great Outdoors Easements as summarized in Table 1 and shown in Figure 1.

Table 1: Montana Great Outdoors Easement – Acreage Adjustments

	Phase 1	Phase 2	Phase 1 & 2
Original Total	32,981	52,810	85,792
Tract 446 adjustment	-160		
Tract 73 adjustment		+120	
Revised Total	32,821	52,930	85,752

Figure 1: Montana Great Outdoors Easement – Updated 11/14/2024.





Montana Great Outdoors

LINCOLN, SANDERS, AND FLATHEAD COUNTIES, MONTANA

1224-3

TIMBER SALES

A. North Highway

B. Tamarack

**Land Board Agenda Item
December 16, 2024**

1224-3A Timber Sale: North Highway

Location: Lake County
Sections 18, 19 and 30, T24N R17W

Trust Beneficiaries: Common Schools

Trust Revenue: \$210,842 (estimated, minimum bid)

Item Summary

Location: The North Highway Timber Sale is located approximately 5 miles southeast of Swan Lake, Montana.

Size and Scope: The sale includes 6 harvest units (*314 acres*) of ground-based logging.

Volume: The estimated harvest volume is 12,308 tons (*1,921 MBF*) of sawlogs.

Estimated Return: The minimum bid is \$17.11 per ton for all tree species except Ponderosa Pine and \$2.00 per ton for Ponderosa Pine, which would generate approximately \$210,842 for the Common School Trust and approximately \$51,125 in Forest Improvement fees.

Prescription: This sale would utilize a combination of seed tree, shelterwood, individual tree selection, and commercial thinning harvest prescriptions designed to reduce insect and disease issues, reduce fuel loading and promote forest health.

Road Construction/Maintenance: Department of Natural Resources and Conservation (DNRC) is proposing 0.1 miles of temporary road construction and 3 miles of road maintenance.

Access: Access is obtained through county and State-owned roads.

Public Comments: This timber sale is covered under the Squeezer Meadow Environmental Impact Statement (EIS). Twenty public comments were received during the scoping of the Squeezer Meadow EIS and an additional five individuals indicated that they had no comments but would like to stay informed during project development. Nine comments expressed general support for the project, six comments were neutral, and five comments were opposed to the project. Commenters expressed concern about wildlife, silviculture, hydrology and soils, roads and traffic, fisheries, climate change, visual aesthetics, air quality, cultural resources, and economics. All public comments and concerns were considered and addressed in the Squeezer Meadow Final EIS.

DNRC Recommendation

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

State Trust Land Vicinity Map

NORTH HIGHWAY VICINITY MAP



Flathead
County

**Project Name: North
Highway Timber Sale**

Project Location:

Section: 18, 19 and 30

Township: T24N

Range: R17W

County: Lake County

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

Swan Lake

Lake
County

Salmon Prairie

83

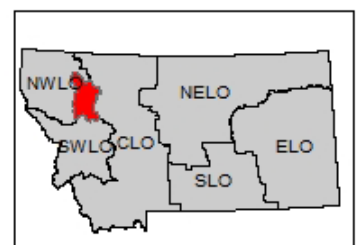
Condon

Missoula
County

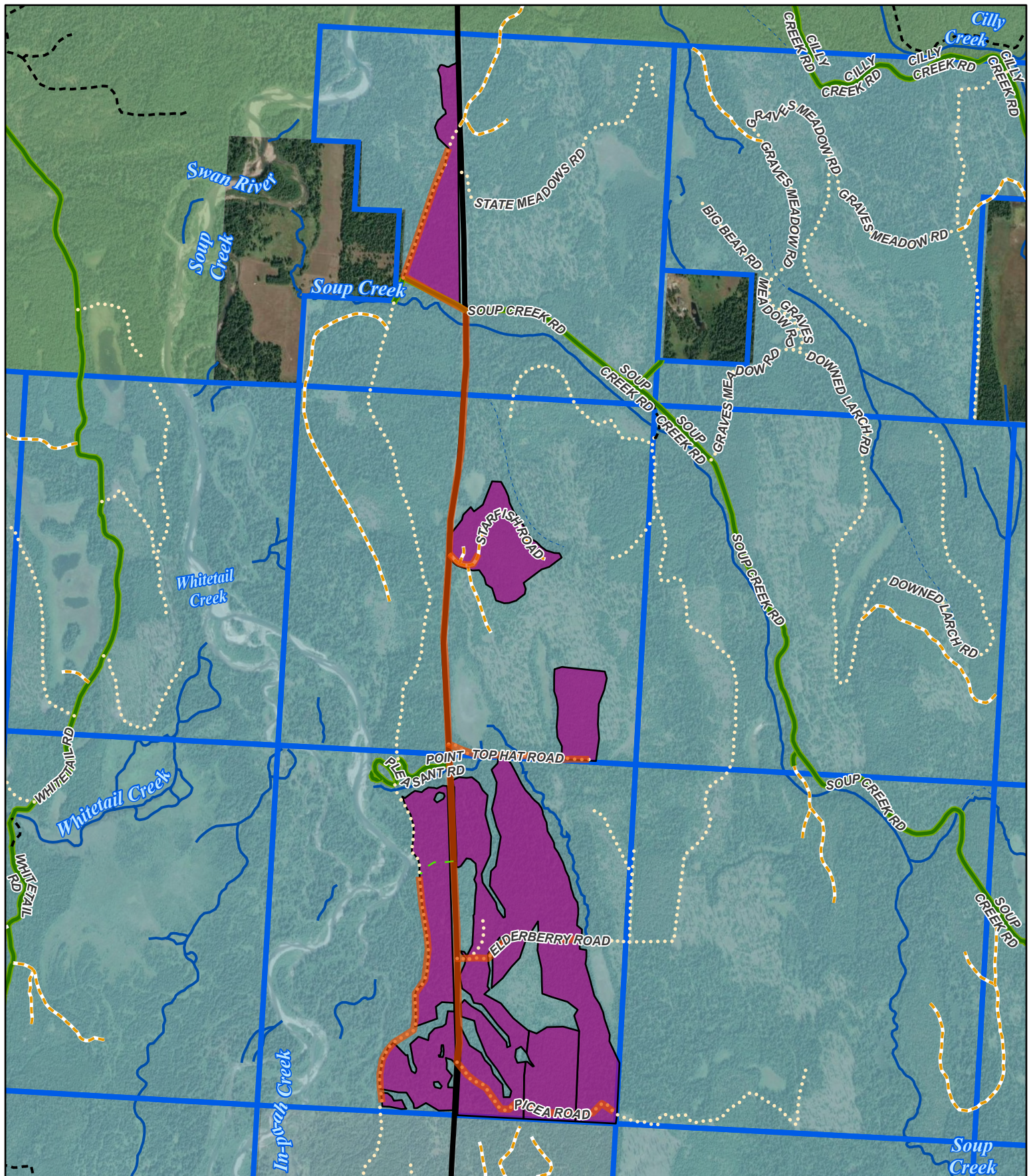
Powell
County

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

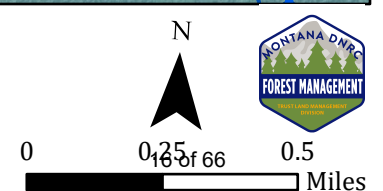


North Highway Timber Sale Haul Route and Harvest Units



- Haul Route
- - - Temporary Road
- FMB_Roads
- Highway
- Open/Public Roads
- - - Restricted Class A
- - - Restricted Class B
- - - Abandoned or Reclaimed
- Harvest Units
- Harvest Units
- DNRC Trust Lands

- Perennial Stream
- - - Intermittent Stream
- US Forest Service
- State of Montana Misc.
- Montana State Trust Lands



**Land Board Agenda Item
December 16, 2024**

1224-3B Timber Sale: Tamarack

Location: Mineral County
Section 4, T18N, R27W

Trust Beneficiaries: Montana State University Trust

Trust Revenue: \$52,462 (estimated, minimum bid)

Item Summary

Location: The Tamarack Timber Sale is located approximately 5 miles northeast of St. Regis, Montana.

Size and Scope: The sale includes 5 harvest units of tractor (*43 acres*) and skyline (*156 acres*) logging.

Volume: The estimated harvest volume is 10,134 tons (*1.4 MMBF*) of sawlogs.

Estimated Return: The minimum bid is \$5.18 per ton, which would generate approximately \$52,462 for the Montana State University Trust and approximately \$31,320 in Forest Improvement fees.

Prescription: This sale would utilize a combination of individual tree selection and commercial thinning harvest prescriptions designed to improve stand health and vigor, remove unhealthy and suppressed Douglas-fir and reduce fuel loading and the likelihood of a stand replacing fire.

Road Construction/Maintenance: The Department of Natural Resources and Conservation (DNRC) is proposing 1.2 miles of new permanent road construction and 2.8 miles of road maintenance.

Access: Access is obtained through secured easements on United States Forest Service (USFS) roads.

Public Comments: Six public comments were received. Three local residents expressed opposition to the project with concerns about wildlife, vegetation, silviculture, aesthetics, economics, noxious weeds, tree planting, prescribed burning. The Montana Department of Fish, Wildlife & Parks requested confirmation that fisheries commitments within the Habitat Conservation Plan would be adhered to, which the DNRC verified. The USFS did not pose any project-related comments and requested that DNRC continue to send future project scoping notices. A railroad company requested confirmation that the project would not occur on railroad property, which the DNRC verified. All comments were taken into consideration during project planning and addressed in the final environmental assessment.

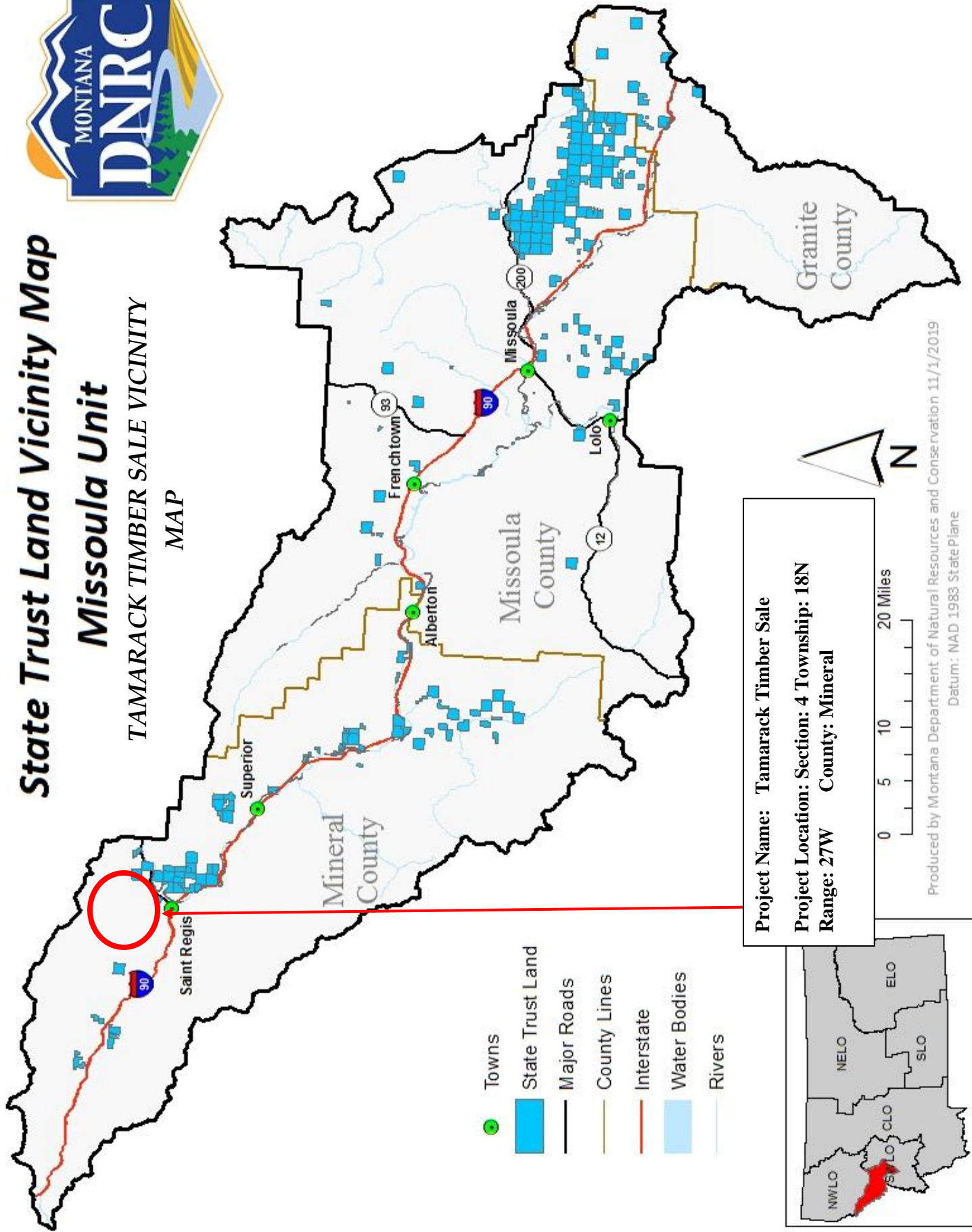
DNRC Recommendation

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

State Trust Land Vicinity Map

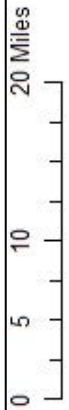
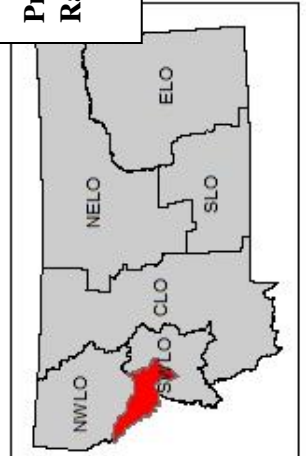
Missoula Unit

TAMARACK TIMBER SALE VICINITY
MAP



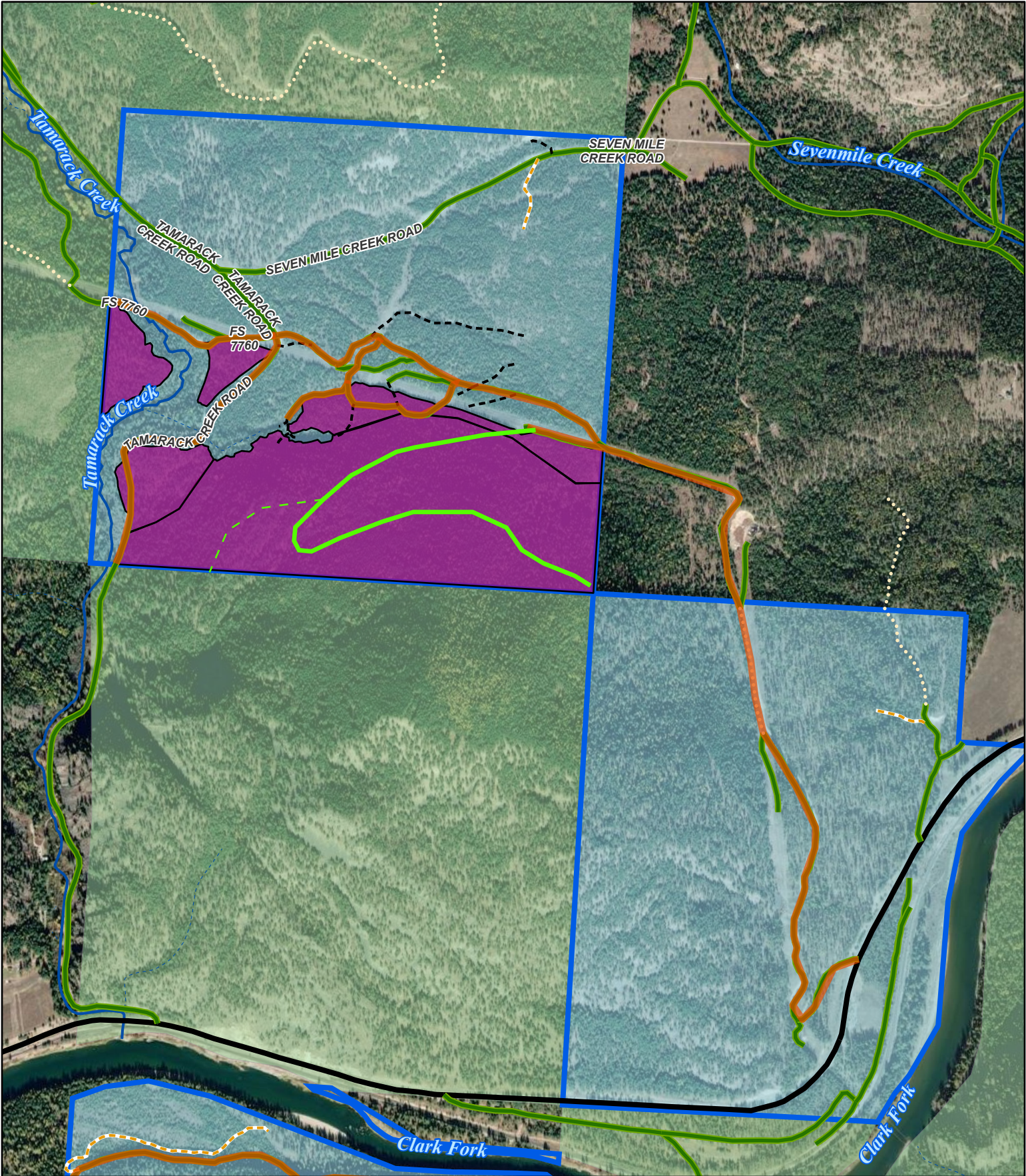
- Towns
- State Trust Land
- Major Roads
- County Lines
- Interstate
- Water Bodies
- Rivers

Project Name: Tamarack Timber Sale
Project Location: Section: 4 Township: 18N
Range: 27W County: Mineral



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

Tamarack Timber Sale Haul Route and Harvest Units



- | | | |
|----------------|--------------------|---------------------------|
| Haul Route | Open/Public Roads | DNRC Trust Lands |
| New Road | Restricted Class A | Perennial Stream |
| Temporary Road | Restricted Class B | Intermittent Stream |
| FMB_Roads | Harvest Units | US Forest Service |
| Highway | | Montana State Trust Lands |

N

0 0.25 19 of 66 0.5 Miles

1224-4

OIL AND GAS LEASE SALE

**Land Board Agenda Item
December 16, 2024**

1224-4 Oil and Gas Lease Sale

Location: Fallon, Richland, Roosevelt, Toole

Trust Benefits: Common Schools, Public Land Trust-Navig Rivers

Trust Revenue: \$5,428,883

Item Summary

The Department of Natural Resources and Conservation (DNRC) held an online oil and gas lease sale that opened on November 27, 2024 and closed on December 3, 2024, through an online auction company, EnergyNet. A total of twenty-one tracts were offered for lease. Twenty-one tracts were leased for a total of \$5,428,883. The twenty-one tracts that were sold covered a total of 5,570 acres. The average bid per acre was \$975.

The high competitive bid for the December 3, 2024 sale was \$4,205 per acre for Tract 3 in Richland County and the largest total bid was \$1,263,000 for Tract 13 in Richland County.

DNRC Recommendation

The DNRC recommends Land Board approval to issue the leases from the December 3, 2024 oil and gas lease sale.

State of Montana
Oil & Gas Lease Sale - December 3, 2024
Lease Sale Results

The following described lands were offered for oil and gas leasing through an online bidding service, EnergyNet, beginning November 27, 2024 and closed on December 3, 2024.

Tract	Stipulations	Twp	Rng	Sec	Description	Acres	Bid/Acre	Total Bid	Lessee
Fallon									
1	1, 2, 3, 4, 5, 6, 8	10.N	59.E	36	ALL	640.00	\$11.00	\$7,040.00	PURIFIED RESOURCE PARTNERS LLC
2	1, 2, 3, 4, 5, 6, 9	10.N	60.E	16	ALL	640.00	\$3.50	\$2,240.00	PURIFIED RESOURCE PARTNERS LLC
Richland									
3	1, 2, 3, 4, 5, 6, 10, 11	23.N	60.E	18	YELLOWSTONE RIVERBED AND RELATED ACREAGE	124.00	\$4,205.00	\$521,420.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
4	1, 2, 3, 4, 5, 6, 7, 13	25.N	56.E	12	W2	320.00	\$2,015.00	\$644,800.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
5	1, 2, 3, 4, 5, 6, 13	25.N	56.E	16	ALL	640.00	\$545.00	\$348,800.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
6	1, 2, 3, 4, 5, 6, 13	26.N	55.E	1	GOV. LOT 4	42.22	\$505.00	\$21,321.10	PHOENIX CAPITAL GROUP HOLDINGS LLC
7	1, 2, 3, 4, 5, 6, 13	26.N	55.E	2	GOV. LOTS 1-2, SW4NE4	124.45	\$505.00	\$62,847.25	PHOENIX CAPITAL GROUP HOLDINGS LLC
8	1, 2, 3, 4, 5, 6, 10, 11	27.N	55.E	2	MISSOURI RIVERBED AND RELATED ACREAGE	180.00	\$510.00	\$91,800.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
9	1, 2, 3, 4, 5, 6, 10, 11	27.N	55.E	3	MISSOURI RIVERBED AND RELATED ACREAGE	44.00	\$510.00	\$22,440.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
10	1, 2, 3, 4, 5, 6, 10, 11	27.N	55.E	10	MISSOURI RIVERBED AND RELATED ACREAGE	65.00	\$505.00	\$32,825.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
11	1, 2, 3, 4, 5, 6, 10, 11	27.N	55.E	11	MISSOURI RIVERBED AND RELATED ACREAGE	80.00	\$505.00	\$40,400.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
12	1, 2, 3, 4, 5, 6, 13	27.N	56.E	10	SE4SW4	40.00	\$2,255.00	\$90,200.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
13	1, 2, 3, 4, 5, 6, 7, 13	27.N	56.E	17	E2, N2NW4, SW4NW4, SW4	600.00	\$2,105.00	\$1,263,000.00	PHOENIX CAPITAL GROUP HOLDINGS LLC
14	1, 2, 3, 4, 5, 6, 7, 13	27.N	56.E	18	GOV. LOTS 1-4, NE4, E2NW4, SE4SW4, SE4	589.48	\$2,105.00	\$1,240,855.40	PHOENIX CAPITAL GROUP HOLDINGS LLC
15	1, 2, 3, 4, 5, 6, 10, 11	28.N	55.E	35	MISSOURI RIVERBED AND RELATED ACREAGE	20.40	\$86.00	\$1,754.40	PURIFIED RESOURCE PARTNERS LLC
Roosevelt									
16	1, 2, 3, 4, 5, 6, 10, 11	28.N	55.E	27	MISSOURI RIVERBED AND RELATED ACREAGE	1.00	\$1,055.00	\$1,055.00	PETROGAARD LLC
17	1, 2, 3, 4, 5, 6, 7, 13	28.N	56.E	16	LOTS 1, 2, 3, 4, N2, N2S2	642.28	\$1,605.00	\$1,030,859.40	PHOENIX CAPITAL GROUP HOLDINGS LLC
Toole									
18	1, 2, 3, 4, 5, 6	36.N	4.W	7	LOTS 2, 3, 4, SE4NW4, SW4NE4, NW4SE4, S2SE4, E2SW4	377.15	\$12.00	\$4,525.80	SOG RESOURCES
19	1, 2, 3, 4, 5, 6	36.N	4.W	9	E2NE4	* 80.00	\$1.75	\$140.00	SOG RESOURCES
20	1, 2, 3, 4, 5, 6	36.N	4.W	14	W2SW4	80.00	\$1.75	\$140.00	SOG RESOURCES
21	1, 2, 3, 4, 5, 6	36.N	4.W	25	W2W2, N2NE4, BELOW THE BASE OF THE KOOTENAI FORMATION	240.00	\$1.75	\$420.00	SOG RESOURCES

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

Summary by Lessor

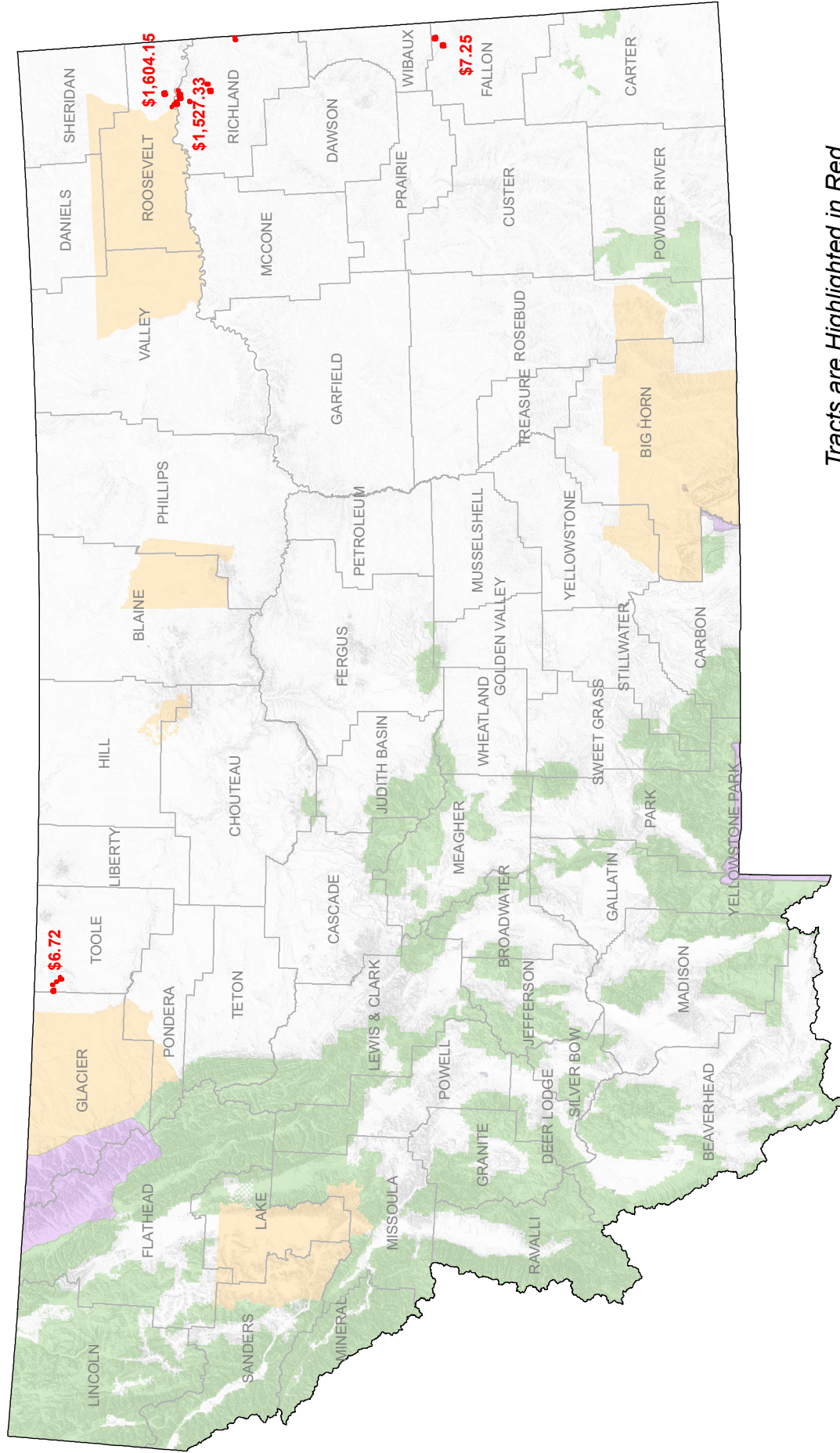
	Total Acres	Total Tracts
Dept. of Natural Resources and Conservation	5,569.98	21

Oil and Gas Lease Sale Summary

Total Tracts	21
Total Acres	5,569.98
Total Bid Revenue	\$5,428,883.35
Average Bid Per Acre	\$974.67

State of Montana November 27 - December 3, 2024 O&G Lease Sale

County Average Bid/Acre



Tracts are Highlighted in Red

1224-5

LONG TERM GRAVEL LEASE FORM

**Land Board Agenda Item
December 16th, 2024**

1224-5 Long Term Gravel Lease Form

Location: Statewide

Benefits: All Trust

Revenue: NA

Item Summary

The Minerals Management Bureau (MMB) is presenting a Gravel Lease Template for Land Board approval. This approval pertains solely to the lease template. The gravel program operates under non-metalliferous statutes (77-3-201, MCA). Historically, the Department has used short-term permits, lasting up to two years, for gravel operations. However, permittees have requested the MMB to implement leases, which would provide greater consistency and security with authorizations lasting between 5 and 30 years.

Gravel Leases for individual projects would be brought to the Land Board for review and approval, as are oil and gas, and other mineral leases that have a term of 10 years or longer.

77-3-201. Nonmetallic mineral leases authorized. When there are found upon state lands deposits of stone, limestone, oil shale, clay, bentonite, calcite, talc, mica, ceramic, asbestos, marble, diatomite, gravel or sand, or phosphate, sodium, potash, sulfur, fluorite or barite, or any other nonmetallic minerals, but not including coal, oil, or gas, valuable for building, mining, or other commercial purposes, the board may in its discretion issue permits or leases to private persons for the removal and disposition of the above-named deposits upon such terms and conditions as the board may determine.

History: En. Sec. 52, Ch. 60, L. 1927; re-en. Sec. 1805.52, R.C.M. 1935; amd. Sec. 1, Ch. 194, L. 1945; amd. Sec. 1, Ch. 147, L. 1953; amd. Sec. 1, Ch. 207, L. 1961; amd. Sec. 49, Ch. 428, L. 1973; R.C.M. 1947, 81-701(part).

DNRC Recommendation

The DNRC recommends the Land Board to approve the use of a Long Term Gravel Lease agreement form for future projects.

STATE OF MONTANA AGGREGATE AND ROCK MINING LEASE

NO. _

This lease agreement, herein referred to as lease, made and entered into by and between the State of Montana, acting through its Department of Natural Resources and Conservation, hereinafter referred to as Department, and the person, persons, company or corporation herein named and hereinafter referred to as Lessee, under and pursuant to the terms and provisions of 77-3-201, et seq, MCA, as amended.

The Department, in consideration of the rental and royalties to be paid and covenants to be kept and performed by the lessee, in conjunction with an active opencut mining permit from the Montana Department of Environmental Quality, hereby grants a lease to the lessee for the purpose of mining and extracting GRAVEL located in or under the lands hereinafter described and as specified in the attached plat, and for the purpose of building such structures, excavations, openings, ditches, drains, buildings and other improvements upon the premises as may be necessary or proper in order to prospect and explore for and to extract, save, care for, dispose of, and remove the above mentioned minerals from the premises, and for the purpose of providing places on the premises for such improvements, and for the purpose of free egress and ingress from the workings on the premises, all of the lands or reserved mineral rights herein described as follows:

Name & address of Lessee: _____

Lease legal description: Section XX: XX $\frac{1}{4}$

County: _____

Total number of acres: _____

Royalty: _____

Annual Advance Royalty: _____

Rental: _____

Bond: _____

1. EFFECTIVE DATE and TERM

This lease shall take effect upon the signature of the Director of the Department or designee and remain in full force and effect for a primary term of five (up to a maximum of 30) years and shall be extended so long thereafter as the annual advanced royalty is paid and an active DEQ opencut permit is in-force upon the leased lands. Non-payment of the annual advance royalty shall result in cancellation of this lease, unless otherwise stated by the Department in writing.

2. PURPOSE

This lease, in conjunction with an active opencut mining permit from the Montana Department of Environmental Quality, allows the lessee to conduct gravel mining and associated activities upon the leased premises. Additional activities that may be allowed under this lease include, but are not limited to: crushing, screening, the creation of asphalt via a mobile plant, concrete batch plant, and storage of offsite material – such as recycled asphalt or decorative rock. In consideration of these activities, the lessee shall pay the lessor the amount defined as “Rental”

above. The allowance or denial of additional activities is within the Department's sole discretion. The Department may at any time revoke the ability to conduct any of the above listed activities. The Lessee must notify the Department of these activities prior to the commencement of such activities. The Department maintains the ability to modify the rental on January 1st of each year to obtain fair market value for additional activities.

3. ROYALTY AND QUARTERLY REPORTS

The Lessee agrees to pay the Department a royalty for all materials as they are taken and removed from the lease area unless waived by the Department. On or before the last day of each quarter (March, June, September, December) the lessee shall submit a report and royalty payment to the Department on a form prescribed by the Department showing the weight or cubic measurements of material produced, sold and removed from the site during the quarter. Royalty is not paid on produced and stockpiled material until it is sold or removed from the lease area. The applicable royalty rate is that which is in effect at the time the stockpiled material is removed from the lease area. Records of the materials mined in the lease area shall be kept and preserved separate from records of materials mined from non-State of Montana lands. The Department has the right to review and change the royalty rate on January 1st of each year of this license but must justify reason for the change.

4. ANNUAL ADVANCE ROYALTY

The lessee shall be required to pay an annual advance minimum royalty unless waived by the Department. The amount of such royalty is set forth above. The annual advanced royalty is not refundable in the event that actual production royalty is less. In the event such actual production royalty is greater, lessee is obligated to pay the greater amount. Failure to pay any royalty when due will result in this lease entering into default status. The lessee will be notified by the Department of lease default and will be given 30 days to remedy the violation. If no remedy is received within 30 days, this lease shall cancel for violation of lease terms. The Department has the right to review and change the annual advanced royalty on January 1st of each year but must justify the reason for the change.

5. RENTAL

The lessee shall be required to pay an annual rental unless waived by the Department. The amount of such rental is set forth above. Activities authorized by the payment of a rental are stated specifically below. Failure to pay any rental when due will result in this lease entering into default status. The lessee will be notified by the Department of lease default and will be given 30 days to remedy the violation. If no remedy is received within 30 days, this lease shall cancel for violation of lease terms. The Department has the right to review and change the annual rental on January 1st of each year but must justify the reason for the change.

Activities Authorized by Rental

6. PERMIT BOUNDARIES

The lessee agrees the lease area shall not exceed the acreage permitted for the site by the Opencut Section of the Mining Division of the Montana Department of Environmental Quality. The leased acreage may contain both bonded and non-bonded areas, but no disturbance is authorized in non-bonded areas. The leased acreage may be smaller than the acreage permitted by the Opencut Permit.

7. ADDITIONAL INFORMATION REQUIRED

If the lessee obtains a standard opencut mining permit from the Montana Department of Environmental Quality, additional information is not required. If the lessee obtains a dryland opencut mining permit from the Department of Environmental Quality, then they must submit maps to the Forestry and Trust Lands Division of the Montana DNRC that are consistent with the requirements of the site map and reclamation map of the Montana Department of Environmental Quality's Opencut Mining Division. Other information may be requested by the Department, which shall be promptly provided by the Lessee.

8. AMENDMENTS

Upon application to the Department by the lessee, on such form as the Department shall require and accompanied by a revised plat, the lessee may request additional material, time, or acreage subject to all existing terms and conditions and such modified terms as the Department may require, including but not limited to adjustments in royalty, bonding, and reclamation requirements. Whether such application is approved is solely within the discretion of the Department. An environmental analysis in accordance with the Montana Environmental Policy Act may be required for certain amendments. Amendments to Montana Department of Environmental Quality Openpit Mining Documents may be sufficient for Departmental use.

9. ASSIGNMENTS

The lessee shall not assign or sublease without the consent of the Department. The approval of any assignment filed and supported may not be withheld where the rights or interests of the state in the premises assigned will not, in the judgment of the Department, be prejudiced thereby. All covenants and agreements herein set forth between the parties hereto shall extend to and bind their heirs, successors, assigns, and legal representatives. Failure to obtain the necessary approval from the Department shall be grounds for cancellation of the permit without renewal.

10. FINANCIAL AGREEMENTS

All contracts made in relation to the mineral interest granted herein, such as but not limited to assignments, subleases, joint ventures, overriding royalties operating agreements, project financing, back-in rights, or other similar agreements, whether verbal or written between the lessee herein and any other person or corporation must be approved by the Director of the Department. The Department reserves the right to deny any agreement that results in excessive profit taking by the lessee which does not bear a commensurate financial risk, and which deprives the school trust of fair compensation for trust assets. It will be the Department's sole discretion whether the proposed agreement is approved. The Department may consider payment of a reasonable compensatory bonus based on a negotiated percentage of the excess profit as adequate mitigation for the proposed agreement.

11. BOND

Permittee agrees prior to execution of this permit, to furnish a bond, a performance bond or an irrevocable letter of credit to the Department in the penal sum as specified above unless waived by the Department. Such bond shall be conditioned upon compliance with all permit terms and implied covenants including but not limited to the payment of royalties, advance royalties, and surface restoration. The Department may require additional bonds at any time during the term of the permit when necessary for a reasonable cause.

12. ACTIVITIES MAY BE DENIED

Surface activities may be denied on all or portions of the lease area if the Director determines in writing after an opportunity for an informal hearing with the lessee that the proposed surface activity will be detrimental to Trust resources and is therefore not in the best interest of the School Trust Beneficiary.

13. SOLE RIGHTS NOT GRANTED

Further the Department expressly reserves the right to lease, sell, grant easements or otherwise dispose of the premises hereby leased insofar as the surface is not necessary for the use of the lessee in connection with operations under this lease. (77-3-207, MCA) The lessee agrees that they will not make any claims to interest or estate of any kind or extent whatsoever in the premises by virtue of this lease or their occupancy or use hereunder. The Department reserves the right to grant other mineral permits and leases and to grant other mineral related activities within the leased area provided that such grants do not prevent the lessee from operating as permitted under this lease.

14. NOTICE

The lessee agrees to notify the Department prior to commencement of initial surface disturbance unless otherwise agreed to by the Department in writing and further agrees to notify the surface lessee before mining activity takes place. Lessee shall compensate surface lessee for actual damages to their leasehold interest or improvements caused by this activity and maintain a record of such compensation.

15. INSPECTIONS

The Department's officers, agents, geologists, engineers or others so authorized on its behalf shall have the right but not the obligation at all reasonable times to enter said land in order to inspect, examine, select samples or materials, survey or measure same, or for any other lawful purpose provided that the exercise of said right shall be conducted in such a way as not to unnecessarily interfere or conflict with the operations of the lessee and the Department shall also have the right at all reasonable hours, through its agents or employees, to inspect and examine any books or records of the lessee relating to the quantity, quality and price of the materials removed from the subject land or any agreements related thereto. The lessee shall cooperate with the Department in all reasonable ways, in order to facilitate the exercise of said rights.

16. UAV AUDITS

The Department may at any time utilize an unmanned aerial vehicle (UAV) or drone to inspect and audit the leased area. Data obtained by the Department during the flight or survey may be shared with the lessee. If a dispute arises as to the volume of material taken, and royalty owed to the Department, an audit shall be performed utilizing aerial (drone) survey. If the lessee disagrees with the findings of the audit, they may at their own expense provide an additional survey to the Department. The results of any survey not conducted by the Department will be analyzed by the Department to determine whether the results will be accepted. If the lessee disputes the results of the flight by the Department, it must show where the Department was in error in the original audit.

17. WASTE PROHIBITED

All prospecting and mining operations shall be done in good and workmanlike manner in accordance with approved methods and practices using such methods to insure the extraction of the greatest amount of material, having due regard for the prevention of waste of the materials developed on the land, the protection of the environment and all natural resources, the preservation and conservation of the property for future uses, and for the health and safety of workmen and employees. If the Department has reasonable belief that the operations are not so being conducted, the lessee shall be so notified in writing, and if compliance is not promptly obtained and the delinquency fully satisfied, the Department may at its option, after thirty (30) days' notice by certified mail to the lessee, cancel the permit.

18. TOPSOIL

All topsoil must be stripped and saved from both mine areas and stockpile areas prior to beginning operations. No topsoil may be used or sold for any purpose except reclamation of this lease area without specific written permission from the Department.

19. STEWARDSHIP

The lessee will take all reasonable precautions to prevent or minimize damage to natural (i.e., vegetation, soil, water, wildlife) and cultural resources within the areas of the lease. The lessee shall maintain the lease area in a neat and orderly manner and will allow no waste, litter, or debris to accumulate thereon.

20. COMPLIANCE WITH ALL LAWS

This lease is subject to further permitting under the provisions of Title 75 or 82, Montana Code Annotated. The lessee shall fully comply with all applicable state and federal laws, rules, and regulations, particularly those set forth by the Montana Department of Environmental Quality through the opencut mining act.

21. RECLAMATION

The lessee shall reclaim any land disturbed pursuant to this lease, regardless of whether the mining is subject to state reclamation laws pursuant to Title 82, Chapter 4, MCA. The lessee shall conduct and reclaim the operation in accordance with the performance and reclamation standards of applicable mine reclamation laws. The exemption of lessee's operations from applicable reclamation laws does not relieve the lessee from the obligation to conduct and reclaim the operations in accordance with the performance and reclamation standards of those laws. All disturbances must be reclaimed to the satisfaction of the Department prior to release of any bond held by the Department or by the Department of Environmental Quality and within 30 days of termination for any reason. Prior to commencement of reclamation work permittee shall contact the appropriate area land office for approval of

seeding mixture and weed control.

22. RESOURCE DATA

Lessee agrees to submit all geological data including, reports, core samples, material testing, maps, logs, and other pertinent data regarding trust resources to the Department upon request or upon termination of this lease.

23. ACCESS

It is the responsibility of the lessee to obtain all necessary grants of access from adjacent landowners to gain access to the above-described lease area prior to commencement of any prospecting or mining activities upon the above-described lands.

24. WATER RIGHTS

It is further agreed that the lessee shall not in any manner interfere with any right or rights which have been acquired, held or exercised legally by any person, corporation, co-partnership, association or group whatsoever, prior to the granting of this lease, in any water, on or beneath the leased land, and that the lessee shall be solely responsible for the invasion of any such right. The lessee shall not, during the life of this lease, sell or otherwise dispose of any water rights existing or acquired for use upon the permitted premises. It is the sole responsibility of the lessee to obtain any necessary water right to utilize water in leased operations.

25. LIABILITIES

The lessee agrees that lessee will assume responsibility for fires that may result from mining, processing, and hauling operations and further agrees that they shall save the Department harmless from all claims or lawsuits that may result from any and all damages or death to persons and/or property that occur upon or about said land caused by or arising out of lessee's operations hereunder. The lessee shall pay all expenses and charges for which it becomes liable in connection with its operation on the lands described above and shall save the State of Montana and its agents harmless from all claims and liens arising out of such operations. The lessee shall, at its own expense, procure and maintain Worker's Compensation Insurance required by law. The State of Montana does not warrant title to the lands described above as the lease area.

26. CANCELLATION OR TERMINATION

The Department shall have the right to cancel all or portions of this lease at any time when lessee violates the terms of this lease, including but not limited to mining materials beyond lease boundaries stated herein, mining materials beyond cubic yardage stated herein, mining materials not specifically allowed herein, not abiding by State Reclamation laws, lessee not taking responsibility for liabilities stated herein (fire, weeds, notification of lessee, and compensation to lessee for actual damages), lessee using said land for purposes other than stated herein, and lessee not reporting and paying royalties.

The Lessee shall be notified in writing by the Department for any violation that has caused the lease to enter default status, and the Lessee shall be given 30 days to correct those violations prior to final cancellation.

Such termination shall become effective 10 days after written notice by the Department. The lessee has the right to terminate this lease at any time by giving the Department 10 days written notice. Lessee is not relieved of any obligation under this lease by such notice or termination.

If the lessee chooses to terminate this lease at any time, the Department may request that any existing opencut mining permit is assigned to the Department. This lease is not valid without the proper permit obtained from the Montana Department of Environmental Quality.

27. PROPERTY REMOVAL

At the expiration of this lease or upon earlier termination of this agreement pursuant to terms in this lease, the lessee shall immediately surrender the premises and shall have sixty (60) days, or such additional time as may be approved in writing by the Department, in which to remove all tools, machinery, structures, and other property owned by it. Any property remaining on the premises after 60 days shall become the property of the State, unless

otherwise specified in writing by the Department. The expiration of the lease and removal of equipment does not absolve the lessee of the obligations to reclaim the site, set forth in this lease and the opencut mining permit by the Montana Department of Environmental Quality.

28. OCCUPANCY

In the event the possession or occupancy of the leased premises is denied or contested, the Department does not undertake to place the lessee in possession by process of law or otherwise, or to defend them in such occupancy. The rights of the lessee hereunder are subject further to the prior rights of any other mineral, oil and gas, coal, and/or gem lease or leases now in force, or renewals thereof, to enjoy the free use of so much of the leased premises as is necessary and incidental to their operations thereunder.

29. WEATHER CONDITIONS

The Department reserves the right to restrict or preclude any surface activity during periods of adverse weather and other conditions which may attribute to accelerated erosion, fire hazard, disruption of seasonal wildlife, or any other condition which in the opinion of the Department may have an adverse effect on trust land.

30. ARCHAEOLOGY

These tracts may contain significant archaeologic, historic, or palaeontologic resources. If any resources are located, the lessee shall cease operations and contact the appropriate Area Land Office and the Department Archaeologist in Helena immediately. The Department reserves the right to require a cultural resource survey of the area intended for disturbance and to restrict surface activity for the purpose of protecting significant cultural resources.

31. STREAMBED PRESERVATION

Prior to the commencement of any activities within the ordinary high-water mark of perennial streams on the leased premises, the lessee shall obtain a 310 Permit from the appropriate Conservation District. A copy of such permit shall be submitted to the Department.

32. NOXIOUS WEED CONTROL

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 leased premises. The lessee's methods of control shall be reviewed by the Department's Area Field Office that has jurisdiction for that locale. A weed management plan may be required by the Department.

33. SPECIAL PROVISIONS

a)

34. NON-WARRANTY OF TITLE

Regardless of any of the above provisions of the said lease, actual or implied, the State of Montana does not warrant title to its lands.

Dated this ____ day of _____, 20____.

LESSEE

BY:
AUTHORIZED SIGNOR OF LESSEE

APPROVAL OF LEASE
Department Use Only

Approved this ____ day of _____, 20__.

STATE OF MONTANA, DEPARTMENT OF
NATURAL RESOURCES AND CONSERVATION
AMANDA KASTER, DIRECTOR

BY:
TREVOR TAYLOR, MINERALS MANAGEMENT BUREAU CHIEF
FORESTRY AND TRUST LANDS DIVISION

1224-6

CABIN AND HOME SITES:
PRELIMINARY APPROVAL FOR SALE

**Land Board Agenda Item
December 16, 2024**

1224-6 Cabin and Home Site Sales: Preliminary Approval for Sale

Location: Flathead, Sanders, and Valley County

Trust Benefits: Capitol Buildings, Common Schools, and Montana Tech

Trust Revenue: Appraisal to be completed after preliminary approval

Item Summary

The Department of Natural Resources and Conservation (DNRC) is requesting preliminary approval of four (4) cabin and home sites nominated for sale in Flathead, Sanders, and Valley Counties. These sales were nominated by the lessees in conjunction with the 2024-2025 Cabin and Home Site Sales Program.

Sale Number	# of Acres	Legal	Nominator	Trust
Valley County				
2074	12.34±	PT of S2SW4SW4 T30N-R40E, Section 20	Brent, Marvin, Fay Ann, and Leith Shipp, and Julie McGinnis	Common Schools
Flathead County				
2075	0.67±	Lot 9 Echo Lake COS 18885 T27N-19W, Section 5	Kyle & Darcy Schellinger	Montana Tech
2076	1.49±	Lot 36 Echo Lake COS 18885 T27N-19W, Section 5	Randall Fitzner	Montana Tech
Sanders County				
2077	0.79±	Tract 1 Sanders County Cos 3820 T22N-R27W, Section 2	Glenda Bradshaw	Capitol Buildings

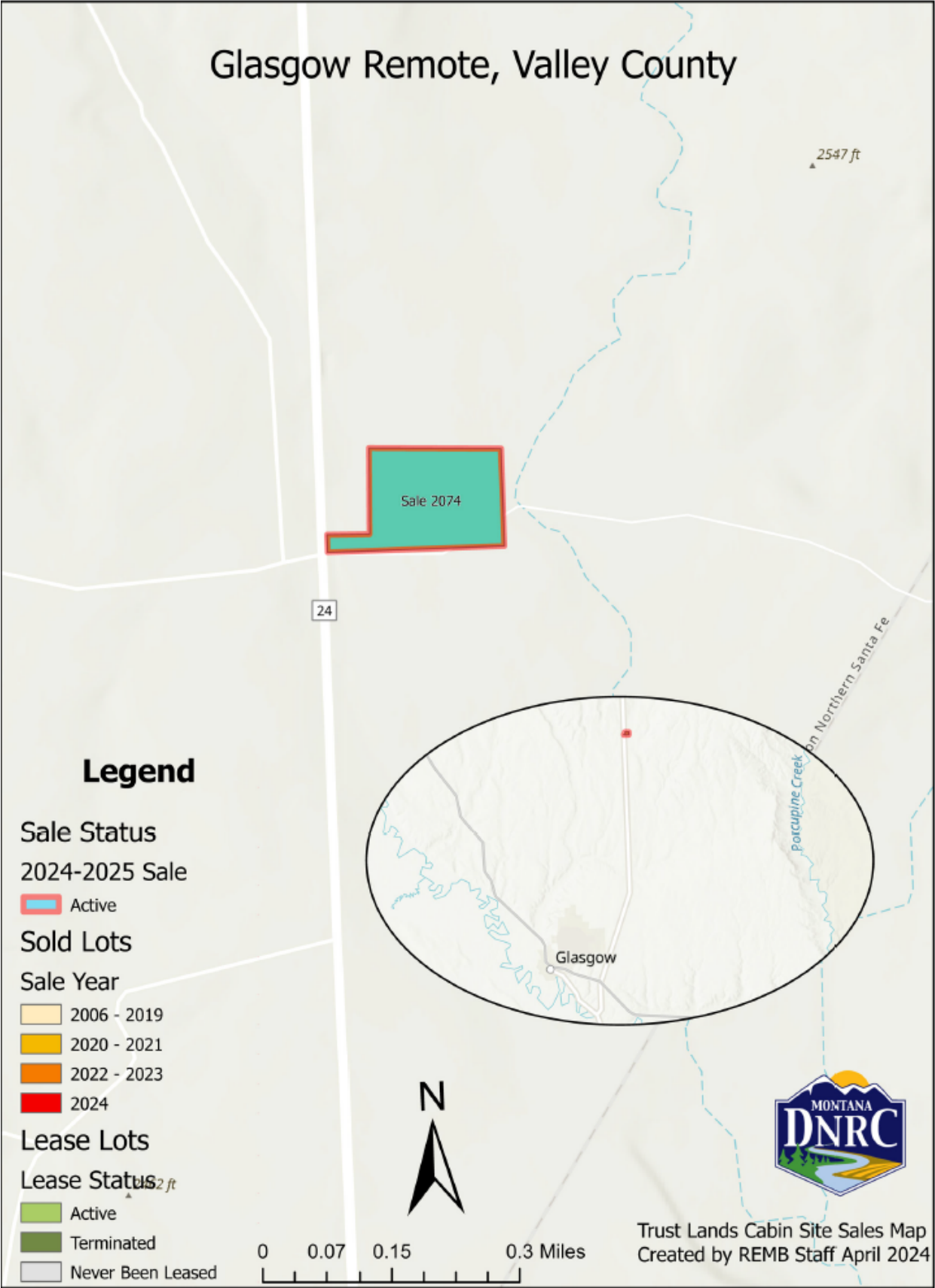
These sale parcels are currently leased as cabin or homesites and, overall, produce an above average income for residential leases statewide.

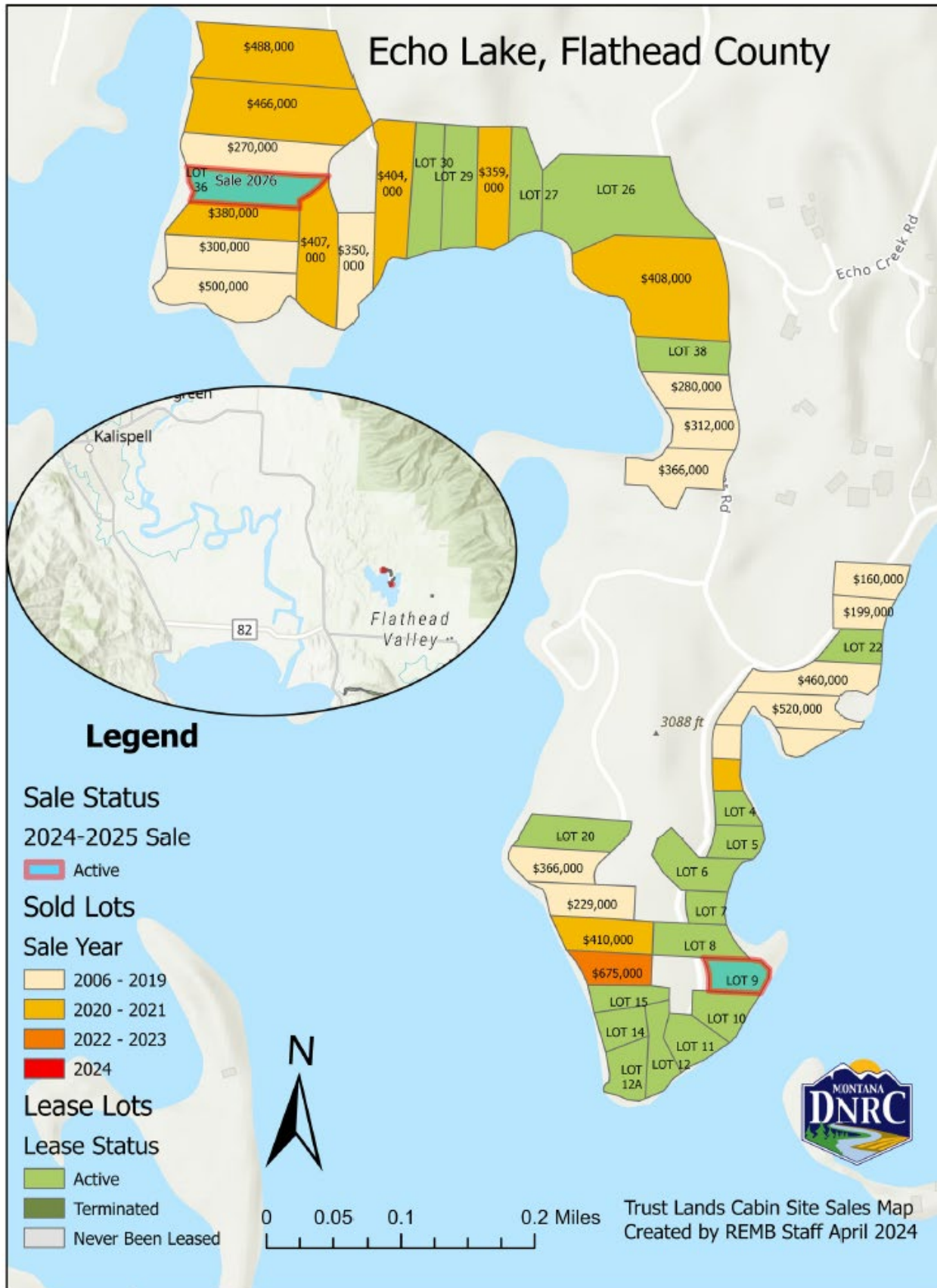
Preliminary approval allows DNRC to enter these sites in the Cabin and Home Site Sales process, the next step of which is an appraisal by a Montana general certified appraiser in Spring 2025. After appraisal, these sites will be brought to the Land Board again to set the minimum bid for the land and 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.





Plains Remote, Sanders County

Legend

Sale Status

2024-2025 Sale

Active

Sold Lots

Sale Year

2006 - 2019

2020 - 2021

2022 - 2023

2024

Lease Lots

Lease Status

Active

Terminated

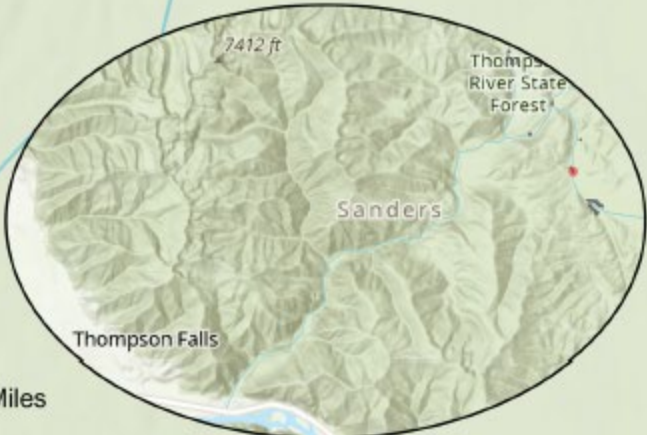
Never Been Leased



Trust Lands Cabin Site Sales Map
Created by REMB Staff April 2024



0 0.02 0.04 0.08 Miles



1224-7

CABIN AND HOME SITES:

MINIMUM BID FOR SALE

A. Lewis and Clark County

B. Powell County

C. Missoula County

**Land Board Agenda Item
December 16, 2024**

1224-7A Cabin and Home Sites: Minimum Bid for Sale

Location: Lewis and Clark County

Trust Benefits: Common Schools

Trust Revenue: \$155,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for one (1) cabin site nominated for sale in Lewis and Clark County. The sale was nominated by the lessee in conjunction with the 2024-2025 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
2065	2.00±	Lot 30, Lincoln Flats COS 3242262 T14N-R8W, Section 16	Crystal Hout	Common Schools

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

Background:

Preliminary Land Board approval was granted in May of 2024 (Approved 5-0) for this site to be included as part of the 2024-2025 Cabin Site Sales 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. The sale will have no effect to state-owned heritage properties.

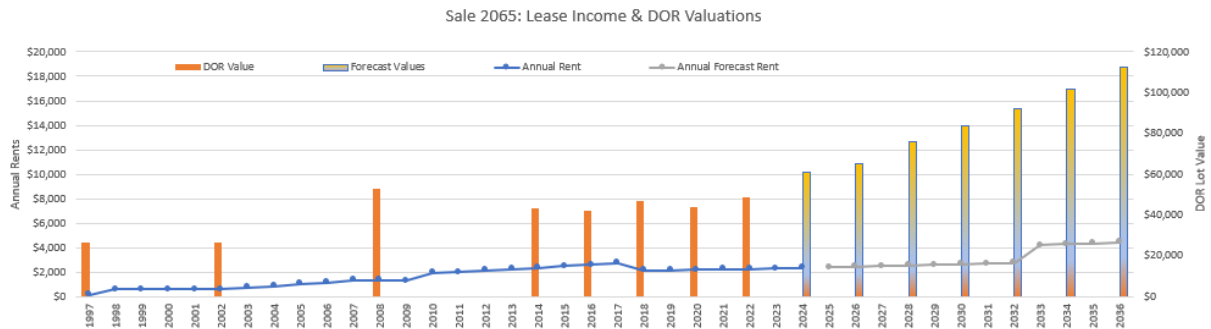
Access/Recreational Use:

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 this sale parcel is 1.206%. 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 2065-Review of Past Income and Values; Forecast Income & Values



Forecast assumptions:

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

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 3.28% on acquisitions with income generated from annual lease payments. However, the rate of return on land acquired within the last ten years has been higher at 3.65%. 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 Rates 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 10 years
	Income Rate of Return	1.206%	3.28%	3.65%
2065	Derived Lot Value	\$155,000	\$56,969	\$51,194

Appraised Values of Land and Improvements:

The appraisal was prepared by Montana General Certified Appraiser Nicholas J. Hogan, MAI of Hogan Real Estate Appraisal Group, LLC in Missoula, Montana.









Sale No.	Appraised Land Value	Appraised Improvements Value
2065	\$155,000	\$255,000

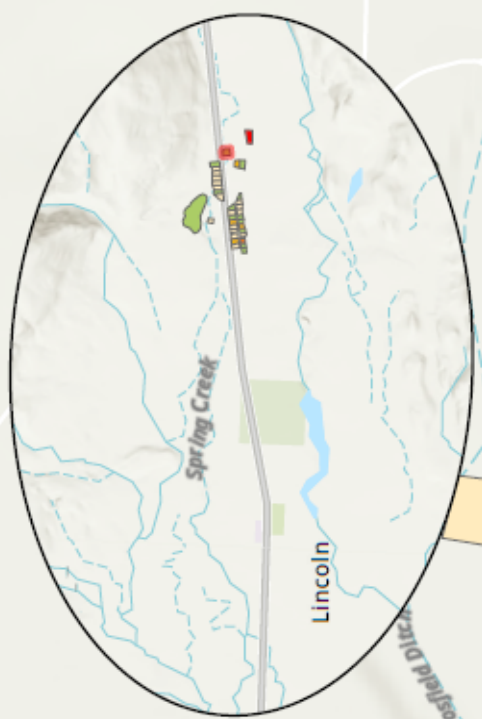
DNRC Recommendation

The DNRC 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.

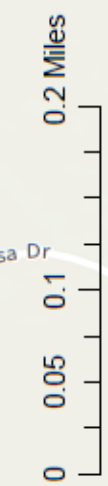
Lincoln Flats, Lewis and Clark County

Legend

- Sale Status**
 2024-2025 Sale  Active
- Sold Lots**
- Sale Year**
 2006 - 2019 
 2020 - 2021 
 2022 - 2023 
 2024 
- Lease Lots**
- Lease Status**
 Active 
 Terminated 
 Never Been Leased 



Trust Lands Cabin Site Sales Map
 Created by REMB Staff April 2024



**Land Board Agenda Item
December 16, 2024**

1224-7B Cabin and Home Sites: Minimum Bid for Sale

Location: Powell County

Trust Benefits: Common Schools

Trust Revenue: \$52,000

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for one (1) cabin site nominated for sale in Powell County. The sale was nominated by the lessees in conjunction with the 2024-2025 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
2066	0.738 ±	Lot 4, Morrell Creek Powell County COS 881RT T17N-R15W, Section 36	Sandra Swarthout & Paula Bustamante	Common Schools

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

Background:

Preliminary Land Board approval was granted in May of 2024 (Approved 5-0) for this site to be included as part of the 2024-2025 Cabin Site Sales 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. The sale will have no effect to state-owned heritage properties.

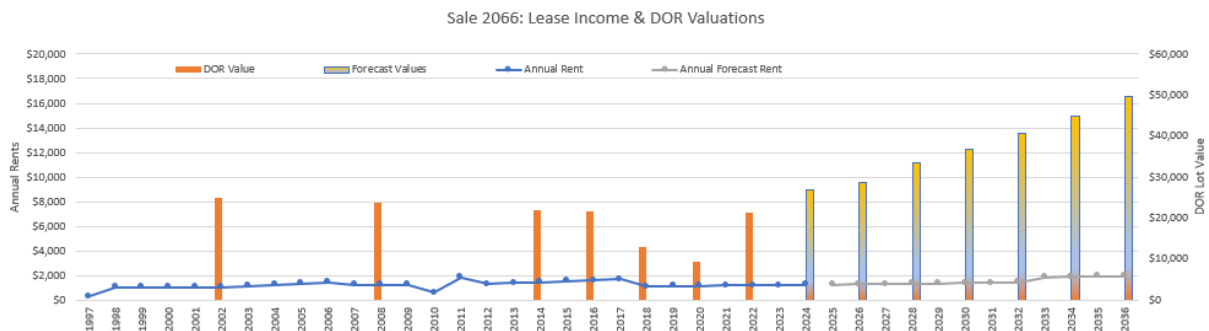
Access/Recreational Use:

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 this sale parcel is 1.861%. 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 2066-Review of Past Income and Values; Forecast Income & Values



Forecast assumptions:

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

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 3.28% on acquisitions with income generated from annual lease payments. However, the rate of return on land acquired within the last ten years has been higher at 3.65%. 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 Rates 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 10 years
	Income Rate of Return	1.861%	3.28%	3.65%
2066	Derived Lot Value	\$52,000	\$29,501	\$26,510

Appraised Values of Land and Improvements:

The appraisal was prepared by Montana General Certified Appraiser Appraisers Elliott M. Clark, MAI of Clark Real Estate Appraisal of Seeley Lake, Montana.

Sale No.	Appraised Land Value	Appraised Improvements Value
2066	\$52,000	\$190,000

DNRC Recommendation

The DNRC 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.

Morrell Creek, Powell County

Legend

Sale Status

2024-2025 Sale

Active

Sold Lots

Sale Year

2006 - 2019

2020 - 2021

2022 - 2023

2024

Lease Lots

Lease Status

Active

Terminated

Never Been Leased



**Land Board Agenda Item
December 16, 2024**

1224-7C Cabin and Home Sites: Minimum Bid for Sale

Location: Missoula County

Trust Benefits: MSU 2nd, Pine Hills School

Trust Revenue: \$188,000 for MSU 2nd, and \$158,000 for Pine Hills School

The Department of Natural Resources and Conservation (DNRC) is requesting to set minimum bid for four (4) cabin sites nominated for sale in Missoula County. These sales were nominated by the lessees in conjunction with the 2024-2025 Cabin and Home Site Sales Program.

Sale No.	Acres	Legal Description	Nominator	Trust
Clearwater River East Shore Inland				
2069	1.043±	Lot 43, Clearwater River East Shore Inland COS 6114 T16N-R15W, Section 10	Shawnee Pringle	Montana State University
2070	1.109±	Lot 48, Clearwater River East Shore Inland COS 6114 T16N-R15W, Section 10	Casie Landsberger & Benjamin Ott	Montana State University
Elbow Lake				
2071	0.71±	Lot 21, Elbow Lake COS 4921 T15N-R14W, Section 20	Michael Tardif & David Christensen	Pine Hills School
Morrell Flats				
2073	1.723±	Lot 16, Morrell Flats Cos 5840 T16N-R15W, Section 14	Angela & Ken Miller	Montana State University

These parcels are currently leased as cabin sites and, overall, produce a below average income for residential leases statewide.

Background:

Preliminary Land Board approval was granted in May of 2024 (Approved 5-0) for these sites to be included as part of the 2024-2025 Cabin Site Sales Program.

Cultural/Paleontological Resources:

A Class I level of cultural resource inventory was conducted for each of the proposed sales. Home sites typically contain numerous structures and the ground surfaces within

most home sites have been disturbed over the course of many years of occupation and development. These sales will have no effect to state-owned heritage properties.

Access/Recreational Use:

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

Economic Analysis:

Short term – The average rates of return on these sale parcels are shown in Figure 1 below. The parcels will continue to receive these returns if they remain in state ownership. The income rates of return will likely grow smaller, as average annual value appreciation is greater than the annual rent increase, as shown in Figures 2 through 6 below.

Figure 1: Rates of Return at Current Appraised Values

Sale No.	Rate of Return
2069	2.923%
2070	2.690%
2071	4.419%
2073	4.820%

Figure 2: Sale 2069-Review of Past Income and Values; Forecast Income & Values

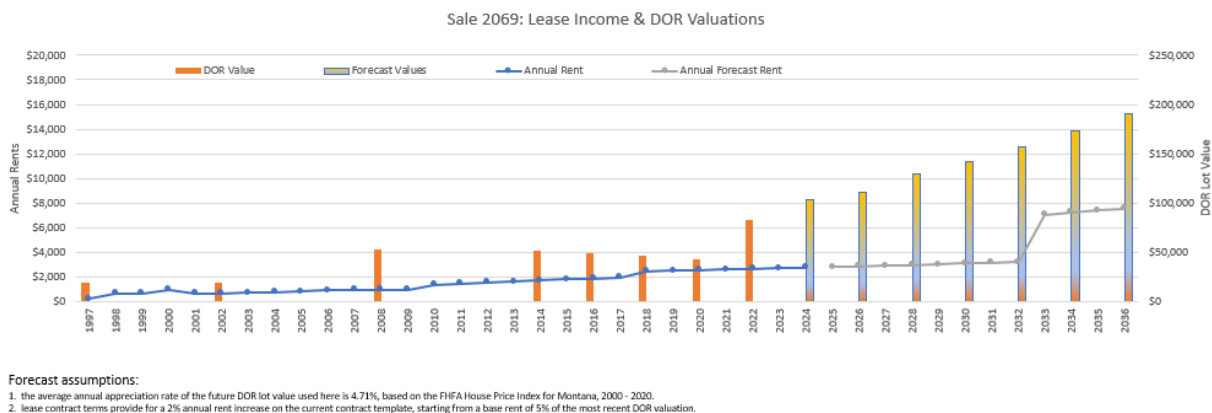


Figure 3: Sale 2070-Review of Past Income and Values; Forecast Income & Values

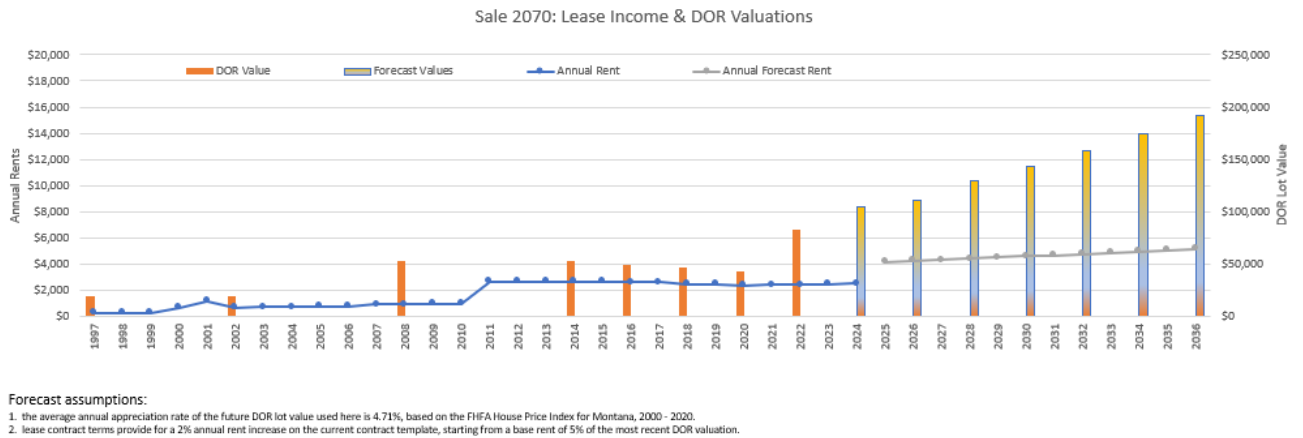


Figure 4: Sale 2071-Review of Past Income and Values; Forecast Income & Values

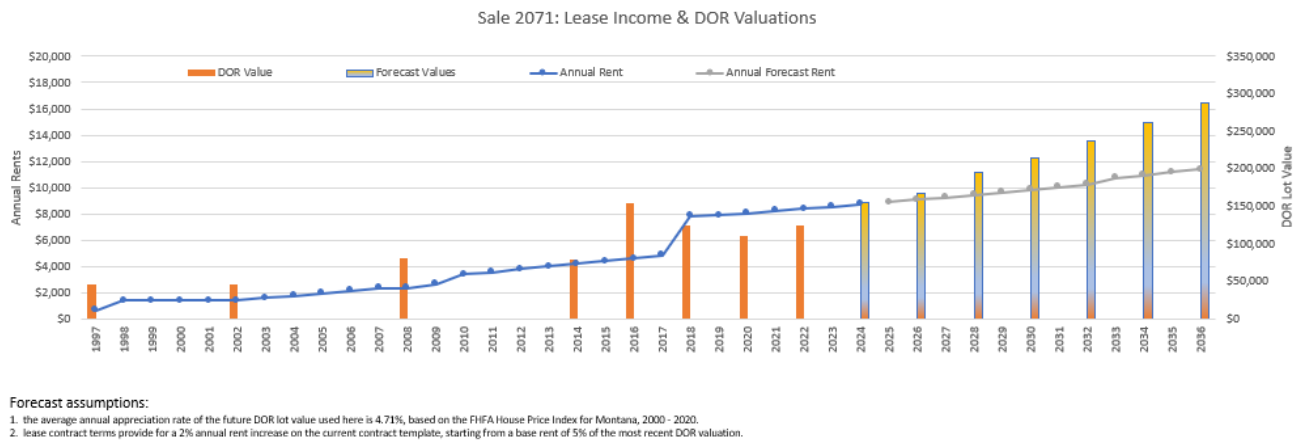
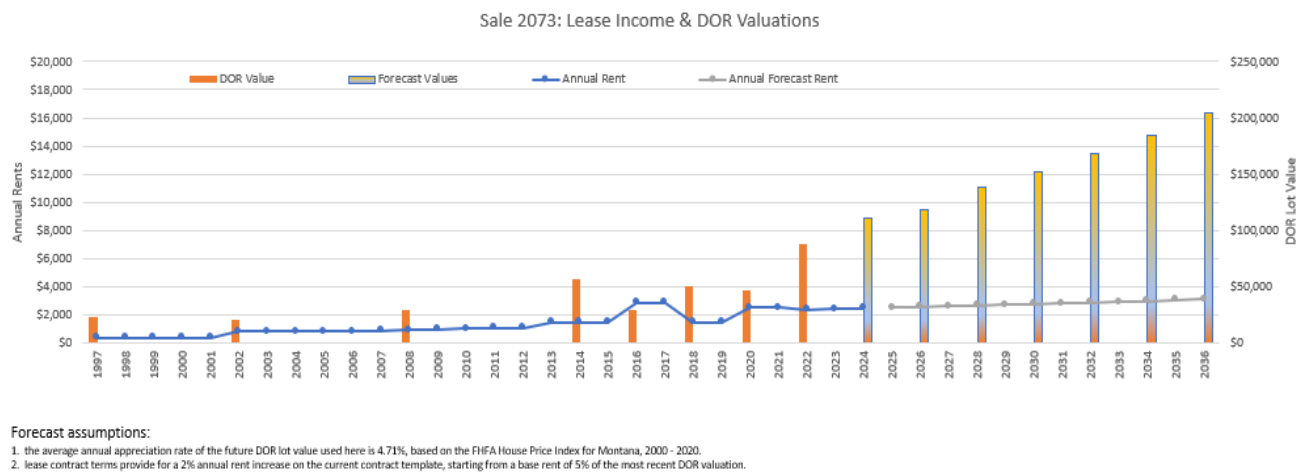


Figure 5: Sale 2073-Review of Past Income and Values; Forecast Income & Values



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 3.28% on acquisitions with income generated from annual lease payments. However, the rate of return on land acquired within the last ten years has been higher at 3.65%. Figure 6 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 6: 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 10 years
	Income Rate of Return	Various (see Figure 1)	3.28%	3.65%
2069	2.923%	\$74,000	\$65,939	\$59,255
2070	2.69%	\$74,000	\$60,694	\$54,541
2071	4.419%	\$158,000	\$212,859	\$191,281
2073	4.820%	\$40,000	\$58,780	\$52,822

Appraised Values of Land and Improvements:

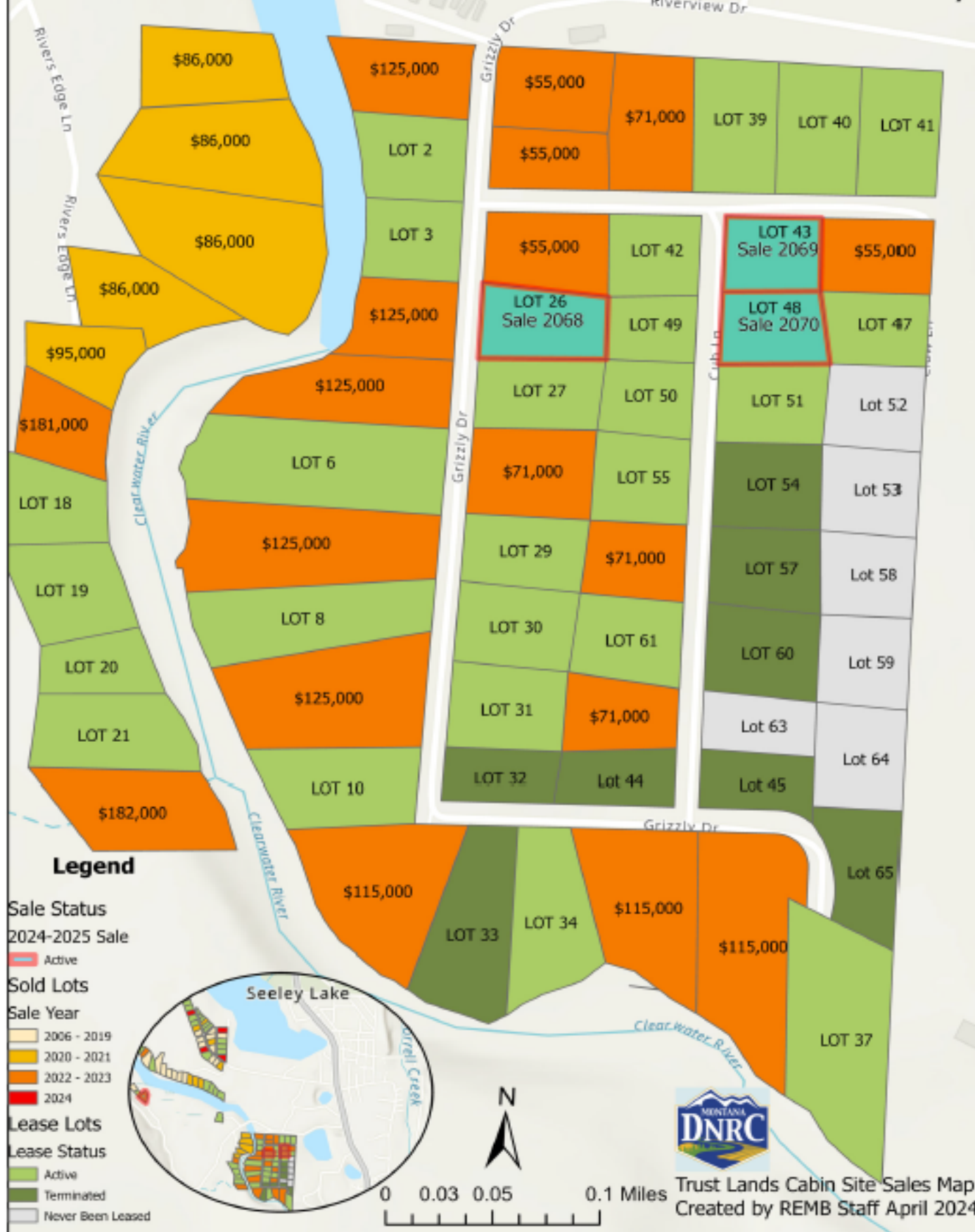
The appraisals of these cabin sites were prepared by Montana General Certified Appraisers Elliott M. Clark, MAI of Clark Real Estate Appraisal of Seeley Lake, Montana.

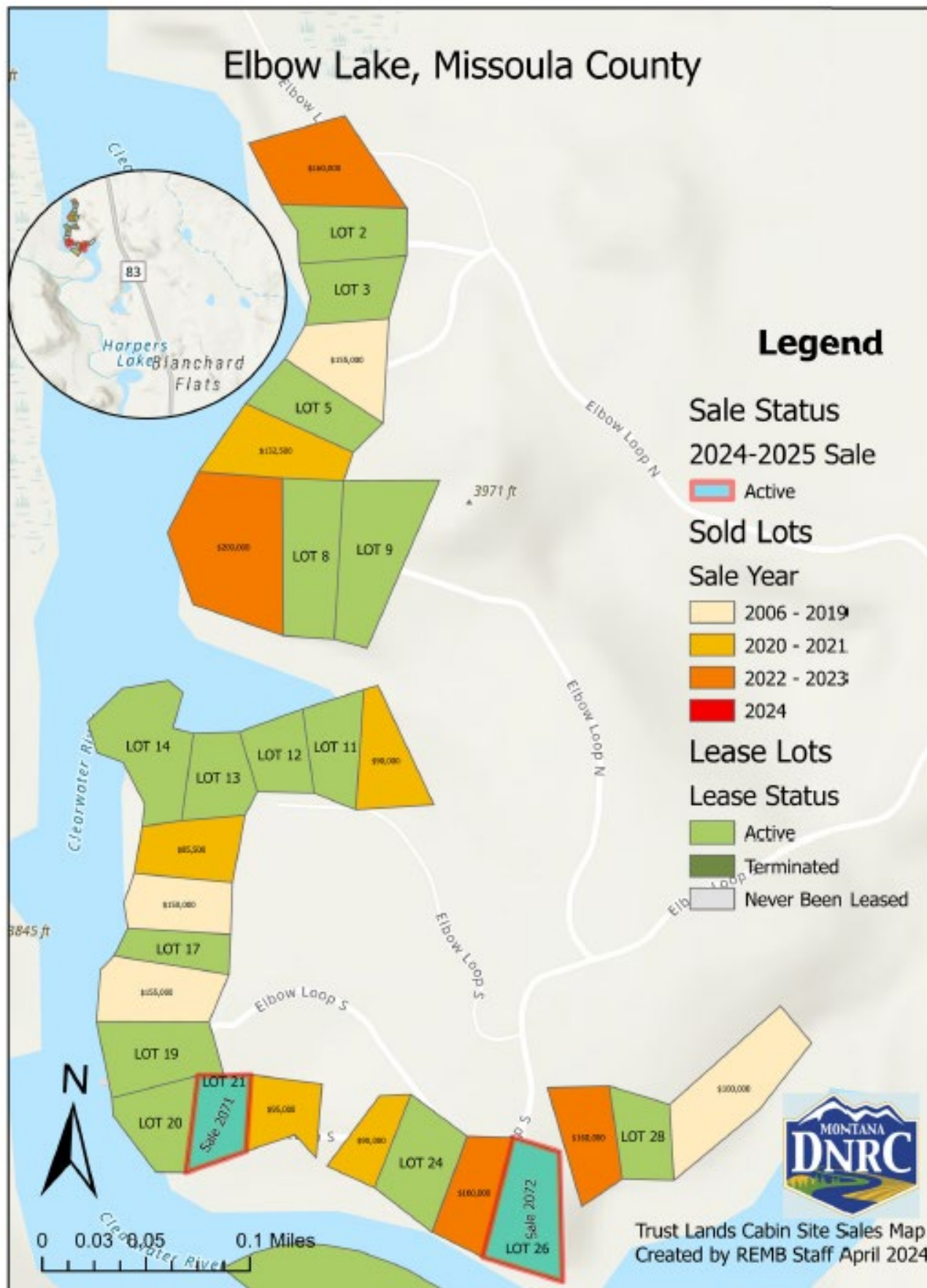
Sale No.	Appraised Land Value	Appraised Improvements Value
2069	\$74,000	\$185,000
2070	\$74,000	\$161,000
2071	\$158,000	\$162,000
2073	\$40,000	\$0

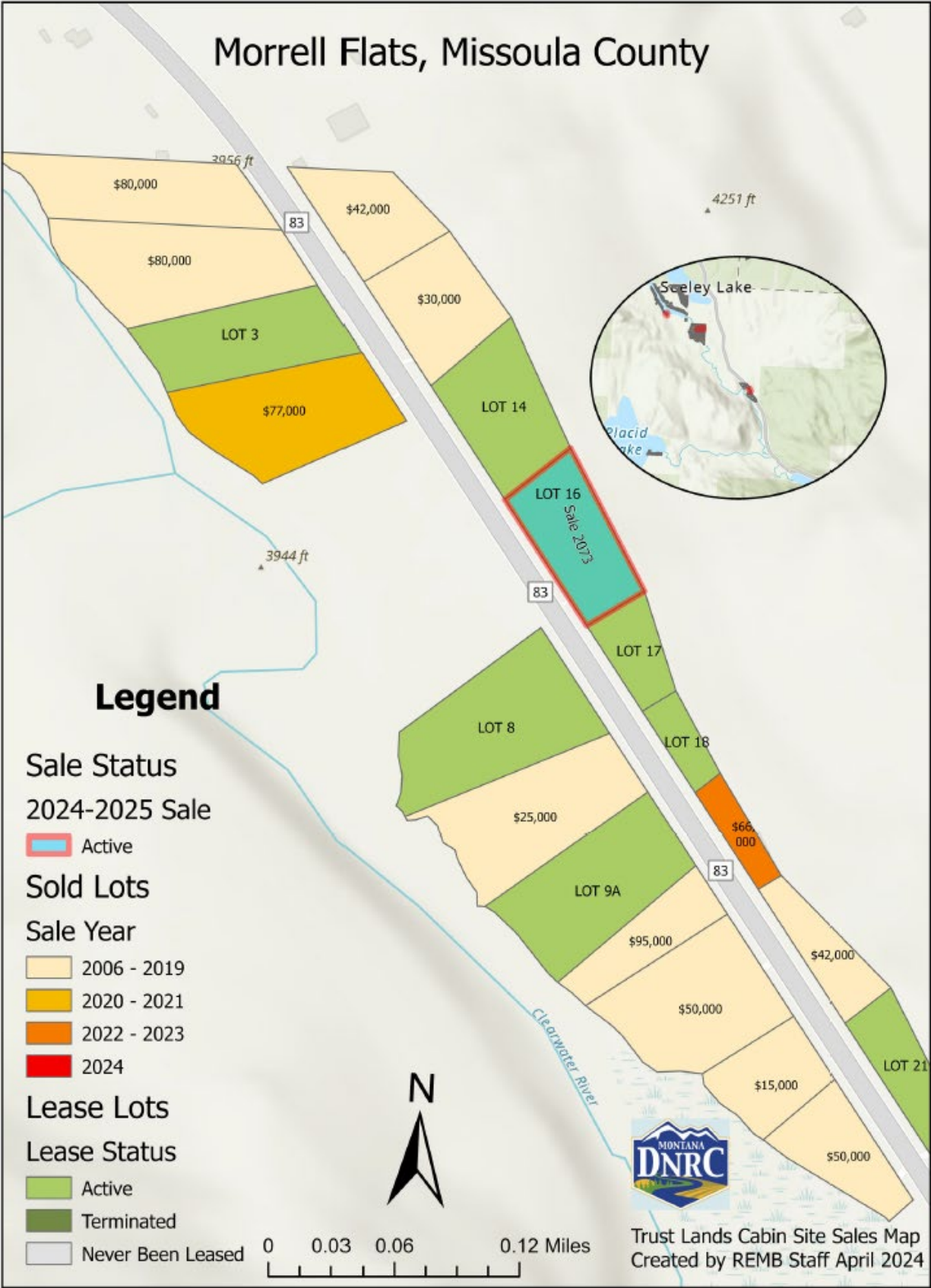
DNRC Recommendation

The DNRC recommends that the Land Board set the minimum bid for these cabin sites at the appraised land values and the maximum value of compensation for the improvements shown above.

Clear Water River East Shore Inland, Missoula County







1224-8

LAND BANKING

FINAL APPROVAL FOR SALE

**Land Board Agenda Item
December 16, 2024**

1224-8 Land Banking: Final Approval

Location: Fergus County

Trust Benefits: Common Schools

Trust Revenue: \$750,000

Item Summary

The Department of Natural Resources and Conservation (DNRC) requests final approval for sale of one parcel totaling approximately 640 acres nominated for sale in Fergus County. The sale was nominated by the lessee and is located approximately 24 miles north of Winnett, Montana.

Sale #	# of Acres	Legal	Nominator	Trust
2064	640±	ALL of Sec. 36 T19N-R26E	Charles Oke	Common Schools

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

Sale No. 2064 is entirely surrounded by private land and is not legally accessible by the public. The sale of this parcel would not restrict or eliminate access to adjacent private land.

MEPA scoping has been completed, and no potentially negative issues related to the sale of this parcel have been identified. Public comments include one reply from a Fergus County Commissioner stating the parcel should remain in agricultural production. Other public comments received were informational inquiries.

Economic Analysis:

Short term – The average rate of return on this sale parcel is 0.20%. The parcel would continue to receive this return if it remained 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 3.28% on acquisitions with income generated from annual lease payments.

Cultural/Paleontological Resources:

The state parcel proposed for sale (Section 36, T19N R26E) in Fergus County was inventoried to Class III standards for cultural and paleontologic resources in June of 2019. No cultural or paleontologic resources were identified on the state tract. A cultural and paleontologic resources inventory report has been prepared and is on file with the Montana Department of Natural Resources and Conservation (DNRC) and the Montana State Historic Preservation Office (SHPO). The DNRC fulfilled its Montana State Antiquities Act mandates by completing cultural and paleontologic resources inventory and reporting, then consulting with the SHPO. The SHPO concurred with the DNRC that sale of the state tract would result in No Effect to Heritage Properties. No additional cultural or paleontologic resources inventory or evaluation work is necessary.

Background:

In April 2024, the Board granted preliminary approval (Approved 5-0) for this parcel to continue through the Land Banking sale evaluation process. In September 2024, the Board set the minimum bid at the appraised value (Approved 4-0).

Appraisal:

The appraisal was prepared by Montana General Certified Appraisers J. Scott Crosby and Valerie Crosby of Crosby Analytics, LLC in Cowley, Wyoming in June of 2024.

Sale No.	Appraised Value	Final Sale Price
2064	\$750,000	\$750,000

Sale Price

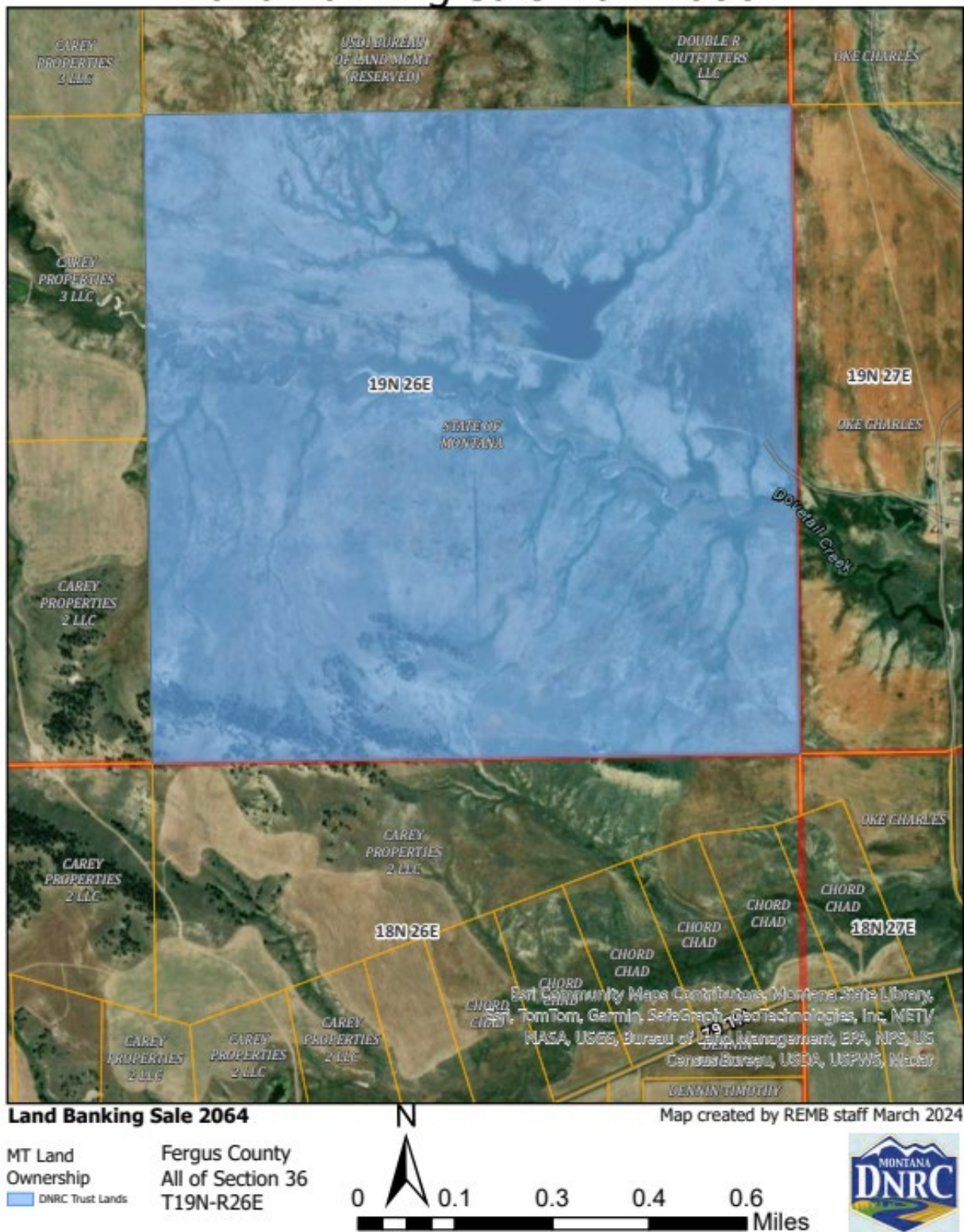
The parcel sold at public auction on November 14, 2024. There was one qualified bidder for this sale, and the parcel sold for the final sale price shown above.

DNRC Recommendation

The DNRC recommends the Land Board grant final approval for sale of this parcel at the value shown above.

Lewistown Unit - Sale No. 2064

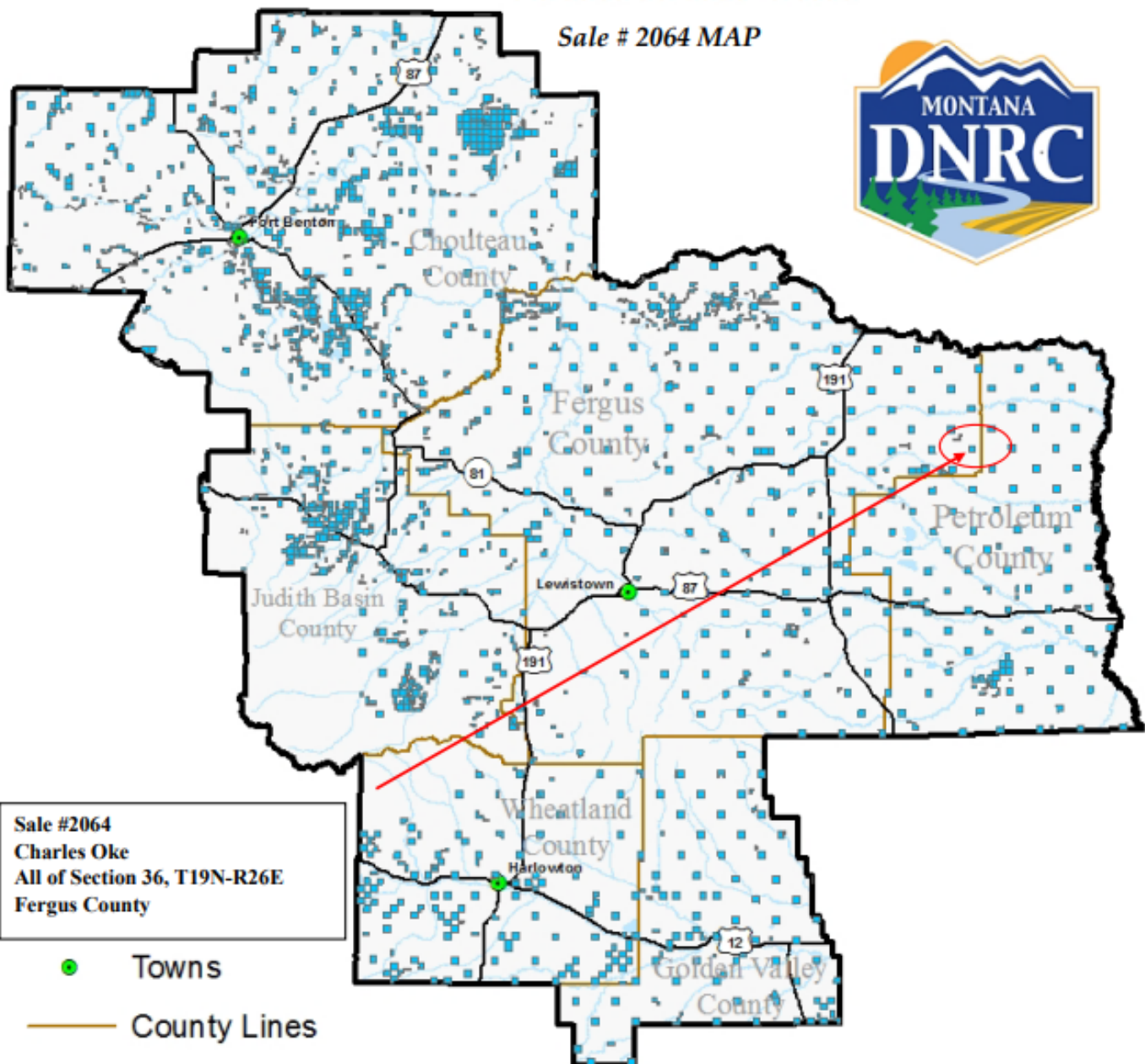
Land Banking Sale Nomination



State Trust Land Vicinity Map

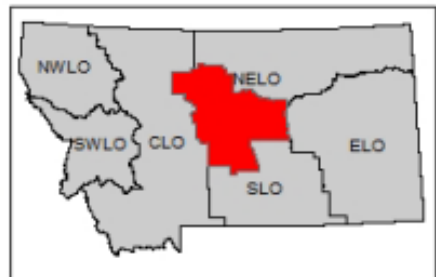
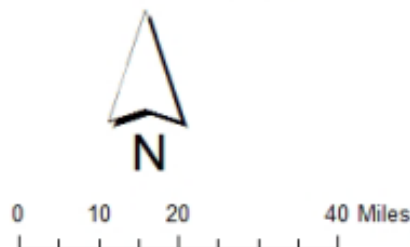
Lewistown Unit

Sale # 2064 MAP



Sale #2064
Charles Oke
All of Section 36, T19N-R26E
Fergus County

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



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

1224-9

EASEMENTS

**Land Board Agenda Item
December 16, 2024**

1224-9 Easements

Location: Chouteau, Ravalli and Roosevelt County

Trust Benefits: Common Schools and Public Land Trust – Navigable Rivers

Trust Revenue: \$16,534 -Common Schools, and \$350
Public Land Trust – Navigable Rivers

Item Table of Contents

Applicant	Right-of-Way Purpose	Term	Page(s)
Oneok Rockies Midstream, LLC	Natural Gas Pipeline	30 Years	62
Grizzly Broadband, LLC	Fiber Optic Cable	Permanent	64
Triangle Telephone Cooperative Association, Inc.	Fiber Optic Cable	Permanent	65

APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 19649 (Amended)
R/W Purpose: a buried 12" natural gas pipeline
Lessee Agreement: ok
Acreage: 2.10
Compensation: \$15,750.00
Legal Description: 50-foot strip through Gov. Lot 4, W2SW4, Sec. 36, Twp. 27N,
Rge. 59E, Roosevelt County
Trust Beneficiary: Commons Schools

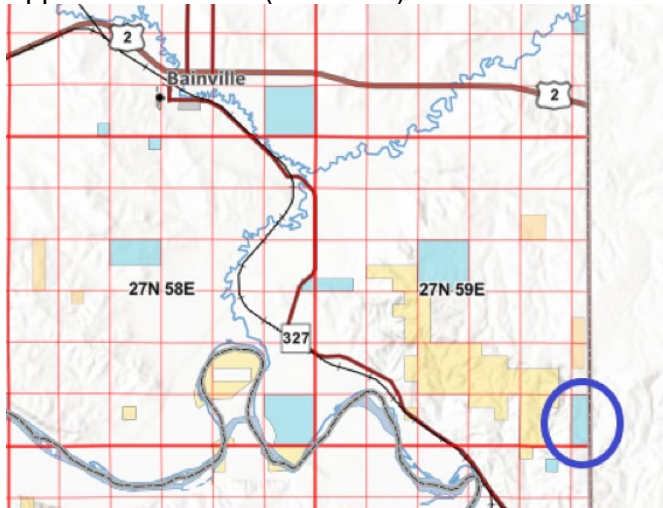
Item Summary

Oneok Rockies Midstream, LLC is requesting an amendment to an existing easement approved at the May 20, 2024 Land Board meeting. The previously approved route on State land was intended to connect to a corridor surveyed on adjacent private land. However, the property was in a life estate and the remainderman would not agree to the placement of the pipeline on the property. As a result, the location was reconfigured to connect to a different landowner on the east side of State land. As was indicated in the previous approval, this pipeline will facilitate reduction of flaring of natural gas. This route was selected due to it being the most feasible and constructable route. Alternative routes were not selected due to construction challenges and limited options with landowners.

DNRC Recommendation

The DNRC recommends approval of the application of Oneok Rockies Midstream, LLC.

Application #19649 (amended)



APPLICANTS AND RIGHTS OF WAY INFORMATION

Applicant:	Grizzly Broadband LLC 222 North 2 nd Street Hamilton, MT 59840
Application No.:	19721
R/W Purpose:	a buried fiber optic cable
Lessee Agreement:	N/A (Navigable River)
Acreage:	0.02
Compensation:	\$350.00
Legal Description:	2-foot strip across the Bitterroot River in SW4SE4, Sec. 17, Twp. 8N, Rge. 20W, Ravalli County
Trust Beneficiary:	Public Land Trust – Navigable Rivers

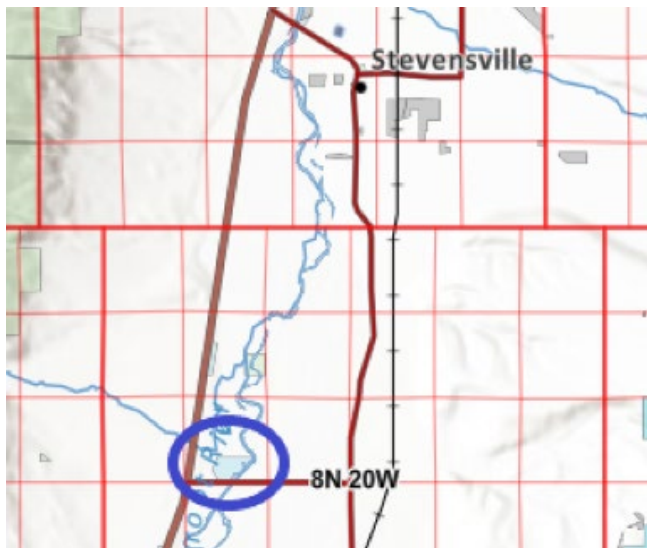
Item Summary

Grizzly Broadband LLC is requesting an easement beneath the Bitterroot River to install a buried fiber optic cable within the Bitterroot Valley to serve the communities of Corvallis, Stevensville and Florence. This line will offer state-of-the-art telecommunications, toll and distribution facilities as well as future growth capabilities. Other routes were considered and eliminated for topographical, environmental, and economic reasons.

DNRC Recommendation

The DNRC recommends approval of the application of Grizzly Broadband LLC.

Application #19721



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 19722
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 1.14
Compensation: \$684.00
Legal Description: two 20-foot strips through NE4NE4 & SE4NE4, Sec. 33,
Twp. 21N, Rge. 12E, Chouteau County
Trust Beneficiary: Common Schools

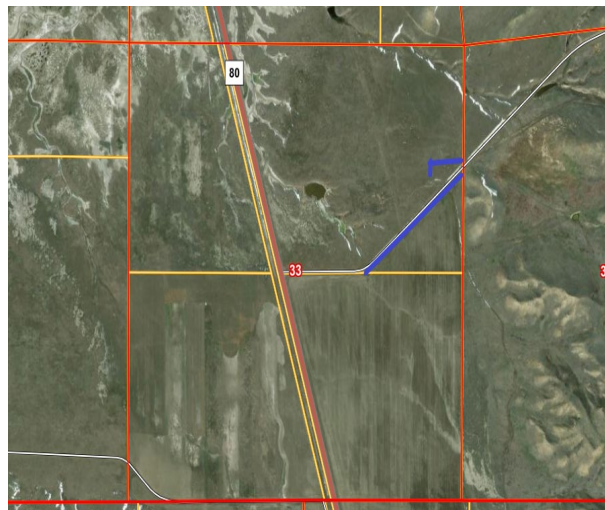
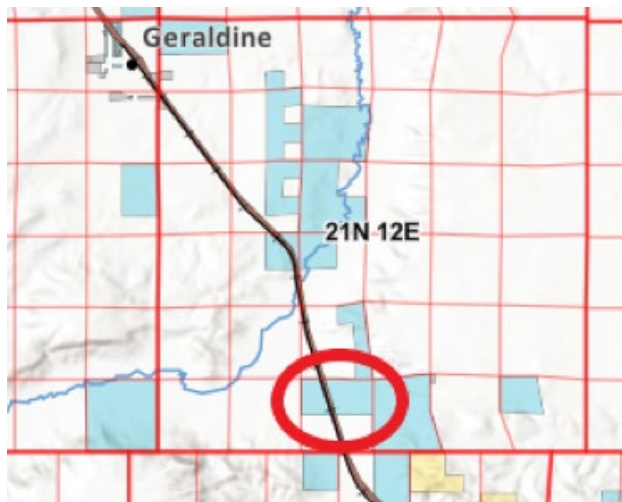
Item Summary

Triangle Telephone Cooperative Association, Inc. is requesting an easement to install a buried fiber optic telecommunications cable. The line will provide reliable telephone and broadband services to homes and businesses in Chouteau County. The proposed route was chosen in order to follow the existing roadway. Other routes were considered and eliminated for topographical, environmental, and economic reasons.

DNRC Recommendation

The DNRC recommends approval of the application of Triangle Telephone Cooperative Association, Inc.

Application #19722



APPLICANTS AND RIGHTS OF WAY INFORMATION

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

Application No.: 19723
R/W Purpose: a buried fiber optic cable
Lessee Agreement: ok
Acreage: 0.09
Compensation: \$100.00
Legal Description: 20-foot strip through SW4NW4, Sec. 34, Twp. 21N, Rge. 12E,
Chouteau County
Trust Beneficiary: Common Schools

Item Summary

Continuation of Triangle Telephone Cooperative Association applications.

DNRC Recommendation

The DNRC recommends approval of the application of Triangle Telephone Cooperative Association, Inc.

Application #19723

