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STATE OF MONTANA PROPERTY

FERGUS COUNTY

AUGUST 15, 2008

FOR

TOM KONENCY - APPRAISER

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

P.O. BOX 201601

HELENA, MONTANA 59620

BY

BARTA APPRAISAL SERVICE

GARY P. BARTA

GENERAL CERTIFIED APPRAISER #107

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September 10, 2008

Tom Konency - Appraiser
Department of Natural Resources and Conservation
P.O. Box 201601
Helena, Montana 59620

Attn: Mr. Konency

RE: Fergus County Properties

I am submitting this appraisal report per your request for the requested properties owned by the State of Montana in Fergus County. The properties are located in various locations in Fergus County. The legal descriptions are included in this report.

As a result of my investigations and analysis, it is my opinion that the market value "as is" without legal access of the land as of August 15, 2008 with a marketing time of under twelve months were as follows:

Sale #444: \$16,000 - SIXTEEN THOUSAND DOLLARS
Sale #445: \$16,000 - SIXTEEN THOUSAND DOLLARS
Sale #446: \$16,000 - SIXTEEN THOUSAND DOLLARS

As a result of my investigations and analysis, it is my opinion that the market value based on the hypothetical condition of having legal access of the land as of August 15, 2008 with a marketing time of under twelve months were as follows:

Sale #444: \$30,000 - THIRTY THOUSAND DOLLARS
Sale #445: \$30,000 - THIRTY THOUSAND DOLLARS
Sale #446: \$30,000 - THIRTY THOUSAND DOLLARS

The client 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 market value of the appraised subject property and is intended for use in the decision-making process concerning the potential sales of said subject property.

The date of inspection was August 15, 2008. The effective date of this property was August 15, 2008.

Market value used in this appraisal is the current fair market value. (MCA 70

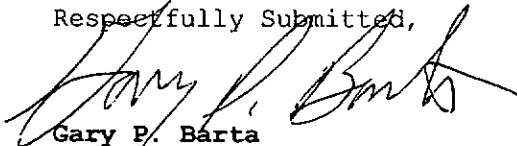
-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- 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.

This appraisal conforms to FIRREA and the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of Appraisal Foundation.

The appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigations, analyses, and the reasoning leading to the conclusions.

Respectfully Submitted,



Gary P. Barta
Certified General
Appraiser #107

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SUMMARY OF FACTS AND CONCLUSIONS

Owners of Record: State of Montana

Location: Fergus County

Interest Appraised: Fee Simple interest of the land listed in the legal descriptions.

Exceptions and limitations: Those of Record

Date of Value: August 15, 2008

Legal Description:
DEEDED LAND

Sale #444:

Township 22 North, Range 19 East, M.P.M., Fergus County
Section 24: N1/2SW1/4 - 80 Acres

Sale #445:

Township 22 North, Range 20 East, M.P.M., Fergus County
Section 27: N1/2SE1/4 - 80 Acres

Sale #446:

Township 22 North, Range 20 East, M.P.M., Fergus County
Section 31: W1/2NE1/4 - 80 Acres

TOTAL DEEDED ACRES = 240 Acres

Property Description:

Sale #444: 80 acres of native grazing land
Sale #445: 80 acres of native grazing land
Sale #446: 80 acres of native grazing land

Leases: None - The properties have been leased out. See copy of current lease in addendum.

Improvements: There are no improvements that were valued in this appraisal.

Zoning: None / No County Zoning

Flood Plain: Not covered by FEMA maps

Assessors Tract: Not Applicable

Taxes: Unknown - Tax Exempt

Highest and Best Use: As Vacant - Agricultural
As Improved - Agricultural

Marketing Time: Under 12 Months

Estimates of Value "As Is" Without Legal Access:

SALE #444:	Sales Comparison Approach	= \$16,000
SALE #445:	Sales Comparison Approach	= \$16,000
SALE #446:	Sales Comparison Approach	= \$16,000

Estimates of Value Based on the Hypothetical Condition of Having Legal Access:

SALE #444:	Sales Comparison Approach	= \$30,000
SALE #445:	Sales Comparison Approach	= \$30,000
SALE #446:	Sales Comparison Approach	= \$30,000

ASSUMPTIONS AND LIMITING CONDITIONS

That the term fair market value, as used in this appraisal, is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

That the date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except these assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

That no opinion is expressed as to the value of subsurface oil, gas, or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

That testimony or attendance in court or at any other hearing is not required by rendering this appraisal unless such arrangements are made a reasonable time in advance.

That, because no title report was made available to the appraiser, he assumes no responsibility for such items of record not disclosed by his normal investigation. A title commitment was made available to the appraiser that shows that there is no legal access to the property.

That no detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil quantities employed in this report are not conclusive but are considered consistent with information available to the appraiser.

That the appraiser has personally inspected the subject property and finds no

obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provisions of professional or governmental inspections.

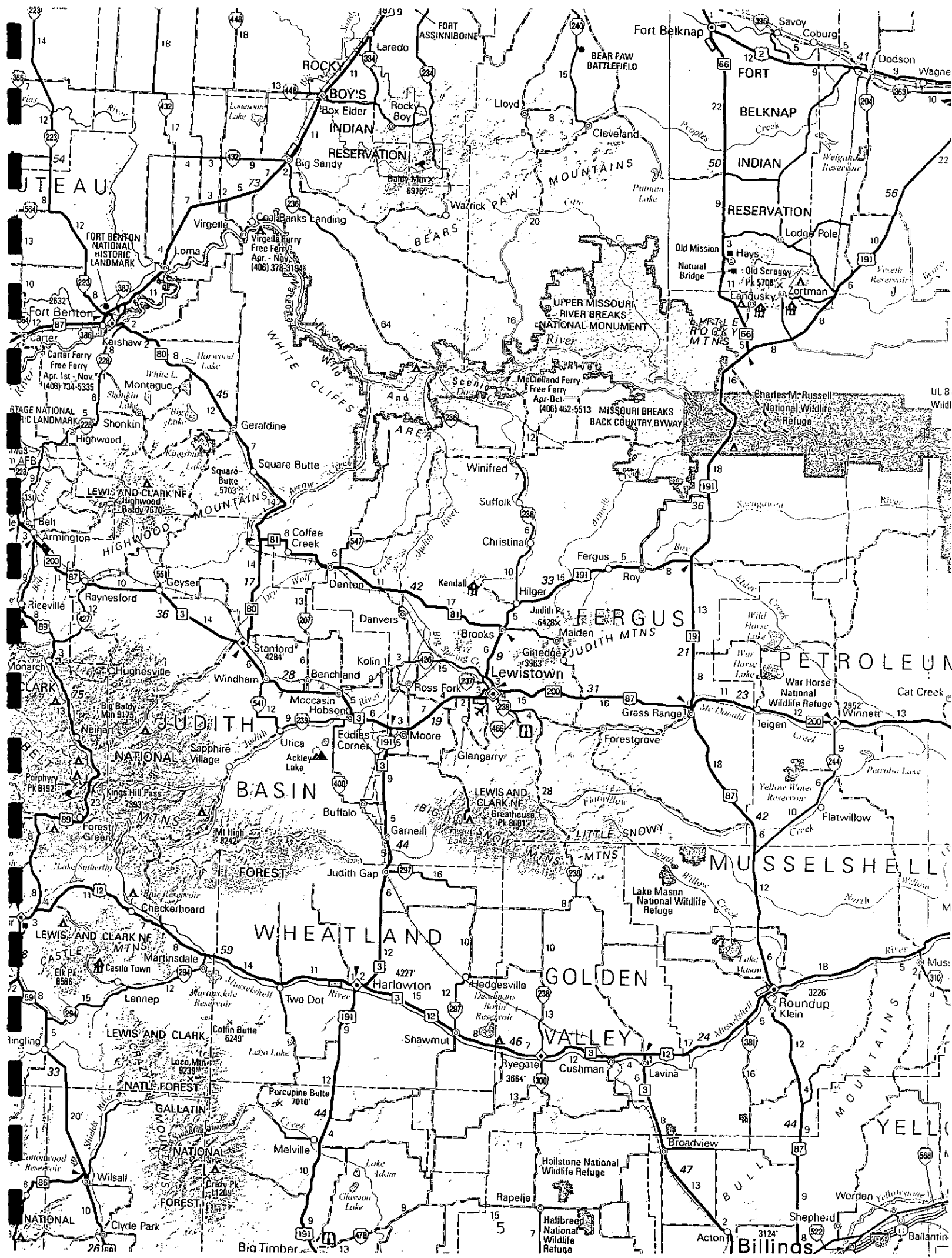
That no consideration has been given in this appraisal to personal property located on the premises, or to the cost of moving or relocating such personal property; only the real property has been considered.

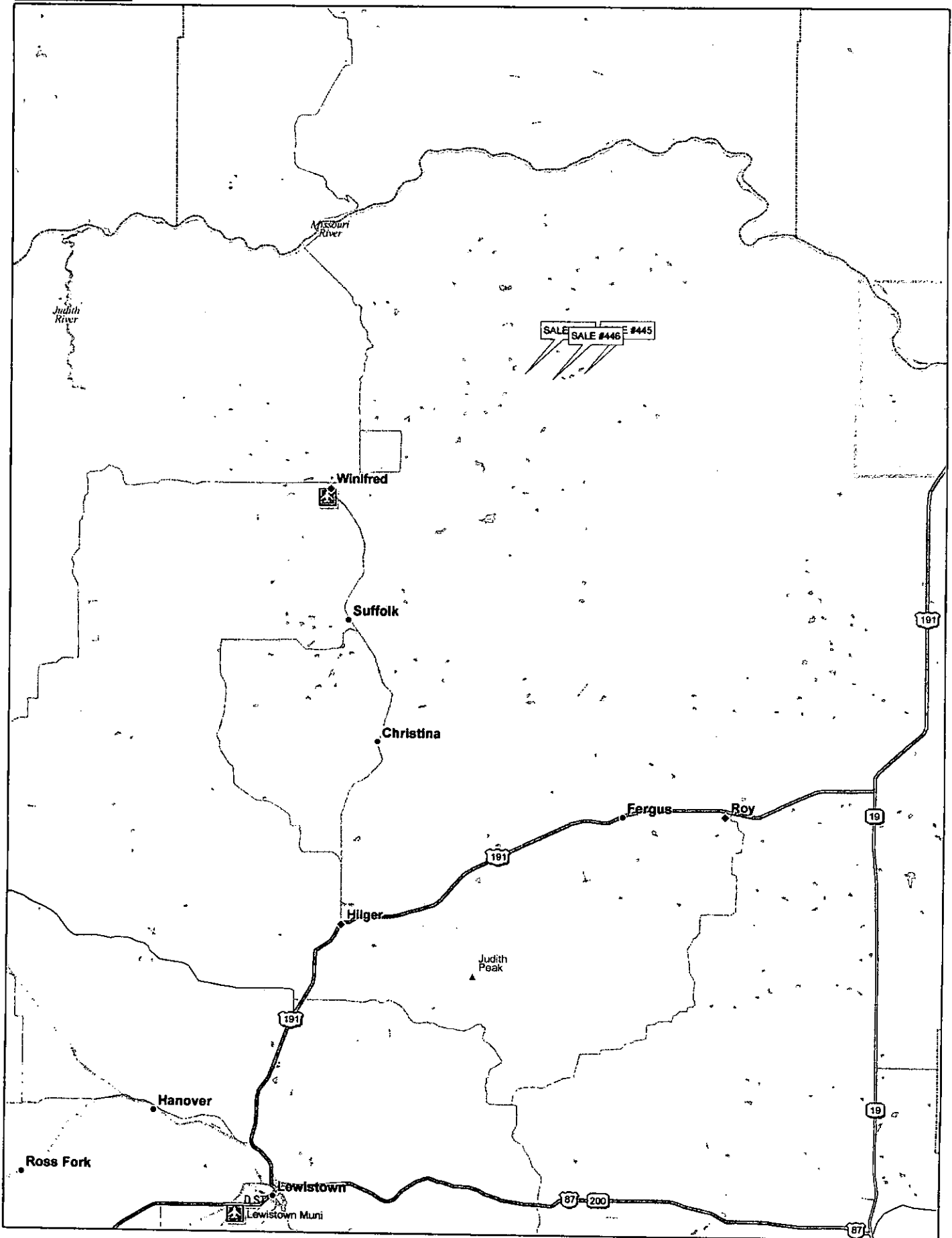
That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous material be found. We urge the client to retain an expert in the field before making a business decision regarding the property.

That no circumstances has been given in the appraisal to the value, if any, attributable to growing crops or the merchantable timber on any portion of the property appraised.

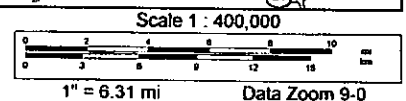
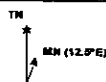
That the Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

Sale Tracts #444, #445, and #445 were given two different values. A value "as is" without legal access and a value based on the hypothetical condition of having legal access.

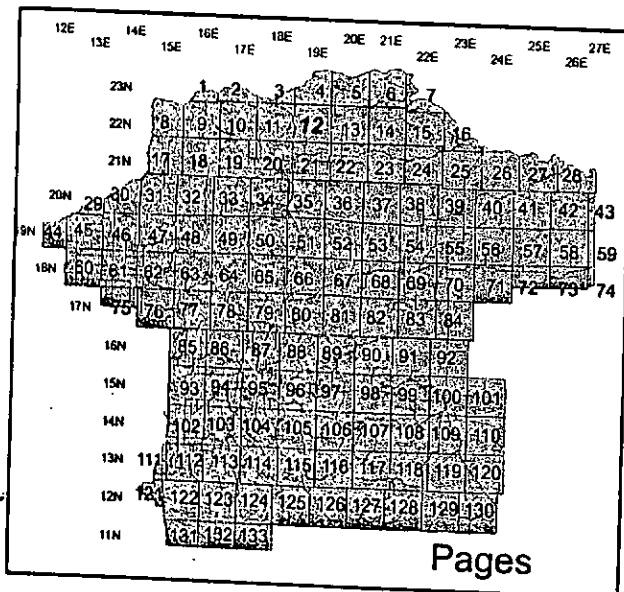
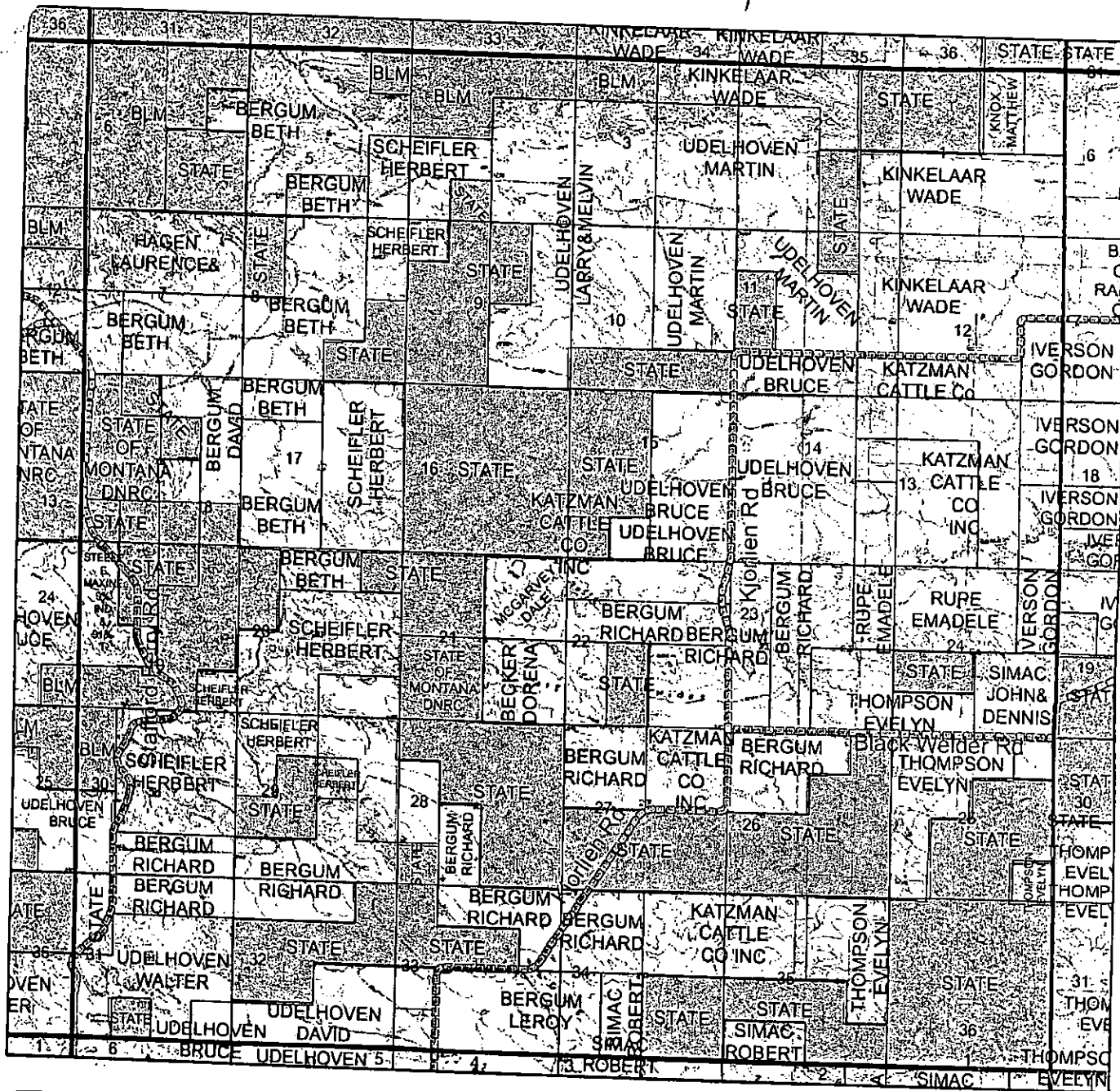




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Sale #444



T22N R19E

1

Legend

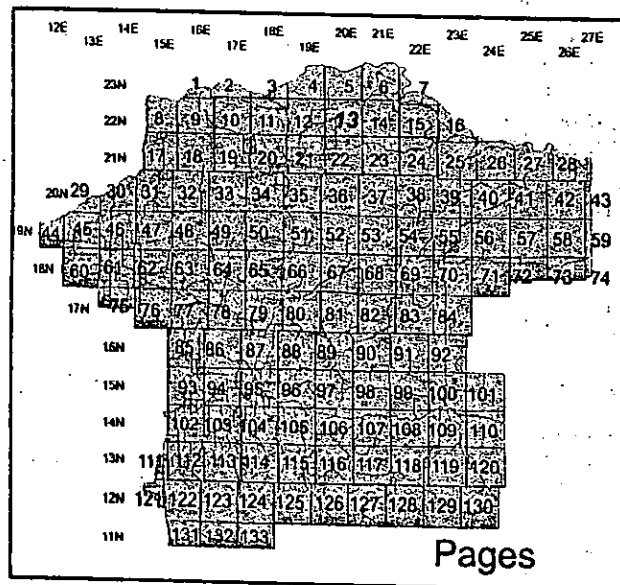
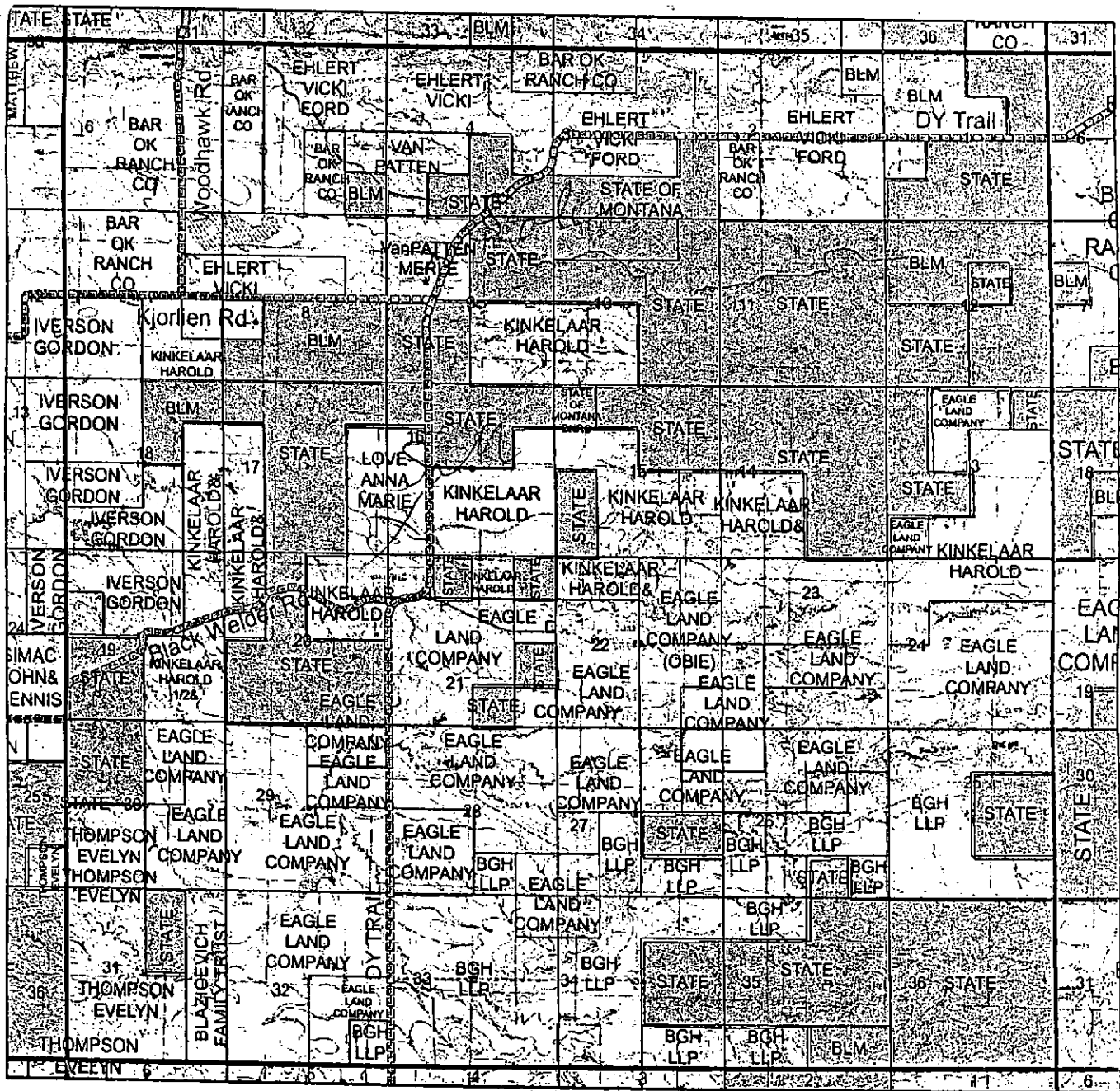
- Townships
- Roads
- Ownership Boundaries
- Streams, Rivers
- Public Lands

Stillwater County GIS (2005)
 Ownership -
 State Cadastral (2004)
 Roads - Farago County
 Planning Office
 Not a Survey-grade Map

Montana Cadastral Mapping Project








Sale #445



T22N R20E

1

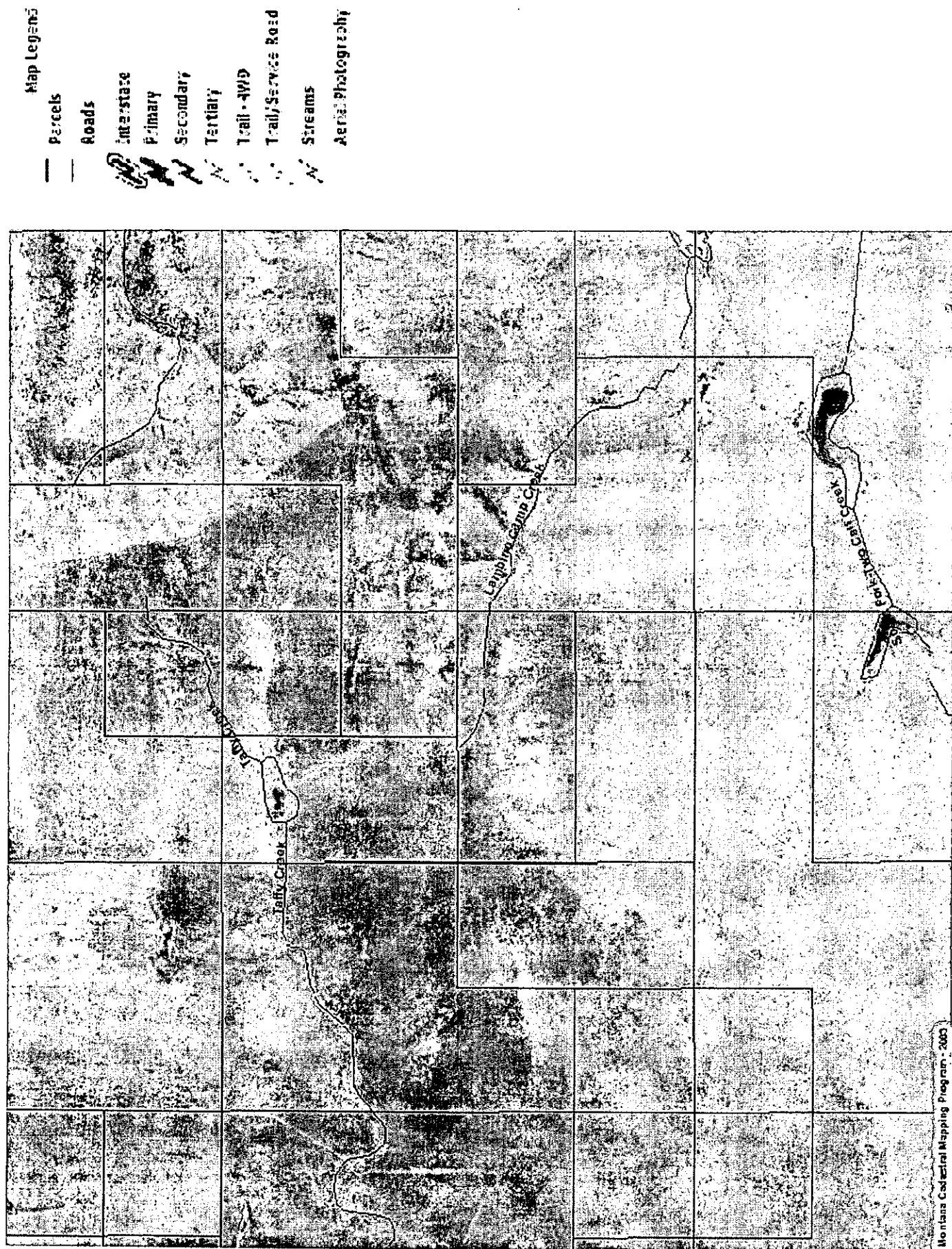
Legend

-  Townships
-  Roads
-  Ownership Boundaries
-  Streams, Rivers
-  Public Lands

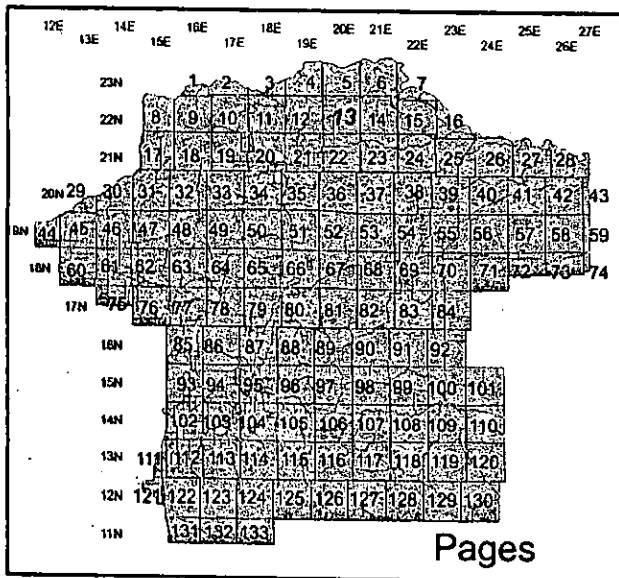
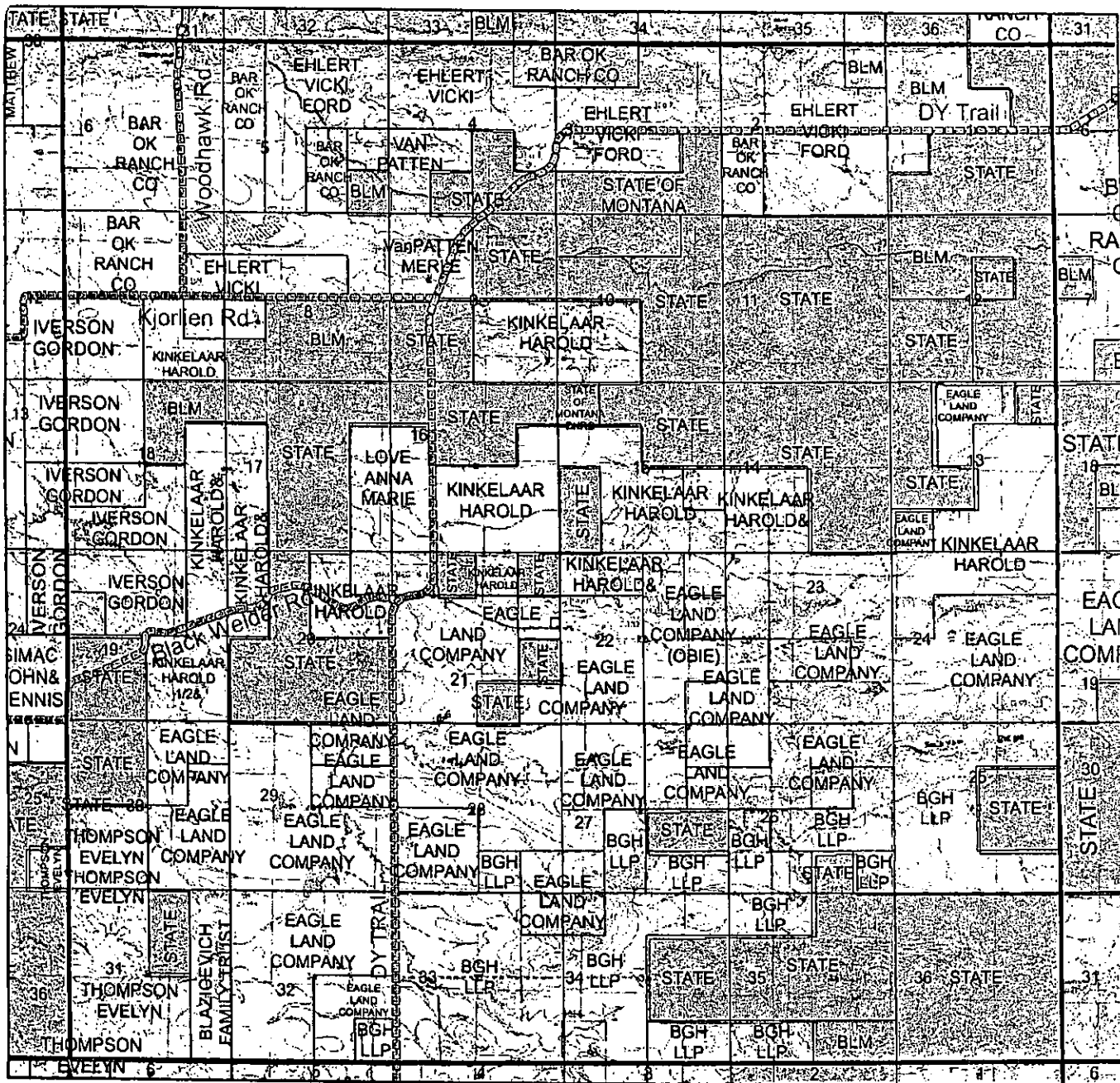
Stillwater County GIS (2005)
Ownership -
State Cadastre (2004)
Roads - Fergus County
Planning Office
Not a Survey-grade Map

Pages

Montana Cadastral Mapping Project



Sale #446






Pages

T22N R20E

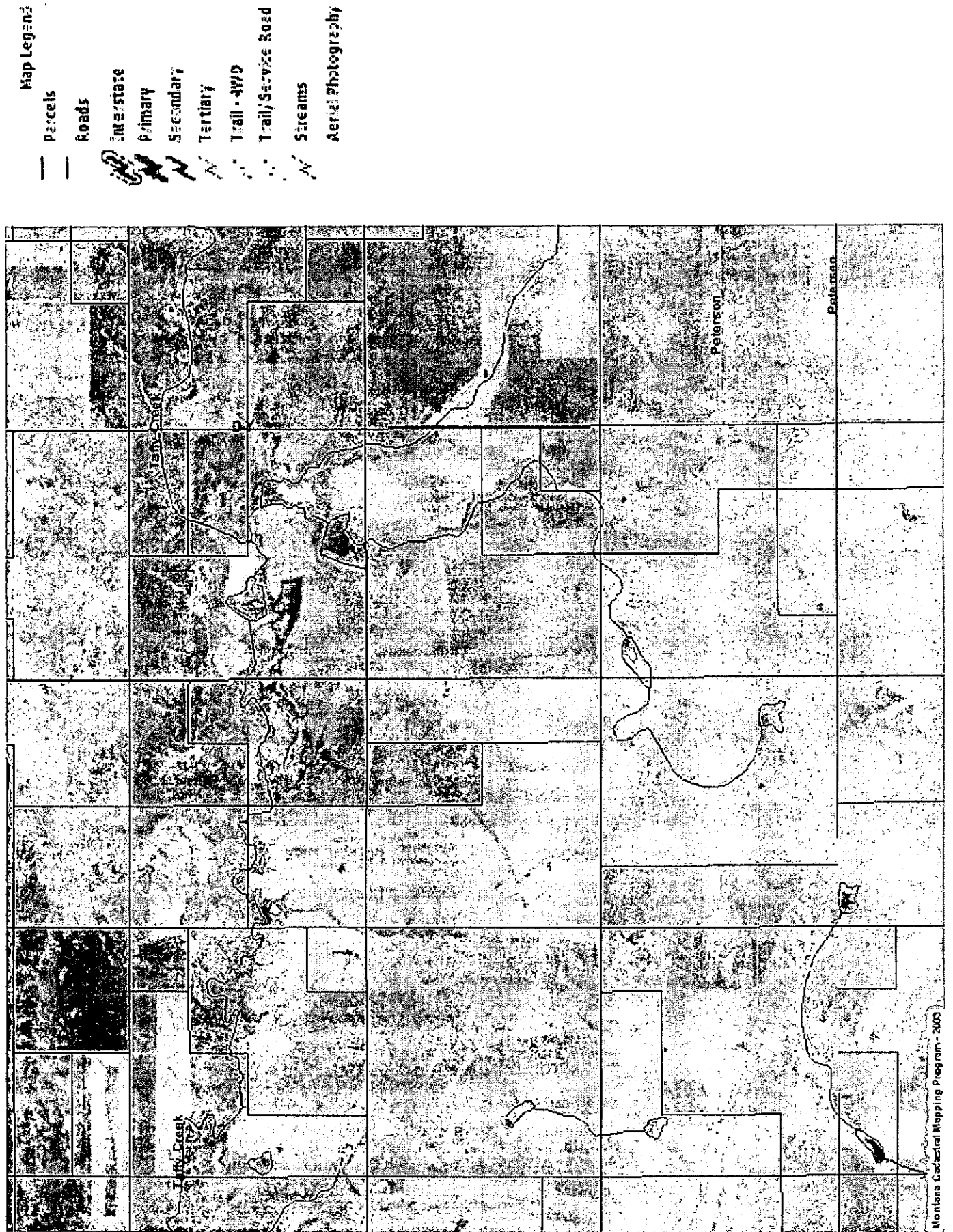
1

Legend

-  Townships
-  Roads
-  Ownership Boundaries
-  Streams, Rivers
-  Public Lands

Stillwater County GIS (2005)
Ownership -
State Cadastre (2004)
Roads - Fergus County
Planning Office
Not a Survey-grade Map

Montana Cadastral Mapping Project



PURPOSE AND USE OF THE APPRAISAL

The client 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 market value of the appraised subject property and is intended for use in the decision-making process concerning the potential sales of said subject property.

SCOPE OF THE APPRAISAL

The information in this appraisal was researched, verified, and reported in the most efficient manner in forming the conclusion of market value of the property. Typically, in order to estimate the market value of the property, three standard approaches to estimating value are generally considered. Involved in each is the collection, verification, analysis of both general and specific data pertinent to the property. As the three approaches are rarely independent of one another, the appraisal process is comprised of integrated, interrelated, and inseparable procedures that ultimately indicate a reliable estimate of value. The final conclusion of market value has been presented in the correlation and final value estimate section. The subject property was researched on the State of Montana Department of Revenue website for current information of the property involved in the appraisal. The property was researched at the Fergus County Courthouse for current taxes, transfers in the last thirty-six months or before, deeds, and other information. The Farm Service Agency was utilized for the size & types of land on the property and aerial photographs through the certification of the land for government programs. The property and all improvements were inspected by the appraiser for notable features were noted and considered in the completion of the appraisal. Pictures were taken of various views of the property and types of land. The comparable sales were verified and researched through realtors, attorneys, buyers, or sellers. Differences in the comparable sales were adjusted in comparing them to the subject property. The comparable sales were analyzed and compared to the subject property in each of the three approaches to value if applicable and concluded in the final conclusion of market value.

DEFINITION OF MARKET VALUE

Market value used in this appraisal is the 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.

PROPERTY RIGHTS APPRAISED

The property rights considered in this report are those surface rights and interests held by the subject property owner in fee simple title. No value differential is currently evident in the market area with appurtenant mineral rights compared with those that have had the minerals reserved by a prior

owner. There are no known easements or encroachments that would detrimentally affect the value of the property; subject, however, to the easements, public roads, public utilities, pipelines, or any existing private easements of record.

PRESENT OWNERSHIP AND IDENTIFICATION OF THE PROPERTY

The State of Montana properties are located in various locations in Fergus County. Sales #444, #445, and #446 have no legal access. There were no building improvements or site improvements valued in this appraisal.

OWNERSHIP HISTORY

The properties have not been sold or transferred in the last 36 months.

DATE OF VALUE ESTIMATE

The date of value estimate was August 15, 2008.

DATE OF INSPECTION

The date of inspection was August 15, 2008.

LEGAL DESCRIPTION

Sale #444:

Township 22 North, Range 19 East, M.P.M., Fergus County

Section 24: N1/2SW1/4 - 80 Acres

Sale #445:

Township 22 North, Range 20 East, M.P.M., Fergus County

Section 27: N1/2SE1/4 - 80 Acres

Sale #446:

Township 22 North, Range 20 East, M.P.M., Fergus County

Section 31: W1/2NE1/4 - 80 Acres

TOTAL DEEDED ACRES = 240 Acres

AREA-REGIONAL ANALYSIS & TRENDS

Fergus County is located in the central part of Montana. Its north boundary is the Missouri River and its south boundary is the summit of the Snowy Mountains. Fergus County is an area of very diversified topography. The land ranges from the Missouri River breaks to the mountain ranges of the Moccasins, Judiths, and the Snowy Mountains. Elevations range from 3,963 feet in Lewistown to 8,211 feet in the Snowy Mountains. Precipitation varies from 12" to 20" during a normal year. The average length of growing season is 105-110 days. During the past 20 years the population of Fergus County has been relatively stable. The 2000 census reported a population of 12,083 in Fergus County. Lewistown is the largest community in Fergus County. The majority of the population is located in the city of Lewistown which has 6,051 people. Agriculture is the largest employer in the area with 34% of the people involved in some way in the agricultural industry. Manufacturing & construction is also a major factor in the area with 20% of the people involved in some way in manufacturing & construction. Fergus County has a variety of recreational opportunities and especially hunting and fishing. The Big Spring Creek runs through Lewistown. The wild and scenic Missouri River corridor is located in the northern part of the county. Lewistown is the county seat of Fergus County and is the major center of commercial activity.

Trends: Fergus County has a stable economy. The economic activity in the area appears to be improving as more people are looking to locate into the central part of Montana. Agriculture is generally in average condition with the agriculture industry stable. Commercial activity is considered stable. Residential property values are considered to be stable with some new construction of residential homes taking place. Commercial property values are considered stable with some vacancy in the commercial buildings in Lewistown and the surrounding area. People from out of the area and out of state have moved into the area over the last few years. Recreational type property has moderate demand with most recreational type property selling with a residential use in mind. Some of the more desirable agricultural land that has good aesthetics and trees are being sold for recreational uses. Agricultural property values are considered to be stable to increasing. The property values of the more desirable agricultural property with recreational potential are increasing.

NEIGHBORHOOD ANALYSIS & TRENDS

This neighborhood is located in the northern part of Fergus County. The neighborhood is located northeast of Winifred, Montana. This area is commonly known as the Winifred or Missouri River breaks area. This area is considered a desirable agricultural and recreational area. The general neighborhood is an area of crop/hayland production, livestock grazing and recreational type properties. State Highways, county, and private roads provide access to the subject property and the neighborhood. The neighborhood is rolling to breaks type terrain with small grains and hay production taking place in the level to rolling areas and livestock grazing taking place in the rolling to breaks type areas. The neighborhood has diversified ranches of small grains and livestock operations, and recreational type properties. The dryland cropland farms in the area are used for small grains production. The livestock ranches in the neighborhood have been used mostly for hay production, livestock grazing, and recreational uses. There are ranches in the neighborhood that lease out their land for recreational uses for big game and bird hunting. There are some rural residential type properties mixed in with agricultural and recreational properties. The marketing of small grains, hay, and livestock take place in Winifred, or Lewistown, Montana. Electrical power and telephone services are available in the neighborhood. Most services needed are obtained in Winifred or Lewistown, Montana. Lewistown, Montana is a medium-sized town with a variety of homes or businesses. Lewistown has daily passenger stops by Great Lakes Airlines and important truckline companies. Five financial institutions are located in Lewistown. Lewistown is the county seat of Fergus County. The county is run by three commissioners. The City of Lewistown has a manager/commission form of government with a paid city manager and six city commissioners. Lewistown has a public high school, junior high and elementary schools. The City of Lewistown is served by public water and sewer. A U.S. Post Office serves the Lewistown and the surrounding areas. Lewistown maintains five public parks, one olympic-sized swimming pool, and numerous picnic facilities. Judith Shadows golf course provides an eighteen-hole golf course while Pine Meadows Country Club has a nine-hole golf course. Hunting, fishing, backpacking, and horseback riding are common recreational activities in the Lewistown area.

Trends: The neighborhood can be best characterized as an area with a mixture of small grains, livestock farms & ranches and recreational type properties. There are some rural residential properties mixed in with the other type properties. The neighborhood is located in what is commonly known as the Winifred or Missouri breaks area. This is considered a desirable area in the Central Montana area. Smaller units which are considered add-on units to agricultural operations are in demand at this time and some are being sold as recreational type properties. Commercial values are considered stable. Residential values are moderately increasing with some new construction occurring in the area. Recreational property is in moderate demand with most recreational property selling with a residential use in mind. There have been some people from out of the area that have moved into the area. Some of the more desirable agricultural land that has good aesthetics and trees are being sold for recreational uses. Agricultural property values are considered to be stable to increasing. The property values of the more desirable agricultural property with recreational potential are increasing.

HIGHEST AND BEST USE

The highest and best use is defined as follows: 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. To estimate the highest and best use, four elements are considered:

1. Possible Use. What uses of the site in question are physically possible?
2. Permissible Legal Use. What uses of the site are permitted by zoning and deed restrictions?
3. Feasible Use. Which possible and permissible uses will produce a net return to the owner of the site?
4. Highest and Best Use. Among the feasible uses, which use will produce the highest net return or the highest present worth?

The highest and best use of the land or site if vacant and available or use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site. The following tests must be met in estimating highest and best use. The use must be legal and probable, not speculative or conjectural. A demand for the use must exist and it must yield the highest net return to the land for the longest period. These tests are applied to the improved and vacant property. To arrive at an estimate of highest and best use, the subject site was analyzed 1) as though vacant and available for development, and 2) as presently improved.

HIGHEST AND BEST USE AS VACANT

Possible Use

The property and the neighborhood have a history of being used for hay production, livestock grazing, and recreational type purposes. The location of the tracts of land are amongst agricultural type uses of land. The possible uses of the property are for hay production, livestock grazing, and recreational purposes. The size and shape of the site lends itself to an agricultural type of use. The physical aspects of the site lend itself to an agricultural type use.

Permissible Use

The property is not zoned. There is no zoning of any kind in the rural areas of Fergus County. Tracts #445, #445, and #446 have no legal access to the property which restricts the potential buyers of the property to an agricultural type use. Only common restrictions for utility easements exist.

Feasible Use

The subject property tracts are located in three tracts of land located northeast of Winifred, Montana. The area is the Winifred or the Missouri River breaks area. This is a desirable area for agricultural and recreational type properties. The property has been used for livestock grazing in the past and present.

HIGHEST AND BEST USE "AS VACANT"

All of the feasible uses must be analyzed to determine which feasible use is the highest and best use. The property is limited to an agricultural type use on Tracts #444, #445, and #446 because of the lack of legal access. The highest and best use "as vacant" is determined to be an agricultural use.

HIGHEST AND BEST USE "AS IMPROVED"

Tracts #444, #445, and #446 have no improvements located on sites. It is determined that the highest use "as improved" is as an agricultural use.

PROPERTY DATA

TRACT #444

Location and Access: This property is located approximately ten miles northeast of Winifred. The property is in one contiguous tract of land and being used for livestock grazing. The property is located in the northern part of Fergus County. There is no legal access to the property. Private roads & trails provide access to the property.

Size & Shape: The total property consists of 80 acres. The property information was obtained from the Fergus County Appraisal/Assessment Office and the Farm Service Agency information. The property has 80 acres of native grazing land. There are no building improvements located on the property.

History and Operation: The property was not been transferred in the recent past. The grazing capacity of the livestock grazing is estimated at 14 AUMs or 3 animal units (14 AUMs / 5 Months) for a five month summer grazing season.

Leases and Permits: There were no grazing leases or permits valued in this appraisal.

Topography: The topography of the subject property is mostly rolling to breaks type terrain.

Soils: The soils on the property are clay loams, silty clay loams, and other complex type soils.

Vegetation: Vegetation on the property consists of native grasses and small shrubs. There are minimal noxious weeds located on the property.

Water Rights, Irrigation, and Stock Water:

There are no water rights filed on the property at the Montana State Department of Natural Resources and Conservation - Water Rights Office. The recreational hunting on the property is considered be average for properties in the area.

Utilities/Site Improvements: There are no utilities located on the site. There are site improvements consisting of wire fencing which is located on the eastern and northern boundaries.

Taxes: The property is tax exempt at this time.

Mineral Rights: A detailed search was not done to find out the exact status of the mineral rights of the subject property. There is no evidence in the market that the absence of mineral rights has any effect on the selling prices.

Recreational Amenities:

The recreation on the property and in the area is considered to be average. There is average amount of big game and bird hunting in the area.

Hazards & Detriments: The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. We urge the client to retain an expert in the field before making a business decision regarding the property. Hazardous waste materials or underground storage tanks may or may not be present. Contact Montana State Department of Health and Environmental Science (444-5970).

Zoning: There are no zoning laws covering the rural areas of Fergus County.

Improvements: There are no building improvements located on the site. There are site improvements consisting of fencing.

TRACT #445

Location and Access: This property is located approximately fourteen miles northeast of Winifred. The property is in one contiguous tract of land and being used for livestock grazing. The property is located in the northern

part of Fergus County. There is no legal access to the property. Private roads & trails provide access to the property.

Size & Shape: The total property consists of 80 acres. The property information was obtained from the Fergus County Appraisal/Assessment Office and the Farm Service Agency information. The property has 80 acres of native grazing land. There are no building improvements located on the property.

History and Operation: The property was not been transferred in the recent past. The grazing capacity of the livestock grazing is estimated at 14 AUMs or 3 animal units(14 AUMs / 5 Months) for a five month summer grazing season.

Leases and Permits: There were no grazing leases or permits valued in this appraisal.

Topography: The topography of the subject property is level to rolling.

Soils: The soils on the property are clay loams, silty clay loams, and other complex type soils.

Vegetation: Vegetation on the property consists of native grasses and small shrubs. There are minimal noxious weeds located on the property.

Water Rights, Irrigation, and Stock Water:

There are no water rights filed on the property at the Montana State Department of Natural Resources and Conservation - Water Rights Office.

The recreational hunting on the property is considered be average for properties in the area.

Utilities/Site Improvements: There are no utilities located on the site.

There are site improvements consisting of wire fencing which is located on the northern boundary.

Taxes: The property is tax exempt at this time.

Mineral Rights: A detailed search was not done to find out the exact status of the mineral rights of the subject property. There is no evidence in the market that the absence of mineral rights has any effect on the selling prices.

Recreational Amenities:

The recreation on the property and in the area is considered to be average. There is average amount of big game and bird hunting in the area.

Hazards & Detriments: The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. We urge the client to retain an expert in the field before making a business decision regarding the property. Hazardous waste materials or underground storage tanks may or may not be present. Contact Montana State Department of Health and Environmental Science (444-5970).

Zoning: There are no zoning laws covering the rural areas of Wheatland County.

Improvements: There are no building improvements located on the site. There are site improvements consisting of fencing and private access roads.

TRACT #446

Location and Access: This property is located approximately twelve miles northeast of Winifred. The property is in one contiguous tract of land and being used for livestock grazing. The property is located in the northern part of Fergus County. There is no legal access to the property. Private roads & trails provide access to the property.

Size & Shape: The total property consists of 80 acres. The property information was obtained from the Fergus County Appraisal/Assessment Office and the Farm Service Agency information. The property has 80 acres of native grazing land. There are no building improvements located on the property.

History and Operation: The property was not been transferred in the recent past. The grazing capacity of the livestock grazing is estimated at 16 AUMs or 3 animal units(16 AUMs / 5 Months) for a five month summer grazing season.

Leases and Permits: There were no grazing leases or permits valued in this appraisal.

Topography: The topography of the subject property is rolling type terrain.

Soils: The soils on the property are clay loams, silty clay loams, and other complex type soils.

Vegetation: Vegetation on the property consists of native grasses and small shrubs. There are minimal noxious weeds located on the property.

Water Rights, Irrigation, and Stock Water:

There are no water rights filed on the property at the Montana State Department of Natural Resources and Conservation - Water Rights Office. The recreational hunting on the property is considered be average for properties in the area.

Utilities/Site Improvements: There are no utilities located on the site. There are site improvements consisting of wire fencing which is located on the eastern and northern boundary.

Taxes: The property is tax exempt at this time.

Mineral Rights: A detailed search was not done to find out the exact status of the mineral rights of the subject property. There is no evidence in the market that the absence of mineral rights has any effect on the selling prices.

Recreational Amenities:

The recreation on the property and in the area is considered to be average. There is average amount of big game and bird hunting in the area.

Hazards & Detriments: The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. We urge the client to retain an expert in the field before making a business decision regarding the property. Hazardous waste materials or underground storage tanks may or may not be present. Contact Montana State Department of Health and Environmental Science (444-5970).

Zoning: There are no zoning laws covering the rural areas of Fergus County.

Improvements: There are no building or site improvements located on the site.

APPRAISAL PROCESS

The final conclusion of value is estimated after careful correlation of values obtained from the three approaches to value. These include the cost, income, and sales comparison approaches. However, with some properties it is not possible or feasible to obtain adequate information and utilize all three approaches. The appraiser typically applies those which have adequate data to give a reliable estimate. All three of the traditionally acceptable approaches to value have been given consideration in this appraisal. In the final analysis, the appraisal process and its corresponding approaches to value are predicated largely on the principle of substitution which implies that a prudent or knowledgeable purchaser will not pay more for a property than he could purchase an equally desirable substitute property. On the other hand, a prudent or knowledgeable seller will sell for no less than what similar properties are selling for unless under undue duress. The appraiser has conducted a detailed research for similar market transactions. The market value in this appraisal is for determining the agricultural use value of the property. No other uses were considered in determining the market value of the property.

Cost Approach: The cost approach to value represents a summation of the contributory value of all improvements and individual land components. There are many variables the appraiser must take into consideration in using this approach which depends primarily on the appraiser's estimate of the replacement cost new and proper analysis of accrued depreciation. Value-in-use and value-in-exchange are quite different in the final analysis and must be analyzed carefully with regard to the actual contributory value of the structures as a percent of the total market value.

Income Approach: The income approach is an appraisal technique in which the anticipated net income is processed to indicate the capital amount, or total investment which produces the net income. Analysis of the capitalized income gives an indication of market value of the property under consideration. Comparable ranches have been analyzed for income producing potential on a lease basis. The income approach has been considered in this appraisal from the standpoint of grazing capacity of the ranch multiplied by the AUM value on a rental basis to determine the net income potential from a lessee-landlord standpoint.

Sales Comparison Approach: The appraiser, through the concept of comparing the subject property with actual market transactions, has deduced the amount the subject property would likely bring if offered for sale on the open market. Simply, by analyzing the valuation factors for each property sold or is offered for sale, one can produce a duplicate of the subject property and thus estimate the price which the subject should bring in the market. It must be realized, no two properties are ever exactly alike and adjustments must be made for the items of dissimilarity. Due to the variation of features between properties, including location, productivity, variation of features between properties, including location, productivity, size, land, topography and other amenities such as river or stream frontage, services or other factors which may have an effect on value, it is necessary to analyze several sales from which one can estimate the size of the adjustments. Adjustments to each sale have been made to reflect the factors found on the subject property based on knowledge of the sale properties from a thorough and detailed analysis of the general area including economics, growth, interviews with developers, landowners, realtors, and other knowledgeable persons of the area.

SALES COMPARISON APPROACH

COMPARABLE SALE # 1

Date of Sale: November 16, 2007
Document: :
Grantor:
Grantee:
Location: Fifteen Miles Northeast of Winifred, Montana
Legal Description:

Sale Price: \$130,000
Size: 320 Acres
Sale Price/Acre: \$406.25
Terms: Conventional
Cash Equivalency: \$130,000
Interest Conveyed: Fee Simple
Verification: Confidential
Access: County Road
Topography: Level to Rolling
Vegetation: Native Grasses, Alfalfa & Tame Grasses
Water: None
Utilities: Power - Nearby
Improvements: None
Land Analysis: 266 acres of CRP cropland valued at \$450/acre, and 54 acres of native grazing land valued at \$175/acre. There are no building improvements of value.
Capitalization Rate: N/A
Comments: This comparable sale is located approximately fifteen miles northeast of Winifred, Montana. This land was purchased for agricultural purposes.

COMPARABLE SALE # 2

Date of Sale: October 24, 2007
Document:
Grantor:
Grantee:
Location: Twenty Miles East of Roy, Montana.
Legal Description:
Sale Price: \$50,840
Size: 328 Acres
Sale Price/Acre: \$155.00
Terms: Cash
Cash Equivalency: \$50,840
Interest Conveyed: Fee Simple
Verification: Confidential
Access: Private Road - No Legal Access
Topography: Level to Rolling
Vegetation: Native Grasses
Water: None
Utilities: None

Improvements: None

Land Analysis: 328 acres of native grazing land valued at \$155/acre. There are no building improvements of value.

Capitalization Rate: N/A

Comments: This comparable sale is located approximately twenty miles east of Roy, Montana. This land was purchased for agricultural purposes.

COMPARABLE SALE # 3

Date of Sale: May 10, 2007

Document:

Grantor:

Grantee:

Location: Twenty-Five Miles Northeast of Winifred, Montana

Legal Description:

Sale Price: \$32,000

Size: 320 Acres

Sale Price/Acre: \$100.00

Terms: Cash

Cash Equivalency: \$32,000

Interest Conveyed: Fee Simple

Verification: Confidential

Access: Private Road - No Legal Access

Topography: Rolling to Breaks

Vegetation: Native Grasses

Water: None

Utilities: None

Improvements: None

Land Analysis: 320 acres of native grazing land valued at \$100/acre.

There are no building improvements of value.

Capitalization Rate: N/A

Comments: This comparable sale is located approximately twenty-five miles northeast of Winifred, Montana. The land was purchased for agricultural purposes.

COMPARABLE SALE # 4

Date of Sale: October 31, 2006

Document:

Grantor:

Grantee:

Location: Twenty Miles Northeast of Roy, Montana

Legal Description:

Sale Price: \$104,500

Size: 320 Acres

Sale Price/Acre: \$326.56

Terms: Cash

Cash Equivalency: \$104,500

Interest Conveyed: Fee Simple

Verification: Confidential

Access: Private Road - No Legal Access

Topography: Rolling to Breaks

Vegetation: Native Grasses

Water: None
Utilities: None
Improvements: None
Land Analysis: 320 acres of native grazing land valued at 327/acre. There are no building improvements of value.
Capitalization Rate: N/A
Comments: This comparable sale is located twenty miles northeast of Roy, Montana. This land was purchased for recreational purposes.

COMPARABLE SALE # 5

Date of Sale: August 30, 2007
Document:
Grantor:
Grantee:
Location: Eight Miles Northeast of Winifred, Montana
Legal Description:

Sale Price: \$300,000
Size: 999.53 Acres
Sale Price/Acre: \$300.14
Terms: Conventional
Cash Equivalency: \$300,000
Interest Conveyed: Fee Simple
Verification: Confidential
Access: County Road
Topography: Level to Rolling
Vegetation: Small Grains, alfalfa, tame grasses, and native grasses
Water: Reservoirs and Wells
Utilities: Power, Well, and Septic System
Improvements: Old Buildings - No value
Land Analysis: 173 acres of dryland cropland valued at \$425/acre, 66 acres of dryland hayland valued at 325/acre, 341.53 acres of native grazing land valued at \$185/acre. There are no building improvements of value.
Capitalization Rate: N/A
Comments: This comparable sale is located approximately eight miles northeast of Winifred, Montana. This land was purchased for agricultural purposes.

COMPARABLE SALE # 6

Date of Sale: August 31, 2007
Document:
Grantor:
Grantee:
Location: Eighteen miles north of Roy, Montana
Legal Description:

Sale Price: \$384,000
Size: 640 Acres
Sale Price/Acre: \$600.00
Terms: Conventional
Cash Equivalency: \$384,000
Interest Conveyed: Fee Simple

Verification: Confidential
Access: Private Road Easement
Topography: Rolling to Breaks
Vegetation: Native Grasses & Trees
Water: None
Utilities: None
Improvements: None
Land Analysis: 640 acres of native grazing land valued at \$600/acre. There are no improvements of value.
Capitalization Rate: N/A
Comments: This comparable sale is located approximately eighteen miles north of Roy, Montana. This property was purchased for a recreational purposes.

COMPARABLE SALE # 7

Date of Sale: May 25, 2007
Document:
Grantor:
Grantee:
Location: Twenty Miles East of Roy, Montana
Legal Description:
Sale Price: \$112,000
Size: 280 Acres
Sale Price/Acre: \$400.00
Terms: Cash
Cash Equivalency: \$112,000
Interest Conveyed: Fee Simple
Verification: Confidential
Access: Private Road - No Legal Access
Topography: Rolling to Breaks
Vegetation: Native Grasses & Trees
Water: None
Utilities: None
Improvements: None
Land Analysis: 280 acres of native grazing land valued at \$400/acre. There are no improvements of value.
Capitalization Rate: N/A
Comments: This comparable sale is located approximately twenty miles east of Roy, Montana. This land was purchased for recreational purposes.

SALES COMPARISON APPROACH
ADJUSTMENT GRID
SALES #444, #445, #446
"AS IS" WITHOUT LEGAL ACCESS

<u>Sale #</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
Sale Price/ Acre	\$406	\$155	\$100	\$327	\$300	\$600	\$400
Location	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0
Building	0	0	0	0	0	0	0
Size	0	0	0	0	+50	0	0
Condition	0	0	0	0	0	0	0
Quality	-50	0	0	0	0	0	0
Access	-203	0	0	0	-150	-300	0
Time	+37	+43	+15	+72	+36	+75	+67
Other	0	0	+50	-150	0	-150	-150
Adjusted Sales Price	\$190	\$198	\$165	\$249	\$236	\$225	\$317

Comments: Equal weight was given to each of the comparable sales. The comparable sales used were the most current similar sales available. Other comparable sales, comparable listings, and pending sales not included in the appraisal were reviewed and used as a benchmark to the market value. Comparable sales #1 and #2 were considered the most similar to the subject property. Comparable sale #5 was considered to be superior in size compared to the subject property. Comparable sale #1 is superior in quality of land compared to the subject. Comparable sales #1, #5, and #6 have legal access to the properties while the subject property has no legal access. Based on paired sales of properties in the central Montana area an estimated 50% reduction because of no access was applied to comparable sales #1, #5, and #6. Comparable sales #2, #3, #4, and #7 have no legal access to the property. All of the comparable sales occurred more than one year ago. The estimated rate of appreciation in the area is estimated at 1.00%/month or 12% per year. Comparable sale #3 was considered a low sale by the buyer and this appraiser. Comparable sales #4, #6, and #7 was sold as a recreational type properties.

The sales prices of the comparable sales have a range of value from \$100/acre to \$600/acre. The adjusted sales prices of the comparable sales have a range of value from \$165/acre to \$317/acre. Comparable sales #1 and #2 are most similar to the subject property with adjusted sales prices of \$190/acre and \$198 respectively. As a result of investigations and analysis of these and other comparable sales I have determined that the value of the property based on the sales comparison approach is \$200/acre for each of the properties.

As a result of my investigations and analysis of these and other comparable sales I have determined that the value of the property based on the sales comparison approach was:

Sale #444: \$200/Acre X 80 Acres = \$16,000

Sale #445: \$200/Acre X 80 Acres = \$16,000

Sale #446: \$200/Acre X 80 Acres = \$16,000

SALES COMPARISON APPROACH
ADJUSTMENT GRID
SALES #444, #445, #446
BASED ON HYPOTHETICAL CONDITION OF HAVING LEGAL ACCESS

Sale #	1	2	3	4	5	6	7
Sale Price/ Acre	\$406	\$155	\$100	\$327	\$300	\$600	\$400
Location	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0
Building	0	0	0	0	0	0	0
Size	0	0	0	0	+50	0	0
Condition	0	0	0	0	0	0	0
Quality	-50	0	0	0	0	0	0
Access	0	+155	+100	+327	0	0	+200
Time	+37	+43	+15	+72	+36	+75	+67
Other	0	0	+50	-150	0	-150	-150
Adjusted Sales Price	\$393	\$353	\$265	\$576	\$386	\$525	\$317

Comments: Equal weight was given to each of the comparable sales. The comparable sales used were the most current similar sales available. Other comparable sales, comparable listings, and pending sales not included in the appraisal were reviewed and used as a benchmark to the market value. Comparable sales #1 and #2 were considered the most similar to the subject property. Comparable sale #5 was considered to be superior in size compared to the subject property. Comparable sale #1 is superior in quality of land compared to the subject. The subject property was considered with the hypothetical condition of having legal access. Comparable sales #1, #5, and #6 have legal access, while comparable sales #2, #3, #4, and #7 do not have legal access. Based on paired sales of properties in the central Montana area an estimated 50% reduction because of no access was applied to comparable

sales #2, #3, #4, and #7 and were adjusted upward appropriately. All of the comparable sales occurred more than one year ago. The estimated rate of appreciation in the area is estimated at 1.00%/month or 12% per year. Comparable sale #3 was considered a low sale by the buyer and this appraiser. Comparable sales #4, #6, and #7 was sold as recreational type properties.

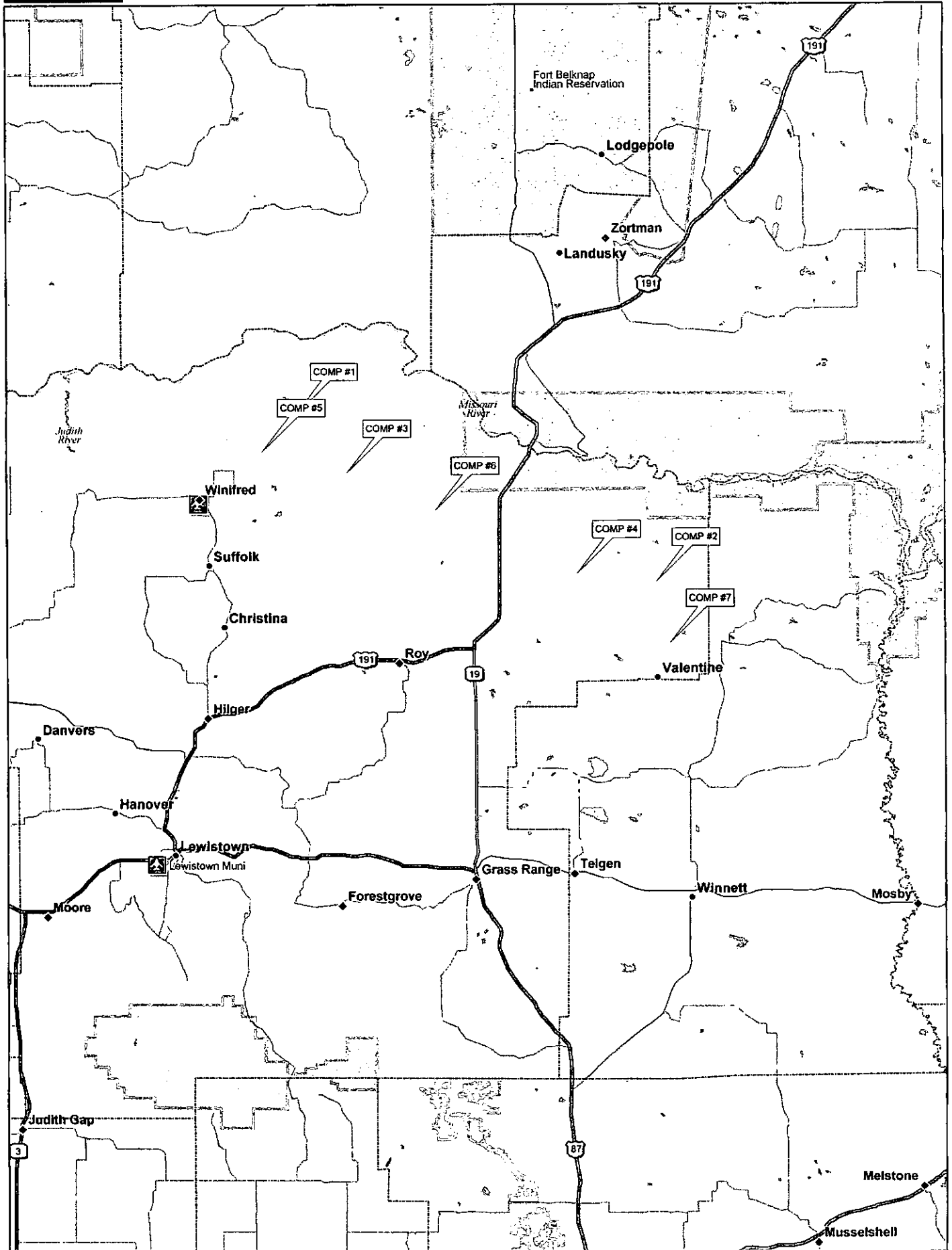
The sales prices of the comparable sales have a range of value from \$100/acre to \$600/acre. The adjusted sales prices of the comparable sales have a range of value from \$265/acre to \$576/acre. Comparable sales #1 and #2 are most similar to the subject property with adjusted sales prices of \$393/acre and \$353/acre respectfully. As a result of investigations and analysis of these and other comparable sales I have determined that the value of the property based on the sales comparison approach is \$375/acre for each of the properties.

As a result of my investigations and analysis of these and other comparable sales I have determined that the value of the property based on the sales comparison approach was:

Sale #444: \$375/Acre X 80 Acres = \$30,000

Sale #445: \$375/Acre X 80 Acres = \$30,000

Sale #446: \$375/Acre X 80 Acres = \$30,000



CORRELATION AND FINAL VALUE ESTIMATE

The values documented by the three approaches to value in the report are:

Cost Approach

Not Applicable

Income Approach

Not Applicable

Sales Comparison Approach - "As Is" Without Legal Access

Sale #444 - \$16,000

Sale #445 - \$16,000

Sale #446 - \$16,000

Sales Comparison Approach - Based on the Hypothetical Condition
Of Having Legal Access

Sale #444 - \$30,000

Sale #445 - \$30,000

Sale #446 - \$30,000

The properties are located in Fergus County. The total acreage is 240 acres. The property's highest and best use is as an agricultural type use on all of the properties. In estimating the final conclusion of value all of the approaches to value were considered. The cost approach to value was not completed because there were no building improvements located on the properties that were valued. The income approach to value was not completed because of a lack of income data of properties with no access. The sales comparison approach was considered the most reliable indicator of value in this appraisal. Each of the comparable sales were analyzed and compared to the subject property. Comparable sales #1 and #2 were considered the most similar to the subject property in estimating a market value of sales #444, #445, and #446. The sales comparison approach was considered the most reliable because of the similarity of the comparable sales to the subject property. Other comparable sales, competitive listings, and pending sales were reviewed and used as a benchmark to the market value of the property. As a result of my investigations and analysis it is my opinion that the market value as of August 15, 2008 were:

MARKET VALUE - "As Is" Without Legal Access

Sale #444 - \$16,000 - SIXTEEN THOUSAND DOLLARS

Sale #445 - \$16,000 - SIXTEEN THOUSAND DOLLARS

Sale #446 - \$16,000 - SIXTEEN THOUSAND DOLLARS

MARKET VALUE - Based on the Hypothetical Condition of Having Legal Access

Sale #444 - \$30,000 - THIRTY THOUSAND DOLLARS

Sale #445 - \$30,000 - THIRTY THOUSAND DOLLARS

Sale #446 - \$30,000 - THIRTY THOUSAND DOLLARS

STATE OF MONTANA
Department of Labor and Industry

Board of Real Estate Appraisers

This verifies the below named is currently certified in
the State of Montana as a Certified General Appraiser

License #: **107** **Active**

Expires: **03/31/2009**

GARY P. BARTA

BARTA APPRIASAL SERVICE

1463 RED HILL ROAD

LEWISTOWN

MT 59457

BARTA APPRAISAL SERVICE

GARY P. BARTA

1463 Red Hill Road
Lewistown, Montana 59457
Phone & Fax - (406) 538-7629
E Mail - gpbarta@tein.net

APPRAISAL EXPERIENCE

I have completed real estate appraisals and consultation assignments on agricultural, commercial, recreational, and residential properties in Fergus, Judith Basin, Petroleum, Garfield, Wheatland, Golden Valley, Musselshell, Meagher, Stillwater, Sweetgrass, Chouteau, Blaine, and Phillips counties since January of 1983. Conduct review appraisals on agricultural, commercial, and residential appraisals. Expert witness testimony is accepted in courts in Montana.

OTHER EXPERIENCE

Born and raised on farm and ranch located thirty miles northwest of Lewistown, Montana.
Worked for U.S. Department of Interior, Bureau of Land Management as a realty technician in Montana and North Dakota while completing my college education
Worked for State of Montana, Property Assessment Division as an appraiser from 1983 to 1987
Part-owner of livestock ranch/recreational property in Montana.
Chairman of Fergus County Planning Board
Past Chairman of City/County Planning Board
Current member of Lewistown Area Chamber of Commerce
Junior Chamber International Senator #56935
Past President of Montana Junior Chamber International

CLIENTS

Estates, governmental agencies, corporations, bankruptcy court, court litigation, partnerships, lawyers, estate planners, trust companies, banks, credit unions, mortgage companies, appraisal management companies, relocation companies, realtors, accountants, and private individuals

AFFILIATIONS

State of Montana - Certified General Real Estate Appraiser (#107) expires 3/31/2009
Associate member of the American Society of Farm Managers and Rural Appraisers
Appraisal Institute - Associate Member #91939

EDUCATION

Montana State University at Northern, Havre, Montana - 1977-1982
Bachelor of Technology Degree in Business Administration - 1982
Associate of Science Degree in Agricultural Business - 1979
Associate of Science Degree in Agricultural Services - 1980
Denton High School, Denton, Montana - Graduated in 1977

SPECIALIZED EDUCATION

AMERICAN SOCIETY OF FARM MANAGERS & RURAL APPRAISERS EDUCATION:

CRP Contracts - November 1988
Principles of Rural Appraisal (A-20) - June 1989
Budgeting and Lease Arrangements - 1990
Report Writing School (A-15) - October 1993
Highest and Best Use (A-29) - October 1995
Income Capitalization Unleveraged (A-27) - September 1996
Montana Agricultural Lenders School - June 1998
Eminent Domain (A-25) - September 1999
National USPAP Course (A-12 - Part II) - January 2000, (A-12 - Part III) - January 2005
Conservation Easements Seminar - January 2001
Yellow Book: Uniform Appraisal Standards for Federal Land Acquisitions - June 2002
Code of Ethics - January 2003 & February 2008
Appraising Rural Residential Properties - January 2004
Montana Water & Environmental Quality Issues - January 2005
Subdivision Development - January 2005
Montana Cadastral and NRIS - January 2005
Appraising Properties in Transition - January 2006
Easements & Conservation Easements - January 2006
Discounting and Lease Analysis - October 2006
National USPAP Course (A-114) - October 2006 & February 2008
Subdivision Analysis - February 2008

APPRAISAL INSTITUTE EDUCATION:

Standards of Professional Practice (SPP) Parts A & B - October 1994
Standards of Professional Practice (SPP) Part C - January 1998
Livestock Ranch Valuation - March 1989
Real Estate Appraisal Principles (1A1/8-1) - May 1989
Basic Valuation Procedures (1A2) - May 1989
Residential Valuation (8-2) - October 1989
Small Residential Income Property Valuation - 1991
Americans With Disabilities Act - 1993
Appraisal Reporting of Complex Residential Properties - April 1993
Written Communications - April 1994
FHA & the Appraisal Process - August 1999
The Road Less Traveled: Special Purpose Properties - January 2004
The Professional's Guide to the URAR - June 2005
Convincing Residential Appraisals - March 2008

OTHER APPRAISAL SCHOOLS AND SEMINARS

Department of Veterans Affairs - Fee Panel Appraiser, Compliance and Construction Inspector
Department of Housing and Urban Development - Fee Panel Appraiser and HUD Select Roster Appraiser - Passed Test for Appraiser Examination. Compliance and construction inspector for Department of Housing and Urban Development (HUD). Other Appraisal Schools with the State Department of Revenue and the International Association of Assessing Officers

CERTIFICATION

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

The statements of fact contained in this report and upon which the opinions herein are based are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors that 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.

My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers.

I have made a personal inspection of the property that is the subject property.

No one provided significant professional assistance to the persons signing this report.

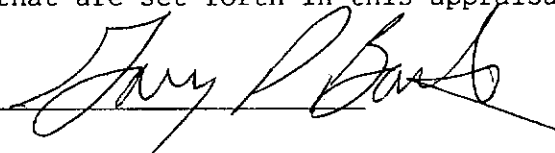
This appraisal report identifies all of the limiting conditions affecting the analyses, opinions, and conclusions contained in this report.

Unless otherwise noted specifically in the appraisal, no personal property is included in the market valuation.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous material be found. We urge the client to retain an expert in the field before making a business decision regarding the property. Contact Montana State Department of Health and Environmental Science - 444-5970.

No one other than the undersigned prepared the analysis, opinions, or conclusions concerning real estate that are set forth in this appraisal report.

DATE: September 10,
2003

APPRAISER: 

ADDENDUM

FOR DNRC USE ONLY

Maximum amount under this agreement: \$7,500.

Source of Funds

Accounting Entity Name
Real Estate Management Bureau

Accounting
Entity No.

Approp. No
02324

Org. No.
6043

Percent
100%

Appropriation authority: Real Estate Management Bureau

Approved

No. 087760

Amendment No.

Division

C.S.D.

Legal

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

POTENTIAL LAND BANKING SALE OF FOUR PARCELS IN FERGUS COUNTY
AND FIVE IN WHEATLAND COUNTY

This Agreement is between the Montana Department of Natural Resources and Conservation (DNRC), and Gary P. Barta, dba Barta Appraisal Service, (Contractor), 81-0488452. The parties to this Agreement, in consideration of the mutual covenants and stipulations set out herein, agree as follows:

Section 1. PURPOSE. The purpose of this Agreement is to establish mutually agreeable terms and conditions, specifications and requirements for, Gary P. Barta, dba Barta Appraisal Service, to provide DNRC with two real estate appraisals, with separate valuations on four separate subject properties, (or parcels) in Fergus County and five separate subject properties, (or parcels) in Wheatland County.

Section 2. TERM. This Agreement is effective when signed by all parties to the Agreement. The effective date is the last date of signing, or upon compliance with Section 8, Compliance with Workers' Compensation Act, whichever is later, and shall terminate on August 30th, 2008 unless terminated earlier pursuant to Section 15, Termination.

Section 3. LIAISON. All communications by the Contractor to the DNRC concerning this Agreement shall be addressed to Tom Konency, Appraiser, Department of Natural Resources and Conservation, P.O. Box 201601, Helena, Montana 59620-1601. All communications by the DNRC to the Contractor shall be addressed to Gary P. Barta, Barta Appraisal Service, 1463 Red Hill Rd., Lewistown, MT 59457.

Section 4. SCOPE OF WORK. The Contractor shall administer all activities provided for in this Agreement on behalf of the DNRC. The Contractor shall be responsible for providing two credible appraisals, in a summary report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the four parcels in Fergus County, and five parcels in Wheatland County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

The appraisals must comply with the instructions in Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, and all provisions in the body of this contract including the following:

1) The appraisal reports are to be completed and forwarded to Montana DNRC, Tom Konency, P.O. Box 201601, Helena, MT 59620-1601. The first report is to be completed and forwarded by June 30th, 2008, and the second report completed and forwarded by July 30th, 2008.

2) Each parcel, as identified, is to be valued separately. However, *when applicable*, the parcels while valued separately can be combined into one report. Each appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for each parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

3) The definition of market value is that as defined in 70-30-313 M.C.A.

4) The DNRC will provide access to each parcel record, as maintained by the land offices, including but not limited to aerial photos, land improvements, current lease data (lease #, name of lessee, AUMs, acres, costs, etc.), property issues, surveys (if any), and production history.

Section 5. PAYMENT. In consideration of services rendered pursuant to this Agreement, DNRC agrees to pay the Contractor an amount not to exceed seven thousand, five hundred and no/100 Dollars (\$7,500.). The Contractor shall submit an invoice with the submission of the appraisal report to the DNRC for payment for services rendered. Payment will be made within thirty (30) days of delivery of services/goods and receipt of a properly executed invoice, as long as the DNRC's review of said services/goods finds them acceptable. If the work submitted fails to meet Contract specifications set out herein, payment will be withheld for the unsatisfactory work. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. If agreed upon work is not brought to acceptable standards, the Contract Agreement will be terminated for unsatisfactory performance and no payment will be made.

Section 6. LEGAL REQUIREMENTS. The Contractor shall comply with all applicable federal, state, and local laws, statutes and ordinances and all applicable rules, regulations, and standards established by DNRC.

Section 7. LAW AND VENUE. Any action at law or suit in equity, or judicial proceeding for the enforcement of this Agreement or any provision thereof shall be instituted only in the courts of the State of Montana. This Agreement shall be governed by the laws of the State of Montana, both as to interpretation and performance. In the event of litigation concerning the terms of this Agreement venue shall be in the First Judicial District in and for the County of Lewis and Clark.

Section 8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

The Contractor is required to supply the DNRC Procurement Bureau with proof of compliance with the Montana Workers' Compensation Act while performing work for the State of Montana. (Mont. Code Ann. §§ 39-71-120, 39-71-401, and 39-71-405.) Neither the Contractor nor its employees are employees of the State. The proof of insurance/exemption must be in the form of workers' compensation insurance, an independent contractor exemption, or documentation of corporate officer status and must be received by the DNRC Procurement Bureau, P.O. Box 201601, Helena, MT 59620-1601, within 10 working days of the Notice of Tentative Award and must be kept current for the entire term of the contract.

Contracts will not be issued to vendors who fail to provide the required documentation within the allotted time frame. Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

Section 9. EQUAL EMPLOYMENT. Any hiring of employees under this Agreement shall be on the basis of merit and qualifications, and there shall be no discrimination on the basis of race, color, religion, creed, sex, national origin, age, disability, marital status, or political belief. "Qualifications" mean qualifications as are generally related to competent performance of the particular occupational task.

Section 10. PUBLIC INFORMATION AND OWNERSHIP OF PRODUCTS. All reports resulting from the project funded under this Agreement shall be made available to the public. Upon completion of this Agreement, all information, reports, data, records, documents, and materials held in this office and pertaining to this Agreement shall be available to the public. The Contractor shall indemnify and hold harmless DNRC from liability for injury caused by the release of any information, reports, data, records, documents, and materials provided by the Contractor.

All copyrights, patents, or other royalty rights resulting from the completion of this Agreement or the information, reports, records, data documents, materials, and end products of this Agreement shall be the sole property of the DNRC.

Section 11. INDEMNITY AND LIABILITY (Hold Harmless/Indemnification): The Contractor agrees to be financially responsible for any audit exception or other financial loss to the State of Montana which occurs due to the negligence, intentional acts, or failure by the Contractor and/or its agents, employees, subcontractor, or representative to comply with the terms of this Agreement. The Contractor agrees to indemnify the state, its officials, agents, and employees, while acting within the scope of their duties and hold harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed, goods or rights to intellectual property provided or omissions of services or in any way resulting from the acts or omission of the Contractor and/or its agents, employees, subcontractors or its representatives under this Agreement, all to the extent of the Contractor's negligence.

Section 12. ASSIGNMENTS, TRANSFERS AND SUBCONTRACTS. There will be no assignment, transfer or subcontracting of this Agreement, nor any interest in this Agreement, unless agreed to by both parties in writing as provided in Section 14, Modifications. This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

Section 13. AUDIT. The Contractor shall maintain reasonable records of its performance under this Agreement. The Contractor agrees that DNRC, the Legislative Auditor, or the Legislative Fiscal Analyst may audit all records, reports, and other documents, which the Contractor maintains under or in the course of this Agreement to insure compliance with this Agreement. Such records, reports, and other documents may be audited at any reasonable time. The Agreement may be unilaterally terminated by DNRC upon the Contractor's refusal to comply with this or any other section. In the event the Agreement is terminated for such failure to comply, the Contractor, at the option of DNRC, shall return to DNRC all funds previously awarded the Contractor and all results of the project to date.

Section 14. MODIFICATIONS. This instrument contains the entire Agreement between the parties, and no statement, promises, or inducements made by either party, or agents of either party, which are not contained in this Agreement shall be valid or binding and this Agreement may not be enlarged, modified or altered except as provided in this Agreement. No letter, telegram, or other communication passing between the parties to this Agreement, concerning any matter during the term of this Agreement shall be deemed a part of this Agreement unless it is distinctly stated in such letter, telegram, or communication that it is to constitute part of this Agreement, and such letter, telegram, or communication is attached as an appendix to this Agreement and is signed by the authorized representative of each of the parties to this Agreement. If executed properly under this section, modifications of this Agreement do not need independent consideration to be legally enforceable.

Section 15. TERMINATION. Upon breach of any of the terms and conditions of this Agreement by the Contractor, DNRC may terminate this Agreement and have any and all remedies at law or equity. In the event of such breach and termination, DNRC may further, at its option, take over the work and services and prosecute the same to completion by contract or otherwise and the Contractor shall be liable to DNRC for any excess cost occasioned to DNRC thereby. The Contractor may cancel this Agreement upon DNRC's mutual written agreement and DNRC may postpone or cancel this Agreement if subsequent funding is not available.

Section 16. WAIVER. A waiver of any particular provision of this Agreement by DNRC shall not be construed as a waiver of any other provision, nor shall any such waiver otherwise preclude DNRC from insisting on strict compliance with this Agreement in other circumstances.

Section 17. CONTENTS. This Agreement consists of: Pages 1-4; Attachment A, Scope of Work for Appraisals of Potential Property Sales through the Land Banking Program, 2 pages, and; Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions, 1 page.

Section 18. AGREEMENT RENEWAL. This Agreement may, upon mutual agreement between the parties and according to the terms of the existing contract, be extended one thirty-day interval and no more.

Section 19. INSURANCE REQUIREMENTS. The contractor shall purchase and maintain Occurrence coverage with combined single limits for bodily injury, personal injury, and property damage of \$300,000.00 per occurrence and \$600,000.00 aggregate per year to cover such claims as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns or subcontractors.

Additional Insured Status: The State, its officers, officials, employees, and volunteers are to be covered as additional insureds; for liability arising out of activities performed by or on behalf of the contractor, including the insured's general supervision of the contractor; products and completed operations; premises owned, leased, occupied, or used. Primary Insurance: The contractor's insurance coverage shall be primary insurance as respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.

Deductibles and Self-Insured Retentions: Any deductible or self-insured retention must be declared to and approved by the state agency. At the request of the agency either: 1) The insured shall reduce or eliminate such deductibles or self-insured retentions as respect to the State, its officers, officials, employees, and volunteers, or; 2) The contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

Certificate of Insurance/Endorsements: A certificate of insurance, indicating compliance with the required coverages and referencing Contract # 087760, must be filed with the DNRC's liaison and attached to this agreement prior to signature by the DNRC. The Contractor must notify the State immediately, of any material change in insurance coverage, such as changes in limits, coverages, change in status of policy, etc.

6/2/2009
Date _____
Contractor's Authorized Representative _____

6/11/08
Date _____
Department of Natural Resources and Conservation _____

ATTACHMENT A

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.

ATTACHMENT B

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.

Subject Properties (All Located in Fergus County):

Sale #'s	Sec.	Twns.	Rng.	Legal	Acres	Lessee
442	20	17N	16E	LOTS 17-19, Block 3 Danvers Townsite	0.48	ADAM BOWSER AND TAMI STYER
444	24	22N	19E	N2SW4	80	THOMPSON, ROGER D & VALERIE B.
445	27	22N	20E	N2SE4	80	KAHRL FAMILY, LLC
446	31	22N	20E	W2NE4	80	THOMPSON, ROGER D

Subject Properties (All Located in Wheatland County):

Sale #'s	Sec.	Twns.	Rng.	Legal	Acres	Lessee
218	36	10N	18E	ALL	640.00	Horpestad Ranch Inc
462	18	8N	14E	LOTS 2-4, SE4NW4, SE4SW4	184.62	DUNCAN RANCH COLONY
352	16	9N	16E	All	640.00	Miller Ranch
350	8	9N	17E	ALL	640.00	Winnecook Ranch Co
351	6	9N	17E	LOTS 1,2, S2NE4	161.20	Winnecook Ranch Co

9 Parcels Total

Combined Total Acres: 2,506.3

Area Office Contact Information:

Clive Rooney - NELO Area Manager

P. O. Box 1021,

613 N. E. Main Street,

Lewistown, MT 59457-1021

Phone: 406/538-7789 Fax: 406/538-7789

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



SALE #444

NATIVE GRAZING



NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



NATIVE GRAZING



NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



SALE #445

NATIVE GRAZING



NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



NATIVE GRAZING



NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



NATIVE GRAZING



SALE #446

NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



NATIVE GRAZING



NATIVE GRAZING

Borrower: N/A

File No.: Fergus

Property Address: Fergus County

Case No.: N/A

City: Winifred

State: MT

Zip: 59489

Lender: N/A



NATIVE GRAZING



NATIVE GRAZING

Lease/License 5344

User ID Dobb Jeff
Date Modified 3/8/2007

Lease Info

Lease No. 5344 Status Active
Customer Name THOMPSON, ROGER D & VALERIE
Type Grazing Lease

Lease Date Info

Bill Date (override) 3/1/2007
Issue Date 2/28/2017
Expiration Date

Office

Area NELO
Unit Lewistown

Lease Terms

☒ Active ☐ AllCompetitive Bid ☐ Issued Terms Minimum

Grazing Info

Current AUM Rate \$6.94
Total AUM's 14
Grazing AUM's 14
Aftermath AUM's 0

Lease Acreage

Total Lease Acres 80.00
Grazing Acres 80.00
Ag Acres 0.00
CRP Acres 0.00
Other Acres 0.00
Unsuitable Acres 0.00

Comments

80 TOTAL AC

View Lease

Create an Ad
Hoc Invoice

Lease/License 8044

Shepard Becky

11/29/2006

User ID

Date Modified

Lease Info

Lease No: 8044 Status: Active

Customer Name: KAHRL FAMILY, LLC

Type: Ag & Grazing Lease

Lease Date Info

Bill Date (override)

Issue Date

Expiration Date

Office

Area: NELS

Unit: Lewistown

Lease Terms

☒ Active ☐ AllCompetitive Bid ☐ Issued Terms ☐ Minimum

Commodity	Bid Share %	Cash	Date Effective	Date Expiration
All Ag		\$18.00	4/30/2008	2/28/2015

Grazing Info

Current AUM Rate	\$6.94
Total AUM's	87
Grazing AUM's	87
Aftermath AUM's	0



View Lease

Create an Ad
Hoc Invoice

Lease Acreage

Total Lease Acres	400.00
Grazing Acres	328.90
Ag Acres	71.10
CRP Acres	0.00
Other Acres	0.00
Unsuitable Acres	0.00

Comments

400 TOTAL AC 70 AG, 326 GRAZ, 4 UNSUIT
(RESERVOIR) MTG FILED/FIRST NAT BK OF
LEWISTOWN/01/02

Lease/License 9986

Lease Info		User ID		Date Modified	
Lease No: 9986		Status: Active		3/18/2004	
Customer Name: THOMPSON, ROGER D		Office		Area: NELO	
Type: Grazing Lease		Unit: Lewistown		Issue Date: 3/1/2004	
		Expiration Date: 2/28/2014			
Lease Terms		Grazing Info		Comments	
<input checked="" type="radio"/> Active <input type="radio"/> All		Current AUM Rate: \$6.94		80 TOTAL AC ASSIGNED FROM LEASE NO. 4503	
<input type="checkbox"/> Competitive Bid <input type="checkbox"/> Issued Terms		Total AUM's: 16			
Minimum		Grazing AUM's: 16			
		Aftermath AUM's: 0			
Lease Acreage		View Lease		Create an Ad Hoc Invoice	
Total Lease Acres: 80.00					
Grazing Acres: 80.00					
Ag Acres: 0.00					
CRP Acres: 0.00					
Other Acres: 0.00					
Unsuitable Acres: 0.00					