

**SUMMARY
APPRAISAL REPORT
of thirteen
STATE LAND BANKING PARCELS
located in
Garfield and Rosebud Counties, Montana**

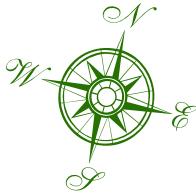
EFFECTIVE DATE: May 20, 2009

Prepared for:

**Tom Konency, Appraiser
Montana DNRC Trust Land Management Division
1625 Eleventh Ave.
P.O. Box 201601
Helena, MT 59620-1601**

Prepared by:

**Andrew A. D. Rahn IV, ARA
Accredited Rural Appraiser
Montana Certified General Appraiser**



Andrew A.D. Rahn IV, ARA
Accredited Rural Appraiser
Montana Certified General Appraiser



June 15, 2009

Tom Konency, Appraiser
Montana DNRC Trust Land Management Division
1625 Eleventh Ave.
P.O. Box 201601
Helena, MT 59620-1601

RE: Real estate appraisal of thirteen State Land Banking Parcels located in Garfield and Rosebud Counties, Montana.

Dear Mr. Konency:

Pursuant to your request, I have personally inspected and prepared an appraisal of the real property assets associated with the thirteen State Land Banking Parcels located in Garfield and Rosebud Counties, Montana. The properties described herein consist of separate parcels of native rangeland ranging in size from 320 to 640 deeded acres. The lands appraised are located in eastern Montana which has historically been an agricultural market, and is currently experiencing transitional value influences related to development, recreation, and investment influences in rural Montana.

It is my understanding that you are requesting this appraisal for use in the decision making process concerning the potential sale of said subject properties. The effective date of appraisal is May 20, 2009, which is the last date of inspection. The purpose of the appraisal is to provide the client with a credible opinion of current fair market value of the appraised subject properties.

In consideration of locational attributes and market conditions at this time, I have concluded that a valuation analysis for the subject properties should be set forth in a narrative Summary Appraisal Report in compliance with current *Uniform Standards of Professional Appraisal Practice* (USPAP) guidelines. No extraordinary assumptions were made in completing this appraisal. However, two hypothetical conditions were employed as directed by the client. These hypothetical conditions are described in the Scope of Work, as well as through out the report. This appraisal represents a current valuation as defined by USPAP. USPAP is the generally accepted standards for professional appraisal practice in the United States. The objective of this analysis is to estimate the market value of the subject properties on an "as-is" basis including land and appurtenances.

The value determinations presented in this report represent the cash value of the fee simple ownership rights associated with the appraised properties, exclusive of reservations of record. This value conclusion is inclusive of the contributory value of mineral, timber, and water rights associated with the real property. The appraised value is based on an exposure time of less than twelve months and my value conclusion does not include personal property, fixtures, emblements, or intangible items.

Respectfully submitted,

Andrew A.D. Rahn IV

Andrew A.D. Rahn, IV, ARA
Accredited Rural Appraiser
Montana Certified General Appraiser



Table of Contents

Transmittal Letter.....	3
Table of Contents	5
I. INTRODUCTION	7
A. Authorization and Scope of Appraisal.....	7
B. Summary of Salient Facts and Conclusion	10
C. Client and Intended Users of the Report.....	12
D. Purpose of the Appraisal.....	12
E. Competency Provision.....	12
F. Effective Date of the Appraisal.....	12
G. Property Interest Appraised	13
H. Ownership and Sales History.....	13
I. Legal Description.....	15
J. Exposure Time	16
II. AREA AND COMMUNITY FEATURES AND DESCRIPTION	19
A. Location	19
B. Site Access	19
C. Community	19
1. Garfield County	19
2. Rosebud County.....	20
3. Custer County – Miles City	21
4. Montana General Data	22
III. SITE FEATURES AND DESCRIPTION	30
A. Subject Features and Operation	30
B. Mineral Rights	67
C. Timber Rights	67
D. Recreational Resources.....	67
E. Zoning.....	67
F. Easements and Encroachments.....	68
G. Flood Plain.....	68
H. Hazards and Detriments.....	68
I. Environmental Audit.....	68
IV. VALUATION PROCESS	69
A. Introduction.....	69
B. Highest and Best Use	69
1. Market Overview	70
2. Highest and Best Use Analysis.....	72
3. Assignment of Highest and Best Use	74
C. Approaches to Value - Definitions	75
D. Approach Selection.....	76
E. Market Observations.....	77
F. Market Data Presentation.....	77
1. Property Rights Conveyed.....	78
2. Market Conditions - Time Adjustment.....	78
3. Sale Land Mix / Productivity Analysis.....	80

4. Access	83
G. Cost Approach	86
1. <i>Land Valuation</i>	86
2. <i>Building Valuation</i>	93
3. <i>Leased Lands</i>	94
4. <i>Valuation Summary</i>	94
H. Sales Comparison Approach.....	95
1. Introduction.....	95
2. Sales Analysis – With Access.....	97
3. Sales Analysis – Without Access.....	102
4. Value Conclusions	104
I. Reconciliation and Value Conclusion.....	105
CONTINGENT AND LIMITING CONDITIONS	107
APPRAISAL CERTIFICATION	110

Addenda:

Exhibit 1 - Client Documents

Exhibit 2 - Appraiser Qualifications

I. INTRODUCTION

A. Authorization and Scope of Appraisal

The appraiser was authorized to prepare an appraisal of the subject properties by the Montana Department of Natural Resources & Conservation (DNRC) via contract #097410. The contract outlined the terms and conditions of the appraisal assignment, and is included in the Addendum of the report.

As will be identified within this report, the primary objective of this appraisal to provide the client with a credible opinion of current fair market value of the appraised subject properties, and is intended for use in the decision making process concerning the potential sale of said properties. A standard appraisal process will be employed to determine the market value of the real property, subject to any easements, reservations, conveyances, and encumbrances of record. This value includes mineral, water, and timber rights, as these items are considered inherent in the land value and no specific valuation of these rights will be performed. No difference for minerals or lack of minerals can be determined in this market. This process will include all available and current market data and information considered pertinent to the valuation of the subject properties.

In preparing the appraisal, the appraiser conducted research and analysis of the subject properties, the subject area, the general market, and specific sales. This included inspections of each of the subject properties between April 14 and May 20, 2009. Background property information was gathered from several sources that included the property lessees as well as personnel associated with governmental agencies including the County Assessor, the County Clerk and Recorder, the USDA Farm Services Agency, the Montana Department of Natural Resources, as well as a personal knowledge of the local and surrounding area. As described, the real property consists of thirteen separate parcels ranging from 320 to 640 deeded acres.

The appraiser has studied the market and conducted a highest and best use analysis for the subject properties. All of the available sales data has been evaluated for comparability to the subject properties. All three approaches to value, the Cost, Sales Comparison, and Income Approaches were considered.

There are two hypothetical conditions that will be employed in this report, as directed by the client. The first hypothetical condition is that the properties are in a fee simple estate, when in fact they are currently leased and the lessees hold a leased fee interest in the properties. The client holds a leasehold interest in the subject properties. However, as directed by the client, the parcels are to be appraised in this assignment as fee simple estates. Secondly, none of the thirteen subject properties have legal access. They are all remote tracts which are surrounded by private lands for which no access easements are present. In addition to appraising the subject properties in the "as is" condition which is without legal access, the client has directed the appraiser to value the properties under the hypothetical condition that the properties do have legal access. These parcels will be

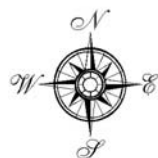
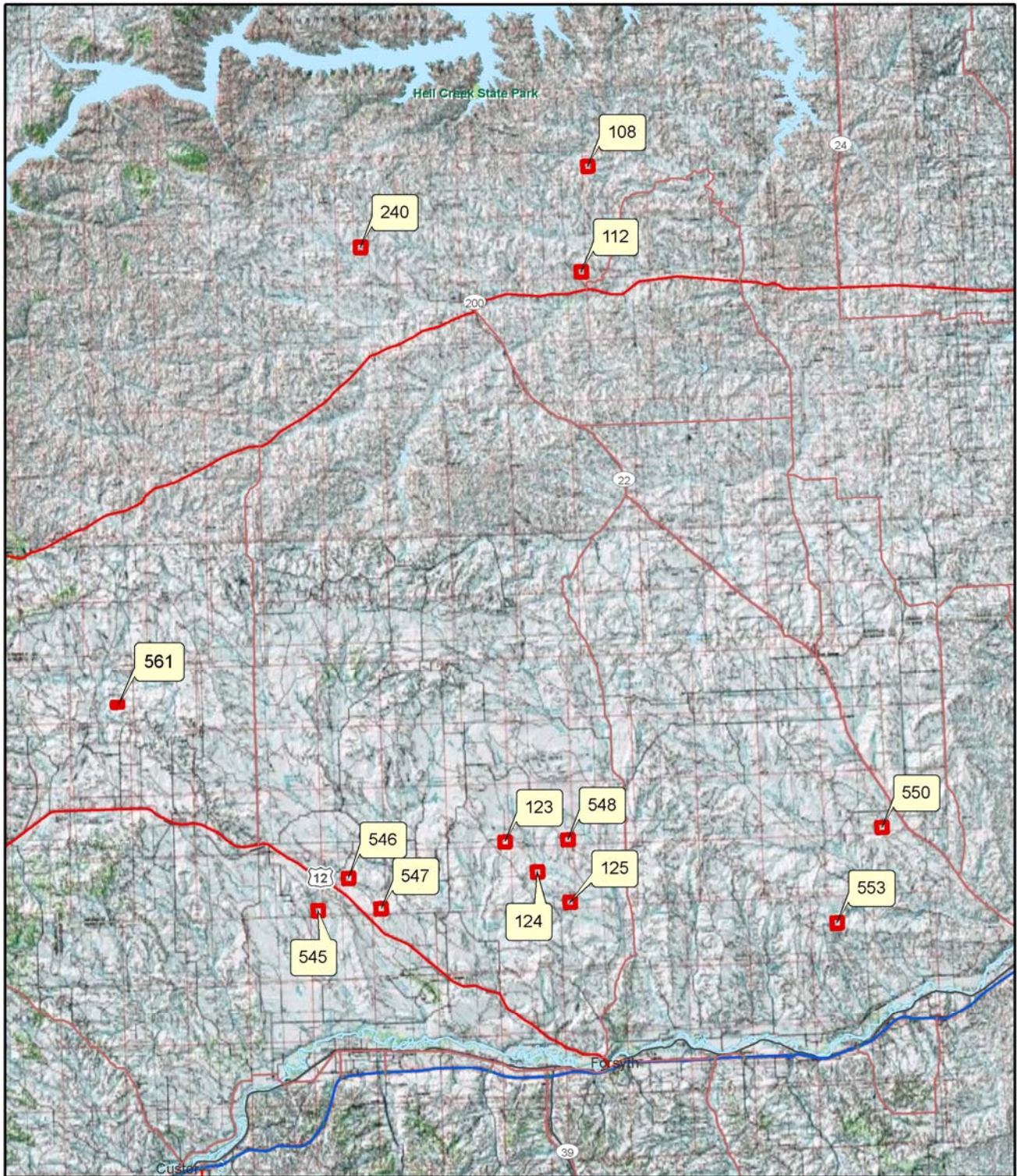
valued in an “as is” condition, without legal access, and also under the hypothetical condition of having legal access.

Montana is a non-disclosure state where land sale prices and the terms of rural real estate transactions are not public information. There are no centralized sources of sale data and no obligatory requirements for sale participants to release price data and some sales are subject to confidentiality agreements. The appraiser acquires sales data from transaction participants (such as buyers, sellers, brokers, attorneys, and closing agents) as well as other real estate and valuation professionals such as appraisers and real estate agents. The willingness of these sources to share confidential sales data with the appraiser is based on the agreement that the appraiser will keep that data confidential and use with the utmost discretion. The appraiser’s professional practice is depended on maintaining the confidentiality of sales data, and the appraiser has verbally assured all the providers of confidential sales data that the data will remain confidential.

Given that this report is to be made available to the public, the confidential sales data will not be included in the report. A separate Sales Addenda will include the confidential sales data, and this addenda is included by reference to the report, but will not be available to the public. The reviewers of the appraisal report will have access to the Sales Addenda, but once the appraisal is reviewed, the Sales Addenda will be returned to the appraiser to be kept in the appraiser’s files. The Sales Addenda is not considered to be public information.

The client is hereby notified that it is possible that there are area sales of which the appraiser has no knowledge, or for which reliable sale data could not be confirmed. There may also be other sales which the appraiser is aware of, but which are not included for confidentiality reasons. The appraiser is active and familiar with the area and is confident that based on the amount of data confirmed, and his historic knowledge of the area, an accurate appraisal valuation can be made. Sale and market data was gathered and confirmed with sources familiar to the transaction (such as buyers, sellers, brokers, attorneys, and/or closing agents) to the best of my abilities.

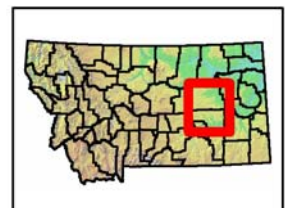
The Summary Appraisal Report presented herein is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice* (USPAP) for a Summary Appraisal Report. As such, it presents a summary discussion of the data, reasoning, and analyses that were used in the appraisal process to develop my opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in my files. The depth of discussion contained in this report is specific to the need of the client and to the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.



1:800,000

0 3.75 7.5 15 Miles

Map produced by
Andrew Rahn



B. Summary of Salient Facts and Conclusion

Property Owner of Record:	State of Montana DNRC Trust Land Management Division P.O. Box 201601 Helena, MT 59620
Intended Users:	State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC).
Property Location:	Garfield and Rosebud Counties, Montana.
Purpose of the Appraisal:	The purpose of the appraisal is to provide the client with a credible opinion of current fair market value of the appraised subject properties, and is intended for use in the decision making process concerning the potential sale of said subject property.
Estate Appraised:	The DNRC real properties subject to any easements, reservations, conveyances, and encumbrances of record; excluding specific valuation of mineral, water, and timber rights. These items are considered inherent in the land value. No difference for minerals or lack of minerals can be determined in this market.
Effective Date of Appraisal:	May 20, 2009
Zoning:	County Agricultural
Flood Zone:	The subject properties are not located in any federally designated flood zones.
Highest and Best Use:	Investment with plottage value to existing holdings.
Property Description:	The subject properties are thirteen separate, unimproved parcels of native rangeland located across a wide geographical area of eastern Montana. The properties range in size from 320 to 640 deeded acres. None of the subject properties have legal access, and physical access is primitive and undeveloped.

Valuation Conclusion:

Parcel #	108	- "as is" with no legal access	=	\$84,500
		- with hypothetical legal access	=	\$50,700
Parcel #	112	- "as is" with no legal access	=	\$86,400
		- with hypothetical legal access	=	\$51,800
Parcel #	240	- "as is" with no legal access	=	\$94,100
		- with hypothetical legal access	=	\$56,500
Parcel #	123	- "as is" with no legal access	=	\$96,000
		- with hypothetical legal access	=	\$57,600
Parcel #	124	- "as is" with no legal access	=	\$96,000
		- with hypothetical legal access	=	\$57,600
Parcel #	125	- "as is" with no legal access	=	\$95,400
		- with hypothetical legal access	=	\$57,200
Parcel #	545	- "as is" with no legal access	=	\$112,600
		- with hypothetical legal access	=	\$67,600
Parcel #	546	- "as is" with no legal access	=	\$112,600
		- with hypothetical legal access	=	\$67,600
Parcel #	547	- "as is" with no legal access	=	\$112,600
		- with hypothetical legal access	=	\$67,600
Parcel #	548	- "as is" with no legal access	=	\$89,600
		- with hypothetical legal access	=	\$53,800
Parcel #	550	- "as is" with no legal access	=	\$92,800
		- with hypothetical legal access	=	\$55,700
Parcel #	553	- "as is" with no legal access	=	\$92,800
		- with hypothetical legal access	=	\$55,700
Parcel #	561	- "as is" with no legal access	=	\$50,900
		- with hypothetical legal access	=	\$30,500

C. Client and Intended Users of the Report

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC).

D. Purpose of the Appraisal

The purpose of the appraisal is to provide the client with a credible opinion of current fair market value of the appraised subject properties, and is intended for use in the decision making process concerning the potential sale of said property.

The following definition of current fair market value was provided to the appraiser by the client, and will be used in this report. (MCA 70-30-313)

“Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.”

E. Competency Provision

The appraiser, Andrew A.D. Rahn IV, ARA, certifies that he has the knowledge and experience to complete this assignment competently in accordance with the Competency Provision of the *Uniform Standards of Professional Appraisal Practice* (USPAP). He has processed an active Certified General Appraisal license in Montana since 2006. He holds an Accredited Rural Appraiser (ARA) designation and is an active member with the American Society of Farm Managers and Rural Appraisers (ASFMRA).

Please refer to the complete Appraiser’s Qualifications in the Addenda for a more complete listing of qualifications and experience.

F. Effective Date of the Appraisal

The appraised value as presented in this report is a current valuation of the subject properties as of the effective date of the appraisal. The effective date is May 20, 2009, which represents the last day of inspection by the appraiser.

G. Property Interest Appraised

The property interest being appraised herein is the real property estate, subject to any easements, reservations, conveyances, and easements of record. This excludes any specific valuation of mineral, timber, or water rights, as these interests are considered inclusive in overall real property market value. Many properties in this market sell with all or partial mineral rights. To date, the buyers in the market have not discounted a property's value for partial mineral rights.

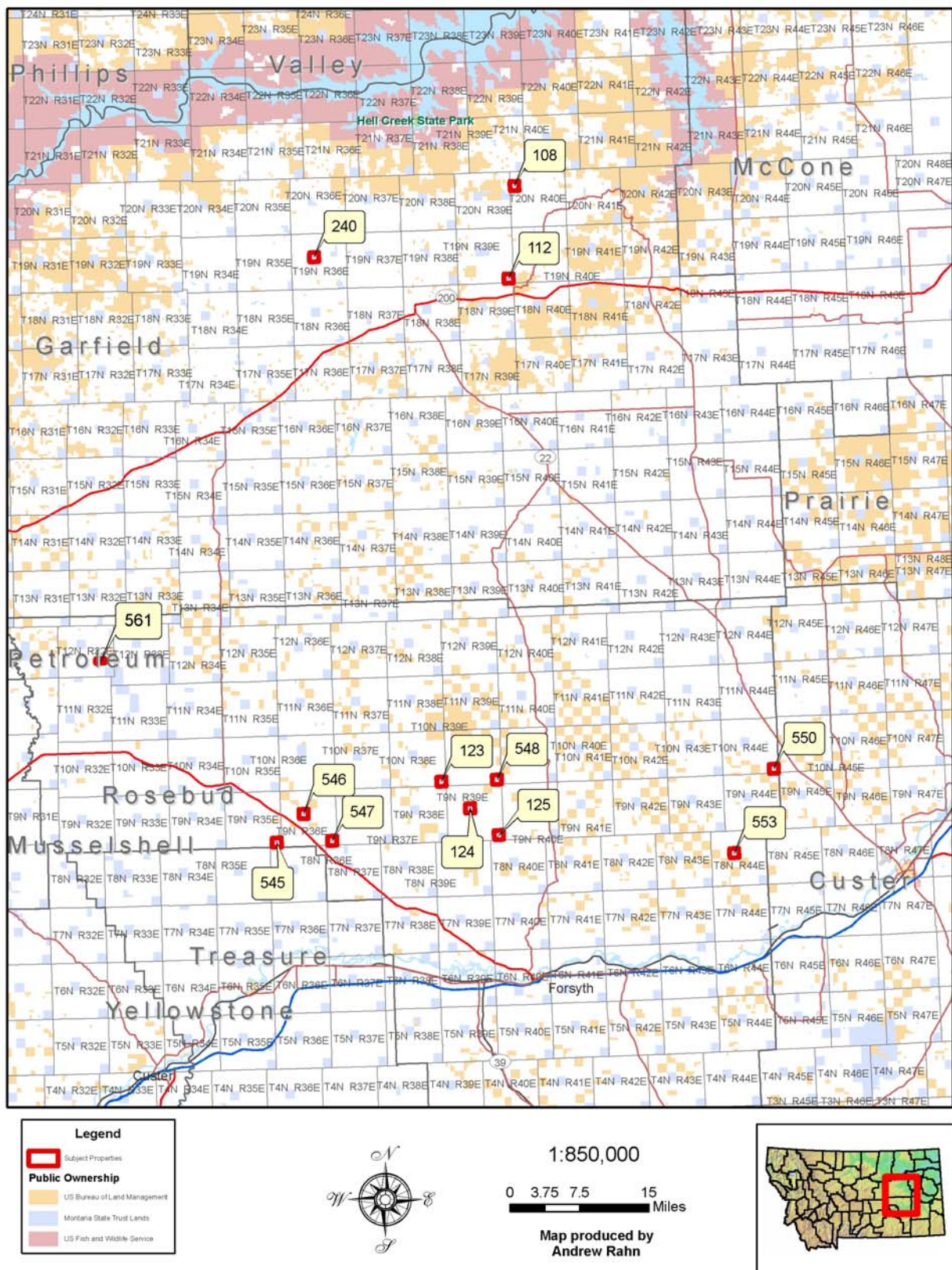
The subject lands are to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in fee simple interest. The subject properties have lease contracts in place, but for analysis purposes are to be appraised with the hypothetical condition the leases/licenses do not exist.

H. Ownership and Sales History

As of the specific date of valuation, title to the subject properties was held by:

State of Montana
DNRC Trust Land Management Division
P.O. Box 201601
Helena, MT 59620

There has been no recent sales history of these parcels.



I. Legal Description

The properties being appraised consist of the real property only; no personal property, trade fixtures, or equipment is included in this report unless specifically noted. The subject properties are legally described as follows:

GARFIELD COUNTY PARCELS:

Parcel #108

<u>Township 20 North, Range 40 East</u>	<u>Acres</u>
Section 7: Lots 1, 2, 3, 4, E1/2W1/2, E1/2	626.32

Parcel #112

<u>Township 19 North, Range 39 East</u>	<u>Acres</u>
Section 36: ALL	640

Parcel #240

<u>Township 19 North, Range 36 East</u>	<u>Acres</u>
Section 16: ALL	640

ROSEBUD COUNTY PARCELS:

Parcel #123

<u>Township 10 North, Range 38 East</u>	<u>Acres</u>
Section 36: ALL	640

Parcel #124

<u>Township 9 North, Range 39 East</u>	<u>Acres</u>
Section 16: ALL	640

Parcel #125

<u>Township 9 North, Range 39 East</u>	<u>Acres</u>
Section 36: ALL	636

Parcel #545

<u>Township 9 North, Range 35 East</u>	<u>Acres</u>
--	--------------

Section 36: ALL 640

Parcel #546

Township 9 North, Range 36 East Acres
Section 16: ALL 640

Parcel #547

Township 9 North, Range 36 East Acres
Section 36: ALL 640

Parcel #548

Township 10 North, Range 39 East Acres
Section 36: ALL 640

Parcel #550

Township 10 North, Range 44 East Acres
Section 36: ALL 640

Parcel #553

Township 8 North, Range 44 East Acres
Section 16: ALL 640

Parcel #561

Township 12 North, Range 32 East Acres
Section 26: N1/2 320

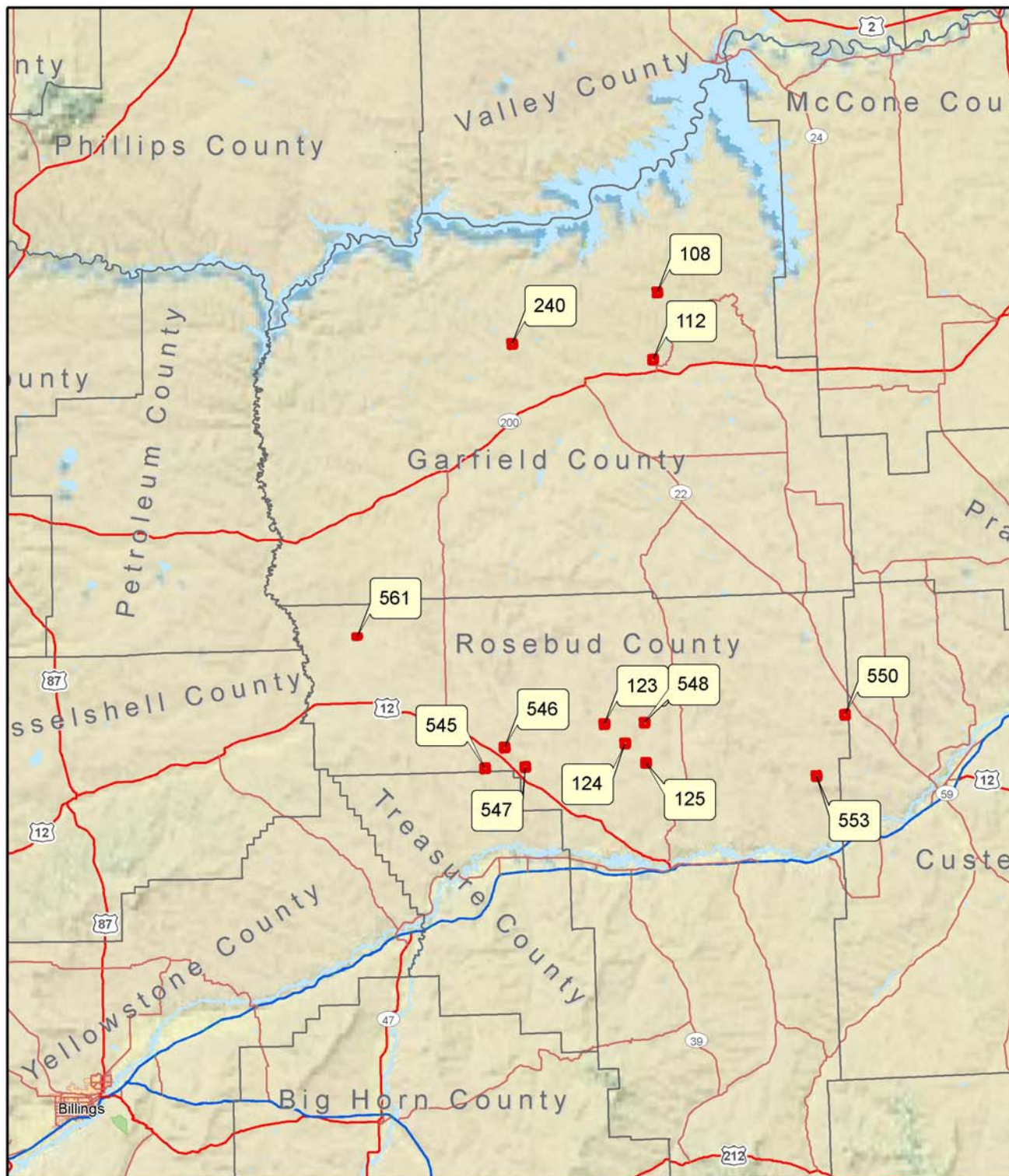
The deeded acres for these lands have been provided by the client and have been checked against county assessed acres. This acreage is subject to any existing liens and easements upon, over, or across the properties.

J. Exposure Time

The 2008-2009 revision of USPAP 1-2 (c) requires that an opinion of reasonable exposure time be developed for appraisal assignments whose purpose is to assign market value. Requisite to satisfying the definition of market value is an exposure to a competitive marketplace.

Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to precede the effective date of the appraisal. Alternatively, “marketing time” is a consulting term which relates to the amount of time that would be required to sell the property interest at the estimated market value during the period after the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of date of sale. It may not be appropriate to assume that the value as of the effective date of the appraisal remains stable during a marketing period.

In analyzing the overall market, it is apparent that lands have varying marketing times, depending upon pricing structures, which have run from as little as 20 to 30 days, to as long as two to three years. As will be described in the Market Observations section of this appraisal, there has been an adequate amount of sale information in the past 12 months to indicate that the market is active at this time. In consideration of this data and information which will be reported herein, the appraiser has concluded that a reasonable exposure time for properties such as the subject parcels, based on the values set forth herein, would be less than 12 months. This analysis is based on the assumption that properties such as the subject would be placed on the market at appraised value and not at a speculative value. The longer marketing periods evidenced in the market are typically associated with properties which have been priced in a speculative manner. The data does not suggest that properties such as the subject would suffer extended exposure or marketing times as a result of the overall value or price associated with the properties if properly priced and marketed in a professional manner.



Legend

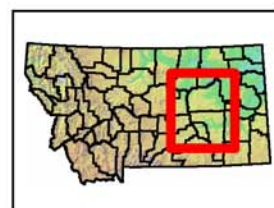
Subject Properties



1:1,250,000

0 5 10 20 Miles

Map produced by
Andrew Rahn



II. AREA AND COMMUNITY FEATURES AND DESCRIPTION

A. Location

The properties being appraised are located across a large geographic area in eastern Montana in Garfield and Rosebud Counties. These parcels are all isolated parcels with no legal access and undeveloped physical access.

B. Site Access

As stated, the parcels do not have legal access. The current lessees, whose lands generally surround each subject parcels, have access through their own deeded lands. Some of the subject parcels adjoin other public lands by a corner, however, in Montana adjoining corners does not constitute legal access.

Each of the parcels is considered to have primitive, undeveloped physical access. Accessibility within these parcels is seasonal with unimproved dirt roads which can be impassible in winter due to drifts or in wet conditions due to the heavy clay soils.

C. Community

1. Garfield County

Garfield County is located in eastern Montana. The central and southern portions of the county are comprised of rolling hills and gentle drainages covered by farms and ranches. To the northwest the terrain is rough, timber covered land with deep canyons and high divides with most of the land being suitable only for grazing due to the terrain. In the northeastern and eastern reaches are "gumbo" roughs; made up of round hills of layer upon layers of dense clay and covered by little vegetation. Farming is limited in this part of the county as it lacks the loamy soils for good crop production. Many of the county's sheep ranches are located here.

The area has many dinosaur fossils, as evidenced by the many major paleontology finds in the area. Dinosaurs from the county are in several of the largest museums in the United States. World renowned paleontologists visit the area every summer in search of more fossils.

The county's modern history evolves from early occupation by large cattle, sheep and horse ranches at the turn of the 20th Century. These were soon followed by the influx of homesteaders in the 1910's and 1920's. Those who made it through the 1930's stayed to build the existing agricultural community. Major products of the area include small grains and livestock.

The largest growing segment of the local economy is recreation. There are fishing, hunting, camping and boating opportunities available all year long.

Jordan, the county seat, was originally settled in 1896. Jordan officially became a town by Postal designation of July 11, 1899. The founder, Arthur Jordan, had hunted the area a great deal and in 1896 decided to bring his family here to settle along the banks of the Big Dry Creek. He soon took up trading with the local cattle and sheep men and it wasn't long until he had a store of sorts. Mail for the area residents began to find its way to the Jordan homestead and in 1899, Mr. Jordan and some of the local residents petitioned for a Post Office, with Arthur Jordan as the Postmaster. Since this Post Office had to have a name, they all agreed to call it "Jordan".

Jordan became an officially incorporated Town in 1951. Around this time, public water and sewer systems were established. The Town is governed by a Mayor and Council. The Main Street and Highway 200, through town, are the only paved streets; the rest are gravel streets.

There are service stations, repair shops, restaurants, motels, taverns, a bank, a newspaper, beauty salons, tarp maker, taxidermist, attorney, and an accountant, also.

The county school system accommodates grades K-12. Local elementary schools cover grades K-8 and Garfield County District High School covers grades 9-12. The elementary schools include Jordan Elementary and a number of country schools in various areas of the county.

The Garfield County Health Center serves as the local medical facility and nursing home. It is supported by the Garfield Ambulance Service and the Garfield County Clinic. Other emergency services include the Garfield County Search and Rescue and the Jordan Volunteer Fire Department. The Jordan Airport is accessible to small private and charter aircraft. There are eight denominational churches and many other organizations, including 4-H and FFA. Service organizations include home demonstration clubs, community service groups, Senior Citizens, Veterans of Foreign Wars and the Garfield County Chamber of Commerce and Agriculture.

2. Rosebud County

Rosebud County is in southeastern Montana near the Wyoming border. The town of Rosebud parallels the south shore of the Yellowstone River, ten miles east of Forsyth on Interstate 94 and Route 446. Rosebud County was formed in 1901 from part of Custer County.

This area was explored by fur trappers and traders, with nearby Rosebud Creek (after which the town of Rosebud takes its name) especially popular for beaver. On July 28, 1806 William Clark & Company passed this area- Rosebud Creek in Montana.

Buffalo Hunters took over 40,000 robes from this area alone during the 1860's and '70's shipping them out by river boat. The slaughter disrupted eastern Montana's Indian culture and precipitated several years of bloody confrontation, culminating in the Battle of the Rosebud on June 17, 1876, and the Battle of the Little Bighorn eight days later." This is also near the spot where Lt. Col. George Armstrong Custer camped along the banks of Rosebud Creek on the way to his ultimate defeat at the Battle of Little Bighorn in 1876.

The population density was 2.0 persons per square mile in 1997, making Rosebud County a frontier county. The county's leading source of income is the electric, gas, and sanitary services industry.

Rosebud County is Montana's largest jurisdiction as well as one of the least populated with less than 1 person per square mile. The County is located adjacent to Custer National Forest, and includes 15,097 square miles of land area. The topography is rolling with small hills. Elevations range from 1500 feet above sea level near the Yellowstone River to 4200 feet in the southern portion of the County near Ashland. To help orient people unfamiliar with the County, a simple map is included on this Web site. Demographics about the county are also available with information gathered from the 2002 census.

Forsyth, county seat of Rosebud County, is nestled below a rim of rough badlands along the banks of the Yellowstone River. Forsyth was named after General James Forsyth, who was a U.S. Army officer arriving by steamer at the site of the present town in 1875. With the abundant growth of cottonwood in the area steamers often stopped here to refuel their engines. The town was established in 1880 and earned its post office in 1882 when the Northern Pacific arrived. The wealth the community produced in its early years can be seen by buildings located along Main Street; the Rosebud County Courthouse is one of them.

In 1910 the Milwaukee Railroad extended north into the Judith Basin opening a new territory for settlement and establishing Forsyth as a trading hub. The economy today is still fueled by the railroad.

Forsyth is located along what is known as the Lewis and Clark Trail. In the exploration of the great Northwest Territory, Captain William Clark passed through Rosebud County on July 28, 1806 en route down the Yellowstone River to meet Meriwether Lewis, who was traveling down the Missouri River.

3. Custer County – Miles City

Nestled in the fertile Yellowstone River Valley, Miles City lies at the confluence of the Tongue and Yellowstone rivers. The community is the center of commerce for most of eastern Montana with a service area extending 100 miles in all directions. As the financial activity center for southeastern Montana, Miles City has three regional commercial banks and two credit unions serving the area. The population of Miles City is approximately 8,487.

Strategically located along Interstate 94 with state highways connecting both north and south, Miles City hosts the Burlington Northern-Santa Fe Railroad, several motor freight carriers, and an airport accommodating commuter jet service and corporate planes. Billings lies 140 interstate miles to the west, Bismarck 240 interstate miles to the east and equal distances between Denver and Calgary.

Although Miles City is most often thought of as a western agricultural town and regional service center, it is also located adjacent to major coal, oil, and gas deposits. Coal-fired power plants, wind energy farms, ethanol, and gas well development are integral parts of future developments.

4. Montana General Data

Montana is a state in the Western region of the United States of America. The western two-thirds of the state have numerous mountain ranges (approximately 77 named) of the northern Rocky Mountains; thus the state's name, derived from the Spanish word *montaña* 'mountain.' The state nickname is the "Treasure State." Other nicknames include "Land of Shining Mountains", "Big Sky Country", and the slogan "the last best place". The state ranks fourth in area, but 44th in population, and therefore has the third lowest population density in the United States. The economy is primarily based on agriculture and significant lumber and mineral extraction. Tourism is also important to the economy, with millions of visitors a year to Glacier National Park, the Battle of Little Bighorn site, and three of the five entrances to Yellowstone National Park.

With a land area of 145,552 square miles (376,978 km²) the state of Montana is the fourth largest in the United States (after Alaska, Texas, and California). To the north, Montana and Canada share a 545 mile (877 km) border. The state borders the Canadian provinces of British Columbia, Alberta, and Saskatchewan, more provinces than any other state. To the east, the state borders North Dakota and South Dakota. To the south is Wyoming and to the west and southwest is Idaho.

The topography of the state is diverse, but roughly defined by the Continental Divide, which runs on an approximate diagonal through the state from northwest to south-central, splitting it into two distinct eastern and western regions. Montana is well known for its mountainous western region, part of the northern Rocky Mountains. However, about 60% of the state is actually prairie, part of the northern Great Plains. Nonetheless, even east of the Continental Divide and the Rocky Mountain Front, there are a number of isolated "Island Ranges" that dot the prairie landscape.

The Bitterroot Mountains divide the state from Idaho to the west with the southern third of the range blending into the Continental Divide. Mountain ranges between the Bitterroots and the top of the Continental Divide include the Cabinet Mountains, the Missions, the Garnet, Sapphire, Flint Creek, and Pintlar ranges.

The northern section of the Divide, where the mountains give way rapidly to prairie, is known collectively as the Rocky Mountain Front and is most pronounced in the Lewis Range located primarily in Glacier National Park. Due to the configuration of mountain ranges in Glacier National Park, the Northern Divide (which begins in Alaska's Seward Peninsula) crosses this region and turns east in Montana at Triple Divide Peak. Thus, the Waterton, Belly, and Saint Mary rivers flow north into Alberta, Canada, joining the Saskatchewan River and ultimately emptying into Hudson Bay.

East of the Divide, several parallel ranges march across the southern half of the state, including the Gravelly Range, the Tobacco Roots, the Madison Range, Gallatin Range, Big Belt Mountains, Bridger Mountains, Absaroka Mountains, and the Beartooth Mountains. The Beartooth Plateau is the largest continuous land mass over 10,000 feet (3,000 m) in the lower 48 states and contains the highest point in the state, Granite Peak, 12,799 feet (3,901 m) high.

Between the mountain ranges are many scenic valleys, rich in agricultural resources and rivers, and possessing multiple opportunities for tourism and recreation. Among the best-known areas are the Flathead Valley, Bitterroot Valley, Big Hole Valley, and Gallatin Valley.

East and north of this transition zone are expansive sparsely populated Northern Plains, with rolling tableland prairies, "island" mountain ranges, and scenic badlands extending into the Dakotas, Alberta, Saskatchewan, and Wyoming. The isolated island ranges east of the Divide include the Castle Mountains, Crazy Mountains, Little Belt Mountains, Snowy Mountains, Sweet Grass Hills, Bull Mountains. The Pryor Mountains South of Billings and, in the southeastern corner of the state near Ekalaka, the Long Pines and Short Pines.

The area east of the divide in the north-central portion of the state is known for the dramatic Missouri Breaks and other significant rock formations. Three stately buttes south of Great Falls are familiar landmarks. These buttes, Square Butte, Shaw Butte, and Crown Butte, are made of igneous rock, which is dense and has withstood weathering for many years. The underlying surface consists of shale. Many areas around these buttes are covered with clay surface soils. These soils have been derived from the weathering of the Colorado Formation. Farther east, areas such as Makoshika State Park near Glendive, and Medicine Rocks State Park near Ekalaka also highlight some of the most scenic badlands regions in the state.

Montana also contains a number of rivers, many of which are known for "blue-ribbon" trout fishing, but which also provide most of the water needed by residents of the state, as well as being a source of hydropower. Montana is the only state in the union whose rivers form parts of three major North American watersheds: The Pacific Ocean, the Gulf of Mexico, and Hudson Bay which are divided atop Triple Divide Peak in Glacier National Park.

West of the divide, the Clark Fork of the Columbia (not to be confused with the Clarks Fork of the Yellowstone River) rises in the Rocky Mountains near Butte and flows northwest to Missoula. There it is joined by the Blackfoot River and Bitterroot River and further downstream by the Flathead River before entering Idaho near Lake Pend Oreille, becoming part of the Columbia River, which flows to the Pacific Ocean. The Clark Fork discharges the greatest volume of water of any river exiting the state. The Flathead River and Kootenai River also drain major portions of the western half of the state.

East of the divide, the Missouri River, formed by the confluence of the Jefferson, Madison, and Gallatin rivers, crosses the central part of the state, flows through the Missouri breaks and enters North Dakota. The Yellowstone River rises in Yellowstone Park in Wyoming, flows north to Livingston, Montana, where it then turns east and flows across the state until it joins the Missouri River a few miles east of the North Dakota boundary. The Yellowstone River is the longest undammed, free-flowing river in North America. Other major Montana tributaries of the Missouri include the Milk, Marias, Tongue, and Musselshell Rivers. Montana also claims the disputed title of possessing the "world's shortest river," the Roe River, just outside Great Falls, Montana. These rivers ultimately join the Mississippi River and flow into the Gulf of Mexico.

Water is of critical importance to the state for both agriculture and hydropower. In addition to its rivers, the state is home to Flathead Lake, the largest natural fresh-water lake in the United States west of the Great Lakes. Man-made reservoirs dot Montana's rivers, the largest of which is Fort Peck Reservoir, on the Missouri river, contained by the largest earth-filled dam in the world.

Vegetation of the state includes ponderosa pine, lodgepole pine, larch, fir, spruce, aspen, birch, red cedar, ash, alder, rocky mountain maple and cottonwood trees. Forests cover approximately 25% of the state. Flowers native to Montana include asters, bitterroots, daisies, lupins, poppies, primroses, columbine, lilies, orchids and dryads. Several species of sagebrush and cactus and many species of grasses are common. Many species of mushrooms and lichens are also found in the state.

Montana contains Glacier National Park and portions of Yellowstone National Park, including three of the Park's five entrances. Other federally recognized sites include the Little Bighorn National Monument, Bighorn Canyon National Recreation Area, Big Hole National Battlefield, Lewis and Clark Caverns, and the National Bison Range. Montana has eight National Forests and over 20 National Wildlife Refuges. The Federal government administers 36,000,000 acres (146,000 km²). 275,000 acres (1,100 km²) are administered as state parks and forests.

Several Indian reservations are located in Montana: Fort Peck Indian Reservation, Fort Belknap Indian Reservation, Northern Cheyenne Indian Reservation, Crow Indian Reservation, Rocky Boy's Indian Reservation, Blackfeet Indian Reservation, and the Flathead Indian Reservation.

Climate

Montana is a large state with considerable variation in geography, and so the climate is equally varied. The western half is mountainous, interrupted by numerous large valleys. Eastern Montana is plains, badlands, broken by hills and isolated mountain ranges, and has a continental climate. The Continental Divide runs north-south through the western mountainous half, and has a large effect on the climate. It restricts the flow of warmer air from the Pacific from moving east, and cooler, drier continental moving west. West of the divide the climate is described as modified northern Pacific coast climate, with milder winters, cooler summers, less wind, and a longer growing season. In the winter Valley fog and low clouds often form in the valleys west of the divide, but this is rarely seen in the east.

Average daytime temperatures vary from 28 degrees in January to 84.5 degrees in July. The variation in geography leads to great variation in temperature. Hot weather occurs in the eastern plains on occasion; the highest observed being 117° at Glendive on July 20, 1893, and Medicine Lake on July 5, 1937. Throughout the state summer nights are generally cool and pleasant. Temperatures decrease with altitude, and hot weather is unknown above 4,000 ft (1,200 m). Snowfall is not unknown any month of the year in the central part of Montana, but is quite rare in July and August.

The coldest temperature on record for Montana is the coldest temperature for the entire continental U.S. On January 20, 1954 -70 °F was recorded at a gold mining camp near Rogers Pass. Temperatures vary greatly on such cold nights, and Helena, 40 miles (64 km) to the southeast had a low of only -36 °F (-37.8 °C). Winter cold spells last a week or so. They are the result of cold continental air coming south from Canada. The front is often well defined, causing a large temperature drop in a 24 hour period. Conversely, air flow from the southwest results in "Chinooks". These steady 25-50mph (or more) winds can suddenly warm parts of Montana, especially areas just to east of the mountains, where temperatures sometimes rise into the 50's and 60's.

Average annual precipitation is 15 inches (380 mm), but great variations are seen. The mountain ranges block the moist Pacific air, holding moisture in the western valleys, and creating rain shadows to the east. Heron in the west receives the most precipitation, 34.70 inches. On the east side of a mountain range the valleys are much drier; Lonepine averages 11.45, and Deer Lodge 11.00 inches of precipitation. The mountains themselves can get over 100 inches (2,500 mm), for example the Grinnell Glacier in Glacier National Park gets 105 inches (2,700 mm). Perhaps the driest is an area southwest of Belfry that averaged only 6.59 inches (167 mm) over a 16 year period. Most of the larger cities get 30 to 50 inches (1,300 mm) of snow each year. Mountain ranges themselves can accumulate 300 inches (7,600 mm) of snow during a winter. Heavy snowstorms can occur as early as September or as late as May, but most snow falls from November to March.

The climate has become warmer in Montana and continues to do so. The glaciers in Glacier National Park have receded and are predicted to melt away completely in a few decades. Many Montana cities set heat records during July 2007, the hottest month ever

recorded in Montana. Winters are warmer, too, and have fewer cold spells. Previously these cold spells had killed off bark beetles which are now attacking the forests of Western Montana. The combination of warmer weather, attack by beetles, and mismanagement during past years has led to a substantial increase in the severity of forest fires in Montana.

History

Native Americans were the first inhabitants of the state of Montana. Groups included the Crow in the south-central area, the Cheyenne in the southeast, the Blackfeet, Assiniboiné and Gros Ventres in the central and north-central area and the Kootenai and Salish in the west. The smaller Pend d'Oreille and Kalispel tribes lived near Flathead Lake and the western mountains, respectively.

Montana east of the continental divide was part of the Louisiana Purchase in 1803. Subsequent to the Lewis and Clark Expedition and after the finding of gold and copper (see the Copper Kings) in the state in the late 1850s, Montana became a United States territory (Montana Territory) on May 26, 1864, and the 41st state on November 8, 1889.

Fort Shaw (Montana Territory) was established in Spring 1867. It is located west of Great Falls in the Sun River Valley and was one of three posts authorized to be built by Congress in 1865. The other two posts in the Montana Territory were Camp Cooke on the Judith River and Fort C.F. Smith on the Bozeman Trail in south central Montana Territory. Fort Shaw, named after Colonel Robert Gould Shaw, who commanded the 54th Massachusetts, one of the first all African-American regiments, during the American Civil War, was built of adobe and lumber by the 13th Infantry. The fort had a parade ground that was 400 ft² (120 m²), and consisted of barracks for officers, a hospital, and a trading post, and could house up to 450 soldiers. Completed in 1868, it was used by military personnel until 1891.

After the close of the military post, the government established Fort Shaw as a school to provide industrial training to young Native Americans. The Fort Shaw Indian Industrial School was opened on April 30, 1892. The school had at one time 17 faculty members, 11 Indian assistants and 300 students. The school made use of over 20 of the buildings built by the Army.

The revised Homestead Act of the early 1900s greatly affected the settlement of Montana. This act expanded the land that was provided by the Homestead Act of 1862 from 160 acres (0.6 km²) to 320 acres (1.3 km²). When the latter act was signed by President William Howard Taft, it also reduced the time necessary to prove up from five years to three years and permitted five months' absence from the claim each year.

In 1908, the Sun River Irrigation Project, west of Great Falls was opened up for homesteading. Under this Reclamation Act, a person could obtain 40 acres (16 ha). Most of the people who came to file on these homesteads were young couples who were eager

to live near mountains where hunting and fishing were good. Many of these homesteaders came from the Midwest and Minnesota.

Montana was the scene of the Native Americans' last effort to keep their land, and the last stand of U.S. Army Lieutenant Colonel George Armstrong Custer was fought near the present day town of Hardin. Montana was also the location of the final battles of the Nez Perce Wars.

Cattle ranching has long been central to Montana's history and economy. The Grant-Kohrs Ranch National Historic Site in Deer Lodge Valley is maintained as a link to the ranching style of the late 19th century. It is operated by the National Park Service but is also a 1,900 acre (7.7 km²) working ranch.

Demographics

As of 2006, Montana has an estimated population of 997,670, which is an increase of 8,750, or 0.9%, from the prior year and an increase of 33,475, or 3.7%, since the year 2000. This includes a natural increase since the last census of 13,674 people (that is 58,001 births minus 44,327 deaths) and an increase due to net migration of 21,074 people into the state. Immigration from outside the United States resulted in a net increase of 2,141 people, and migration within the country produced a net increase of 18,933 people. 16,500 of state residents are foreign-born, accounting for 1.8% of the total population.

According to the 2000 U.S. Census, 94.8% of the population aged 5 and over speak English at home.

While German ancestry is the largest reported European-American ancestry in most of Montana, residents of Scandinavian ancestry are prevalent in some of the farming-dominated northern and eastern prairie regions. There are also several predominantly Native American counties, mostly around each of the seven Indian reservations. The historically mining-oriented communities of western Montana such as Butte have a wider range of ethnic groups, particularly people of Eastern European and Irish ancestry, as well as people who originally emigrated from British mining regions such as Cornwall. Montana is second only to South Dakota in U.S. Hutterite population with several colonies spread across the state. Many of Montana's historic logging communities originally attracted people of Scandinavian and Scots-Irish descent. Montana's Hispanic population is particularly concentrated around the Billings area in south-central Montana, and the highest density of African-Americans is located in Great Falls.

Economy

The Bureau of Economic Analysis estimates that Montana's total state product in 2003 was \$26 billion. Per capita personal income in 2003 was \$25,406, 47th in the nation. However, this number is rapidly increasing. According to the Missoulian, the economy has grown rapidly since 2003; in 2005, Montana ranked 39th in the nation with an average per capita personal income of \$29,387.

The economy is primarily based on agriculture--wheat, barley, sugar beets, oats, rye, seed potatoes, honey, cherries, cattle and sheep ranching -- and significant lumber and mineral extraction (gold, coal, silver, talc, and vermiculite). Tourism is also important to the economy with millions of visitors a year to Glacier National Park, Flathead Lake, the Missouri River headwaters, the site of the Battle of Little Bighorn and three of the five entrances to Yellowstone National Park.

Montana's personal income tax contains 7 brackets, with rates ranging from 1% to 6.9%. Montana has no sales tax. In Montana, household goods are exempt from property taxes. However, property taxes are assessed on livestock, farm machinery, heavy equipment, automobiles, trucks, and business equipment. The amount of property tax owed is not determined solely by the property's value. The property's value is multiplied by a tax rate, set by the Montana Legislature, to determine its taxable value. The taxable value is then multiplied by the mill levy established by various taxing jurisdictions -- city and county government, school districts and others.

Transportation

Railroads have been an important method of transportation in Montana since the 1880s. Historically, the state was traversed by the main lines of three east-west transcontinental routes: the Milwaukee Road, the Great Northern, and the Northern Pacific. Today, the BNSF Railway is the state's largest railroad, its main transcontinental route incorporating the former Great Northern main line across the state. Montana RailLink, a privately-held Class II railroad, operates former Northern Pacific trackage in western Montana.

In addition, Amtrak's Empire Builder train runs through the north of the state, stopping in the following towns: Libby, Whitefish, West Glacier, Essex, East Glacier Park, Browning, Cut Bank, Shelby, Havre, Malta, Glasgow, and Wolf Point.

Montana's three largest commercial airports serve Bozeman, Billings, and Missoula; smaller airports in Kalispell, Helena, and Butte also serve multiple commercial carriers. Eight smaller communities have airports designated for commercial service under the Essential Air Service program.

Historically, the primary east-west highway route across Montana was U.S. Route 10, which connected the major cities in the southern half of the state. Still the state's most important east-west travel corridor, the route is today served by Interstate 90 and Interstate 94. U.S. Routes 2 and 12 and Montana Highway 200 also traverse the entire state from east to west.

Montana's only north-south Interstate Highway is Interstate 15. Other major north-south highways include U.S. Routes 87, 89, 93 and 191.

Law and government

The current Governor is Brian Schweitzer (Democrat) who was sworn in on January 3, 2005. Its two U.S. senators are Max Baucus (Democrat) and Jon Tester (Democrat). Montana's congressional representative is Denny Rehberg (Republican).

The state was the first to elect a female member of Congress (Jeannette Rankin) and was one of the first states to give women voting rights (see suffrage). Despite its sizable American Indian population, Montana is one of the most homogenous states — nearly 90% of its residents are of European descent, with a large number of immigrants of German, Irish, Welsh, English, Italian, Slovak and Scandinavian heritage arriving in the late 19th and early 20th centuries. A significant portion of Chinese (Cantonese) immigrants also came and left an indelible mark on the state, especially in the mining cities of Helena, Butte, and Anaconda.

Politics

Historically, Montana is a Swing state of cross-ticket voters with a tradition of sending "conservatives to Helena (the state capital) and liberals to Washington." However, there have also been long-term shifts of party control. During the 1970s, the state was dominated by the Democratic Party, with Democratic governors for a 20-year period, and a Democratic majority of both the national congressional delegation and during many sessions of the state legislature. This pattern shifted, beginning with the 1988 election, when Montana elected a Republican governor and sent a Republican to the U.S. Senate for the first time since the 1940s. This shift continued with the reapportionment of the state's legislative districts that took effect in 1994, when the Republican Party took control of both houses of the state legislature, consolidating a party dominance that lasted until 2004. The state last supported a Democrat for president in 1992, Bill Clinton's first election.

In recent years, Montana has been classified as a Republican-leaning state, and the state supported President George W. Bush by a wide margin in 2000 and 2004. However, since the 2000 reapportionment plan went into effect in 2004 the state currently has a Democratic governor (Brian Schweitzer), elected in 2004. In the 2006 midterm elections, Democratic candidate Jon Tester narrowly defeated (by only 3000 votes) incumbent Republican Senator Conrad Burns, one of several crucial races that allowed the Democratic Party to win the majority in the U.S. Senate. Montana's lone US Representative, Republican Denny Rehberg, easily won reelection. The state Senate is (as of 2007) controlled by the Democrats and the State House of Representatives is controlled by the Republicans.

On April 17th, 2007, Montana became the first state to pass legislation against the federal government's Real ID Act. Gov. Schweitzer signed a bill banning the Montana Motor Vehicle Division from enforcing the new regulations.

(Montana General Data sourced from Wikipedia)

III. SITE FEATURES AND DESCRIPTION

A. Subject Features and Operation

The subject properties are thirteen isolated tracts of Montana State DNRC Trust lands that range from 320 to 640 acres located in Garfield and Rosebud Counties, Montana. They are native rangeland properties with no legal access.

The parcels historically have been utilized for cattle grazing, and are currently under grazing lease agreements. However, land values and use in this area have transitioned into recreational uses, and the development and investment potentials associated with that use. Grazing is still an interim use in the area, but is increasingly viewed as a management choice, and not a factor of value. The current lessee owns a large ranch holding which is in the process of being developed as a high-end shared amenity development, of which the subject parcels contribute as open recreational space.

GARFIELD COUNTY PARCELS:

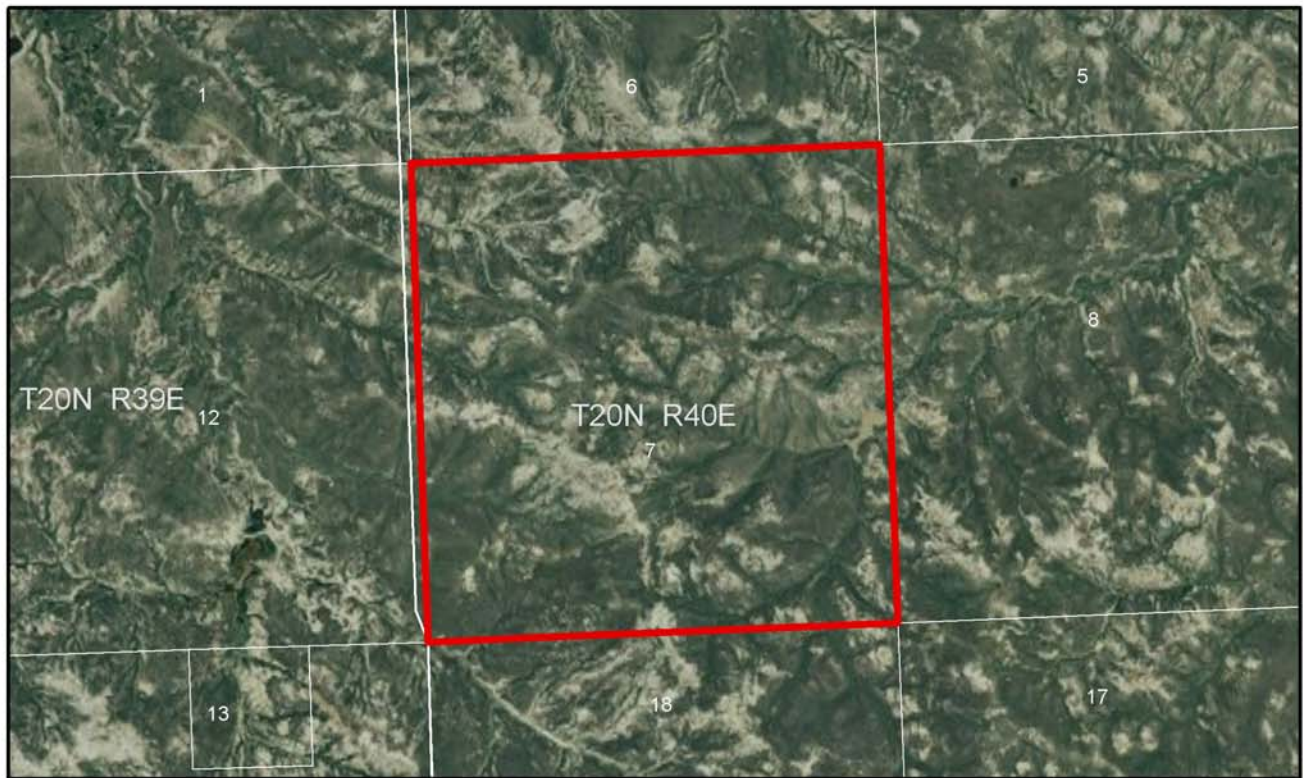
Parcel #108

Parcel #8 is located approximately 20 miles northeast of Jordan, Montana and totals 626.32 acres. The parcel is an in-holding within the lessee's property, which is John, Hillenbrand. The parcel does corner another State Land Trust property to the southwest, but this "cornering" does not constitute legal access. The parcel has no legal access, and the physical access is very poor and considered seasonal. A reservoir provides stock water during the runoff season in the spring; however the reservoir's dam is located on deeded land and the water in the reservoir is retained back into the subject property. Otherwise, this parcel does not have stock water. The topography of the parcel is rough and varied, with some bare outcroppings. The grazing capacity is reported to be 143 AUMs.

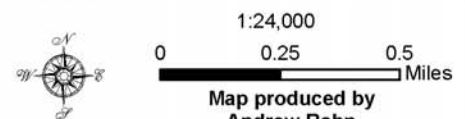


Parcel #108

Subject Parcel #108



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #108



Parcel #108

Parcel #112

Parcel #112 is located approximately ten miles east of Jordan, and about 1½ miles north of Highway 200. The parcel is 640 acres and reported to support 97 AUMs. This unit is also an in-holding within private property, although the parcel to the east is owned by someone other than the lessee, John Hillenbrand. Access to the parcel is via a primitive ranch road from the northwest. The parcel does not have legal access. The topography is rough with bare clay hills.

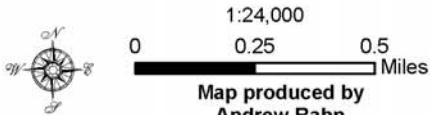


Parcel #112

Subject Parcel #112



- Montana State Trust Lands
- US Bureau of Land Management



Map produced by
Andrew Rahn



Parcel #112



Parcel #112

Parcel #240

This parcel is located approximately twelve miles northwest of Jordan and totals 640 acres. Access is primitive, but involves only $\frac{3}{4}$ of a mile of undeveloped road off Brusett Road, which is a maintained county dirt road. The topography of this unit includes steep barren hills. There is no water on the parcel. The parcel borders two other private ownerships to the north and to the east. The south and west sides border the lessee, Randal and Sharon Brusett. The parcel does not have legal access. The carrying capacity of the parcel is reported to be 83 AUMs.

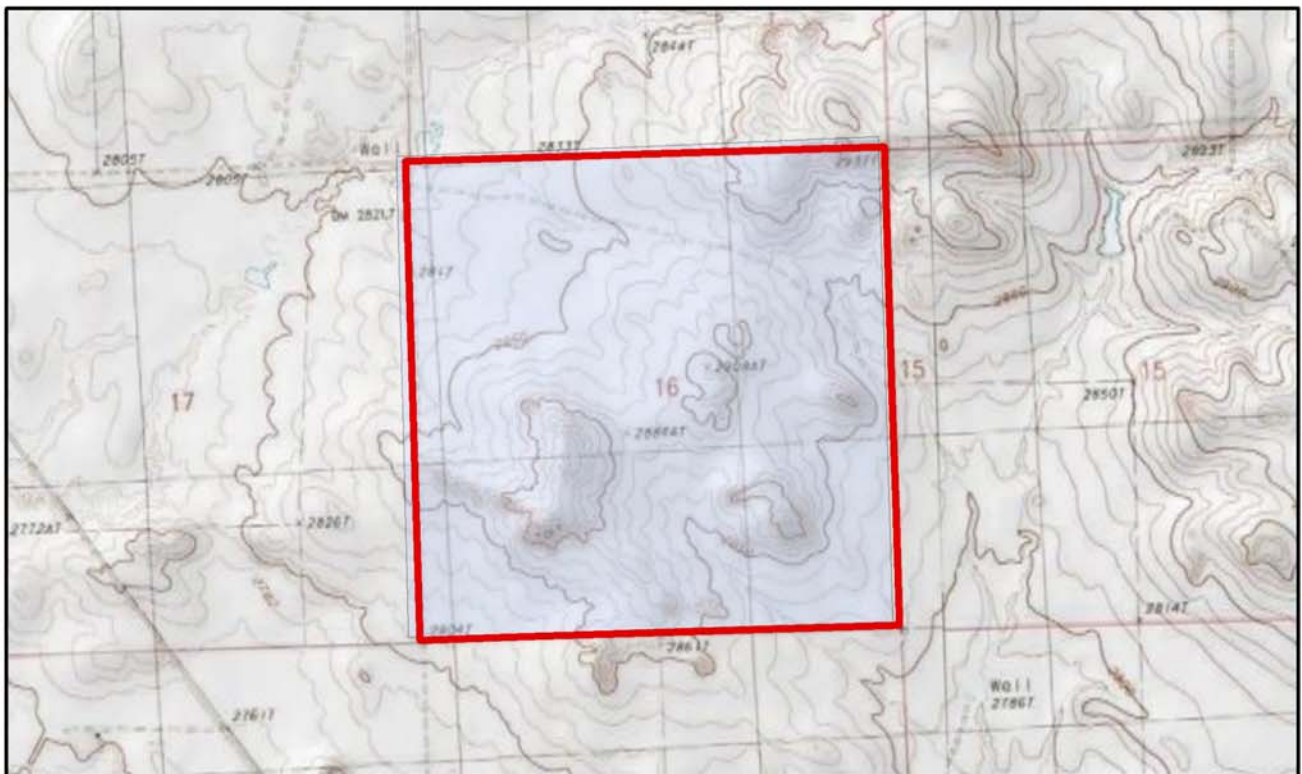


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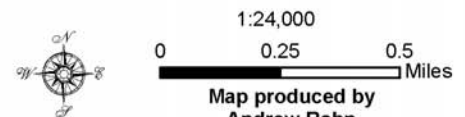


Parcel #240

Subject Parcel #240



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #240



Parcel #240

ROSEBUD COUNTY PARCELS:

Parcel #123

Parcel #123 is generally a level grassland unit with some steeper slopes to the west and southwest. The parcel is located approximately 25 miles north of Forsyth. The nearest legal access is approximately five miles from the property. The parcel totals 640 acres and is reported to support 141 AUMs. The parcel is an in-holding completely within the lessee ownership, with the exception of the southwest corner. The lessee is the Coffee Ranch. The parcel is fenced along the west and north sides.

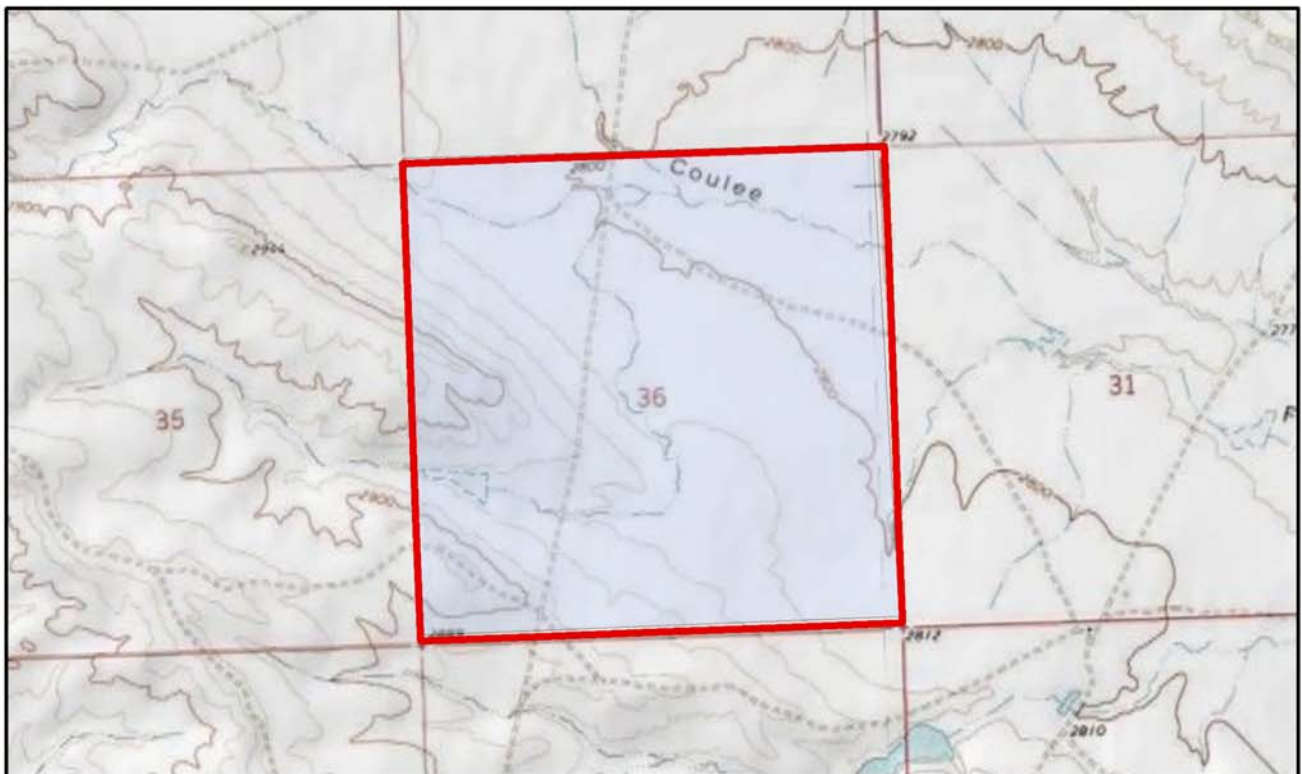


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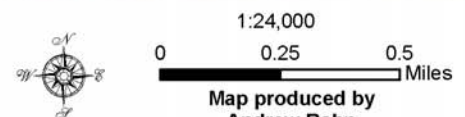


Parcel #123

Subject Parcel #123

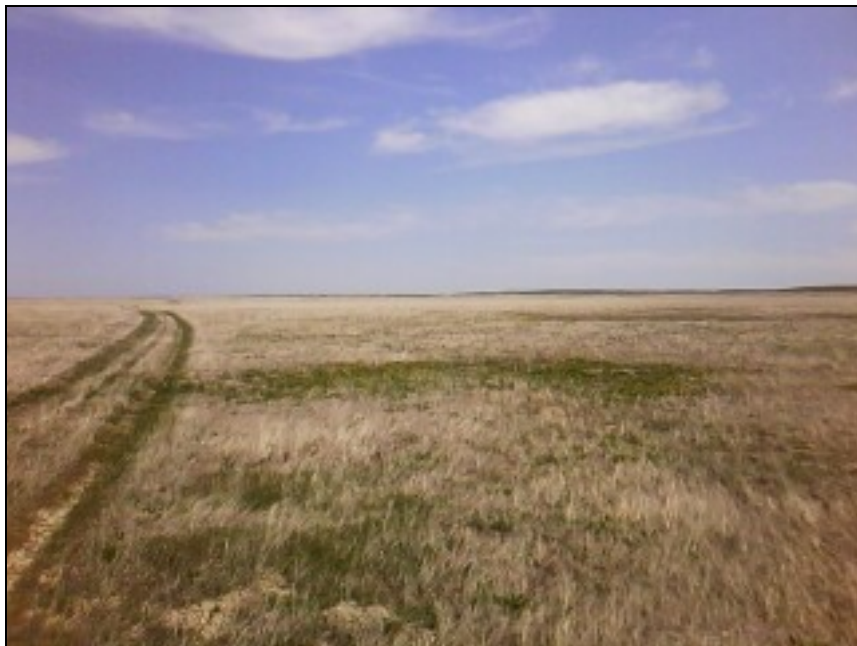


- Montana State Trust Lands
- US Bureau of Land Management





Parcel #123



Parcel #123

Parcel #124

Parcel #124 is also an open, mostly level grassland tract currently leased to the Coffee Ranch, and the unit is an in-holding entirely within the Coffee ranch ownership. The parcel does have steep slopes to the southwest. The parcel totals 640 acres and is reported to support 96 AUMs. The parcel is located approximately 20 miles north of Forsyth. The parcel has no legal access, and the nearest legal access is approximately eight miles. The parcel does have a small reservoir on the north end which does hold some runoff water. Otherwise, the unit has no water.

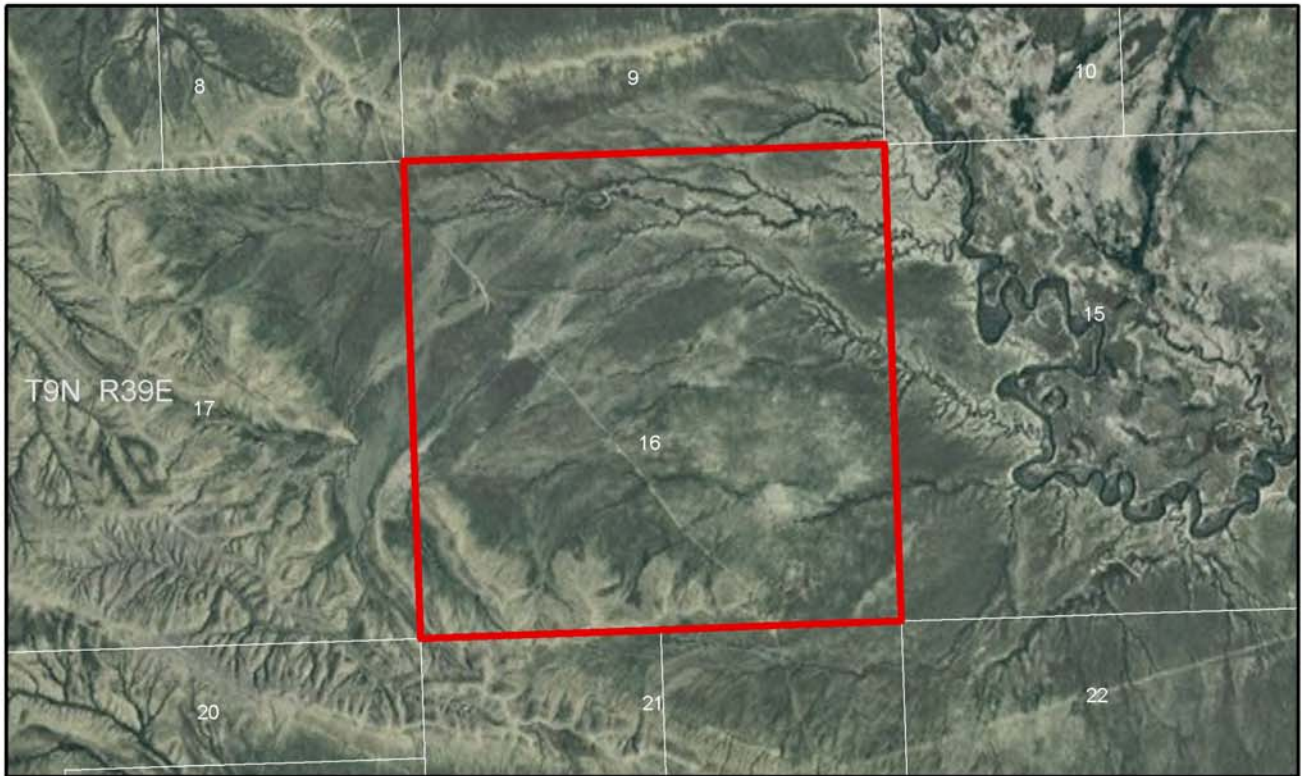




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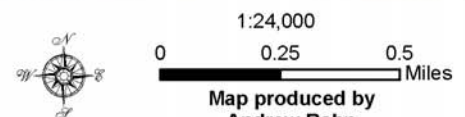


Parcel #124

Subject Parcel #124



-  Montana State Trust Lands
-  US Bureau of Land Management





Parcel #124



Parcel #124

Parcel #125

This is also a Coffee Ranch parcel, located approximately 16 miles north of Forsyth. The parcel is an in-holding, but does border a private ownership other than the lessee to the southeast. The nearest legal access is approximately 12 miles. The topography of this parcel is generally level with some gentle slopes. There is a good water reservoir on the north end along North Prong Hay Creek. The total acreage is 636 acres and the carrying capacity is 114 AUMs. The south boundary of the property is fenced.

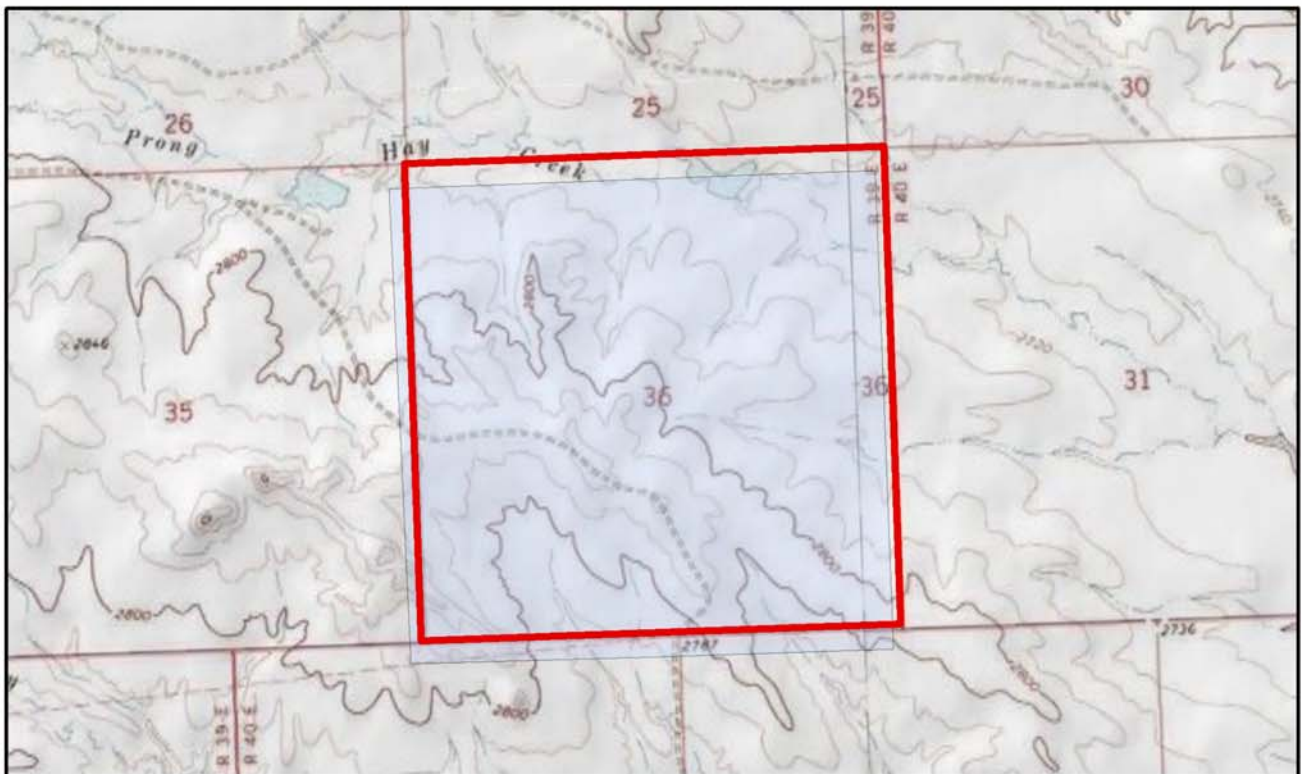


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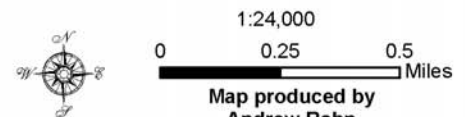


Parcel #125

Subject Parcel #125



- Montana State Trust Lands
- US Bureau of Land Management



Parcel #125



Parcel #125



Parcel #125

Parcel #545

Parcel #545 is located south of Highway 12, approximately 33 miles northwest of Forsyth. The parcel totals 640 acres and supports 114 AUMs. There is a large, approximately 5-acre reservoir on the southeast end of the unit. The parcel is gently sloping on the east half, while the west half is steeper with a ridgeline running north to south across the west half of the parcel. The Parcel is fenced on the north, west, and south boundaries, with the east side open to the deeded lessee property. The lessee is Sun Coulee, LLC. The nearest legal access is three miles.



Parcel #545

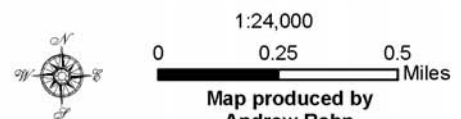


Parcel #545

Subject Parcel #545



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #545



Parcel #545

Parcel #546

Parcel #546 is located just north of Highway 12, and approximately 30 miles northwest of Forsyth. The parcel totals 640 acres and is rated at 128 AUMs. The dam for the large reservoir pictured on the aerial has been breeched, and does not hold water. The parcel does not have water. The parcel has a level basin from the northwest to the southeast, with steeper slopes to the southwest and northeast. Legal access is approximately ½ of a mile away. The east boundary of the unit is fenced. The lessee, Sun Coulee, LLC, owns the parcels to the west and to the south.

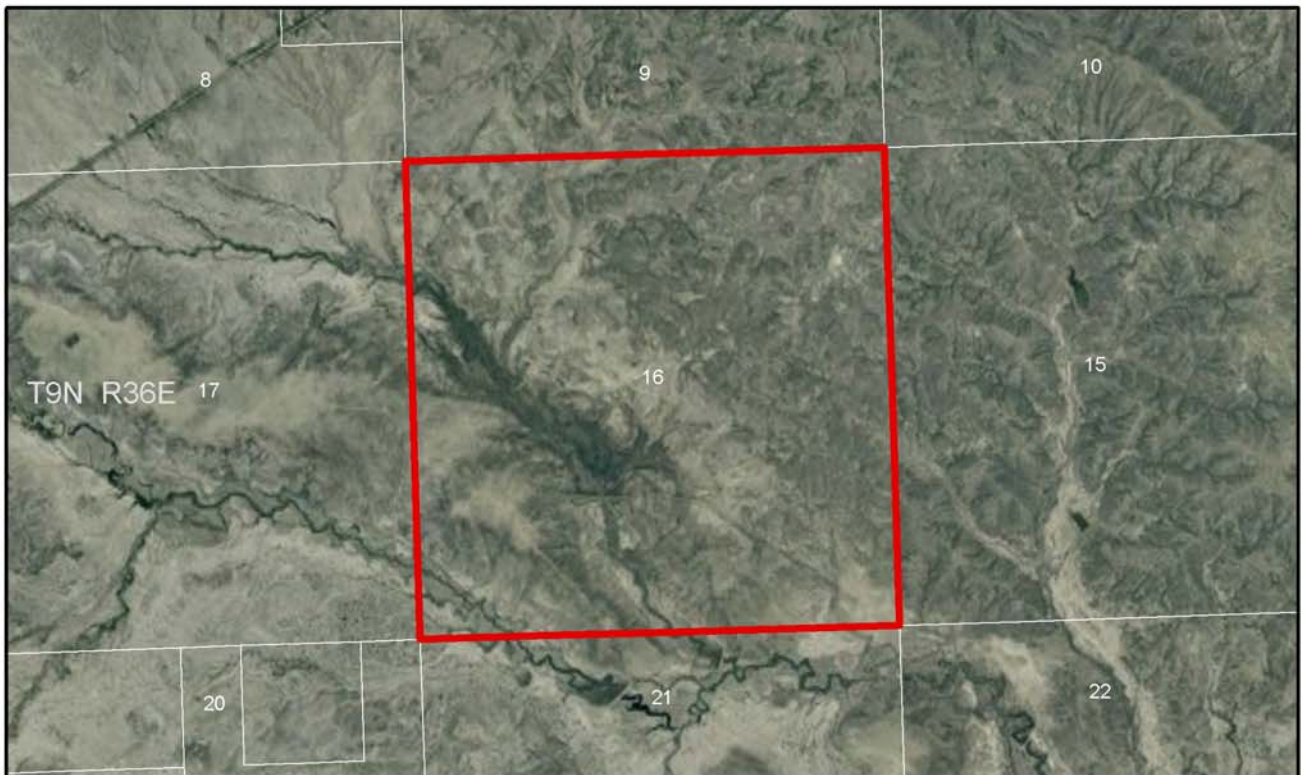


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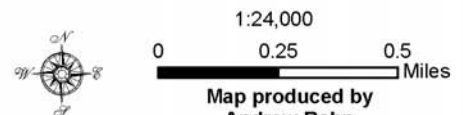


Parcel #546

Subject Parcel #546



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #546



Parcel #546

Parcel #547

This parcel is located just north of Highway 12, approximately 27 miles northwest of Forsyth. The parcel is 640 acres and is reported to support 117 AUMs. The parcel is rough with undulating topography and no water sources. The parcel is fenced along the north, east, and south sides, and is used with the deeded lands to the west. These lands do not appear to be owned by the lessee, Sun Coulee, LLC. Apparently, the lessee must also lease these neighboring private lands or run cattle cooperatively with these ownerships. The lessee does not appear to own any land directly adjoining the subject parcel. The nearest legal access is approximately one mile away.

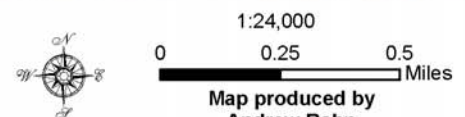


Parcel #547

Subject Parcel #547



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #547



Parcel #547

Parcel #548

Parcel #548 is an extremely poor piece of rangeland located approximately 22 miles north of Forsyth. The parcel totals 640 acres and is reported to support 18 AUMs. The parcel has no water, and the nearest legal access is three miles. The topography is generally level. The north side is fenced. The parcel is an in-holding completely within the ownership with the lessee, Fred and Gwen Wacker.

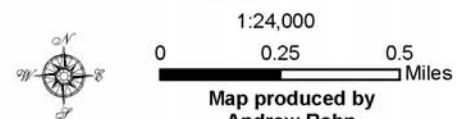


Parcel #548

Subject Parcel #548



- Montana State Trust Lands
- US Bureau of Land Management



Map produced by
Andrew Rahn

Andrew A. D. Rahn IV, ARA



Parcel #548



Parcel #548

Parcel #550

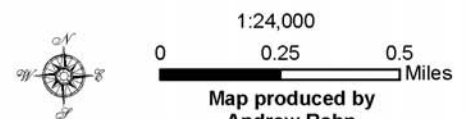
Parcel #550 is located just west off Highway 22, approximately 18 miles northwest of Miles City along the Rosebud and Custer County line. The parcel is generally level to rolling with steep badland hills in the northwest corner. There are deep cut drainages with some water at the time of inspection. The parcel totals 640 acres and is reported to support 74 AUMs. The east boundary of the parcel is fenced. The nearest legal access is approximately one mile.

The pictures of this tract taken by the appraiser were lost.

Subject Parcel #550



- Montana State Trust Lands
- US Bureau of Land Management



Parcel #553

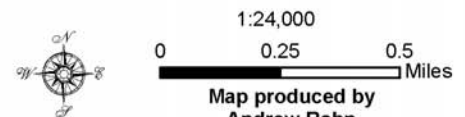
Parcel #553 is located approximately 20 miles west of Miles City, totals 640 acres and is reported to support 118 AUMs. This parcel is rough with very poor access. The nearest legal access is at least ten miles away. The unit is bisected by seasonal creek drainage, but otherwise has no water. The south boundary is fenced.

The pictures of this tract taken by the appraiser were lost.

Subject Parcel #553



- Montana State Trust Lands
- US Bureau of Land Management



Parcel #561

Parcel #561 is a smaller 320-acre tract located approximately 12 miles north of Sumatra. The topography is generally gently rolling with the exception of some steep draws. There is a dam on the property which is dry. There is no water on the parcel. The carrying capacity is reported to be 72 AUMs. The north and east sides are fenced. The west, south, and east sides adjoin the lessee, Coffee Ranch, while the north side adjoins other private ownership. There is gas development evident in the surrounding area.

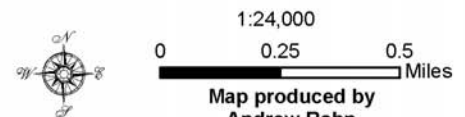


Parcel #561

Subject Parcel #561



- Montana State Trust Lands
- US Bureau of Land Management





Parcel #561



Parcel #561

B. Mineral Rights

As stated in the assumptions and limiting conditions of this report, no separate value has been assigned for mineral rights. Only one of the subject parcels, Parcel # 561, has mineral development evident in the immediate area. Typically, in rural Montana land sale transactions a portion of the existing mineral rights are transferred; however, no specific value is usually assigned. Furthermore, land sales consummated without the sub-surface minerals often reflect no measurable difference in value that can be attributed to the mineral rights. For purposes of this report, mineral rights are considered to be appurtenant or a part of the overall real property and no contributory value has been assigned for mineral rights over and above the associated land values.

C. Timber Rights

None of the subject properties contain any timber resources.

D. Recreational Resources

The recreational resources of the subject properties relative to the area location is considered excellent. However, the recreational resources of the properties themselves is limited. Neither of the subject parcels have water, and don't border public lands. The tracts are not big enough to support resident herds of elk or deer. These animals require large areas of territory, and as such are only intermittently present on these parcels. There are no croplands for additional forage, and limited water sources. The remoteness of the parcels limits the potential for development as recreational properties. Buyers will purchase and develop such tracts, but usually in areas with more on site amenities, such as areas with direct access to forest service lands and fishing waters.

The recreational resources in the overall surrounding area of the subject properties are bountiful, and the owners of the subject parcels have access to all of these places as they are within a short drive of the parcels. Thousands of acres of public lands are located in the region, as well as the Yellowstone River, and Yellowstone National Park.

E. Zoning

The properties are all located in rural areas where there is minimal zoning or planning. The parcels have been designated "county agricultural" from the county's perspective. There are no use restrictions on these units other than septic permits and disposal requirements set by the county and state entities.

F. Easements and Encroachments

A full title search which may or may not reveal more or less easements was not provided to the appraiser. Common public and/or cooperative utility easements are evident in the area of the subject properties and are considered to be common and typical on similar rural properties, except where noted.

G. Flood Plain

The subject properties do not include any mapped flood zone designations. The seasonal creeks and drainages may be prone to flooding in spring.

H. Hazards and Detriments

The hazards and detriments associated with the subject parcels are typical of the surrounding community and include blowing and drifting snow, muddy roads, and other weather related issues. There were no visible hazards at the time of this inspection.

I. Environmental Audit

The appraiser is not an expert in either the detection of hazardous or toxic substances or structural engineering and did not conduct an environmental audit or structural inspection of the subject properties. During the routine property inspection, no visible environmental hazards were evident at the time of the inspection. The properties are being appraised assuming there are no toxic or hazardous substances present or associated with the subject properties that would render the properties more or less valuable. Should it be discovered that there are toxic or hazardous substances located on any of the subject properties, the appraiser reserves the right to re-assess the situation and adjust values if deemed necessary.

IV. VALUATION PROCESS

A. Introduction

The appraisal process is an orderly program whereby the appraisal problem and purpose is defined, the work necessary to solve the problem is outlined, and the pertinent data is acquired, classified, analyzed, and interpreted for an estimate of value.

Generally accepted appraisal procedures follow a typical sequence to estimate market value of any subject property. The sequence is outlined below:

- 1.) Research and analyze the subject property and its corresponding market;
- 2.) Determine Highest and Best Use of the subject property;
- 3.) Select appropriate appraisal method(s) to estimate property value;
- 4.) Apply selected method(s) to the subject property;
- 5.) Correlate and/or reconcile values indicated by the selected method(s) into a final estimate of value;
- 6.) Analyze extraordinary circumstances, if any, of the subject property that may have an effect on the final conclusion of value.

For purposes of this assignment, the appraisal process will follow Steps 1 through 5 to estimate the market value of the subject properties. There does not appear to be any extraordinary or unusual circumstances associated with the subject properties and the values will be reconciled after Step 5.

B. Highest and Best Use

A property is valued according to its highest and best use. Highest and best use is that use of land and its improvements that can reasonably be expected to produce the greatest net return over a given period of time or over the remaining life of the improvements. In assigning a highest and best use, these issues are considered:

- market trends,
- market demands,
- established uses in the area, and,
- the property's unique features.

Criteria considered and met should lead to a highest and best use conclusion that reasonably exists, or will exist in the near future, and which is:

- legally permissible,
- physically possible,
- financially feasible, and
- maximally productive.

Highest and best use correlates to a property's maximum economic use measured in terms of the property's income potential or its actual income. However, in the present rural agricultural/investment market in eastern Montana, sale prices do not correlate on an income basis to the physical highest and best use of the property. Speculation, investment, personal use, and anticipation are strongly related to value in the current market. These elements have limited direct physical use on an income basis, but drive a return of value over time.

For years, values being paid for agricultural properties in rural Montana have not been justified by the agricultural income of these properties. Economic operations on these properties have produced rates of return from less than 0% to 2% on an actual cash basis. The low capitalization rates indicate a transition from agriculture to some higher use. Rates of return for these properties based on land appreciation have, over time, provided enough additional value to properties that overall, rural lands have been a good investment. But appreciation evidenced in the current market is difficult to direct as a "highest and best use," as it is not an income producing activity.

Multiple uses affect highest and best use in the rural Montana land market. Often, properties such as the subject have "augmenting" uses such as recreational, development, and subdivision uses. These uses are often paired to what are known as "complementary" uses. Complementary uses may be agricultural, timber, hunting, or recreational lease uses. Usually, augmenting uses represent the primary elements of the property that drive value and speculation, while complementary uses provide some income to the owner while the property is held for investment. Complementary uses often represent the interim physical use of a property and, in a speculative market such as that affecting rural lands described in this appraisal, property is often held back from terminal uses such as subdivision.

1. Market Overview

Land in eastern Montana has been influenced in value and use by the area's locational, aesthetic, and recreational amenities, and the area has experienced some rural property development that reflects non-agricultural highest and best use considerations. The area has been affected by significant rural property investment because of the region's geographic, aesthetic, and recreational amenities. The market is being influenced by 1031 exchange buyers from other areas and markets. This investment buying from outside the historic market is a factor in highest and best use.

A large amount of existing private land in the subject area is held in larger ranch or investment ownerships that do not typically sell land parcels. Development, while a potentially profitable part of property ownership, is not financially feasible on many properties and may not be consistent with owners' agricultural or wildlife goals. Many ownerships in this market are multiple generation ranch properties that are not commonly involved in subdivision, as these owners are not motivated to sell strictly for profit, and sellers cannot replace properties or "trade-up" because supplies are limited. Also, there are substantial tax consequences for sellers of older, historic ownerships with low tax bases.

Buyers in this market are investors, developers, agricultural expansion buyers, or recreational buyers. Agriculture is still a common land use, and existing agricultural operators will and do purchase expansion lands, though the underlying value is recognized to be the investment value as opposed to agricultural production value. Also, recreational buyers are purchasing lands for the development of recreational farms and ranches.

The thirteen subject properties are all located in eastern Montana, and as such are part of a broad regional market area which shows a certain level of consistency of land types and values. The region is generally arid, open, and lacks mountain ranges. The recreational and aesthetic amenities are generally inferior to the western portions of the State, and consequently the land values are lower. This region is also generally less productive agriculturally, which also impacts land values.

However, like most parts of Montana, there are significant variations of land types and features within small geographic areas which often results in multiple sub-markets within the larger regional market. This is particularly evident when there is a significant recreational feature such as river or large water body located within an otherwise agricultural landscape. The properties along or near a valued recreational feature will be part of a distinctly different sub-market than other area properties that lack access to such features.

None of the subject properties have unique access or proximity to an area recreational or aesthetic feature or have any other distinct features or qualities that would make them part of any distinct local sub-market relative to such features. They all represent open and isolated rangeland tracts without much distinction relative to the larger regional market. None the less, location plays an important role in land values, and local sales will be used to value each subject unit.

The subject properties do have the potential to be subdivided as does any large parcel. However, the lack of legal and/or physical access to the subject properties severely limits their development potential. The value of the subject properties can not be predicated on their theoretic subdivision potential. A subdivision analysis of the property would require a detailed analysis of absorption rates and bulk discount rates and many extraordinary assumptions related to levels of allowed use, which are subject to a complicated and often unclear legal and zoning process. The sales used for valuation

herein all have these inherent characteristics and are reflective of how the market views development on larger parcels. The appraisal of each subject parcel is based on the property as a larger parcel.

2. Highest and Best Use Analysis
Legal, Physical, Financially Feasible, Maximally Productive Summary

Legally Permissible Uses: The subject parcels are each roughly 640-acre parcels, with the exception of one 320-acre unit. All of the units are legally conveyable with no further regulatory review process. The parcels could also be divided further into 160 increments without subdivision review. None of the subject parcels are subject to any zoning or legal land restrictions other than the State of Montana's subdivision regulations that state that subdivision of a property into parcels less than 160 acres in size must pass through a subdivision review process and requires local governmental approval. These subdivisions must also meet general state sanitation requirements regarding the development of septic systems for dwellings.

Under the conditions of this appraisal assignment set forth by the client, the parcels are to be appraised under two different conditions; the as is condition which is with no legal access, and the hypothetical condition of having legal access. These two conditions lead to differing legally permissible uses.

In the as is condition, none of the subject properties have legal access, and as such they have limited legally permissible utility and use. An owner of such properties, unless owning adjoining property or receiving an access easement from adjoining property, cannot access and utilize the ownerships. Such an owner also has a limited or diminished conveyable estate which to potentially sell or convey onto a perspective buyer. The market heavily discounts properties which lack legal access, recognizing the diminished utility and use of these properties.

A lack of legal access creates a condition where the highest and best use of a property differs dramatically for a single or a small group of potential buyers than for the larger overall market. An adjoining property owner who has legal access to a property has a much higher potential use and value for the property than the overall market which lacks such access. The legally permissible highest and best use for a neighbor would not be subject to the legal limitations that an outside buyer would be subject to. However, neighboring owners when purchasing parcels which otherwise lack legal access also typically expect a discount. This is due to the fact that the seller would not be able to get full value as unrestricted otherwise, and therefore the buyer is in a bargaining position.

In the as is condition of having no legal access, the legally permissible uses would be limited to use as an add-on to an existing neighboring ownership. The value of adding parcels to existing ownerships is known as plottage.

Under the hypothetical condition that the subject properties are considered to have legal access, varied uses are legally permissible and include agricultural, recreational, and

investment uses, as well as possible industrial, commercial, and limited development uses, depending on the level of regulation required.

Physically Possible Uses: Of the legally permissible uses, only a few are generally physically possible on portions of the appraised properties. The parcels are remote and rough, with limited agricultural productivity and recreational features. The physical access is poor and undeveloped, and any enhanced uses other than agricultural and limited recreation use would require significant investment to improving access. The parcels do not have access to utilities. There is no apparent mineral development in the subject areas, with the exception of Sale #561, which has gas wells in the immediate area. Sales in this market do not reflect additional consideration for minerals.

Commercial, industrial, and nearly all levels of development can be eliminated as uses on the subject parcels do to the physical limitations of access, availability of utilities, and remote locations with long distances from population centers. Only limited rural developments are physical possible. The physical uses capable on the properties include limited rural development, investment, recreation, and agricultural uses.

Financially Feasible Uses: Strictly agricultural uses would be eliminated under the financial feasibility test. Research of Montana and the surrounding market area reveals that values paid for similar properties in the area are exceeding the value that could be sustained solely by agricultural income as evidenced by the capitalization rates of -0.05% to 2.0% on some of the lands. Lands that continue to be more agriculturally oriented are seeing returns of 3.0% to 5.0% annually. This would indicate that the areas with lower capitalization rates are in a state of transition from agriculture to recreational and investment, while the lands with higher capitalization rates are still more agriculturally oriented. The subject parcels are located in transitional areas where investment and recreation are influencing land values, but land use is still influenced by agriculture given surface uses in the area. Buyers in this market generally use agricultural income as a complementing source of income to pay the taxes and maintenance with the augmenting use of investment.

Rural recreational and/or rural residential development would not be financially feasible due to the remote and poor access of the parcels. The limited recreational and aesthetic amenities of the subject properties do not justify the cost to improve the access. It appears that financial feasibility use revolves around investment as an interim agricultural land holding asset with appreciation potential related to recreation potential.

Commercial, industrial, and residential development uses are not financially feasible for the subject properties due to the remote locations relative to population centers needed as markets, and the costs of developing access and utilities.

Maximally Productive Use: A review of the area surrounding the appraised properties reveals that the use of most properties remains in traditional agricultural ranching operations. The historic agricultural use of these properties is often viewed as secondary (at best) to recreation and investment value. As is the case in many areas of Montana, the

land use of these rural properties continues to be used for some agricultural purposes even when values required to purchase lands for this use exceed the agricultural income potential of the land. It is apparent that although these properties remain in agricultural use, the income potential and capability of these properties is often viewed as secondary to their investment potential. Physical use and management provides for the caretaking of the property and maintains the asset for value appreciation. Recreational hunting as a source of operating income may supplement and complement the agricultural income, but is not a basis of market value. These properties have a strong component of speculation.

In my opinion, the use that survived the above tests and would be considered maximally productive is land investment where the properties are transitioning from agriculture to some higher use such as investment and recreation. The physical use is owner directed and not specifically market driven.

3. Assignment of Highest and Best Use

The highest and best use of the subject properties at the current time is affected by multiple uses and considerations, as described in the proceeding analysis. The properties, being located in eastern Montana, are part of a transitioning market which evidences speculation and investment buying. Historically, properties in the area were owned and operated by large family ranches; however over the past ten or so years, more and more of these properties have been sold to out of state investment buyers.

Relative to overall market value, the subject parcels current use as agricultural properties is not a basis for market value. But as stated previously, most agricultural and recreational properties in this market are not viable on an income producing basis, and the value is understood to lie in the appreciation of the land over time as an investment. Demand for such properties is driven by this investment potential, as well as other intangible features such as aesthetics and recreational amenities.

The subject parcels are limited in recreational and aesthetic amenities as well as agricultural productivity. The size of the subject parcels, a square mile (640 acres) or less, is not large enough to support recreation or agriculture on a stand alone basis. The parcels are not economically viable for agriculture or for recreation based on size. The value of land in this market for recreation is based primarily on big game (deer and antelope) and bird hunting. More acreage would be needed to consider the properties as viable recreational units. Buyers would not purchase these parcels individually for hunting units, and the limited aesthetic amenities would not draw buyers to purchase such remote and isolated units. Agriculturally, the units are not viable unless combined with other lands to form a larger economic unit.

In consideration of the features, location, and indications of the market, I would conclude that the highest and best use of the subject properties is as add-on or plottage units to existing larger properties. The various bases for value in this market, being recreation and agriculture, are dependent on larger scales for economical viable units. As such, smaller parcels such as the subject properties only achieve maximally productive use

when combined with other properties to form a larger economic unit. The buyers for such properties are area land owners who purchase these lands for assemblage or plottage value to their existing holdings. There is no market for these properties outside this use.

Given the two different conditions under which the subject parcels are to be appraised, with and without legal access, the potential for two different highest and best uses needs to be considered. The most significant result of considering two conditions is the different possible extents of the pool of prospective buyers. Without legal access, the pool of potential buyers is limited almost exclusively to surrounding neighbors, which sometimes is only one person or entity. In this condition, the highest and best clearly is limited to assemblage or plottage use, as the only prospective buyer(s) is the neighbor(s). This would be the only buyer for which the property would have any value or use, and that value would be based on plottage.

Under the hypothetical condition that the parcels have legal access, the value of these parcels is still generally limited to surrounding land owners, as the parcels are not economically sized units for agriculture or recreation. The most likely buyers are those which can add the parcels to existing holdings for plottage value.

Therefore, as of May 20, 2009, the highest and best use of the subject properties under both conditions is as investment with plottage value to existing holdings.

C. Approaches to Value - Definitions

There are three traditional approaches to value; the Cost Approach, the Sales Comparison Approach, and the Income or Earnings Approach. A general discussion of the approaches is followed by an analysis of the appropriateness of each of the approaches for the subject properties.

The Cost Approach employs the principle of contribution and is an estimation of the value of the property as if vacant, with the addition of the current costs of reproducing the improvements less all forms of depreciation. Vacant land sales are the most persuasive indicators of land value and individual component values are assigned to each type and class of land as derived from the current market. Building residual values reflect the rates of contribution and depreciation applicable to improvements in a given market. Reproduction cost values used in this analysis are derived from the Marshall and Swift Valuation Service, and these published costs are periodically checked against actual local construction costs for accuracy. Physical depreciation of the improvements is based on the age-life method for incurable items. Depreciation for curable items is based on estimates of the cost to cure such curable items. Land valuation is derived from a component analysis of the selected market data where individual component values are assigned to each type and class of land as derived from the market. Values assigned are based on market data of pure, one-component sales and suggested trends and ratios between the land classes.

The Sales Comparison Approach indicates the value of a property from a direct comparison of the subject property to sales of similar properties on a single, overall unit of measure. In applying this approach, the appraiser employs the principle of substitution; a prudent buyer is assumed to not be willing to pay more for a property than it would cost him or her to buy another property with equally desirable characteristics. Conversely, a seller will sell a property for no less than what similar properties are selling for. The measure used in this approach is a dollar per acre measure.

The Income Approach in appraisals is based on the principle of anticipation and is a value indication of a property based on its anticipated ability to generate income. This method is employed by processing the anticipated net income of the subject property with a capitalization rate determined from the market.

D. Approach Selection

When practical and appropriate, the appraiser uses all three recognized approaches to value; the Sales Comparison Approach, the Cost Approach, and the Income Approach. As stated in the previous definitions section, the use of more than one approach provides additional support, as the approaches are independent conclusions of value which are reconciled for a final value conclusion.

Each approach uses different methodology and has specific application to specific property types and market situations. Each approach is not appropriate for each assignment. There are in fact many situations where only one approach is appropriate. It is the appraiser's sole responsibility to determine and implement the most appropriate approach or approaches for the assignment. The primary criteria for this determination is which approach or approaches will yield the most credible and reliable results.

While the subject properties are utilized for agricultural production, the income associated with the physical operation of the properties does not have a direct bearing on value. This is typical of the rural land markets located throughout Montana, and is due primarily to the influence of recreation and investment. The historic and underlying physical uses of the properties, which does provide some income, does not influence or direct value. The income relative to value is so low that a legitimate estimate of value utilized in an Income Approach is not considered to be appropriate within the context of the market. Values in the area are influenced by recreation and investment criteria and, as such, the interim income potential of properties does not have a direct bearing on value. It is concluded that the Income Approach is not a reliable approach to estimate value for the subject properties, and it will not be utilized in this assignment.

The Cost Approach to value is most applicable when the subject has differing land classes and/or significant building improvements. In this assignment, all of the subject properties are unimproved and have only one land class; native rangeland. With the transition from agriculture to recreation and investment, this market sees the land as having one overall use or value as related to recreation and investment features. The

proportion and productivity of agricultural land classes does not play as significant a role in value as does the factors and amenities relative to recreation, development, and investment uses. Buyers simply do not recognize or evaluate property based on its land class mix or productivity, but instead look at overall aesthetic and recreational features which have a stronger impact on value in this market. The fact that the subject properties are comprised of only one land class and have no building improvements reduces the applicability of the Cost Approach.

The Cost Approach and the Sales Comparison Approach are deemed the most appropriate approaches to value for estimating a market value of the subject properties. Both approaches will be used by the appraiser in this assignment.

The exclusion of the Income Approach to value does not constitute a departure as allowed under the *Uniform Standards of Professional Appraisal Practice*. With consideration of peers, the characteristics of the properties, and the intended use of this report, these approaches would not enhance the credibility of this report.

E. Market Observations

The subject properties, as described herein, are open rangeland tracts with limited access and limited value as stand-alone recreational properties. In parts of Montana that contain recreational and aesthetic amenities, values can vary dramatically over relatively small geographic areas. Highly specific localized markets develop where land types or features vary. The Garfield County units for example, are located in close proximity to the CMR Wildlife Refuge and Fort Peck Lake. Properties adjoining the refuge, or properties having good on-site recreational resources are part of a distinctly different market than the agricultural properties with little recreational features located just a short distance away.

The appraiser has completed a wide review of the market in order to ascertain activity and value under market conditions for similar properties as of May 20, 2009. The comparable sales used are all rangeland properties similar to the subject properties.

F. Market Data Presentation

The sales selected for analysis in this assignment are presented in summary form in the following pages of this report and will be followed by the application of the Cost and Sales Comparison Approaches to value. Confidential sales data is shown in the separate Sales Addenda. There are a total of twelve sales described in this valuation. All of the sales used took place between January of 2004 and January of 2008.

1. Property Rights Conveyed

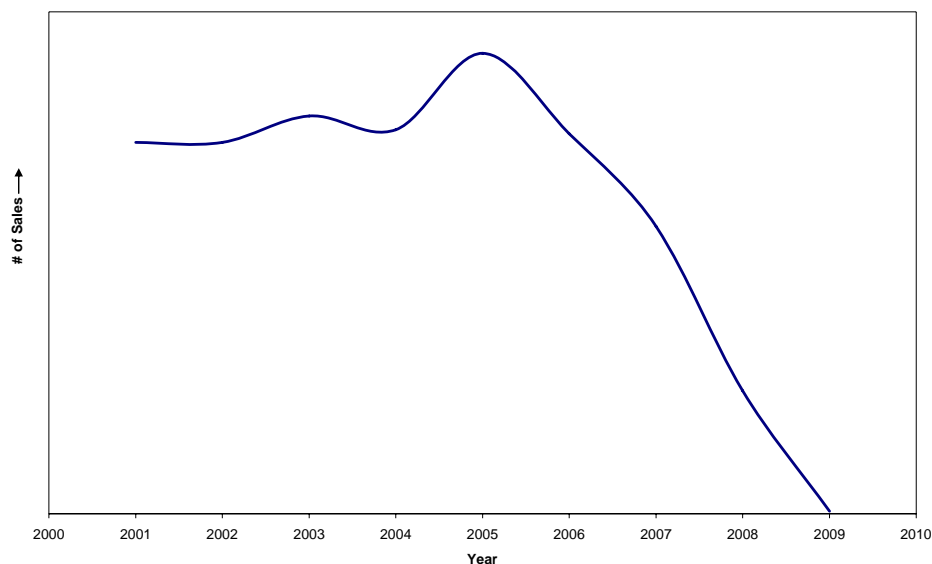
The appraisal of the subject properties will employ two hypothetical conditions, as directed by the client. Both of these hypothetical conditions impact the property rights conveyed of the subject properties. The first hypothetical condition is that the subject properties will be appraised as fee simple estates, when in fact they are leased fee interests as the current lessees have a leasehold interest in the properties. The comparable sales to be used in the valuation of the subject properties all are considered to be fee simple estates subject to any easements, reservations, conveyances, and encumbrances of record. As such, the sales are considered to be the same property interest and no adjustment is necessary regarding property interest.

2. Market Conditions - Time Adjustment

A time adjustment is appropriate given that sales over one year old are being utilized to value the subject properties. Up through 2006, land appreciation rates had generally been strong across most of Montana. An increase in speculative investment buying relative to properties with recreational amenities and properties with development potential was driving the market. Buyers were able to own Montana properties, personally enjoy the recreational amenities if they choose, and enjoy strong value appreciation that competed well with other traditional investments. This situation attracted an increasing number of buyers to the market.

Sales activity has slowed dramatically since 2006. It appears that a price point was reached in the market where buyers were no longer willing to participate at the elevated price levels. National trends in housing and financing then also contributed to a slow down in growth. With such a decrease the volume of sales data, there is less market evidence from which to determine land values and appreciation rates.

Montana Rural Lands Sale Volume

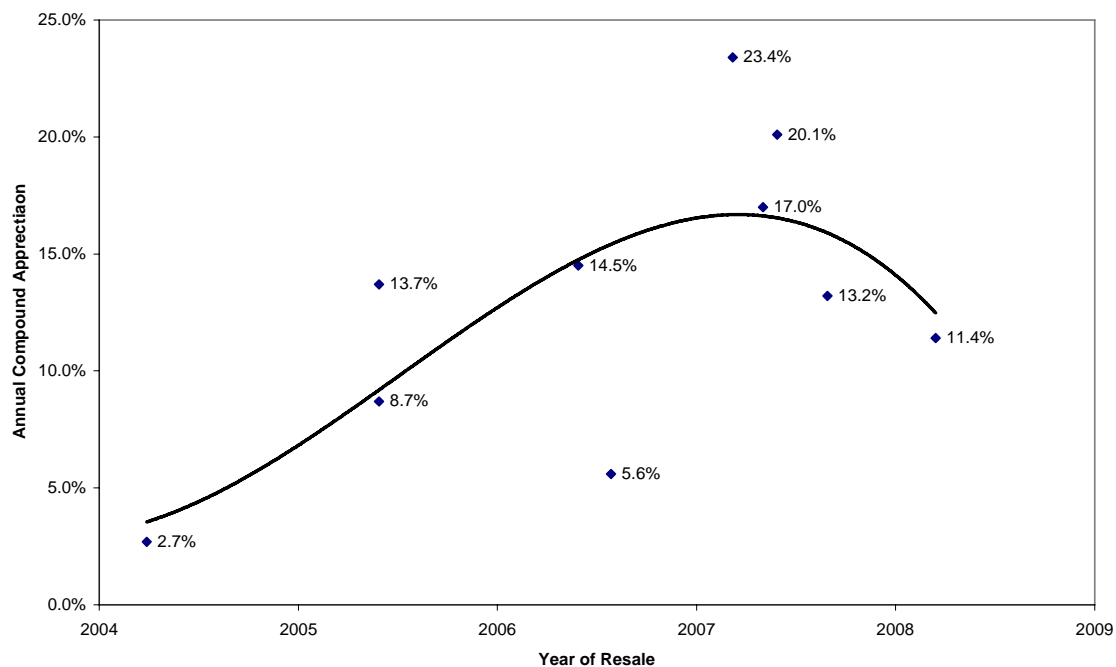


Through 2006, agricultural sales were showing rates of 5% to 10%, with recreational and development properties showing 10% and higher. Based on the limited amount of current sales data, it appears that land values are holding and possibly appreciating slightly high-amenity recreational properties, while agricultural properties are level or dropping.

Market analysis and consultation with other appraisers and real estate agents across the area indicate that market appreciation in this area had averaged 5% to 10% per year during the late 1990's and early 2000's. In the mid-2000's, that rate increased to 10% to 15%. This correlates with Montana Department of Agriculture statistics which shows 14.05% annual appreciation state-wide from 1998 to 2007.

The following graph charts the re-sales of ten recreational properties located in eastern Montana. These re-sales of prior sales are the best indication of market appreciation for recreational properties. The years shown at the bottom of the graph designate the year the properties resold. It is important to note that the appreciation rate shown for any given year is the overall rate for the entire period between the sale and resale, which is not shown on the graph, and not necessarily the rate for that year alone. None the less, the curve of the graph displays the general account of appreciation in the market.

Eastern Montana Land Value Appreciation Data



None of the subject properties are high-amenity recreational properties or properties with development potential. They are not comparable on a direct bases to the re-sales graphed above. The recreational re-sales indicate a higher appreciation rate than agricultural sales such as the subject properties. The purpose of the graph is to illustrate the general trends

in the market which apply to the subject properties as well as the sales shown, and not to indicate actual annual appreciation values.

Properties in the area with desirable recreational amenities have been in demand and developed successfully in the past, but that market has diminished since 2006, and the subject properties are inferior and not competitive in regard to development potential. The sales used to value these properties will be time adjusted 10% annually up through 2006, to reflect the development and investment influence of value in the area.

Overall the subject properties are not high amenity parcels and the primitive seasonal access limits their value as recreational tracts. These properties are part of the outlying tract market, which shows appreciation more indicative of the overall eastern Montana agricultural land market. These sales will be adjusted 5% annually for time up through 2006. From 2007 to the present, no appreciation will be applied. Though there has been very little direct sales data to document time appreciation since 2006, there is significant evidence to indicate that the market has slowed, and sale prices have plateaued. The lack of sales data is evidence in and of itself that the market has stopped growing. In this appraiser's opinion, it is prudent to not apply appreciation rates to sales in this area past 2006.

3. Sale Land Mix / Productivity Analysis

In an agricultural market such as the subjects', land productivity and the relative percentage of the differing land classes comprising a property has a significant impact on overall value. In this assignment, each of the subject properties are comprised solely of native rangeland. For a direct sales comparison to other native rangeland sales, no land mix analysis would be necessary. However, in order to be able to apply rangeland values from other sales with multiple land components in a cost approach, a land class ratio analysis must be completed and applied to each comparable sale. In the following analysis, a land class ratio analysis has been used in order to determine appropriate land class values for the comparable sales.

The analysis begins with the study of unimproved, single land class sales otherwise known as puritan sales. These sales are the primary indications of value for individual land classes as they are the purest, most compelling market data indicating value for a specific land class. Once the value for one or more land classes are determined from puritan sales, the values of the other land classes can be determined by deducting the value of the remaining land classes from subtracting the values of the puritan land classes from the overall sale price of the sale.

In the Montana land market, it is rare to find true puritan land sales. Most often, lands sales include multiple land classes and also structural improvements of some kind. In the entire market area of the thirteen subject properties, the appraiser has located only three true puritan sales. However, there are two additional sales, though while not true puritans, they are credible indications of native rangeland value due to the ease of valuing

the public lease and structural improvement contributions of these sales to the overall sales values.

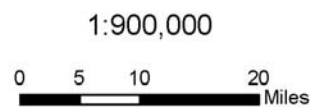
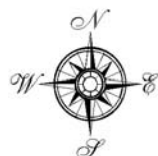
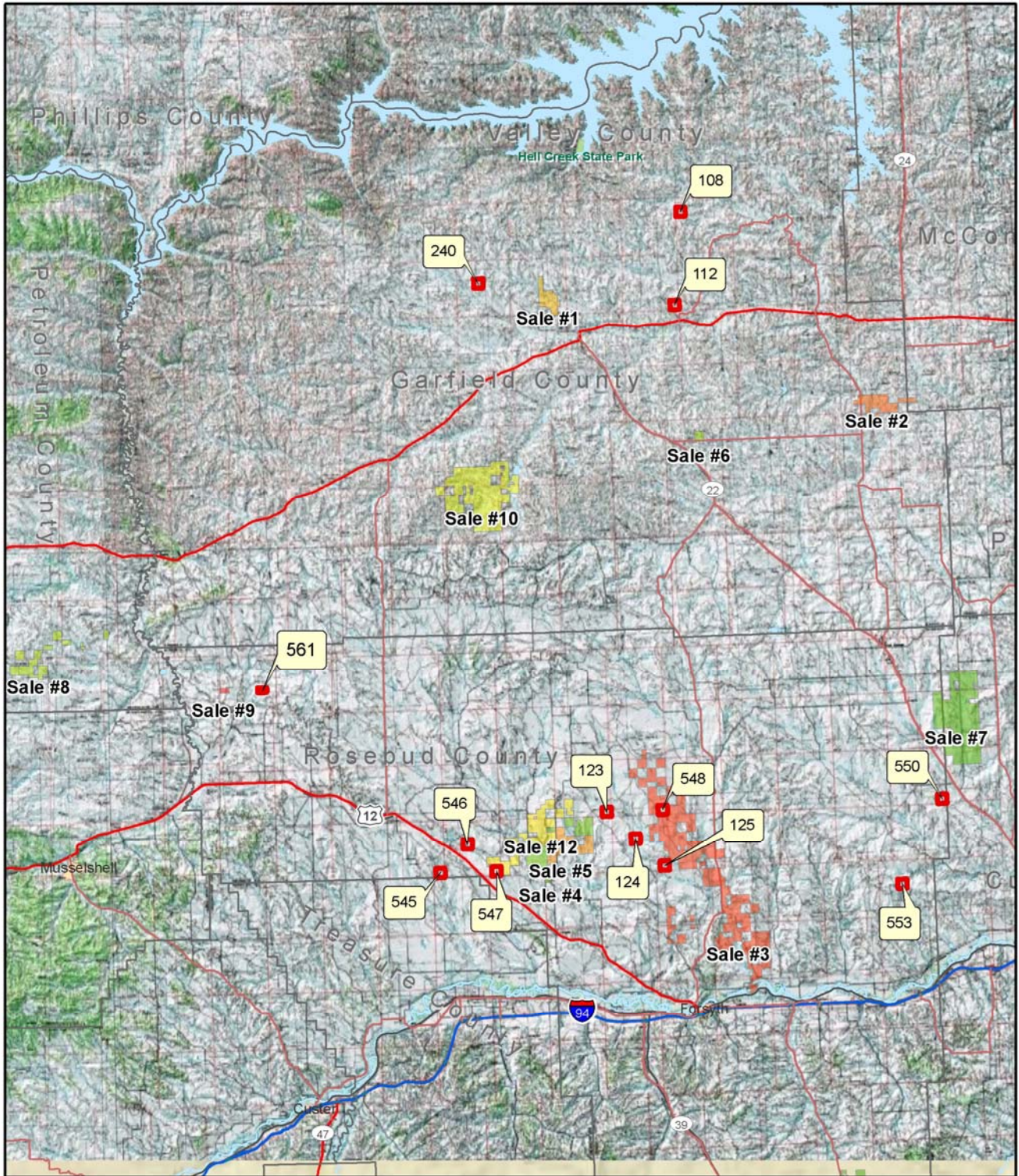
Though there is no available direct sales data for determining the value of public leases, the value of public leases is well established in this market and is not as subject to variations in value as deeded land values. Because leases are valued by per Animal Unit Month (AUM), rather than per acre, there is less variance due to land quality or other factors. Any such factors are accounted for based on the unit of value.

The value of the structural improvements on these comparable sales amounts to such a low percentage of the overall value, that they have little impact on the per acre values. As such, the improved condition of the sales does not significantly impact the determination of a puritan land value.

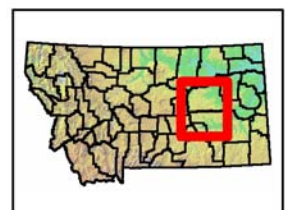
Following is a table showing rangeland values of five of the comparable sales which are considered rangeland puritan sales.

Sale #	Date	County	Acres	Time Adj.
				Rangeland \$/Acre
6	4/25/2007	Garfield	640	\$219
7	4/5/2007	Custer	22,852	\$222
8	11/1/2006	Rosebud	332	\$159
11	5/1/2004	Rosebud	3,148	\$184
12	1/1/2004	Rosebud	12,673	\$140
Average =				\$185

These sales show a range of values from \$140 to \$222 per acre for native rangeland. This range in values can be attributed to multiple factors such as location, size, and recreational features. Using the values from this analysis, the land class values for the sales are shown in the following table.



Map produced by
Andrew Rahn



Land Class Acreage Analysis Adjusted												
Sale#	Closing Date	Total Acres	Building Site	Pivot Irrigated	Sprinkler Irrigated	Flood/ Meadow	Sub Irr Pasture	Native Range	Dry Cropland	Seeded Pasture	CRP	Leased AUM's
1	1/1/2008	3,220				\$260	\$260	\$144	\$250	\$205		
2	11/1/2007	5,149	\$360			\$440	\$440	\$225			\$360	\$90
3	11/1/2007	47,849	\$1,750		\$1,750			\$166				\$80
4	7/25/2007	6,871				\$352	\$352	\$178				\$80
5	7/1/2007	5,722	\$320			\$320	\$320	\$176				\$80
6	4/25/2007	640						\$219				
7	4/5/2007	22,852	\$222					\$222				\$100
8	12/1/2006	6,440	\$133					\$116		\$133		\$23
9	11/1/2006	332						\$159				
10	12/1/2005	24,917	\$197					\$148	\$197			\$83
11	5/1/2004	3,148						\$184				\$84
12	1/1/2004	12,673	\$140					\$140				\$91

The following ratios for land mix will be used in this report.

Sprinkler irrigated cropland = 100%

Flood Meadow = 50%

Dry Cropland = 40%

CRP = 40%

Seeded Pasture = 35%

Native Rangeland = 25%

4. Access

The second hypothetical condition to be utilized is that each of the subject properties has legal access, when in fact none of the properties have legal access. Actually, the appraiser is to appraise the subject properties both in the "as is" condition of the properties having no legal access and the hypothetical condition that the properties do have legal access. In the case where the legal access of the comparable sales differs from that of the subject properties (either "as is" or under the hypothetical condition) a market-derived adjustment for legal access will need to be determined and applied.

The right and ability for an owner to access a property can be described in terms of that property's physical and legal access. Legal access refers to an owner's legal right to access a property regardless of the physical status of the roads getting to that property. Physical access is the physical ease of accessing a property.

Of the two, a lack of legal access has the strongest influence on value. If a property has legally restricted access, this substantially limits the utility and therefore the value of the property to an owner. Buyers discount such properties for the cost and uncertainty of curing the access problem or for the permanent decrease in the level of utility.

The other form of access restriction is the limitation to physically accessing a property. An owner may have the full legal right to access a property, but the physical access is undeveloped and limits the ability to reach the property. Considerable expense may be required to develop access to a productive level. Rural foothill properties often have what is considered seasonal access. Accessing these properties in winter with deep snows and drifts, or in the spring with muddy conditions, can be difficult or impossible.

Many rural, end-of-the-road recreational ranch properties in Montana have seasonal physical access and may have undefined legal access. Often, access is based on long-standing verbal agreements between neighbors to cross private lands. While these agreements do have legal standing, often referred to as “historic use,” the status is somewhat tenuous as a new owner could dispute the agreement which can result in a high expense to resolve the issue. The same holds true for historic access through public lands. The policies and management of government agencies is subject to change, which adds uncertainty and risk to the status of legal access for such a property.

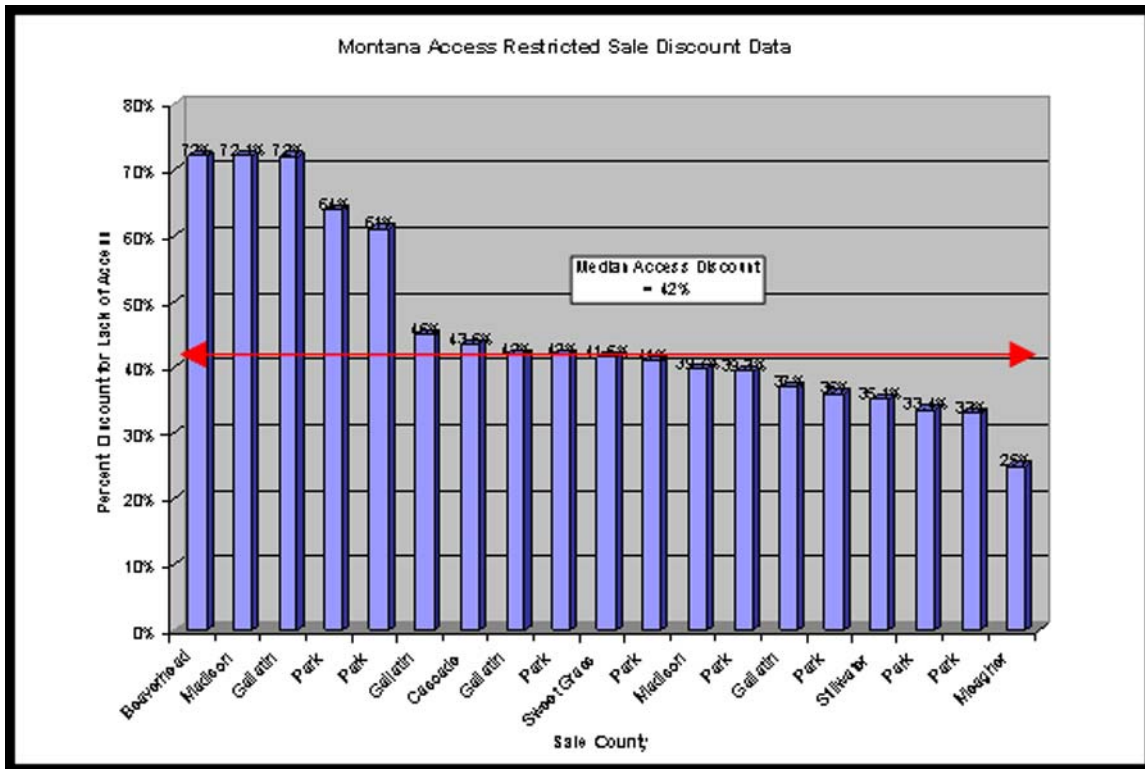
The impact on the market or on any one specific property of this kind of uncertain legal access is not readily evident or consistent. For many of these properties, the highest and best use is seasonal recreational and agricultural use. As such, the level of access is consistent with the property’s highest and best use. That said, many buyers, particularly out of state investment buyers which make up an increasing portion of the market, have a lower tolerance for uncertainty regarding the level of use and rights to their property. This resistance can come in the form of a discount in the amount willing to pay, or an unwillingness to participate in the market for such properties altogether which reduces the pool of buyers and size of the market for such properties.

Two of the comparable sales had legally restricted access at the time of sale. Ideally, these sales would be paired with other sales that are similar in every regard other than in access restriction. There are no other sales which would make good and credible pairings to these sales for determining access. However, the two sales do provide indications of the value of access restricted properties in this market as will be discussed further.

Half of the total acreage of sale #8 had no legal access. It was reported that the buyer and sellers in this transaction discounted the access restricted acreage by 33%. This is a good indication of appropriate access discounts in this market. The other sale, Sale #9, is a good direct comparison to one of the subject properties as an access restricted sale and will be used as such.

The appraiser maintains a database of access pairings from across the state which shows a range of discounts from 25% to 72% for lack of access, with a fairly consistent median of about 40%. This median 40% percentage has been checked with other appraisers, real estate agents, buyers, and sellers who generally concur with the discount as being an accurate discount for lack of legal access. These are pairings of properties where the seller conveys the property with no legal right to access to properties with full legal access. In most of these cases, a neighbor who adjoins the property and therefore has

access will be the buyer, but will purchase at a discount because no other potential competing buyer would have legal access.



The database of multiple pairings is considered to be a strong indication of an appropriate access discount, and is considered to be supported by the 33% discount demonstrated by Sale #8. The discount of 33% is considered to be lower than average because half of that sale property was not access restricted. In this appraisal, a 40% discount for lack of legal access will be applied to the subject properties which lack legal access.

G. Cost Approach

The Cost Approach is a method of valuation that determines the cost of reproducing a property's improvements, and then adds to the value of the land as if it were vacant for an overall value. The land valuation is derived from a component analysis where individual land component values are assigned to each type and class of land. These land class values are derived from the market. This segregated approach allows the appraiser to assess the similarities of each sale's particular land classes as they relates to the subject property. Values assigned are determined from market data of pure, one land component sales and the suggested trends and ratios between the land classes when available. As discussed earlier, the subject properties are comprised of native rangeland.

Reproduction cost values used in this analysis are derived from the Marshall & Swift Valuation Service and Boeckh's Valuation Guide as well as market observations. The published costs are periodically checked against actual local construction costs for accuracy. Physical depreciation of the improvements is based on the market abstraction of depreciation or the age-life method for incurable items.

Based on the sale data presented, a Cost Approach analysis of the subjects' land classes, improvements, and leases is as follows.

1. Land Valuation

After a review of all of the available sales data from the market area, twelve sales have been selected as indicators for land class values of the subject parcels. These sales are those which are considered to be the best indicators of current value for individual land components. The twelve sales are considered to be representative samples of the market.

Implicit in the value of property in eastern Montana is the investment potential either for the property to be held and later sold at an appreciated price, or to be developed into some terminal and more valuable use. The sales discussed herein are those which are deemed to be most similar to the subject property's land component and are considered to be the best indicators of current value. The primary criteria of the market data search was for recent sales of properties located in the same area as the subject parcels.

Each of the sale properties have varying degrees of physical features and amenities. For instance, one property may have a high percentage of irrigated cropland, while another may border public lands, while yet another may possess a combination of the two. These differing features, along with factors such as access, location, size, investment potential, and other use potential, are key ingredients of a buyer's requirements and purchase decisions. Several of these features may outweigh or be of more importance to one buyer and not another and, as such, these differences are difficult, at best, to quantify or measure precisely with a strong degree of accuracy.

For purposes of the Cost Approach, the subject lands have all been classified as undeveloped native rangeland. The sale properties utilized in this assignment are all

considered to be competing properties to the land component of the subject for a potential buyer who may be looking to purchase investment or agricultural properties in eastern Montana.

A discussion of the sale data and key factors of value in this market shall follow:

Adjustments: Typically the only adjustments made in the Cost Approach are for time and financing. Other factors of value will be discussed as they may apply in the sales discussion that follows.

Time Adjustment

A time adjustment is appropriate given that sales over three months old are referenced. A discussion, analysis, and conclusion of an appropriate annual time adjustment was presented in the Market Data Presentation section of this report. A compound annual time adjustment of 5% was determined, and will be applied to all sales prior to 2007.

Financing Adjustment

All of the sales were cash or sold based on terms equivalent to cash, therefore, no financing adjustments were made.

Access

As instructed by the client, the appraiser is to appraise the subject properties both in the “as is” condition of the properties having no legal access and the hypothetical condition that the properties do have legal access. In the case where the legal access of the comparable sales differs from that of the subject properties (either “as is” or under the hypothetical condition) a market-derived adjustment for legal access will need to be determined and applied. This analysis is outlined previously in the Market Data Presentation section of this report.

Sale #8 is a partial access restricted property; one half of the acreage lacked legal access at the time sale. The sale shows a 33% discount for the access restricted acreage, and a 17% overall discount across the entire purchase price. Sale #8 will be adjusted by 17% to make the sale comparable to the subject parcels with hypothetical legal access. In the “as is” without legal access analysis, all of the sales but Sale #8 will be adjusted 40% to make them comparable to the subject parcels without access.

Sales Discussion

The twelve (12) comparable sales selected in this analysis have varying acreages of agricultural land classes as shown on the following table.

Land Class Acre												
Sale#	Closing Date	Total Acres	Building Site	Pivot Irrigated	Sprinkler Irrigated	Flood/ Meadow	Sub Irr Pasture	Native Range	Dry Cropland	Seeded Pasture	CRP	Leased AUM's
1	1/1/2008	3,220				1,341		830	920	128		
2	11/1/2007	5,149	6			514		3,311			1,318	180
3	11/1/2007	47,849	9		330			47,510				1,486
4	7/25/2007	6,871				200		6,671				231
5	7/1/2007	5,722	5			119		5,598				355
6	4/25/2007	640						640				
7	4/5/2007	22,852	5					22,847				598
8	12/1/2006	6,440	5					5,985		450		381
9	11/1/2006	332						332				
10	12/1/2005	24,917	5					22,923	1,989			791
11	5/1/2004	3,148						3,148				165
12	1/1/2004	12,673	5					12,668				424

Values for the differing land classes were determined utilizing a land class ratio analysis described previously in the Sale Land Mix / Productivity Analysis section of this report. Based on unimproved puritan sales, ratios for differing land classes were established for the market. The following land class ratios will be used in this report.

Sprinkler irrigated cropland = 100%
 Hayland = 50%
 Dry Cropland = 40%
 CRP = 40%
 Seeded Pasture = 35%
 Native Rangeland = 25%

Based on these ratios, the following time adjusted land class values have been determined for each land class for each comparable sale. The appropriate value for the native rangeland of each subject parcel will be determined from the native rangeland values determined by the sales.

Land Class Acreage Analysis Adjusted												
Sale#	Closing Date	Total Acres	Building Site	Pivot Irrigated	Sprinkler Irrigated	Flood/ Meadow	Sub Irr Pasture	Native Range	Dry Cropland	Seeded Pasture	CRP	Leased AUM's
1	1/1/2008	3,220				\$260	\$260	\$144	\$250	\$205		
2	11/1/2007	5,149	\$360			\$440	\$440	\$225			\$360	\$90
3	11/1/2007	47,849	\$1,750		\$1,750			\$166				\$80
4	7/25/2007	6,871				\$352	\$352	\$178				\$80
5	7/1/2007	5,722	\$320			\$320	\$320	\$176				\$80
6	4/25/2007	640						\$219				
7	4/5/2007	22,852	\$222					\$222				\$100
8	12/1/2006	6,440	\$133					\$116		\$133		\$23
9	11/1/2006	332						\$159				
10	12/1/2005	24,917	\$197					\$148	\$197			\$83
11	5/1/2004	3,148						\$184				\$84
12	1/1/2004	12,673	\$140					\$140				\$91

Native rangeland is land that is not irrigable and is not suitable for cultivation for crops. This land class requires the least amount of investment of any of the agricultural land classes, and yields the lowest return. Sale #8 needs to be adjusted 17% overall for being partially access restricted. With this adjustment, the value for native rangeland for sale #8 becomes \$136 per acre. The sales range in time adjusted values for native rangeland from \$136 to \$225 per acre, with an average of \$175 per acre.

Land Value Summary

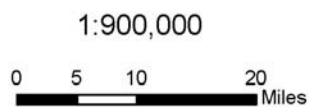
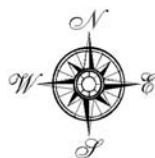
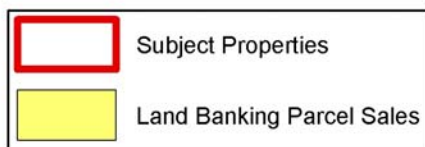
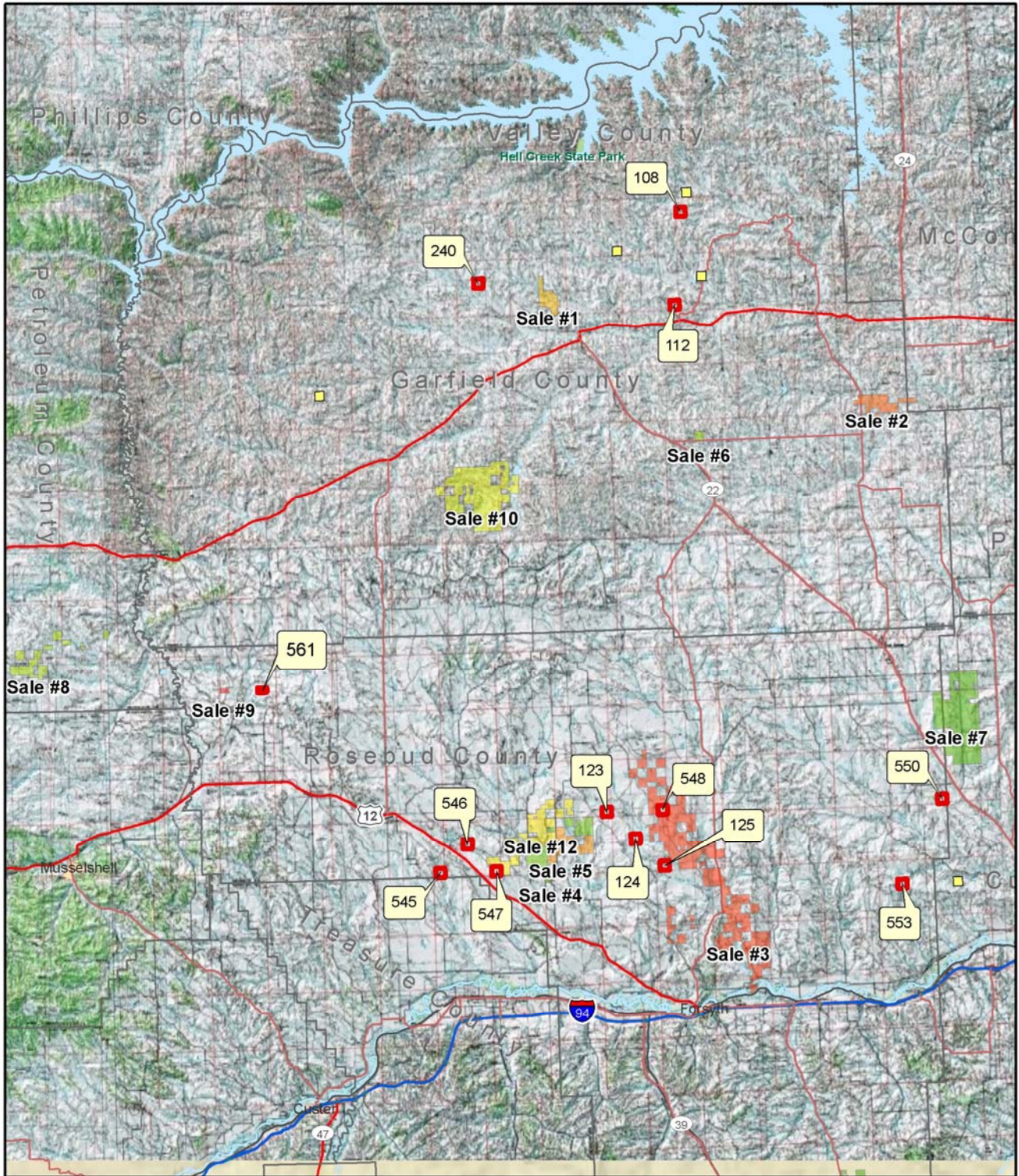
Based on the value analysis set forth, the appraiser would conclude the following land values of the land assets appraised is as follows as of May 20, 2009. These values are for the subject parcels under the hypothetical condition of having legal access. As outlined in the analysis for discounts for lack of legal access, the values determined for the subject parcels as if having legal access will be adjusted 40% downward to determine the appropriate values for without access. Both of the with and without access values are show in the table immediately following the list of sale parcels below.

Garfield County Parcels:

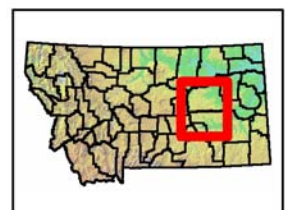
Parcel #108

Sales #1 and #10 show a consistent value of about \$145 per acre for native rangeland. Three current State Land Banking Parcel sales in the immediate are of this subject parcel shows a consistent value of \$132 per acre. Based on the sales data, a value of \$140 per is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$84 per acre

626 acres @ \$140 per acre with access = \$87,600
 @ \$84 per acre without access = \$52,600



Map produced by
Andrew Rahn



Parcel #112

Parcel #112 is similar in location and in features to Parcel #108. The same sales and analysis will be used for Parcel #112 as was used above for Parcel #112.

640 acres @ \$140 per acre with access = \$89,600
 @ \$84 per acre without access = \$53,800

Parcel #240

Parcel #240 is also most comparable to Sales #1 and #10. A Land Banking parcel sale located near Parcel #240 shows a value of \$148 per acre. This subject parcel is less remote, and is located closer to a public road which results in better physical access. The sales of Sales #1 and #10 along with the State Land Banking parcel supports a value of \$146 per acre for the native rangeland comprising Parcel #240. The without access value is determined to be \$87 per acre

640 acres @ \$146 per acre with access = \$93,400
 @ \$87 per acre without access = \$55,700

Rosebud County Parcels:

Parcel #123

Sales #3, #4, #5, and #12 show a value range of \$140 to \$178 per acre for native rangeland. Sale #12 at \$140 per acre is a low sale, and the remaining three sales show a much tighter range, with an average of about \$170 per acre. A value of \$170 per acre is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$102 per acre.

640 Acres @ \$170 per acre with access = \$108,800
 @ \$102 per acre without access = \$65,300

Parcel #124

Parcel #124 is similar in location and in features to Parcel #123. The same sales and analysis will be used for Parcel #124 as was used above for Parcel #123.

640 Acres @ \$170 per acre with access = \$108,800
 @ \$102 per acre without access = \$65,300

Parcel #125

Parcel #125 is similar in location and in features to Parcel #123 and #124. The same sales and analysis will be used for Parcel #125 as was used above for Parcel #123 and #124.

636 Acres @ \$170 per acre with access = \$108,100
 @ \$102 per acre without access = \$64,900

Parcel #545

Sales #4, #5, and #12 show a value range of \$140 to \$178 per acre for native rangeland. Sale #12 at \$140 per acre is a low sale, and the remaining three sales show a much tighter range, with an average of about \$175 per acre. A value of \$175 per is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$105 per acre.

640 Acres @ \$175 per acre with access = \$112,000
 @ \$105 per acre without access = \$67,200

Parcel #546

Parcel #546 is similar in location and in features to Parcel #545. The same sales and analysis will be used for Parcel #546 as was used above for Parcel #545.

640 Acres @ \$175 per acre with access = \$112,000
 @ \$105 per acre without access = \$67,200

Parcel #547

Parcel #547 is similar in location and in features to Parcel #545 and #546. The same sales and analysis will be used for Parcel #547 as was used above for Parcel #545 and #546.

640 Acres @ \$175 per acre with access = \$112,000
 @ \$105 per acre without access = \$67,200

Parcel #548

Parcel #548 is similar in location to Parcels #545, #546, and #547, however, this parcel is lower quality with an extremely low carrying capacity. Based on the low productivity of the parcel, the lowest value in the range of native rangeland sale values, \$140 per acre as demonstrated by Sale # 12 will be used for this parcel. A value of \$140 per acre is determined to be the appropriate value for the native rangeland comprising the subject.

This value is for the subject parcel with access. The without access value is determined to be \$84 per acre.

640 Acres @ \$140 per acre with access = \$89,600
 @ \$84 per acre without access = \$53,800

Parcel #550

Parcel #550 is most comparable to Sales #3 and #7 which show a range in value of \$166 to \$222 per acre for native rangeland. A State Land Banking Parcel sale located near this parcels shows a value of \$125 per acre. Sale #7 at \$222 is considered to be superior to the subject. Sales #3 and the State Land Banking Parcel are considered to be more comparable. Based on these two sales, a value of \$145 per acre is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$87 per acre.

640 Acres @ \$145 per acre with access = \$92,800
 @ \$87 per acre without access = \$55,700

Parcel #553

Parcel #553 is similar in location and in features to Parcel #550. The same sales and analysis will be used for Parcel #124 as was used above for Parcel #123.

640 Acres @ \$145 per acre with access = \$92,800
 @ \$87 per acre without access = \$55,700

Parcel #561

Parcel #561 is most comparable to Sales #8 and #9 which show a range in value of \$137 to \$159 per acre for native rangeland. Sale #8 is a much larger property whereas sale #9 is the same size as the subject parcel. Sale #9 is considered to be a good comparable to the subject parcel, and an appropriate value indicator of \$159 per acre. A value of \$159 per is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$95 per acre.

320 Acres @ \$159 per acre with access = \$50,900
 @ \$95 per acre without access = \$30,400

2. Building Valuation

The subject properties have no building improvements and therefore have no building value contributions.

3. Leased Lands

There are no leases associated with the subject properties.

4. Valuation Summary

The Cost Approach as herein applied suggests a market value as of May 20, 2009 as shown below:

Cost Approach Value Conclusions – With and Without Access

Sale #	Acres	County	Hypothetical Value	"As is" Value
			With Access	Without Access
108	626	Garfield	\$87,600	\$52,600
112	640	Garfield	\$89,600	\$53,800
240	640	Garfield	\$93,400	\$55,700
123	640	Rosebud	\$108,800	\$65,300
124	640	Rosebud	\$108,800	\$65,300
125	636	Rosebud	\$108,100	\$64,900
545	640	Rosebud	\$112,000	\$67,200
546	640	Rosebud	\$112,000	\$67,200
547	640	Rosebud	\$112,000	\$67,200
548	640	Rosebud	\$89,600	\$53,800
550	640	Rosebud	\$92,800	\$55,700
553	640	Rosebud	\$92,800	\$55,700
561	320	Rosebud	\$50,900	\$30,400

H. Sales Comparison Approach

1. Introduction

For the Sales Comparison Approach, market research suggests that the most applicable comparative measure of value is the overall sale price per deeded acre. This unit of measure is derived at by dividing the total sale price by the total number of deeded acres in the comparable sale property. This measure includes the contribution from all components of the sale property including appropriate structural improvements and leases.

Two sets of sales data will be used to value the subject properties in the sales comparison approach. The first set of sales are typical open-market land transactions which would be used in any standard appraisal for determining value. These sales have a wide range of characterizes such size, land mix, and location, and are good indications of overall property values. But, they are difficult to compare to the subject properties on a direct comparison basis and require multiple adjustments. They are typically large and diverse ranches or small tracts with features and attributes that differ substantially from the subject parcels.

The second set of sales are previous Land Banking parcel sales which are very comparable to the subjects on the basis of land type and features. They generally require no adjustments as they are so directly comparable. However, they are considered to represent a unique market condition and to not necessarily be open-market transactions. This is described in the Conditions of Sale description below. The appraiser will have to carefully analyze and use both set of sales for a credible determination of value.

A total of twelve open-market sales have been selected in the first data set for use in the sales comparison approach. Overall, these sales reflect a range in unadjusted value of from \$110 to \$281 per acre. This wide range in value can be attributed to multiple different and independent factors such as location, time, size, recreational features, and aesthetics and amenities like views and overall site appeal. This range in sale values suggests that the range can be narrowed through an analysis and possible adjustment for some of these factors.

For those properties with features that are inferior to those of the subject properties, a positive adjustment for each feature would be necessary to make the sale property comparable to the subject property. Conversely, for those properties with features or factors that are superior to those of the subject properties, a negative adjustment to the sale would be required to make the sale property like the subject property.

Adjustments were made to the sales in order to make them appear to be as similar to the subject property as possible. A discussion of the adjustments that were applied will follow. Where no adjustments were made, those features and characteristics were deemed to be equal or similar to those of the appraised property.

Property Rights conveyed: The comparable sales were considered to transfer as fee simple estates, exclusive of reservations of record, which is equal to the subject properties under the hypothetical condition to be used that the subject properties are fee simple estates exclusive of reservations of record. No adjustment is needed regarding this aspect of the property rights conveyed.

Terms: All sales were cash or in terms equivalent to cash and at market rates. No adjustment for terms will be applied.

Conditions of Sale: In addition to the typical open-market comparable sales, the appraiser will utilize the sales of previous Land Banking parcels which are considered to have been sold under a unique, non-market condition of sale. These properties were not marketed in the traditional way, the sellers had a very limited pool of what may be considered “captive” buyers, and these buyers had the option to withdraw the parcels from sale if other competing buyers bid up the sales price. These sales, and the conditions of sale, will be considered carefully as direct comparable sales data.

Market Conditions - Time: A time adjustment is appropriate given that sales over three months old are referenced. A discussion, analysis, and conclusion of an appropriate annual time adjustment was presented in the Market Data Presentation portion of this report.

Land Classes: Utilizing the land class ratios determined earlier, the sales have all been analyzed and values for land classes allocated. The allocations are recorded on the individual sales data sheets in the addendum. A land mix adjustment has been calculated for each comparable sale based on these land class allocations. This land mix analysis is located in the addenda of the report.

Improvements: Once an allocation of the land classes has been made to a comparable sale, the value remaining after the land values have been calculated is the value of the improvements. This improvement value is listed in the individual sale data sheets in the report addenda. An improvement adjustment has been calculated for each of the applicable sales. This analysis is located in the addenda.

Access: The subject properties are to be appraised “as is” which is without legal access and under the hypothetical condition that they have legal access. The comparable sales generally all have legal access, although there are two sales which have some form of legal access restriction. In order to adjust the sales to be comparable to the subjects, a market-based adjustment will be determined and applied. The determination of the adjustment for lack of legal

access was presented in the Market Data Presentation portion of this report

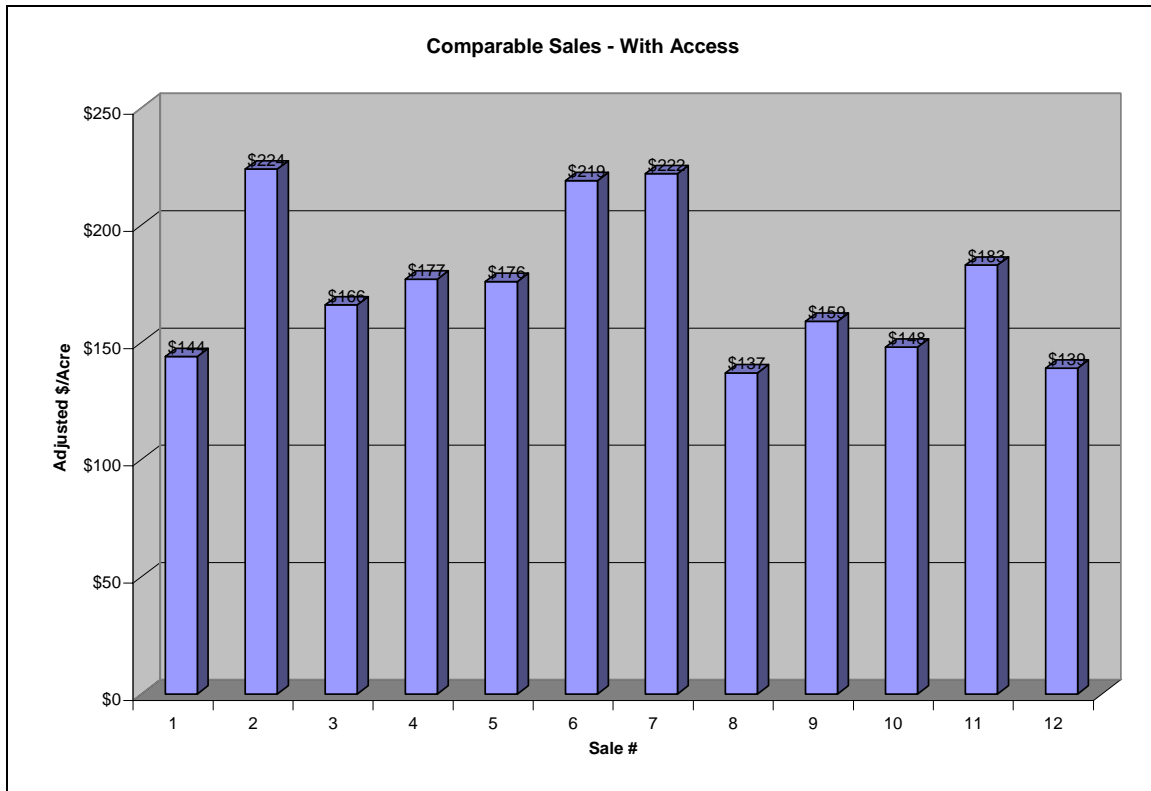
As stated previously, the twelve sales are used as an overall indication of value across the regional area market, but are not every sale is directly comparable to each subject property. Individual sales from the collection of twelve will be selected as direct comparables to each subject property based on elements of comparability such as location. The following table outlines which sales are considered comparable to each subject property.

2. Sales Analysis – With Access

The following graph shows the twelve open-market comparable sales for the subject properties. These twelve sales utilized for direct comparison in this analysis show an adjusted range in value of \$137 to \$224 per acre with access.

Direct Sales Comparison Grid – With Access

Sale #	Date	Acres	Unadjusted \$/Acre	Land Mix Adj	Imprvt Adj	Time Adj	Access Adj	Adjusted \$/Acre
1	Jan-08	3,220	\$225	-\$81	\$0	0%	0%	\$144
2	Nov-07	5,149	\$291	-\$60	-\$7	0%	0%	\$224
3	Nov-07	47,849	\$181	-\$14	-\$1	0%	0%	\$166
4	Jul-07	6,871	\$185	-\$8	\$0	0%	0%	\$177
5	Jul-07	5,722	\$189	-\$8	-\$4	0%	0%	\$176
6	Apr-07	640	\$219	\$0	\$0	0%	0%	\$219
7	Apr-07	22,852	\$230	-\$3	-\$5	0%	0%	\$222
8	Dec-06	6,440	\$136	-\$3	-\$25	5%	17%	\$137
9	Nov-06	332	\$150	\$0	\$0	6%	0%	\$159
10	Dec-05	24,917	\$147	-\$7	-\$7	11%	0%	\$148
11	May-04	3,148	\$157	-\$4	\$0	20%	0%	\$183
12	Jan-04	12,673	\$126	-\$3	-\$9	22%	0%	\$139

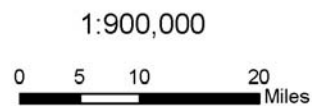
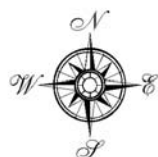
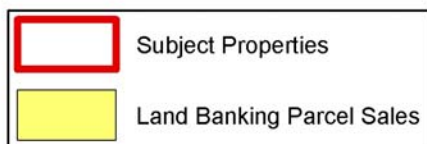
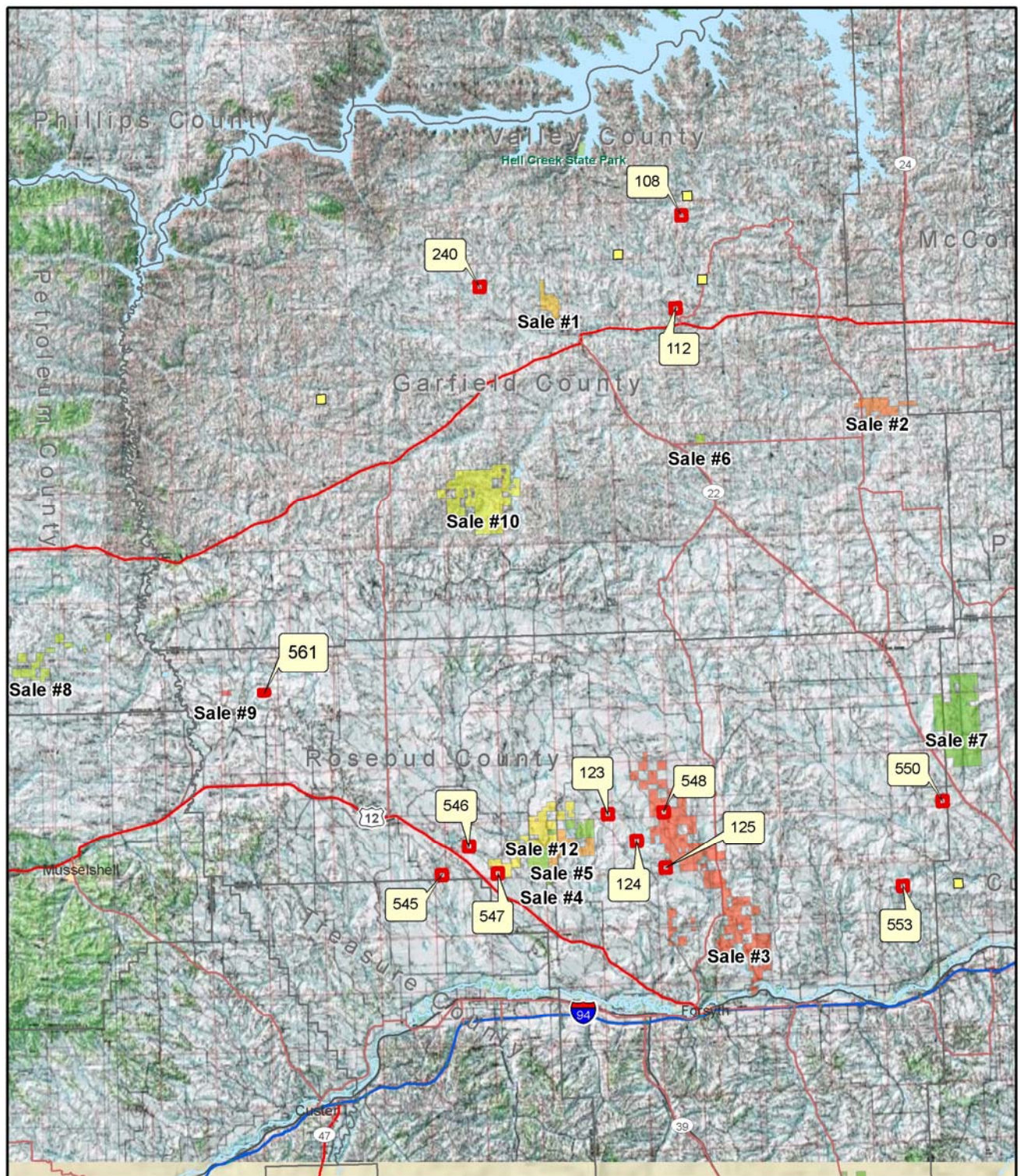


Parcels #108 and #112 are most comparable to Sales #1 and #10 which show a consistent value of about \$146 per acre. These sales are considered superior to the subject parcels primarily due to physical access. The sales have good physical access while the subject parcels have poor seasonal access. Three State Land Banking Parcel sales located near Parcels #108 and #112 show a consistent value of \$132 per acre. This lower per acre value is considered to reflect the poor access and remote locations of the subject parcels. The appropriate value for Parcel #108 and #112 is considered to be \$135 per acre based on the sales data.

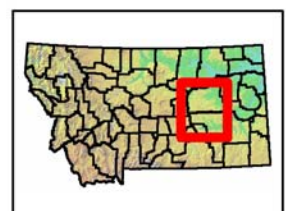
Parcel #240 is also most comparable to Sales #1 and #10. A Land Banking parcel sale located near Parcel #240 shows a value of \$148 per acre. This subject parcel is less remote, and is located closer to a public road which results in better physical access. The values of Sales #1 and #10 along with the State Land Banking parcel supports a value of \$147 per acre for Parcel #240.

Sales #2 and #6 are located to the south but within the same general area as Parcels #108, #112, and #240, but show a higher value due to the fact that the sales are not as remote and have good physical access. Both sales are located along well-maintained public roads. As such these sales are considered superior to the above subject parcels.

Parcels #123, #124, and #125 are most comparable to Sales #3, #4, #5, and #12 which show a range in value of \$139 to \$177 per acre. Without Sale #12, the remaining three sales show a more consistent range of \$166 to \$177 per acre. Sale #12 at \$139 per acre is



Map produced by
Andrew Rahn



State Land Banking Parcels Appraisal
Garfield & Rosebud Counties, Montana

considered to be a low sale given the consistent bracket of values shown by the other three more current sales. The three comparable sales are considered to slightly superior to the subject parcels due to superior physical access. The value for the subject parcels would be expected to be slightly lower than these three sales. The value for the subject parcels is determined to be \$150 per acre.

Parcel #548 is similar in location to Parcels #123, #124, and #125, and uses the same comparable sales, however this parcel is lower quality with an extremely low carrying capacity. Based on the low productivity of the parcel, the lowest value in the range of comparable sale values, \$139 per acre as demonstrated by Sale # 12 will be used for this parcel. A value of \$140 per acre is determined to be the appropriate value for the native rangeland comprising the subject. This value is for the subject parcel with access. The without access value is determined to be \$84 per acre.

Parcel #545, #546, and #547 are most comparable to Sales #4, #5, and #12 which also show a range in value of \$139 to \$177 per acre. Again, Sale #12 is considered a low outlier, as its value falls below what is otherwise a very consistent bracket of sale values. Sales # 4 and #5 show a very consistent value of about \$176 per acre. These three subject parcels are located close to Highway 12 and as such are considered to have better physical access than the other subject parcels. As such, these parcels are considered comparable to Sales #4, #5, and #12, and are determined to have a value of \$176 per acre.

Parcel #550 and #553 are most comparable to Sales #3 and #7 which also show a range in value of \$166 to \$222 per acre. These two sales are both superior to the subject properties in regard to physical access and remoteness of location. The value of both subject parcels would be expected to lower than the sales values. A Land Banking parcel sale located near these parcels shows a value of \$125 per acre. This parcel is considered to be a good comparable to the subject parcels. Given that the comparable sales indicate a value less than \$166 per acre, and the Land Banking sale parcel is considered to be a good comparable valued at \$125 per acre, a value of \$145 per acre is determined for the subject parcels.

Parcel #561 is most comparable to Sales #8 and #9 which also show a range in value of \$137 to \$159 per acre. Sale #8 is a much larger property whereas sale #9 is the same size as the subject parcel. Sale #9 is considered to be a good comparable to the subject parcel, and an appropriate value indicator of \$159 per acre.

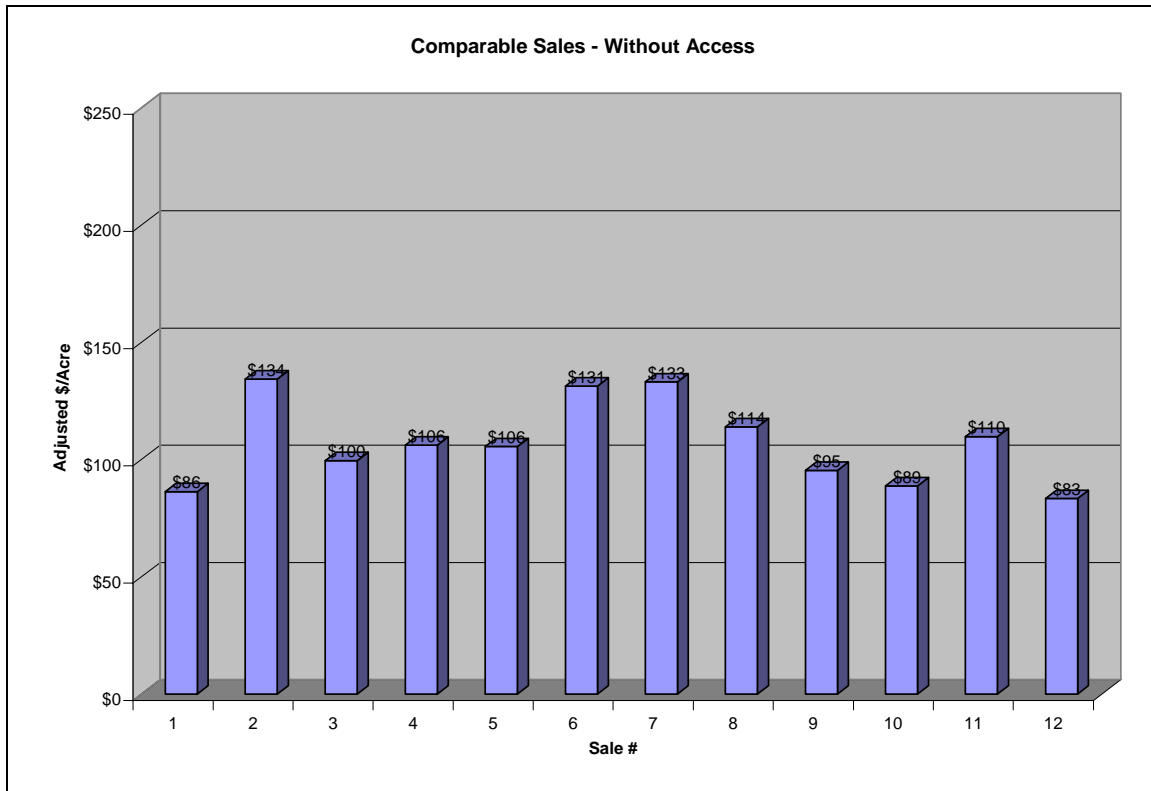
Sales Comparison Approach – With Access

			Hypothetical Value
Sale #	Acres	County	With Access
108	626	Garfield	\$84,500
112	640	Garfield	\$86,400
240	640	Garfield	\$94,100
123	640	Rosebud	\$96,000
124	640	Rosebud	\$96,000
125	636	Rosebud	\$95,400
545	640	Rosebud	\$112,600
546	640	Rosebud	\$112,600
547	640	Rosebud	\$112,600
548	640	Rosebud	\$89,600
550	640	Rosebud	\$92,800
553	640	Rosebud	\$92,800
561	320	Rosebud	\$50,900

3. Sales Analysis – Without Access

Direct Sales Comparison Grid – Without Access

Sale #	Date	Acres	Unadjusted \$/Acre	Land Mix Adj	Imprvt Adj	Time Adj	Access Adj	Adjusted \$/Acre
1	Jan-08	3,220	\$225	-\$81	\$0	0%	-40%	\$86
2	Nov-07	5,149	\$291	-\$60	-\$7	0%	-40%	\$134
3	Nov-07	47,849	\$181	-\$14	-\$1	0%	-40%	\$100
4	Jul-07	6,871	\$185	-\$8	\$0	0%	-40%	\$106
5	Jul-07	5,722	\$189	-\$8	-\$4	0%	-40%	\$106
6	Apr-07	640	\$219	\$0	\$0	0%	-40%	\$131
7	Apr-07	22,852	\$230	-\$3	-\$5	0%	-40%	\$133
8	Dec-06	6,440	\$136	-\$3	-\$25	5%	0%	\$114
9	Nov-06	332	\$150	\$0	\$0	6%	-40%	\$95
10	Dec-05	24,917	\$147	-\$7	-\$7	11%	-40%	\$89
11	May-04	3,148	\$157	-\$4	\$0	20%	-40%	\$110
12	Jan-04	12,673	\$126	-\$3	-\$9	22%	-40%	\$83



The same general analysis outlined for the subject parcels with access applies the parcels without access. In the without access situation, the sales are discounted 40% as outlined in the Access section of the Market Data Presentation earlier in this report.

Parcels #108 and #112	= \$81 per acre without access
Parcel #240	= \$88 per acre without access
Parcel #123, #124, and #125	= \$90 per acre without access
Parcel #545, #546, and #547	= \$106 per acre without access
Parcel #548	= \$84 per acre without access
Parcel #550 and #553	= \$87 per acre without access
Parcel #561	= \$95 per acre without access

Sales Comparison Approach – Without Access

Sale #	Acres	County	"As is" Value Without Access
108	626	Garfield	\$50,700
112	640	Garfield	\$51,800
240	640	Garfield	\$56,500
123	640	Rosebud	\$57,600
124	640	Rosebud	\$57,600
125	636	Rosebud	\$57,200
545	640	Rosebud	\$67,600
546	640	Rosebud	\$67,600
547	640	Rosebud	\$67,600
548	640	Rosebud	\$53,800
550	640	Rosebud	\$55,700
553	640	Rosebud	\$55,700
561	320	Rosebud	\$30,500

4. Value Conclusions

As of May 20, 2009, the Sales Comparison Approach as herein applied indicates following values for the subject parcels.

Sales Comparison Approach – With and Without Access

Sale #	Acres	County	Hypothetical Value With Access	"As is" Value Without Access
108	626	Garfield	\$84,500	\$50,700
112	640	Garfield	\$86,400	\$51,800
240	640	Garfield	\$94,100	\$56,500
123	640	Rosebud	\$96,000	\$57,600
124	640	Rosebud	\$96,000	\$57,600
125	636	Rosebud	\$95,400	\$57,200
545	640	Rosebud	\$112,600	\$67,600
546	640	Rosebud	\$112,600	\$67,600
547	640	Rosebud	\$112,600	\$67,600
548	640	Rosebud	\$89,600	\$53,800
550	640	Rosebud	\$92,800	\$55,700
553	640	Rosebud	\$92,800	\$55,700
561	320	Rosebud	\$50,900	\$30,500

I. Reconciliation and Value Conclusion

The appraiser employed traditional methods of estimating the market value of the subject properties. The market value suggested by these methods is shown below for an effective date of May 20, 2009.

Sale #	Cost Approach		Sales Comparison		Reconciled Value	
	Hypothetical Value	"As is" Value w/o Access	Hypothetical Value	"As is" Value w/o Access	Hypothetical Value	"As is" Value
	With Access	With Access	With Access	With Access	With Access	With Access
	With Access	With Access	With Access	With Access	With Access	With Access
108	\$87,600	\$52,600	\$84,500	\$50,700	\$84,500	\$50,700
112	\$89,600	\$53,800	\$86,400	\$51,800	\$86,400	\$51,800
240	\$93,400	\$55,700	\$94,100	\$56,500	\$94,100	\$56,500
123	\$108,800	\$65,300	\$96,000	\$57,600	\$96,000	\$57,600
124	\$108,800	\$65,300	\$96,000	\$57,600	\$96,000	\$57,600
125	\$108,100	\$64,900	\$95,400	\$57,200	\$95,400	\$57,200
545	\$112,000	\$67,200	\$112,600	\$67,600	\$112,600	\$67,600
546	\$112,000	\$67,200	\$112,600	\$67,600	\$112,600	\$67,600
547	\$112,000	\$67,200	\$112,600	\$67,600	\$112,600	\$67,600
548	\$89,600	\$53,800	\$89,600	\$53,800	\$89,600	\$53,800
550	\$92,800	\$55,700	\$92,800	\$55,700	\$92,800	\$55,700
553	\$92,800	\$55,700	\$92,800	\$55,700	\$92,800	\$55,700
561	\$50,900	\$30,400	\$50,900	\$30,500	\$50,900	\$30,500

There was an adequate amount of good quality sales data available in this assignment as the sales possessed features and characteristics that are generally similar to those of the appraised properties. This sales data was used within the Cost and the Sales Comparison Approach to values and reflect a good base of data with which to value the subject properties.

In the final analysis, the Sales Comparison Approach was deemed to be the most accurate and reliable method of valuation for the appraised properties. In this approach, sales were compared directly to the subject parcels. In the Cost Approach, the values for the land class components (in this case native rangeland) were used as the basis of comparison. The value conclusions determined by the Cost Approach are considered to support the values determined by the Sales Comparison Approach. Therefore, final value conclusions based on the Sales Comparison Approach were drawn.

Final Value Conclusions

Sale #	Acres	County	Hypothetical Value With Access	"As is" Value Without Access
108	626	Garfield	\$84,500	\$50,700
112	640	Garfield	\$86,400	\$51,800
240	640	Garfield	\$94,100	\$56,500
123	640	Rosebud	\$96,000	\$57,600
124	640	Rosebud	\$96,000	\$57,600
125	636	Rosebud	\$95,400	\$57,200
545	640	Rosebud	\$112,600	\$67,600
546	640	Rosebud	\$112,600	\$67,600
547	640	Rosebud	\$112,600	\$67,600
548	640	Rosebud	\$89,600	\$53,800
550	640	Rosebud	\$92,800	\$55,700
553	640	Rosebud	\$92,800	\$55,700
561	320	Rosebud	\$50,900	\$30,500

A final value conclusion for the subject properties based on all three approaches is determined as of an effective date of May 20, 2009. The above-concluded values considers the fee simple ownership rights of the real property described herein and is in term of cash including land and buildings.

CONTINGENT AND LIMITING CONDITIONS

The certification of the appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the appraiser in the report.

1. The appraiser assumes no responsibility for matters of legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch or map displayed in the report may show approximate property boundaries and dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraiser is affiliated. This report may be subject to confidential peer review for Standards and Ethics compliance.

8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or the other media, without the written consent and approval of the appraiser.
9. On all appraisals, subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
10. The appraiser does not in any way warrant or represent that the property may or may not be insurable and assumes no responsibility for determining such conditions.
11. The appraiser has examined those flood maps provided by the Federal Emergency Management Agency that may be available for the subject property and has noted whether the appraised property appears to be located within any Special Flood Hazard Area. Since the appraiser is not a surveyor, he makes no guarantees, expressed or implied, regarding this determination.
12. This appraisal conforms to the *Uniform Standards of Professional Appraisal Practice* (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraisal conducted herein is deemed to be a complete appraisal and is presented herein as a Summary Appraisal Report.
13. The appraiser reserves the right to revise this appraisal in view of changing market conditions and any other circumstances which would alter or affect the market value.
14. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

ENVIRONMENTAL DISCLAIMER: The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or environmental conditions which would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections by a qualified hazardous substance and environmental expert would affect the property negatively. It is possible that tests and inspections made by a qualified expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the subject property that would negatively affect its value.

APPRAISAL CERTIFICATION

CERTIFICATION: I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved. The estimate of market value in the appraisal report is not based in whole or in part upon the race, color, national origin, religion, gender, or handicap of the present or prospective owners or occupants of the subject property. Likewise, no bias was shown because of the owners or occupants of the properties in the vicinity of the property appraised.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP), adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal report also conforms with the requirements of the *Code of Ethics and Standards of Professional Practice* of the American Society of Farm Managers and Rural Appraisers (ASFMRA), of which I am an accredited member; an Accredited Rural Appraiser (ARA). This is a voluntary program of accreditation, and as of the date of this report the appraiser has completed the continuing education

program for the ARA designation. This report may be subject to confidential peer review for Standards and Ethics compliance. The appraiser also holds a current license with the state of Montana as a Certified General Appraiser, and as of the date of this report I have completed the mandatory continuing education requirements to maintain my license in the state of Montana.

8. I have made a personal inspection of the property that is the subject of this report.
9. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the appraiser whose signature appears on the appraisal report. If significant professional assistance was received from any individual in the performance of the appraisal or the preparation of the appraisal report, such individuals are named and any specific tasks performed by them are disclosed within the report. I certify that any individual so named is qualified to perform such tasks. No change of any item in the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized change.

Andrew A. D. Rahn IV

Andrew A. D. Rahn IV, ARA
Accredited Rural Appraiser
Montana Certified General Appraiser



Exhibit #1

Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject property at a level that will allow the appraiser to render a credible opinion of value about the property. For those properties which consist of more than one section, the appraiser must at least view each section. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: it may be possible that because of the characteristics of a subject property, or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable. The appraisal will be in a Summary Report format, that is, it will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted.

Landlocked parcels, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, provide the value of the subject property, as it currently exists without access. Include details of an adjustment in appraised value due to lack of access. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then state such in the report. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. will be supported by analysis of the pertinent subject market data through sales pairings or other analytical methodology. In moderately to rapidly changing markets, historic information may not be as relevant as more current market information. (Note: Access typically consists of two parts; legal access and physical accessibility. The above references to access, hypothetical and "as is" are in regards to legal access. The physical accessibility to the subject parcel is to be appraised as it currently exists.)

Legally accessible state lands are appraised as accessible only.

The appraisal on the state's lands must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. All appraisals are to describe the market value trends, and provide a rate of change, for the markets of each subject property.

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION

Supplemental Appraisal Instructions

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Sec.	Twns.	Rng.	Legal	County	Sale #	Acres	Lessee
7	20N	40E	LOTS 1_2_3_4_ E2W2_E2	Garfield	108	626	HILLENBRAND, JOHN
36	19N	39E	ALL	Garfield	112	640	HILLENBRAND, JOHN
16	19N	36E	All	Garfield	240	640	Brusett, Randal & Sharon
36	10N	38E	All	Rosebud	123	640	Coffee Cattle Co.
16	9N	39E	All	Rosebud	124	640	Coffee Cattle Co.
36	9N	39E	All	Rosebud	125	640	Coffee Cattle Co.
36	9N	35E	All	Rosebud	545	640	Sun Coulee LLC
16	9N	36E	All	Rosebud	546	640	Sun Coulee LLC
36	9N	36E	All	Rosebud	547	640	Sun Coulee LLC
36	10N	39E	All	Rosebud	548	640	Wacker, Fred & Gwen
36	10N	44E	All	Rosebud	550	640	Wacker, Fred & Gwen
16	8N	44E	All	Rosebud	553	640	Wacker, Fred & Gwen
26	12N	32E	N2	Rosebud	561	320	C&M Cattle Co

13 Parcels

7986

Area Office Contact is:
Rick Strohmyer, DNRC Area Manager
321 Main Street
P.O. Box 1794
Miles City, MT 59301
Office No's.: 406-232-2034 & 406-232-2045
Fax No.: 406-232-3807
Email: rstrohmyer@mt.gov

Exhibit #2

Andrew A. D. Rahn IV, ARA
Accredited Rural Appraiser
Montana Certified General Appraiser
P.O. Box 1013
Bozeman, Montana 59771
406-580-6882

EMPLOYMENT EXPERIENCE

ANDREW A. D. RAHN IV, ARA, Fee Appraiser, 2009
Accredited Rural Appraiser and
Montana Certified General Appraiser

Mr. Rahn provides rural real property appraisals and real estate consultation for a variety of valuation issues across Montana. Specialized experience includes the appraisal of conservation easements, partial or fraction interests, and “Yellow Book” appraisals. He continues to expand mapping services and develop further applications of mapping technology to the valuation of rural property.

DIRT FIRST, Inc. 2003 to present
Owner, President

Provides appraisal and real estate services, custom mapping, and land and farm management.

NORMAN C. WHEELER AND ASSOCIATES. 2002 through 2008
Accredited Rural Appraiser
Montana Certified General Appraiser and
Real Estate Sales Associate

Joining the firm in 2002 as a Research Specialist, Mr. Rahn developed the extensive GIS mapping program that has become the signature addition to Norman C. Wheeler & Associates appraisals and real estate services. The program provides custom mapping and applies sophisticated mapping capability to the valuation and appraisal of rural property. By geographically enabling the extensive database of sales and land valuation data maintained by the firm, the system developed by Mr. Rahn facilitates enhanced graphical analysis of property and market data. In 2003, Mr. Rahn began his training to become a Montana certified general appraiser and received his license in 2006. He also has pursued and received the professional designation as an Accredited Rural Appraiser (ARA) through the American Society of Farm Managers and Rural Appraisers (ASFMRA). Mr. Rahn acquired his real estate license in 2005, his Montana state appraisal license in 2006, and his ARA designation in 2008.

CHICO HOT SPRINGS RESORT, Emigrant Montana. 1997 to 1999
Head Gardener and Horticulturalist

Developed and managed produce and ornamental gardens for utilization in the resort’s award-winning restaurant and for the enjoyment of guests. Designed and constructed a greenhouse utilizing geothermal waste water from the hot springs pool enabling year-round growing of produce and flowers. Networked with other geothermal greenhouse professionals and was awarded a grant for establishing and maintaining that network.

ARCATA EDUCATIONAL FARM, Arcata California. 1991 to 1997

Production Manager and Education Coordinator

Co-developed and managed an educational farm in conjunction with Humboldt State University, California. With a small team of organizers, Mr. Rahn recognized the need for and value of an educational farm for the University as well as the community of Arcata, California. By articulating the vision and writing grants, funds were secured and a site was developed where studies and instruction for graduate and undergraduate students from Humboldt State University could take place. In addition, community entities such as the Arcata Public Schools, the City of Arcata, California Conservation Corps, University of California Extension Service, job training agencies, at risk youth programs, and Hmong refugee farmers utilized the facility for instruction and special programs. This high level of diversity and unique collaboration earned the project many awards and recognition from entities such as the University of California and the City of Arcata. In addition to collaborating on the creation and development of the educational aspect of the farm, Mr. Rahn developed and managed the market produce division of the project, creating an income producing – fully operational market produce farm that serviced the community of Arcata, California.

EDUCATION

Montana State University, Bozeman, MT. December 2001

B.S. Land Resource Sciences - Land Resources Analysis and Management Option

Soil Science minor

Ranch Internship - 2001: Mr. Rahn was awarded an eight-month working internship on a Montana cattle ranch. Experience comprised all aspects of livestock production including:

- | | | |
|----------------------|--------------------|--------------|
| - calving | - range monitoring | - equipment |
| - branding | - marketing | maintenance |
| - horsemanship | - alternative | - irrigation |
| - hay production | marketing | |
| - pasture management | - fencing | |

Special projects included nutrient and feed analysis in relation to vegetation forage cycles and animal life cycles, and GIS mapping.

APPRAISAL EXPERIENCE

Mr. Rahn has professional experience in the appraisal of:

- | | |
|----------------------------|-------------------------------------|
| - livestock ranches | - machinery |
| - irrigated farms | - irrigation equipment |
| - dryland farms | - structural improvements |
| - recreational properties | - specialized equestrian facilities |
| - conservation easements | - super adequacy & over- |
| - fractional interests | improvement analysis |
| - rural residential tracts | - lease income analysis |
| - livestock | |

PROFESSIONAL AFFILIATIONS

Below is a list of Mr. Rahn's professional affiliations:

- American Society of Farm Managers and Rural Appraisers, Accredited Member
- Montana Chapter of the American Society of Farm Managers and Rural Appraisers
- Appraisal Institute, Associate Member
- Certified General Appraiser - Montana #776
- Licensed Real Estate Sales Associate - Montana - License # 14990
- Realtor - National Association of Realtors - Montana Association of Realtors
- Gallatin Association of Realtors

APPRAISAL COURSES COMPLETED

Fundamentals of Rural Appraisal (A10) - 2003

Rural Residential Appraisal - 2003

Principles of Rural Appraisal (A20) - 2004

Advanced Rural Appraisal (A30) – 2005

Appraising Agricultural Land in Transition – 2006

Montana Access Laws & Conservation Easements - 2006

USPAP – 2006

Report Writing – 2006

Eminent Domain – 2007

Highest and Best Use – 2007

Partial Interest Valuation - Undivided – 2007

Partial Interest Valuation - Divided – 2007

Valuation of Conservation Easements – 2008

Subdivision Analysis: Testing Legal and Physical Possibilities – 2008

Advanced Approaches to Value for Rural Appraisal (A300) - 2008

UASFLA “Yellow Book” Seminar - 2008