CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Land Banking Nomination – Sale
Proposed Implementation Date:	Fall 2009
Proponent:	Materials Bio Inc.; Don Firehammer
Location:	T7N, R20E, Sec 20, S2 - 320 Acres – University of Montana T7N, R20E, Sec 18, all trust land in section 18 - 169 acres – University of Montana T7N, R19E, Sec 12, PT N2NW4, PT SE4NW4, PT SW4NE4 - 160 acres Common Schools
County:	Golden Valley County

I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, three parcels encompassing 649 acres of state trust land currently held in trust for the University of Montana and Common School trust beneficiaries.

Revenue from the sale would be deposited in a special account used to purchase replacement land meeting acquisition criteria related to legal access, productivity, and potential income which would then be held in trust for the beneficiary. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is to diversify the land portfolio of the various trusts, improve the sustained rate of return to the trusts, improve access to state trust land, and consolidate ownership.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

DATE	GROUP AND / OR INDIVIDUALS CONTACTED
August 24 2009 to September 24, 2009	Montana Environmental Policy Act - Public Scoping Individuals and organizations contacted: Trust Land lessees, adjacent landowners, interested parties identified through the NELO contact list for Trust Land projects, County Commissioners, Negotiated Rulemaking Committee members and DFWP Region 5. Written comment was received from DFWP Region 5 which recommended placement of a land breaking prohibition on Section 20 due to utilization by sage grouse. This stipulation has been incorporated into the proposed action.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None

3. ALTERNATIVES CONSIDERED:

Alternative A- No action, do not sell Trust Land.
Alternative B- Sell Trust Land

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

The parcels do not contain any unusual geologic features. A sandstone outcropping runs north to south on Section 12, Section 18 and 20 have no distinctive geologic features. The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

An irrigation siphon and ditch are located on Section 12. These improvements were installed in 1953 by Firehammer to utilize Deadman's Basin water shares on Firehammer's private land. A reservoir is located on western boundary of section 18; stockwater right 40A-W-029748. A center pivot provides private irrigation water to 26.4 acres of hayland on Section 20; Micks Ranch LLC (Materials Bio, state lessee), water right 40A-203268.

No impact is expected as the existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

The parcels are located within a class II air shed. The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

The vegetation is typical for the area including western wheatgrass (Agropyron smithii), green needle (Stipa viridula), needle and thread (stipa comata) and native forbs dominated by sagebrush (Artemisia tridentate). Introduced grass species have invaded along the railroad and county roads on section 18. A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on the tracts.

24.6 acres in the northwest of Section 20 has been broken and is farmed for irrigated hay production.

Current land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:
Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

A variety of wildlife species including mule deer, antelope, fox, coyotes, sharptail and sage grouse and non-game birds use these tracts during various times of the year. No seasonal concentrations of wildlife are known to exist on the tracts. A sage grouse lek was located within a quarter mile south of Section 20 but has been inactive for two years due to land breaking on the private land. Due to the proximity of the sage grouse lek and likely use of the parcel by sage grouse a requirement of sale of Section 20 will be agreement to place a conservation easement on the property to prohibit land breaking. Material Bio Inc. has placed a conservation easement upon their existing ownership adjacent to Section 20. The proposed conservation easement would state that the landowner agrees to not remove, destroy, control, or manipulate sagebrush and other native vegetation by any means, including but not limited to burning, plowing, chemically treating, or flooding.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:
Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

Sage grouse, a state sensitive species, inhabits the sage brush communities in Section 12, 18 and 20. Due to DFWP, Region 5 concerns regarding sagebrush habitat on Section 20 placement of a conservation easement to prohibit land breaking will be a requirement of sale.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:
Identify and determine effects to historical, archaeological or paleontological resources.

The presence or absence of antiquities is presently unknown. A class III level inventory and subsequent evaluation of cultural and paleontologic resources will be carried out if preliminary approval of the parcels nomination by the Board of Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

11. AESTHETICS:
Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

These state land parcels do not provide unique scenic qualities uncommon in the area and are generally indistinguishable from adjoining private lands. Section 18 is broken into four smaller parcels by the railroad and county roads. Section 20 is immediately adjacent to the Materials Bio Inc. headquarters and includes the company driveway and a portion of the livestock containment facilities.

The existing land uses of the parcels are expected to continue. No direct, indirect or cumulative effects are anticipated.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:
Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

The existing land use practices of the parcels are expected to continue. No direct, indirect or cumulative effects are anticipated.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

Materials Bio Inc. has placed a conservation easement upon their ownership which includes lands adjacent to Sections 18 and 20. Placing a conservation easement upon Section 20 is a condition of sale. Section 18 is split into multiple parcels by county roads and the railroad and is not suitable for placement of a conservation easement.

No other environmental documents pertinent to this area are known to exist. No direct, indirect or cumulative effects are anticipated.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" If no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

The parcels would move from tax exempt status to taxable status, which will provide income to the county. The exact amount is unknown until assessor appraisal is completed.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

The land is identified as agricultural. The growth policy indicates that the existing land use will continue. The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:
Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

Sections 12 and 20 have no means of legal access other than through permissive access through adjoining private lands. Access to these parcels after sale would continue to be through permissive access through deeded property.

Section 18 has legal access via two county roads. However the 169 acre parcel is split by these developments into small parcels with little recreational utility. Occupied dwellings are within ¼ mile of the parcels which prohibits the discharge of firearms.

No direct, indirect or cumulative effects are anticipated.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:
Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

The existing land use practices are expected to continue. No direct, indirect or cumulative effects are anticipated.

23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

The parcels do not exhibit any unique qualities. No direct, indirect or cumulative effects are anticipated.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:
Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

Section 12 - This 160 acre parcels currently has one grazing lease with 23 AUM (.14 AUM / AC) at a rate of $6.97 and generating an annual income of $160 or approximately $1.00/acre. Based on the DNRC annual report for fiscal year 2008 the average income for the 4.3 million acres of grazing land was $1.65 per acre with an average annual productivity of .25 acres / AUM. Therefore this tract is considered below average in productivity and producing below average revenue per acre.

Section 18 – This 169.5 acre parcels currently has three grazing leases totaling 32 AUM (.19 AUM / AC) at a rate of $6.97 and generating an annual income of $223 or approximately $1.31/acre. Based on the DNRC annual report for fiscal year 2008 the average income for the 4.3 million acres of grazing land was $1.65 per acre with an average annual productivity of .25 acres / AUM. Therefore this tract is considered below average in productivity and producing below average revenue per acre.

Section 20 – This 320 acre parcels currently has one grazing lease, 24.6 acres of irrigated hayland and 5 acres of feedlot sacrifice area. The grazing lease has 61 AUM; 53 AUM native range at .18 AUM / AC and 8 AUM of hay aftermath grazing at .30 AUM / Acre. DNRC received $425 in grazing rental for 2008.

Irrigated hay production on 26.4 acres produced $1,039. A 5 acre feedlot sacrifice area produced $820 annually.

An appraisal of the property value has not been completed. Assuming a value of $400/acre grassland, $500 / acre feedlot and $1,500 / acre hay land, the current annual return on the asset value for this tract is 1.46%. This would indicate a higher return on asset value could be expected under Alternative B.

EA Checklist Prepared By:	Name: Clive Rooney	Date: 10/1//9
	Title: NELO Area Manager	

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B – Sale. Sale of Section 20 is subject to agreement to place a conservation easement to prevent land breaking.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

No significant impacts are anticipated as a result of sale.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ] EIS [ ] More Detailed EA [x] No Further Analysis

EA Checklist Approved By:	Name: JOHN GRIMM
	Title: REAL ESTATE SECTION SUPERVISOR
Signature:	Date: 10/2/2009

Parcel Locations