

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Energy Equity Land Banking Tracts
Proposed Implementation Date:	Fall 2013
Proponent:	Energy Equity Company (Grazing Lessee)
Location:	Sale #706: Section 16, Township 2 South, Range 22 East (640 acres) Sale #707: Section 36, Township 1 South, Range 21 East (640 acres) Sale #708: Section 16, Township 2 South, Range 21 East (640 acres)
County:	Stillwater County

I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, three isolated 640-acre parcels of State Land that are currently held in Trust for the benefit of Common Schools. Revenue generated from the sale of these parcels would be deposited into a special account to be used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, income generation and potential for multiple use. The new parcel(s) would then be held in Trust for the benefit of Common Schools. These proposed sales have been initiated through the Land Banking program (Montana Code Annotated §77-2-361 through 77-2-367). The primary purpose of this program is to allow the Department of Natural Resources and Conservation to dispose of parcels that are isolated and produce low income relative to similarly classified tracts and purchase land with legal public access that can support multiple uses and provide a rate of return equal to or greater than the parcels that were sold. Additionally, this program allows for the Trust land portfolio to be diversified, by disposing of grazing parcels that make up a majority of the Trust land holdings and acquire other types of land, such as agricultural lands.

II. PROJECT DEVELOPMENT

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

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

A letter soliciting comments and explaining the proposed sale was sent to the lessee, property owners adjoining the state parcels, and other interested parties on 1 July 2013 requesting that comments be submitted on the proposal by 1 August 2013. A complete list of individuals and interested parties contacted is included on Attachment E of this EA.

Legal notices were published in the Billings Gazette on 21 and 28 July 2013 requesting that comments be submitted on the proposal by 16 August 2013. Additionally, legal notices were published in the Stillwater County News on 25 July 2013 and 1 August 2013 requesting that comments be submitted on the proposal by 16 August 2013.

The Southern Land Office did not receive any comments regarding the sale of these particular sections.

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

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer three isolated 640-acre parcels of Trust Land for sale at public auction and subject to statutes addressing the sale of Trust Land found in M.C.A. §77-2-301, et seq. Proceeds from the sale would be deposited in the Land Banking Fund to be used in conjunction with proceeds from other sales for the purchase of other Trust Land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

No Action Alternative: Defer inclusion of some or all of the three nominated tracts in the Land Banking Program which would maintain the current State ownership of the deferred tracts, as well as continue the existing grazing lease(s).

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.

Section 16-T2S-R22E: The soils on this parcel consist mainly of loams with many areas of steep slopes and rock outcroppings. There are approximately 117 acres of Class 3 agricultural soils and 138 acres of Class 4. The Soil Survey defines Class 3 as "...hav[ing] severe limitations that reduce the choice of plants or that require special conservation practices, or both" and Class 4 as "...hav[ing] very severe limitations that reduce the choice of plants or that require very careful management or both." None of the adjoining sections have been broken for dryland agriculture, but there are areas of dryland farming a mile east and southeast of the subject property.

Section 36-T1S-R21E: The soils on this parcel consist mainly of loams with a majority of the section encompassed in steep slopes and rock outcroppings. There are approximately 240 acres of Class 4 agricultural soils; however, none of the adjoining sections have been broken for dryland agriculture. There are areas of dryland farming over 1.5 miles west of the subject property.

Section 16-T2S-R21E: The soils on this parcel consist mainly of clay loams with a majority of the section encompassed in steep slopes and rock outcroppings. The section contains approximately 200 acres of Class 4 agricultural soils; however, none of the adjoining sections appear to have been broken for dryland agriculture. There are areas of dryland farming over 1.5 miles west of the subject property.

No significant adverse impacts are expected since the current grazing use is expected to continue on the three subject parcels.

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.

Section 16-T2S-R22E: There are two water rights filed in the name of the State on this section. One is for direct livestock watering on Dry Creek in the NE¼NE¼ and the other is for a small impoundment in the NE¼SW¼. Dry Creek does run from west to east in the northeast quarter of this section.

Section 36-T1S-R21E: The State has four water rights filed in this section. Three of them are for direct livestock watering from the North Fork of Cottonwood Creek and unnamed tributaries of the North Fork. The fourth is for livestock use from an undeveloped spring in the NE¼SW¼, near the center of the section.

Section 16-T2S-R21E: There are four water rights filed in this section by the DNRC. Two of them are for direct livestock watering from Hensley Creek and an unnamed tributary. The other two water rights are for developed springs, one of which is located in the NE¼SE¼ and the other in the SE¼SW¼. Hensley Creek runs through the southwest quarter of the subject parcel.

The existing grazing use is expected to continue on all three parcels; therefore no significant adverse impacts to water quality, quantity or distribution 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.

No Impact. The existing grazing use is expected to continue.

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 on these tracts is typical of land in the surrounding area and could be effected by various land management activities including livestock grazing, development, wildlife management or agricultural use. A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on this tract. The existing grazing use is expected to continue on all of the tracts; therefore, no direct 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.

These parcels of Trust Land are used by a variety of wildlife species typical of undeveloped land throughout this portion of Stillwater County. Wildlife populations can be affected by land use activities associated with livestock grazing, residential development or agricultural practices. A variety of wildlife species including elk, antelope, mule and white-tailed deer, turkey and numerous non-game birds use the tract during various times of the year.

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.

A proposed project area search of the Montana Natural Heritage Program database identified four vertebrate animals that are listed as a species of concern or threatened species: Great Blue Heron, Greater Sage-grouse, Black-tailed Prairie Dog and Greater Short-horned Lizard.

Great Blue Heron is listed as a species of concern and the buffer hit Section 16-2S-21E. It appears that the buffer was generated from a sighting on the Yellowstone River, which is located over three miles south of the subject property on the opposite side of Interstate 90. The subject sections do not have the wetland or river habitat that is preferred by the Great Blue Heron; therefore no significant impacts are anticipated.

Greater Sage-grouse is listed as a sensitive species and is also a candidate for endangered species listing by the US Fish & Wildlife Service. There was a lek identified on Section 25-1S-21E by MT Fish, Wildlife and Parks, which is immediately north of Section 36-1S-21E. The current grazing use is expected to continue, therefore, no significant adverse impacts are anticipated by implementing the proposed action.

Black-tailed Prairie Dog is listed as a species of concern and has been observed in four existing prairie dog towns that are located to the west, north and northeast of Section 16-2S-21E. There are no towns located on any of the Trust land sections proposed for sale. No significant adverse impacts are anticipated.

Greater Short-horned Lizard is listed as a species of concern and has been observed west of the subject parcels; however the buffered area does not touch any of the three sections proposed for sale. No significant adverse impacts are anticipated.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

The state parcels proposed for sale in Stillwater County (T1S R21E Section 36, T2S R21E Section 16, T2S R22E Section 16, and T4S R17E Section 36) were inventoried to Class III standards for cultural and paleontologic resources during August, 2013. Three cairn sites (24ST0710, 24ST0713, and 24ST0714), the remains of a historic sheep camp (24ST0712), and a small roughly circular arrangement of five sandstone slabs (24ST0711) were identified and recorded. No paleontology was identified on any of the tracts. The DNRC has consulted with the SHPO and has concluded that none of these five cultural resource sites is eligible for listing in the National Register of Historic Places.

A cultural resources inventory report has been prepared and is on file with the DNRC, (Helena) and the Montana State Historic Preservation Office (Helena): Rennie, Patrick J., 2013 *A Cultural Resources Inventory of Selected Parcels of State land in Stillwater and Yellowstone Counties*. Report prepared for the DNRC (Helena, MT). Report dated September, 2013.

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.

No Impact. The existing grazing use is expected to continue.

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.

No Impact. The existing use is expected to continue.

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.

In addition to the three tracts analyzed in this document, there is another tract in Stillwater County, Section 36-4S-17E, which will undergo a separate environmental review and potentially be sold. There are no additional known state or federal actions in the vicinity and no known future actions proposed by the state that would have cumulative impacts with this proposal.

IV. IMPACTS ON THE HUMAN POPULATION
<ul style="list-style-type: none">• 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 implementation of the proposed action is not expected to have a significant adverse impact on human health and safety.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

No Impact. The existing grazing use is expected to continue.

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.

No Impact. The existing use is expected to continue.

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.

These tracts are currently tax-exempt and the sale of this tract to a non-exempt entity would add them to the county tax base, thus marginally increasing tax revenue to Stillwater County.

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

No Impact. The existing grazing use is expected to continue.

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.

Implementing the proposed action would not conflict with the Stillwater County Growth Policy. In addition, the properties are not presently zoned by Stillwater County.

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.

These parcels do not have legal public access so the only persons who can legally access the tracts are those that can get permission from the adjoining private landowners. Therefore, implementation of the proposed action is not expected to have a significant adverse impact on access to and quality of recreational and wilderness activities.

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.

No Impact. The existing grazing use is expected to continue.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The implementation of the proposed action is not expected to have a significant impact on social structures and mores.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

Implementation of the proposed action is not expected to have a significant impact on cultural uniqueness and diversity.

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 16-2S-22E (Sale #706)

- 640 acres under grazing lease #7912 for 125 Animal Unit Months (0.195 AUMs/acre) at the minimum lease rate which is currently \$9.94/AUM
- Total income generated from the tract in 2013 was \$1,242.50 or approximately \$1.94/acre. The average annual net income from this tract for the past 3 years, less a \$0.26/acre management cost, has been \$836.52 or \$1.31/acre. Based on the DNRC information for Fiscal Year 2012, the average net income for the 4.3 million acres of grazing land was \$1.63/acre.
- Assuming an appraised value of \$470/acre, the current annual return on the asset value for this tract is 0.278%

Section 36-1S-21E (Sale #707)

- 640 acres under grazing lease #8236 for 141 Animal Unit Months (0.22 AUMs/acre) at the minimum lease rate which is currently \$9.94/AUM
- Total income generated from the tract in 2013 was \$1,401.54 or approximately \$2.19/acre. The average annual net income from this tract for the past 3 years, less a \$0.26/acre management cost, has been \$964.89 or \$1.51/acre. Based on the DNRC information for Fiscal Year 2012, the average net income for the 4.3 million acres of grazing land was \$1.63/acre.
- Assuming an appraised value of \$470/acre, the current annual return on the asset value for this tract is 0.32%

Section 16-2S-21E (Sale #708)

- 640 acres under grazing lease #3614 for 127 Animal Unit Months (0.198 AUMs/acre) at the minimum lease rate which is currently \$9.94/AUM
- Total income generated from the tract in 2013 was \$1,262.38 or approximately \$1.97/acre. The average annual net income from this tract for the past 3 years, less a \$0.26/acre management cost, has been \$852.56 or \$1.33/acre. Based on the DNRC information for Fiscal Year 2012, the average net income for the 4.3 million acres of grazing land was \$1.63/acre.
- Assuming an appraised value of \$470/acre, the current annual return on the asset value for this tract is 0.28%

Based on the above analysis all three tracts are producing below average revenue per acre. Additionally, the estimated appraised value is based on recent land sales in the area that were \$470/acre.

EA Checklist Prepared By:	Name: Jeff Bollman, AICP	Date: 17 September 2013
	Title: Area Planner, Southern Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

The proposed alternative has been selected and it is recommended that the three subject properties receive preliminary approval for sale and continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The Southern Land Office did not receive any comments regarding the sale of these three parcels. The potential environmental effects were analyzed and described in this document and it has been determined that no significant adverse environmental effects would result from the proposed land sale of these three 640-acre tracts. These tracts do not have any unique characteristics, critical habitat or environmental conditions indicating it is necessary for them to remain under management by the Department of Natural Resources and Conservation. There are no indications the tracts would produce substantially greater revenue to the Trust in the near future.

The transfer of ownership of Section 16-2S-22E (Sale #706), Section 36-1S-21E (Sale #707) and Section 16-2S-21E (Sale #708) is not expected to have any significant adverse effects on the human or natural environment.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:☐

EIS

☐

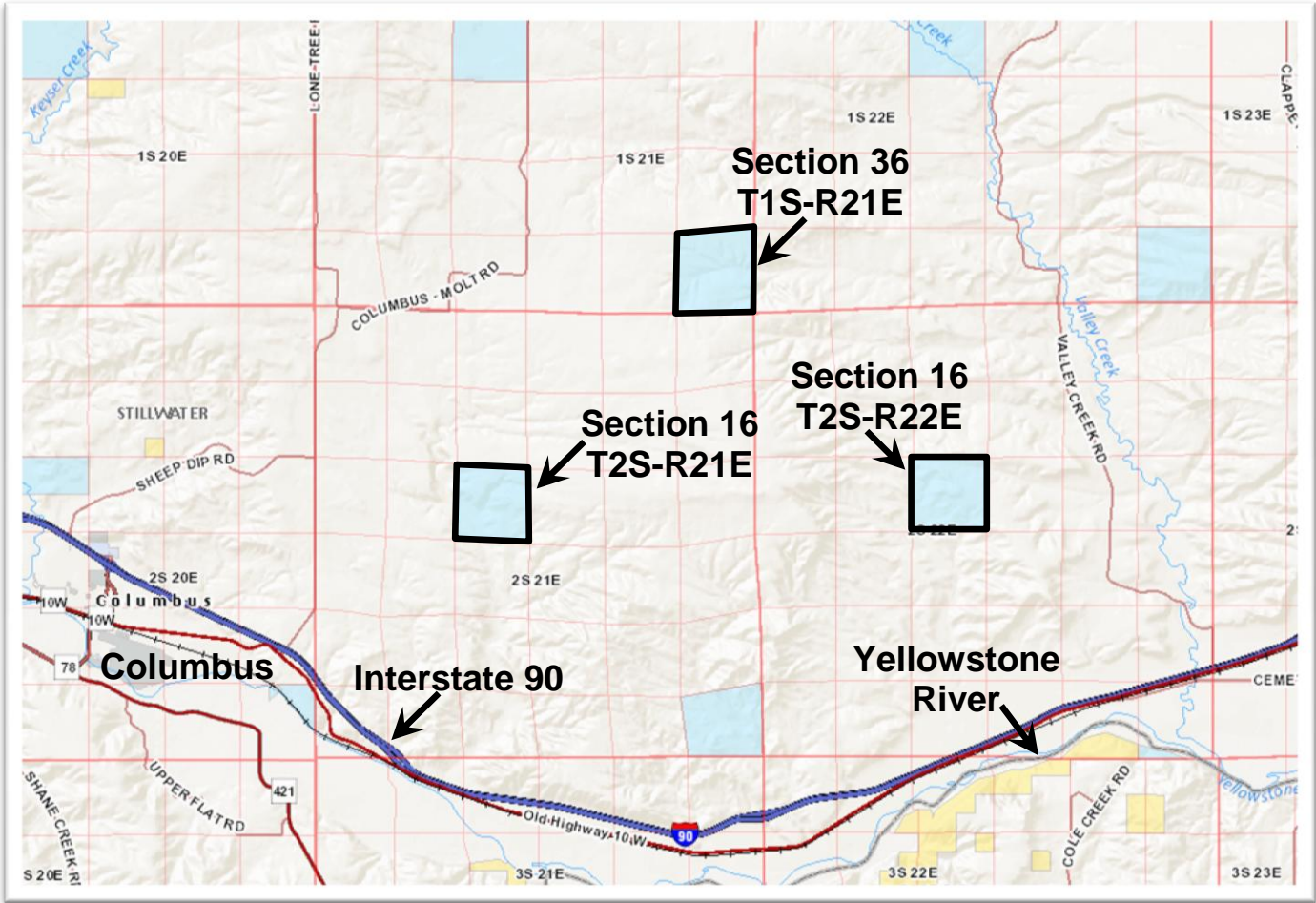
More Detailed EA

☒

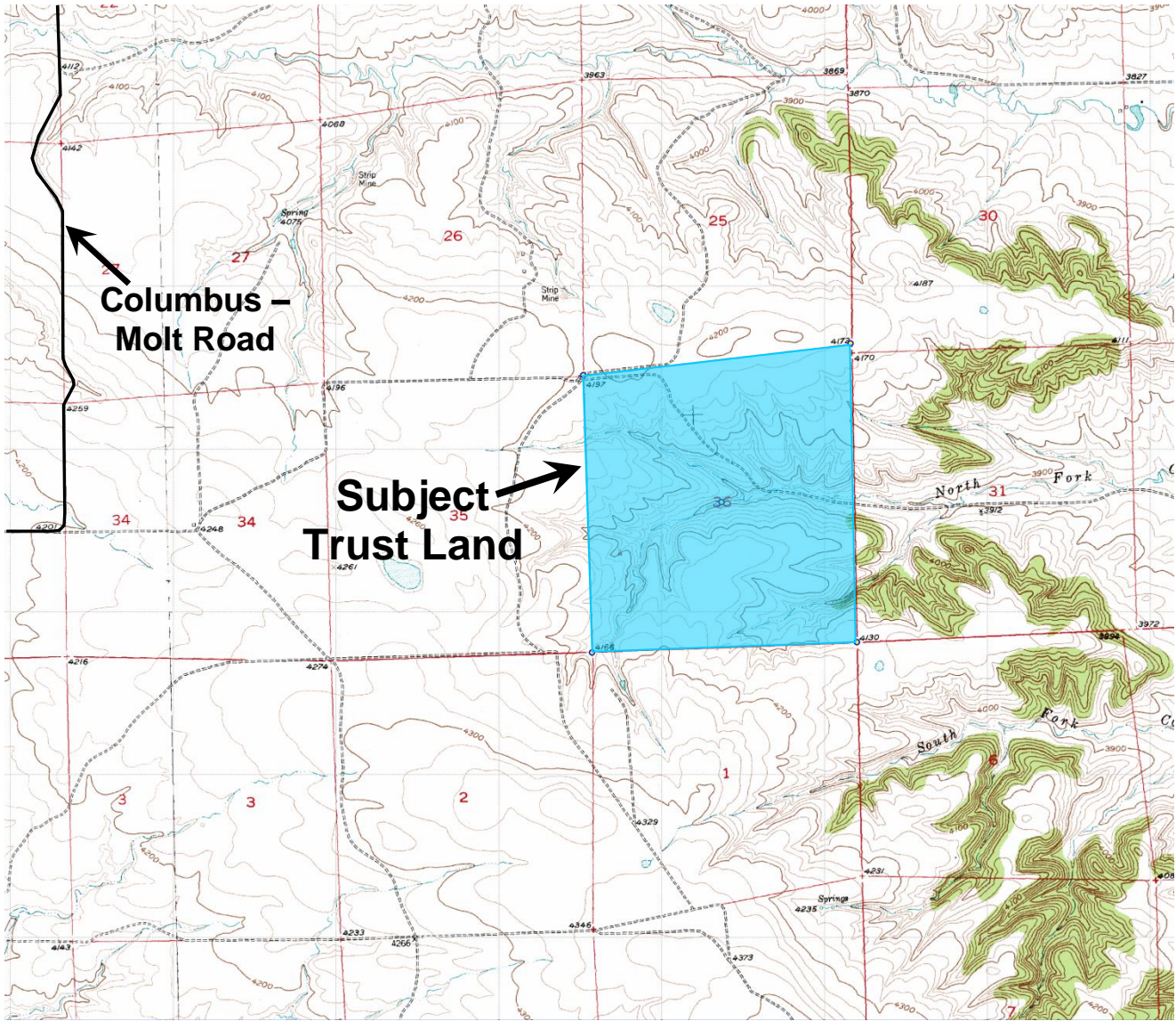
No Further Analysis

EA Checklist Approved By:	Name: Matthew Wolcott
	Title: Area Manager, Southern Land Office
Signature: /s/ Matthew Wolcott	
Date: Sept 19, 2013	

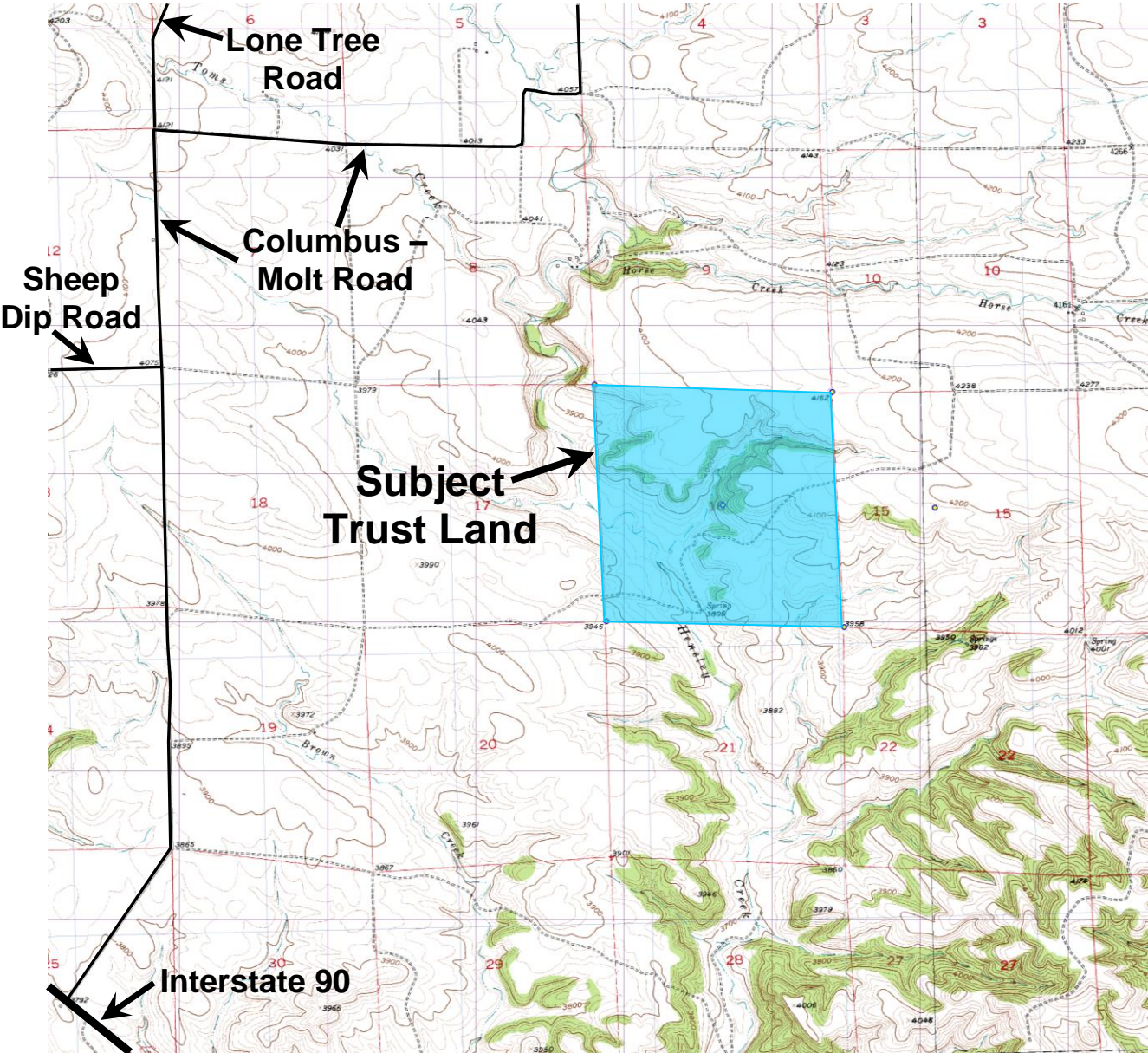
Attachment A – Area Map



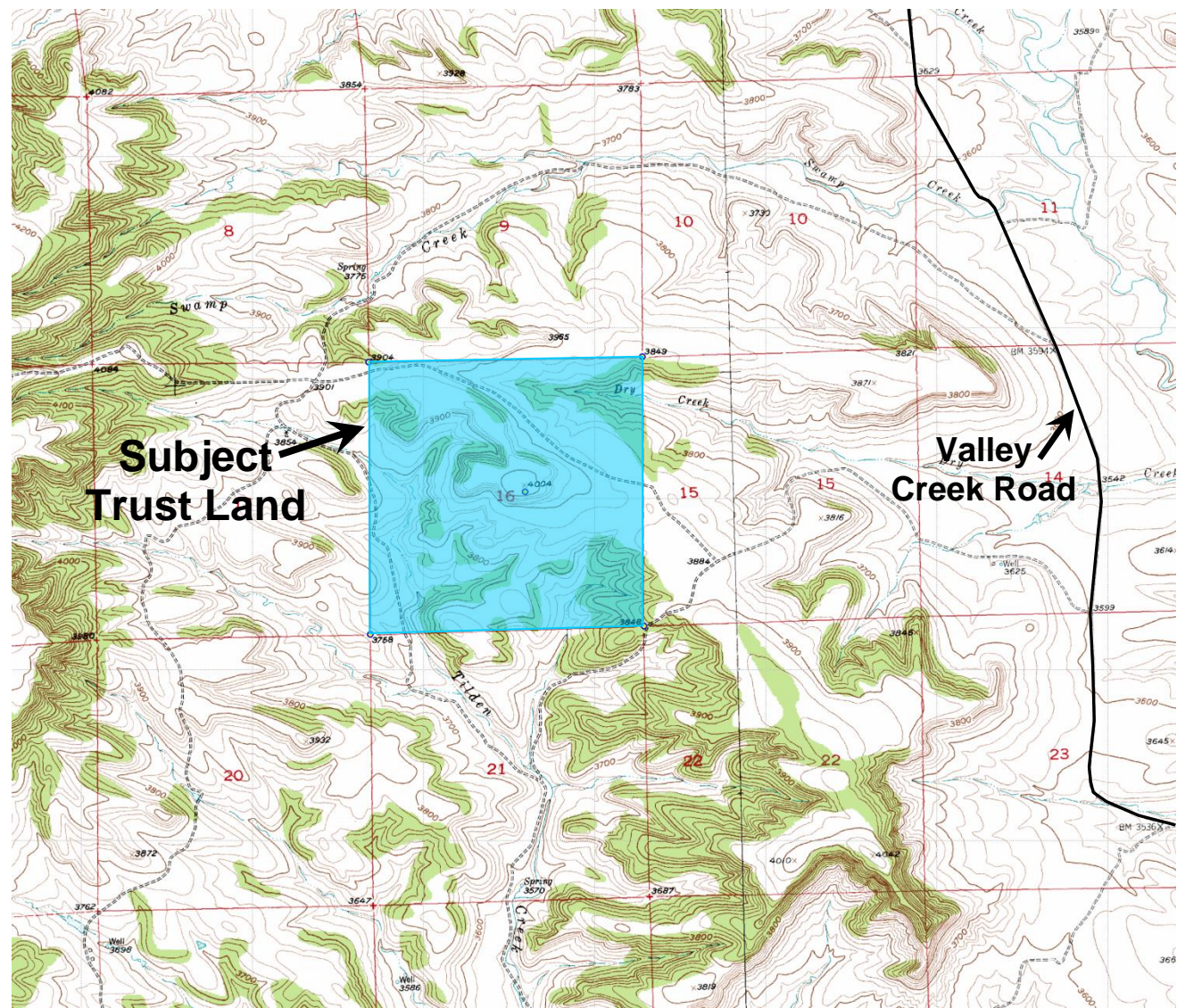
Attachment B – Property Map – Section 36-T1S-R21E



Attachment C – Property Map – Section 16-T2S-R21E



Attachment D – Property Map – Section 16-T2S-R22E



Attachment E – Persons Notified during Scoping Process for all Stillwater County Land Banking Tracts

Anne Hedges
Montana Environmental
Information Center
PO BOX 1184
HELENA, MT 59624

JAKE CUMMINS
MT FARM BUREAU
FEDERATION
502 SOUTH 19th, SUITE 104
BOZEMAN, MT 59718

John Gibson
3028 Avenue E
Billings, MT 59102

Bill Orsello or Stan Frasier
MONTANA WILDLIFE
FEDERATION
PO BOX 1175
HELENA, MT 59624

Kyle Hardin
Matador Cattle Co.
9500 Blacktail Road
Dillon, MT 59725

Lee Gustafson
2040 Saddleback Drive
Laurel, MT 59044

Bob Vogel
Montana School Boards
Association
863 Great Northern Blvd, Suite 301
Helena, MT 59601-3398

Rosi Keller
University of Montana
32 Campus Drive
Missoula, MT 59812

Gary Hammond, Regional
Supervisor
Fish, Wildlife & Parks, Region 5
2300 Lake Elmo Drive
Billings, MT 59105

Daniel Berube
27 Cedar Lake Drive
Butte, MT 59701

Denise Juneau, Superintendent
Montana Office of Public
Instruction
PO Box 202501
Helena, Montana 59620-2501

Ray Mulé, Wildlife Program
Manager
Fish, Wildlife & Parks, Region 5
2300 Lake Elmo Drive
Billings, MT 59105

JULIA ALTERMUS
MONTANA WOOD PRODUCTS
PO BOX 1149
HELENA, MT 59624

Leslie Taylor
MSU Bozeman
P.O. Box 172440
Bozeman, MT 59717

Bonnie Lovelace
Montana DEQ
PO Box 200901
Helena, MT 59620-0901

Harold Blattie
Montana Association of Counties
2715 Skyway Drive
Helena, MT 59601

JANET ELLIS
MONTANA AUDUBON
PO BOX 595
HELENA, MT 59624

Larry Copenhaver, Local Issues
Conservation Director
Montana Wildlife Federation
PO Box 1175
Helena, MT 59624

JACK ATCHESON, SR.
3210 OTTAWA
BUTTE, MT 59701

John Grimm, Chief
DNRC Real Estate Management
Bureau
1625 – 11th Avenue
Helena, MT 59620

Kevin Chappell, Chief
DNRC Ag & Grazing Bureau
1625 – 11th Avenue
Helena, MT 59620

Sonya Germann, Chief
Forest Management Bureau
MT DNRC – TLMD
2705 Spurgin Road
Missoula, MT 59804

Will Wood
Assessment Program Manager
MT DNRC – FAMB
2705 Spurgin Road
Missoula, MT 59804

Monte Mason, Chief
DNRC Minerals Management
Bureau
1625 – 11th Avenue
Helena, MT 59620

Amy Helena, Forest Management
Planner
Forest Management Bureau
MT DNRC – TLMD
2705 Spurgin Road
Missoula, MT 59804

Mike O'Herron, Planning Section
Supervisor
Forest Management Bureau
MT DNRC – TLMD
2705 Spurgin Road
Missoula, MT 59804

Carla Haas
Montana Dept of Transportation
PO Box 201001
Helena, MT 59620-1001

Hugh Zackheim
MT Dept of Fish, Wildlife &
Parks
PO Box 200701
Helena, MT 59620-0701

Glenn Marx, Executive Director
Montana Assoc of Land Trusts
PO Box 675
Whitehall, MT 59759

Tom Madden
RE/MAX of Billings
1250 – 15th Street West
Billings, MT 59102

Senator Jason Priest
PO Box 743
Red Lodge, MT 59068-0743

Representative David Howard
PO Box 129
Park City, MT 59063-0129

Stillwater County
Board of County Commissioners
PO Box 970
Columbus, MT 59019-0970

Mark & Katherine Yates
19726 – 4 Miles Road
Sturgis, SD 57785-6327

Bass Ranch, LLC
22 Hap Trees Road
Fishtail, MT 59028

Reneé L. Coppock
Crowley | Fleck, PLLP
PO Box 2529
Billings, MT 59103-2529

William Lackford
637 – 56th Street West
Billings, MT 59106

Crystal, Inc.
600 East Weddell Drive, Spc 97
Sunnyvale, CA 94089-1752

Richard Tyll
121 South West Ave, Apt #24
Absarokee, MT 59001

John, Henry & Stephen Keating
1833 Columbus Molt Road
Molt, MT 59057

Kober Farms, Inc.
12A Youngs Point Road
Park City, MT 59063

Energy Equity Co.
PO Box 785
Columbus, MT 59019-0785

Patrick Harding
1414 Garfield Avenue
Marinette, WI 54143

JO-BE Farms
160 Cemetery Road
Park City, MT 59063-9428

Rita & Richard Westrum
PO Box 34
Fishtail, MT 59028

Frances Jean & William Haley
PO Box 25
Fishtail, MT 59028

John Lesnik
630 South Atlantic Street
Dillon, MT 59725

Burton & Mary Williams
PO Box 600
Fishtail, MT 59028

Tippet Rise, LLC
c/o Sanford Schlesinger
Schlesinger Gannon &
Lazetera LLP
535 Madison Avenue
New York, NY 10022

Leuthold Valley Creek Ranch,
Inc.
1625 Columbus Molt Road
Molt, MT 59057