

CHECKLIST ENVIRONMENTAL ASSESSMENT

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| Project Name: | Boucher Farm Land Banking Tract |
| Proposed Implementation Date: | Fall 2019 |
| Proponent: | Byron Boucher Farms, Inc. (Grazing Lessee) |
| Location: | Sale #1055: SW¼ of Section 24, Township 10 North, Range 24 East (160 acres) |
| County: | Musselshell County |

I. TYPE AND PURPOSE OF ACTION

Offer for sale at public auction, an isolated 160-acre parcel of State Land that is currently held in Trust for the benefit of Common Schools. Revenue generated from the sale of these parcels would be deposited into a special account to be used to purchase replacement lands meeting acquisition criteria related to legal access, productivity, income generation and potential for multiple use. The new parcel(s) would then be held in Trust for the benefit of Common Schools. These proposed sales have been initiated through the Land Banking program (Montana Code Annotated §77-2-361 through 77-2-367). The primary purpose of this program is to allow the Department of Natural Resources and Conservation to dispose of parcels that are isolated and produce low income relative to similarly classified tracts and purchase land with legal public access that can support multiple uses and provide a rate of return equal to or greater than the parcels that were sold. Additionally, this program allows for the Trust land portfolio to be diversified, by disposing of grazing parcels that make up a majority of the Trust land holdings and acquire other types of land, such as agricultural lands. To date, the Land Banking program has sold 80,165 acres of which 58,902 acres were not accessible and acquired accessible 98,228.43 acres. Maps showing the location of the subject parcel are located in attached Exhibits A & B.

II. PROJECT DEVELOPMENT

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

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

A letter soliciting comments and explaining the proposed sale was sent to the lessee, property owners adjoining the state parcels, and other interested parties on 7 March 2019 requesting that comments be submitted on the proposal by 8 April 2019. A complete list of individuals and interested parties contacted is included on Exhibit C of this EA.

A Public Notice was published in the Roundup Record-Tribune on 13 March 2019 requesting that comments be submitted on the proposal by 8 April 2019.

The Southern Land Office did receive a response from Montana Fish, Wildlife and Parks and they did not have any specific comments on the proposed sale.

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

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer Trust Land described as the SW¼ of Section 24, Township 10 North, Range 24E for sale at public auction and subject to statutes addressing the sale of Trust Land found in M.C.A. §77-2-301, et seq. Proceeds from the sale would be deposited in the Land Banking Fund to be used in conjunction with proceeds from other sales for the purchase of other Trust Land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

No Action Alternative: Defer inclusion of some the nominated tract in the Land Banking Program which would maintain the current State ownership of the deferred tract, as well as continue the existing grazing lease.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

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

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

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

The soils on this property consist mainly of gravelly loams and most of the parcel is flat, except along the north boundary that slopes down to the north/northeast towards an unnamed drainage. There are approximately 150 acres of Class 6 agricultural soils, with the remainder as Classes 3 and 4. The Soil Survey defines Class 6 as "...hav[ing] severe limitations that make them generally unsuitable for cultivation and that restrict their use mainly to pasture, rangeland, forest land or wildlife habitat." This parcel has previously been cultivated, but it is not currently farmed. However, there is other dryland crop fields in the area, many of which have the same soil classification as the subject property and there is potential that the parcel could be hayed.

In addition, the State owns the entire mineral estate under the parcel and would retain this mineral ownership if the parcel were sold. A review was conducted by the Minerals Management Bureau and the potential for mineral development is low based on the geology and activity in the surrounding area.

No significant adverse impacts are expected; however, the purchaser could choose to farm or hay the parcel.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

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

A search for this parcel in the DNRC Water Resources Division Water Right Query System did not yield any results. This would be consistent with the information on the lease that did not show a water source on the property. There may have been an old well at the former homestead on the parcel, but it does not appear to have been registered. Additionally, there is no surface water on the subject property.

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

6. AIR QUALITY:

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

No Impact. The existing use is expected to continue.

7. VEGETATION COVER, QUANTITY AND QUALITY:

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

This tract was previously cultivated, and it mostly consists of tame pasture, with the potential to at least be hayed, if not converted to dryland agriculture at some point in the future. This tract is typical of land in the surrounding area and could be affected by various land management activities including livestock grazing, wildlife management or dryland agricultural use. A search of the Montana Natural Heritage Program database indicates there are no known rare, unique cover types or vegetation on this tract. The existing

agricultural/grazing use is expected to continue on the tract; therefore, no direct or cumulative effects are anticipated.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

This parcel of Trust Land is used by a variety of wildlife species typical of undeveloped land throughout this portion of Musselshell County. Wildlife populations can be affected by land use activities associated with livestock grazing, residential development or agricultural practices. A variety of wildlife species including antelope, mule deer, and numerous non-game birds could use the tract during various times of the year.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

A proposed project area search of the Montana Natural Heritage Program database identified four vertebrate animals that are listed as a species of concern or threatened species: Golden Eagle, Greater Sage-grouse, Black-tailed Prairie Dog and Ferruginous Hawk.

Golden Eagle is listed as a species of concern and the 3,000-meter buffer hit the parcel from its observed location. This section does not have any trees or other structures that would support nesting, although eagles could traverse the parcel to hunt. No significant impacts are anticipated by implementing the proposed action.

Greater Sage-grouse is listed as a species of concern and the parcel is located within identified Greater Sage-grouse General Habitat. The closest active lek identified by MT Fish, Wildlife and Parks is located approximately 4 miles northeast of the subject parcel. The parcel was previously cultivated and does not contain any sage. The current use is expected to continue; therefore, no significant adverse impacts are anticipated by implementing the proposed action.

Black-tailed Prairie Dog is listed as a species of concern and has been observed in an existing prairie dog town that is located approximately 400' to the northwest of the subject parcel. There are no towns located on the Trust land parcel proposed for sale. No significant adverse impacts are anticipated by implementing the proposed action.

Ferruginous Hawk is listed as a species of concern and has been observed north and west of the subject parcel. Based on information in the Natural Heritage Program Field Guide, it is unlikely that nesting would occur on the subject parcel since it was previously cultivated and does not contain any sage or other significant brush or trees. However, the Hawk could traverse this parcel and forage it for food. No significant adverse impacts are anticipated by implementing the proposed action.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

A Class I (literature review) level review was conducted by the DNRC staff archaeologist for the area of potential effect (APE). This entailed inspection of project maps, DNRC's sites/site leads database, land use records, General Land Office Survey Plats, and control cards. The Class I search revealed that an abandoned homestead is located on the parcel. This resource will be formally recorded, but because the remainder of the area of potential effect on state land was once cultivated, because the Holocene age soils in the APE are relatively thin, and because the local geology is not likely to produce caves, rock shelters, or sources of tool stone, no additional archaeological investigative work will be conducted in response to this proposed land sale.

11. AESTHETICS:

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

No Impact. The existing use is expected to continue.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

No Impact. The existing use is expected to continue.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

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

There are no other known state or federal actions in the vicinity and no known future actions proposed by the state that would have cumulative impacts with this proposal.

| IV. IMPACTS ON THE HUMAN POPULATION |
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| <ul style="list-style-type: none">• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i>• <i>Enter "NONE" if no impacts are identified or the resource is not present.</i> |

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The implementation of the proposed action is not expected to have a significant adverse impact on human health and safety.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

No Impact. The existing use is expected to continue.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

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

No Impact. The existing use is expected to continue.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

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

This tract is currently tax-exempt and the sale of this tract to a non-exempt entity would add it to the county tax base, thus marginally increasing tax revenue to Musselshell County.

18. DEMAND FOR GOVERNMENT SERVICES:

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

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

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

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

Implementing the proposed action would not conflict with the Musselshell County Growth Policy. In addition, the property is not presently zoned by Musselshell County.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

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

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.

No Impact. The existing use is expected to continue.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

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

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

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

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

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

SW¼ of Section 24-10N-24E (Sale #1055)

- 160 acres under grazing lease #6058 for 112 Animal Unit Months (0.7 AUMs/acre) at the minimum grazing lease rate, which is currently \$13.10/AUM
- Total income generated from the tract in 2019 was \$1,467.20 or approximately \$9.17/acre. The average annual net income from this tract for the past 3 years has been \$1,073.33 or \$6.71/acre. The DNRC statewide average net income for the 4.1 million acres of grazing land was \$4.20/acre.
- Assuming an appraised value of \$700/acre, the current annual return on the asset value for this tract is 0.96%

Based on the above analysis this tract is producing above average revenue per acre. However, this is a relatively small 160-acre parcel that is not adjacent to any other Trust land, which makes management more difficult. In addition, this parcel is one that the State obtained through foreclosure in the 1930s due to default on a farm loan from the State.

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| EA Checklist Prepared By: | Name: Jeff Bollman, AICP | Date: 21 June 2019 |
| | Title: Area Planner, Southern Land Office | |

V. FINDING

25. ALTERNATIVE SELECTED:

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

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The Southern Land Office received one comment regarding the sale of this parcel from FWP and they did not have any concerns. The potential environmental effects were analyzed and described in this document and it has been determined that no significant adverse environmental effects would result from the proposed land sale of this isolated 160-acre tract. This parcel does not have any unique characteristics, critical habitat or environmental conditions indicating it is necessary for it to remain under management by the Department of Natural Resources and Conservation. The parcel does produce higher than average revenue on a per-acre basis, but it is a relatively small parcel which makes it more difficult to manage. Selling this parcel would allow the Trust to re-invest the sale proceeds in a parcel that has legal public access and would be easier to manage.

The transfer of ownership of SW¼ of Section 24, Township 10 North, Range 24 East is not expected to have any significant adverse effects on the human or natural environment.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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EIS

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More Detailed EA

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No Further Analysis

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| EA Checklist Approved By: | Name: Matthew Wolcott |
| | Title: Area Manager, Southern Land Office |
| Signature: /s/ Matthew Wolcott | |
| Date: 6/24/19 | |

Exhibit A – Area Map

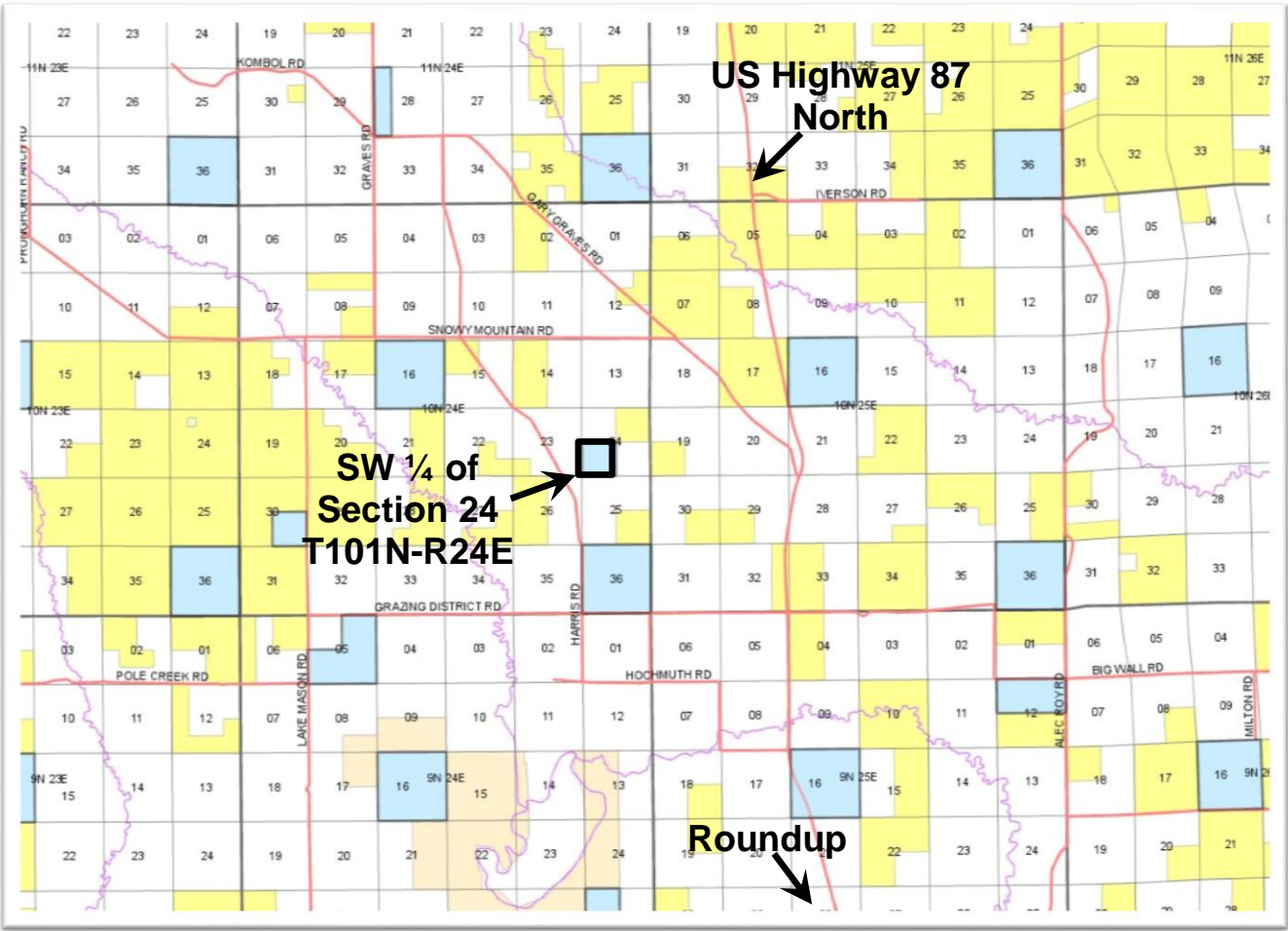


Exhibit B – Property Map – SW¼ of Section 24-T10N-R24E

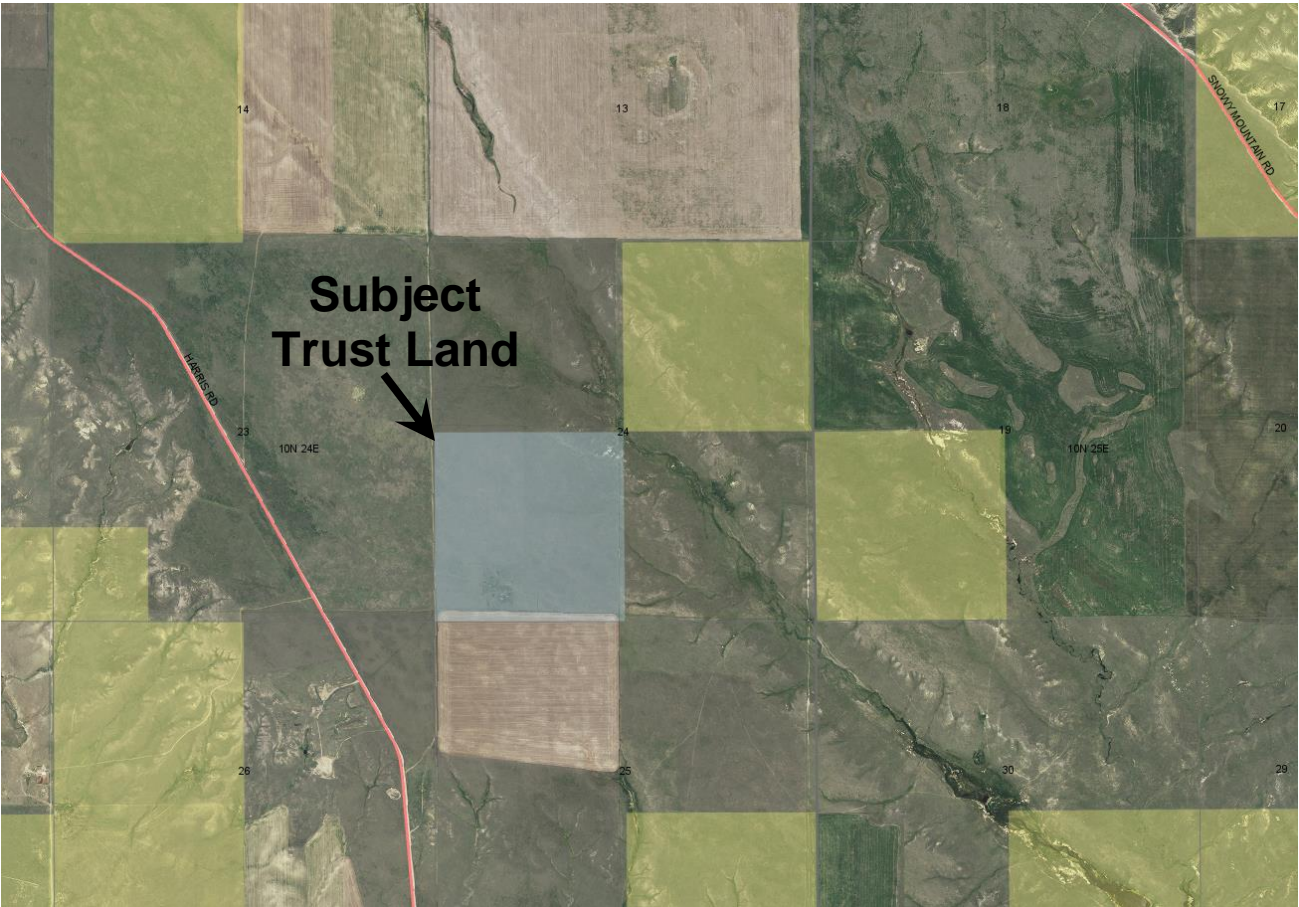


Exhibit C – Persons Notified during Scoping Process

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JAKE CUMMINS
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Bill Orsello or Stan Frasier
MONTANA WILDLIFE FEDERATION
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Rosi Keller
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Daniel Berube
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JACK ATCHESON, SR.
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BUTTE, MT 59701

Mike Atwood, Chief
DNRC Real Estate Management Bureau
1625 – 11th Avenue
Helena, MT 59620

Dan Rogers, Chief
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MT DNRC – TLMD
2705 Spurgin Road
Missoula, MT 59804

Senator Duane Ankney
PO Box 2138
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Musselshell County
Board of County Commissioners
506 Main Street
Roundup, MT 59072

Representative Barry Usher
6900 South Frontage Road
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Monte Mason, Chief
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Tom Madden
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Lee Gustafson
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MT Dept of Fish, Wildlife & Parks
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Bureau of Land Management
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Larry Copenhaver, Local Issues
Conservation Director
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John Murray, THPO
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Byron Boucher Farms Inc.
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Rudyard, MT 59540

Alvin Windy Boy, THPO
Chippewa Cree Tribe of Rocky Boy's
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298 Hochmuth Road
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Frances Auld or Ira Matt, THPO
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Hubert Two Leggins, THPO
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