

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Daniels County Land Sale
Proposed Implementation Date:	2012
Proponent:	This tract was nominated by the lessee, John Rustebakke, and brought forward by the DNRC.
Location:	W2NW4, Sec. 21 Twp. 35N Rge. 47E Sale Number 646
County:	Daniels County
Trust:	Common Schools

I. Type and purpose of Action

Offer for Sale at Public Auction 80.0 acres of state land currently held in trust for the benefit of Common Schools. Revenue from the sale would be deposited in a special account, with monies from other sales around the State, to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of the same beneficiary Trust. This tract consists of 50.6 acres of rangeland and 29.4 acres of dryland agriculture.

The 2003 State Legislature passed statutes (77-2-361 through 367 MCA) authorizing the Department of Natural Resources and Conservation (DNRC) to sell State School Trust Lands and utilize those funds to purchase replacement lands for the school trust through a process called Land Banking. The intent of the program is for the state to dispose of scattered tracts of land that generally do not have legal access, generate substantially less income for the trust than their relative value or are difficult for the DNRC to manage. The funds generated from sales are then used to purchase property that is blocked or contiguous to state land, has legal access, has potential for increased Trust revenue and consequently is more efficient to manage. To date approximately 50,000 acres of mostly isolated lands have been sold and 48,000 acres of accessible replacement lands have been purchased, under the Land Banking program. .

An FSA map is attached to this EA checklist showing the proposed sale acreage. A FSA soil map of the agriculture acreage is also attached. : 1. Labeled "Land Banking Priorities-Daniels County" is a general map of all state land within the county (blue) and those parcels of land considered for sale under land banking (red).
2. Labeled "Appendix B" is a satellite imagery map that indicates the tract considered for sale in the EA checklist.

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 was distributed in January, 2011 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted.
- The lessee nominated the tract and paid a \$50.00 application fee.
- Legal notices were published in the in the Daniels County Leader 11/10/2011 to 11/17/2011
- Direct mailings were made to lessees, adjacent land owners, County Commissioners, State Legislators (from the involved Districts and who were associated with the legislation), and a host of organizations and individuals who had expressed previous interest in this process. A full listing of contacts is attached as Appendix C.
- The tract was also posted on the DNRC web page at, <http://dnrc.mt.gov/PublicInterest/Notices/November/DanielsScopingLandBanking.pdf>

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

No other governmental agencies have jurisdiction over this proposal.

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Under this alternative, the State retains the existing land ownership and does not sell these tracts.

Alternative B (the Proposed action) – Under this alternative, the Department would request and recommend approval by the Land Board to sell the tracts listed on this EA. If approved by the Board, the sale would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts.

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.

A variety of soil types are found across these tracts. USDA – NRCS soil survey indicates Non-irrigated Land Capability Classification as a mixture of 3E, 4E, 5s 6E and 7E soils. The majority of the acres are class 4E and 5S soils. The majority of the lands that have soils suitable to be farmed are currently in production. Those soils which are generally not suitable for small grain crop production are being utilized for grazing or other. . Most grazing acres would not meet current DNRC breaking criteria. *("If properly managed, soils in classes 1, 2, 3, 4 are suitable for the mechanized production of commonly grown field crops and for pasture and woodland. The degree of the soil limitations affecting the production of cultivated crops increases progressively from class 1 to class 5. The limitations can affect levels of production and the risk of permanent soil deterioration caused by erosion and other factors. Soils in classes 5, 6, 7 are generally not suitable for mechanized productions without special management. Capability subclasses indicate the dominant limitations in the class, E, shows that the main hazard is the risk of erosion unless a close growing plant cover is maintained." From USDA-NRCS Soil Survey).* Topography is gently rolling to steep slopes composed of native rangeland. Soils are stable due to the permanent vegetation cover. These tracts are surrounded by native rangeland contained in large pastures used for grazing. It is unlikely that any of the tracts that have grazing on them will be broken and converted to agriculture after the sale takes place. The proposal does not involve any on the ground disturbance, so there are no soil effect differences between the alternatives. It is expected that this land will be used for livestock grazing in the future.

The State owns certain minerals under this parcel and would retain ownership of these mineral rights if the tract is sold.

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.

The existing land use practices of nominated parcels are expected to continue whether land is sold or not. No direct, indirect, or cumulative effects to water quality, quantity, and/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.

The existing land use practices of nominated parcels are expected to continue whether land is sold or not. No direct, indirect, or cumulative effects to air quality are anticipated.

7. VEGETATION COVER, QUANTITY AND QUALITY:

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

All acres proposed for sale are native rangeland typical of the Northern Mixed Grassed Prairie. Range sites are dominated by Sitly, Thin hilly and sandy range sites. Species composition is dominated by grasses which include western wheatgrass, needle and thread grass, blue grama, thread leaf sedge, sandberg bluegrass and prairie junegrass. Sub-dominate species include various forbs and shrubs. Noxious weeds have not been identified according to previous inspections. Current range condition is good with an estimated carrying capacity or stocking rate assessed at 0.32 AUMs per acre.

Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or other agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of land throughout the vicinity and there are no known rare,

unique cover types or vegetation on the tract. It is expected that this land will be used for grazing livestock in the future. The nominating lessee has indicated that if they purchased this tract, the land use would remain as grazing land. The proposal does not include any on-the-ground activities, or changes to activities and therefore we do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

A review of Natural Heritage data through the NRIS was conducted regarding plant species. There were no plant species of concern noted or potential species of concern noted on the NRIS survey.

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.

The area is not considered critical wildlife habitat. However, this tract provides habitat for a variety of big game species (mule deer, whitetail deer, pronghorn antelope), predators (coyote, fox, badger), upland game birds (sharp tail grouse, Hungarian partridge), other non-game mammals, raptors and various songbirds. The proposal does not include any land use change which would yield changes to the wildlife habitat. The proposed action will not impact wildlife forage, cover, or traveling corridors. Nor will this action change the juxtaposition of wildlife forage, water, or hiding and thermal cover.

The nominating lessee has indicated that if they purchased this tract, the land use would remain as grazing, farming and other uses as they exist today. There are no unique or critical wildlife habitats associated with the state tract and we do not expect direct or cumulative wildlife impacts would occur as a result of implementing the proposal. The proposed action will not have long-term negative effects on existing wildlife species and/or wildlife habitat because of its relatively small scale.

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 review of Natural Heritage data through the NRIS was conducted, as well as tract specific requests for wildlife concerns were made to the Montana FWP. Montana FWP did not provide any site specific comments regarding wildlife. The NRIS survey identified 16 Species of Concern and 6 Potential Species of Concern that may in habitat the region where the lands are to be sold. Six of these species require streams, lakes or other mesic habitat types too exist. One requires sagebrush, and the others are grassland species. The nominator of the land has indicated that if he purchases the land management will exist as it does today, resulting in no change of habitat types.

There are no threatened or endangered species, sensitive habitat types, or other species of special concern associated with the proposed land sale.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

The DNRC conducted a Class III level inventory of cultural and paleontologic resources in response to the proposed sale of state land in Daniels County, Montana. Approximately 5,015 acres were inspected to Class III inventory standards. The remainder (all previously or actively cultivated land) was inspected only at a distance via automobile to identify any obvious structures or land forms that might constitute further investigation.

During the course of fieldwork, four cultural resources were identified. Two are archaeological properties (24DN0016 and 24DN0139) associated with past Native American occupants of the region. Two are historic properties (24DN0136 and 24DN0140) associated with late 19th and early 20th Century settlement and development of the region. Although site 24DN0139 has not been evaluated to determine its significance in archaeology, site 24DN0136 (The Daniels County segments of the Great Northern Railway route) has been determined to be eligible for listing in the National Register of Historic Places (NRHP). In stark contrast, site 24DN0140 is recommended here to be ineligible for listing in the NRHP.

Although site 24DN0016 may contain archaeologically important cultural remains, a limited subsurface testing program and visual inspection suggests that the state owned portion of the property does not contain such deposits. Thus, the state owned portion of the site constitutes an element of the resource that does not contribute to its NRHP importance.

No additional archaeological investigative work is recommended for this proposed land sale. A formal report of findings has been prepared and is on file with the DNRC (DNRC Cultural Resources Inventory Report #2011-6-6) and the Montana State Historic Preservation Officer. As a final note, neither Judith River nor Hell Creek geologic formations are found on or beneath the surfaces of any of the tracts in western Daniels County.

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.

The State land tracts nominated for sale are located in a rural agricultural area used for production of small grain, hay, and cattle. The nominated parcels are generally indistinguishable from adjoining State and private lands.

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects are anticipated.

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

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

The existing land use practices of the nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects are anticipated.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

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

49 tracts containing 7,280 acres in Daniels County are proposed for sale under the Land Banking Program. FWP was solicited regarding the proposed sale of these tracts. They responded via email on November 25th, 2011 and the response letter is attached. Their main concern was access for hunting and recreational activities. This issue is discussed in Section 20 of this EA. As far as the DNRC knows, there are no studies, projects, or plans in place on the tracts listed on this EA.

IV. IMPACTS ON THE HUMAN POPULATION
• <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 existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects to human health and safety are anticipated.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects to industrial, commercial, and agriculture activities and production are anticipated.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

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

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects to quantity and/or distribution of employment are anticipated.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

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

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

18. DEMAND FOR GOVERNMENT SERVICES:

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

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. Accessible lands will be controlled by the purchaser in the future, and they may or may not allow public access. Traffic from recreationalists may be reduced if public access is denied or limited. No other traffic changes are anticipated.

No impacts to the demand of government services are anticipated. **19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:**

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

There are no zoning or other agency management plans affecting this land. The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects are anticipated.

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

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

A goal of DNRC in the sale of this and other like parcels is to reduce state school trust ownership within Daniels County. School trust lands constitute 24% of land ownership within Daniels County and with most state land located in the western half of the county where approximately 50% of the land is state owned. Almost all state school trust land in Daniels County is legally accessible from either a county road or adjoining state land. In order to reduce state land ownership within Daniels County it is necessary to sell publically accessible lands.

Through the public scoping process the DNRC staff received three individual and one agency comments. Of these 4 commenter's, one expressed the opinion that no school trust land with public access should be sold due to the loss of recreational access to these lands, and two expressed the concern that no state land should be sold. DFWP was the final commenter and categorized their comments into priorities.

DFWP grouped areas of state land sales into six complexes that they called priorities. They express concerns of the sale of Priorities 1-4 due to the loss of public hunting opportunities. The sale of their priorities 5 and 6 would have minimal loss of public recreation opportunities.

The DFWP identified priority 1 area—The DNRC did not receive nomination of these parcels from the State's surface lessee. Therefore, these tracts were removed from further sale consideration.

DFWP priority 2 area: This DFWP priority effects DNRC sale #'s 673, 656, 655, 665, 672, 671, 670, 669, 668, 666, 652, 654, 653, 651, 649, 648, and 650. These lands are generally a mixture of agriculture and grazing lands. A home site exists on this property and is being considered for sale. Recreational opportunities on these properties are presently restricted by the no hunting/shooting state statue limiting recreational opportunities within ¼ mile of an occupied dwelling. Legal hunting opportunities for deer, upland game birds, and other sought after species exist on this property. Woody/shrubby draws are present and provide habitat for numerous game species. The sale of these properties would diminish public recreational opportunities as they exist today. .

DFWP priority 3 area: This DFWP priority effects DNRC sale #'s 659, 661, 658, 657, and 660. Two home sites are located on deeded land in the vicinity of the parcels being proposed for sale. Recreational opportunities on these properties are presently restricted by the no hunting/shooting state statue limiting recreational opportunities within ¼ mile of an occupied dwelling. The majority of these lands proposed for sale are located within ¼ mile of these two home sites. Additionally, landscape alterations have drastically reduced the habitat qualities of this area needed to attract game species. Minimal recreational activities are presently taking place. The sale of this land will not impact future recreational activities.

DFWP priority 4 area: This DFWP priority effects DNRC sale #'s 633, 634, 635, 636, 366, 365, 637, 645, 677, 640, 639, and 638. These sales are proposed to take place in the direct vicinity of two home sites (one on state land and a second on deeded land). Recreational opportunities on these properties are presently restricted by the no hunting/shooting state statue limiting recreational opportunities within ¼ mile of an occupied dwelling.. Some of these tracts are irregular shaped tracts and provide difficulty for recreationist to ensure they are on State owned lands. Other parcels are difficult to legally access. (describe type of land and likely existing hunting).

Scattered parcels – Covers the remainder of the sales that are not referenced in this section and are scattered parcels not included within the DFWP priority areas and were of lesser concern to DFWP regarding sale.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

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

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No direct, indirect, or cumulative effects to population and/or housing are anticipated.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. There are no native, unique, or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

The State Trust lands nominated for sale are currently used for grazing, agriculture, and wintering livestock. The State lands are generally indistinguishable from the adjacent private lands, with no unique qualities. The existing land use practices of nominated parcels are expected to continue whether land is sold or not sold. No impacts to cultural uniqueness and/or diversity are anticipated.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

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

Sale	T-R-S	Legal	Grazing Acres	Ag. Acres	Other	Total	Rate of Return %
646	35N-47E-21	W2NW4	50.6	29.4		80.0	1.0

The State currently has 4.07 million acres classified as grazing land. The average stocking rate for the grazing acreage is 0.32 AUMs per acre for a total of 975,766 AUMs. 2010 statewide grazing land gross revenue was \$6,483,884.00 (\$6.12 per AUM) for an average income of \$1.59 per acre (2010 DNRC Annual Report).

- The average income per acre of grazing land will likely increase in the future because the Board of Land Commissioners recently approved a recommendation to increase the multiplier used to calculate the yearly AUM rental rate. The rental rate is determined by taking the multiplier times the average beef cattle price. The previous multiplier was 7.54 and it has been increased to 10.48. Since this rate is dependent on the future prices of beef which is unknown, it cannot be determined how much the rental rates will actually increase.

The State currently has 571,000 acres classified as agricultural land. Gross revenue from leasing the agricultural acreage for the 2010 fiscal year was \$11,472,726. The average income per acre of agricultural land was \$20.09 last year. The majority of the acreage is leased on a crop share basis with the minimum share of 25% set by statute; however, some leases are subject to cash lease agreements (2010 DNRC Annual Report).

The tracts nominated for sale have an average stocking rate of 0.32 AUMs/ acre. The estimated rate of return on these tract is listed by tract in the table above. This is based on an estimated sale value of with an estimated sale value of \$250.00(+/-) per acre for grazing lands, \$350.00 per acre for agriculture and \$450.00 per acre for other classified lands. The actual rate of return can't be calculated until the property value is determined. An appraisal of the property value has not been completed to date. Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. The Department is conducting more detailed evaluations at this time to help make a determination on whether to offer the tracts for sale.

The revenue generated from the sale of these parcels would be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other Trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment.

EA Checklist Prepared By:	Name:	Randy Dirkson Hoyt Richards
	Title:	Land Use Specialist, Glasgow Unit, Northeast Land Office
Signature: /s/		Date: December 27, 2011

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B—Action Alternative

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The sale of the subject state school trust parcels will not result in a significant impact to health or the human environment. A goal of this land sale is to reduce state school trust ownership within Daniels County. As a result, the sale of publically accessible land is necessary as almost all state school trust land in Daniels County are accessible from a county road or adjoining state land. If all parcels nominated for sale proceed to final sale, 7,280 acres or 3.2 % of all school trust lands within Daniels County would be sold. The sale of 80.0 does not represent a significant reduction in public recreational opportunity. Furthermore, none of the proposed sale parcels contain rare or unusual recreational attributes and no other adverse resource impacts are anticipated.

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

EA Checklist Approved By:	Name:	Clive Rooney
	Title:	NELO Area Manager
Signature: /s/		Date: December 27, 2011