

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Land Banking; Lease # 0003353, Middlemist
Proposed Implementation Date:	Summer 2005
Proponent:	DNRC
Location:	Sales # 207, 277, 278. SE1/4SE1/4 Section 22 and W1/2SW1/4 Section 23 and NE1/4NE1/4 Section 27 Township 18 North Range 22 West
County:	Sanders

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, 160 acres of state land currently held in trust for the benefit of Public Schools. Revenue from the sale would be deposited in a special account used 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 Public Schools. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings of the various trusts, improve the sustained rate of return to the trusts, improve access to state trust land and consolidate ownership.

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 September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted by lessees between October 1, 2004 and January 31, 2005.

A legal notice was published in the Clark Fork Valley Press on March 2 & 9, 2005 and in the Sanders County Ledger on March 3 & 10 requesting comments be submitted on the proposal by March 18, 2005.

A letter, requesting comments be submitted by March 18, 2005 was sent to interested parties including adjacent landowners and the Sanders County Commissioners. A complete list of the individuals contacted is included in Attachment A of this EA.

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

None

3. ALTERNATIVES CONSIDERED:

Proposed Alternative: Offer approximately 160 acres of State Land for sale at Public Auction and subject to Statutes addressing the Sale of State Land found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. Proceeds from the sale would be deposited in the Land Bank Fund to be used in conjunction with proceeds from other sales for the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts, in this case Common Schools.

No Action Alternative: Defer inclusion of this tract in the Land Banking Program, maintain state ownership of this tract at this time and continue to lease the grazing values.

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.

Soils on the tract are generally deep and well drained typical of terraces and foot slopes throughout the Flathead River valley, are moderately erosive and suitable for rangeland and agricultural production. There is little potential for mineral development although the potential sale of the property would not include mineral rights. No direct or cumulative impact to soils is anticipated as result of the proposal.

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.

This tract is located approximately 1 mile from the Flathead River. There is a spring with a developed stock water tank in the southeast corner of this tract and an irrigation ditch flowing across the extreme northeast corner of the tract from Revais Creek. This ditch easement is expected to transfer with title and the normal operation of such should not be affected. No direct or cumulative impacts to water quality are anticipated as a result of the proposal. A copy of the water right is included in Attachment B of this EA.

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 tract of land is located within the Flathead Indian Reservation, which is a Class I airshed. Air quality is currently good. Impacts to air quality may result from a variety of activities including road use, wildfires, and vehicle emissions among others. It is unknown what land use activities may be associated with a change in ownership, however the tract is a very small percentage of the valley airshed and we do not expect direct or cumulative effects would occur to air quality as a result of the proposal.

7. VEGETATION COVER, QUANTITY AND QUALITY:

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

The vegetation is dominated by Idaho fescue, Sandberg bluegrass, bluebunch wheatgrass, green needlegrass, native forbs, cheatgrass brome, spotted knapweed and dalmation toadflax. Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or 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 a land throughout the vicinity. The Montana Natural Heritage Program reported there are no known rare, unique cover types or vegetation on the tract. We do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

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 tract of state land is used by a variety of wildlife species typical of use on undeveloped lands throughout the Flathead River Valley. A variety of wildlife species including whitetail deer, occasional elk, fox, coyotes, black bear and numerous non-game birds use the tract during various times of the year. Wildlife populations can be

affected by land use activities associated with livestock grazing, residential development or agricultural practices. It is unknown what land use activities may be associated with a change in land ownership however, 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.

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.

Occasional use by Bald Eagles may occur on the state land due to it's proximity to the Flathead River one mile to the north. However there are no nesting sites, primary use or home range areas identified on the state land.

The Montana Natural Heritage Program reported that occasional use by the lynx could possibly occur on the state land due to the proximity of higher elevation habitat on the ridgeline divide seven miles to the south. However, no occurrence on the state tract has been established and no important habitat is present. No direct or cumulative impact to Threatened, Endangered or unique wildlife is anticipated as a result of the proposal.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

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

The presence or absence of antiquities is presently unknown. A class III level inventory and subsequent evaluation of cultural and paleontologic resources will be carried out if preliminary approval of the parcel nomination by the Board of Commissioners is received. Based on the results of the Class III inventory/evaluation the DNRC will, in consultation with the Montana State Historic Preservation Officer, assess direct and cumulative impacts.

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.

There are no prominent topographic features on the state land. This tract is visible from Montana State Highway 200, however the state land does not provide any unique scenic quality not also provided by adjacent lands. No direct or cumulative impact to aesthetics is anticipated as result of the proposal.

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.

This 160 acre tract is part of the common school trust of which there are more than 4.6 million acres within the state and approximately 60,000 acres within Sanders County. This tract is currently the only tract in Sanders County under consideration for sale under the Land Banking Program. The statutes limit the sale of trust land to a maximum of 20,000 acres prior to purchasing replacement lands. The potential sale of this tract would affect an extremely small percentage of the common school trust land if replacement land was not purchased before the statute expires and even less impact if replacement land were purchased as anticipated.

The potential transfer of ownership would not have any impact or demands on environmental resources of Land water, air or Energy.

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.

Grazing Lease Range evaluations have been conducted on this tract and are in the Department files.

This 160 acre tract is part of an initial proposed sale of state land not to exceed 20,000 acres within the state and under concurrent analysis. There are no known state or federal actions in the vicinity and no known future actions proposed by the state, which would have cumulative impacts with this proposal.

No other analysis for this specific tract has been identified.

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

Identify any health and safety risks posed by the project.

No impacts to human health and safety would occur as a result of the proposal. The existing use is not anticipated to change in the foreseeable future. If development is proposed, then local and state regulations governing development will mitigate proposed action.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The tract of land is currently leased for grazing purposes (28 Unit Months). The current lessee, Ross W. & Robert L Middlemist, own substantial acreage adjacent to the state lease which it manages for livestock grazing. The lessee by statute has an opportunity to meet the high bid of any prospective purchaser. Potential purchasers therefore are adjacent private landowners. The state land is currently not zoned.

The Sanders county tract book shows a right of way easement bisecting this tract with access from the existing county road. This right of way is not developed, and is no more than a two track up the draw. The potential sale of the state land would be subject to all existing easements and would not affect the rights of easement deed holders.

It is unknown if a change in use would occur if the tract was transferred to another owner. Any future change in land use would be subject to review under state and local regulations intended to address impacts to local industrial, commercial and agricultural activities. No direct or cumulative impacts are anticipated as a result of the proposal.

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 proposal would have no affect on quantity and distribution of employment.

The sale would put new land on the county tax base, thus increasing revenue to the county. The equalization payments from the state are fixed for a county at this time. The legislature may be looking at making changes in how the payments are calculated and distributed in the future. For now, the equalization payments will continue as is.

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 proposed sale would not have an impact on government services.

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.

The tract is currently not zoned. The existing use is not anticipated to change in the foreseeable future. If development is proposed, then local and state regulations governing development will mitigate proposed action.

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.

The tract of state land does not provide access to any recreational or wilderness areas in the vicinity. The Flathead River, located one mile north of this tract is used for recreational purposes but is not affected by activities on the trust land. Recreational use of the state land is limited due to tribal restrictions.

The potential transfer of ownership on this tract may have an impact on the ability of the adjacent landowners to continue their use this land for recreational purposes. It is unknown what recreational uses would be allowed under different ownership.

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 potential ownership transfer of this tract would not require additional housing or impact population changes. It is unknown what land uses would occur under new ownership. Any future proposal to develop the property and increase housing would be subject to review under state and local regulations.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

The existing use is not anticipated to change in the foreseeable future. If development is proposed, then local and state regulations governing development will mitigate proposed action.

23. CULTURAL UNIQUENESS AND DIVERSITY:

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

The potential sale of the state land will not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred. This tract was nominated by the DNRC, at the solicitation of the lessee, with the intent of the lessee purchasing the tract and incorporating the land into its landholdings as they have currently leased this tract as part of their operations for generations.

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.

The tract currently has a grazing lease for 28 Animal Unit Months (.175 acres/AUM) at a rate of \$5.91/AUM and generating an income of \$165.48 or approximately \$1.03/acre in 2004. The average annual income for the past 5 years has been \$143.00. The average income per acre for the past 5 years therefore is approximately \$0.89/acre. Based on the DNRC Annual Report for Fiscal Year 2004, the average income for the 4.3 million acres of grazing land was \$1.28/acre with an average productivity of .25 acres/ AUM. Therefore this tract is considered below average in productivity and producing below average revenue per acre. There is no indication the tract, if remaining in state ownership, would be used for purposes other than grazing and it is likely the future income would remain relatively stable.

An appraisal of the property value has not been completed to date. Under DNRC rules, the appraisal would be conducted after preliminary approval to proceed is granted by the Board of Land Commissioners and the Department is conducting more detailed evaluations in order to make a final determination on whether to offer the tract for sale. However, at this time, given the real estate Market in the Flathead Valley, we believe the value of this tract is above the average value of trust lands in the state. The revenue generated from the sale of this tract is intended to be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. Conservatively assuming an appraised value of \$1000/acre, the current annual return on the asset value for this tract is .10%.

Land Banking statute requires that land acquired as replacement property through Land Banking is "likely to produce more net revenue for the affected trust than the revenue that was produced from the land that was sold" (Section 77-2-364 MCA).

This would indicate a higher return on asset value could be expected under the Proposed Alternative (Sell).

EA Checklist Prepared By:	Name: Dale Peters	Date: March, 2005
	Title: Management Forester	

V. FINDING

25. ALTERNATIVE SELECTED:

I have selected the proposed alternative, recommend the tract receive preliminary approval for sale and continue with the Land Banking process.

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the comments received and potential environment affects and have determined significant environmental effects would not result from the proposed land sale. The tract does not have any unique characteristics; critical habitat or environmental conditions indicating the tract should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications the tract would produce substantially greater revenue or have substantially greater value to the trust in the near future.

The Department of Natural Resources and Conservation received only two comments on this proposal. The current lessee supports the proposed sale of this tract citing that the sale of this property would generate tax revenue for Sanders and allow for the investment in other properties. He also expressed the view that the appraisal should be based on the current land use. A private land and lumber company submitted the other comment. Their concern that it is difficult to anticipate what future land values will be and urged that the department do its due diligence to ensure acceptable replacement properties.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

EIS More Detailed EA No Further Analysis

EA Checklist Approved By:	Name: Larry Ballantyne
	Title: Resource Program Manager
Signature: <i>L. Ballantyne</i>	Date: 4-5-05

Land Banking; Lease # 0003353, Middlemist

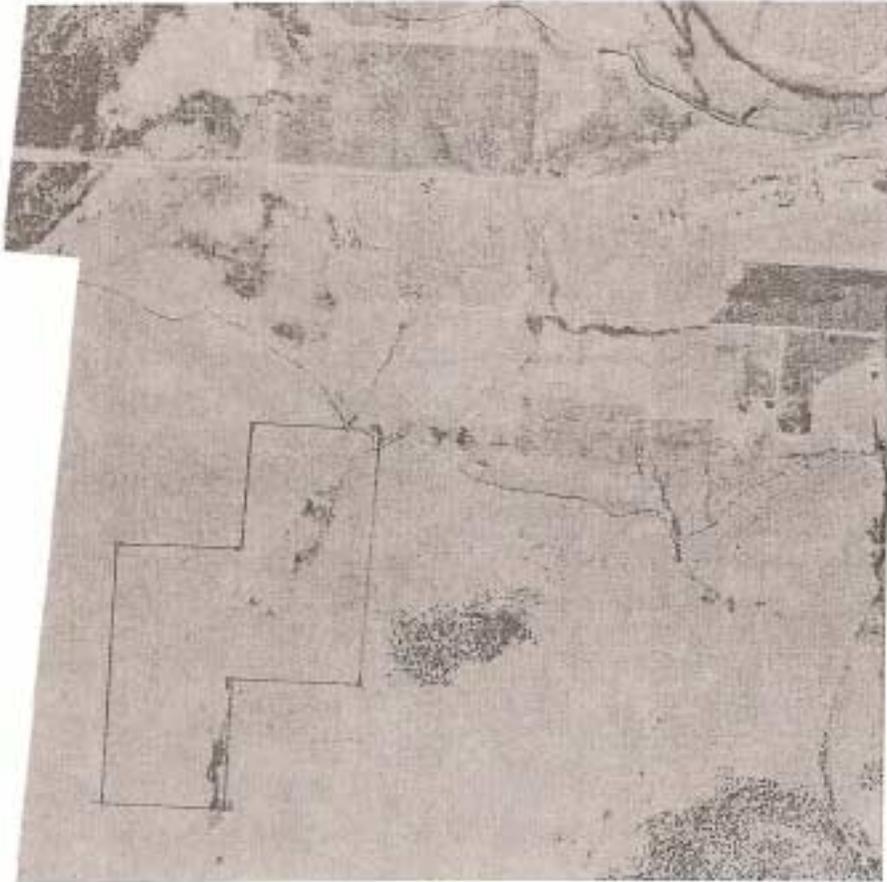


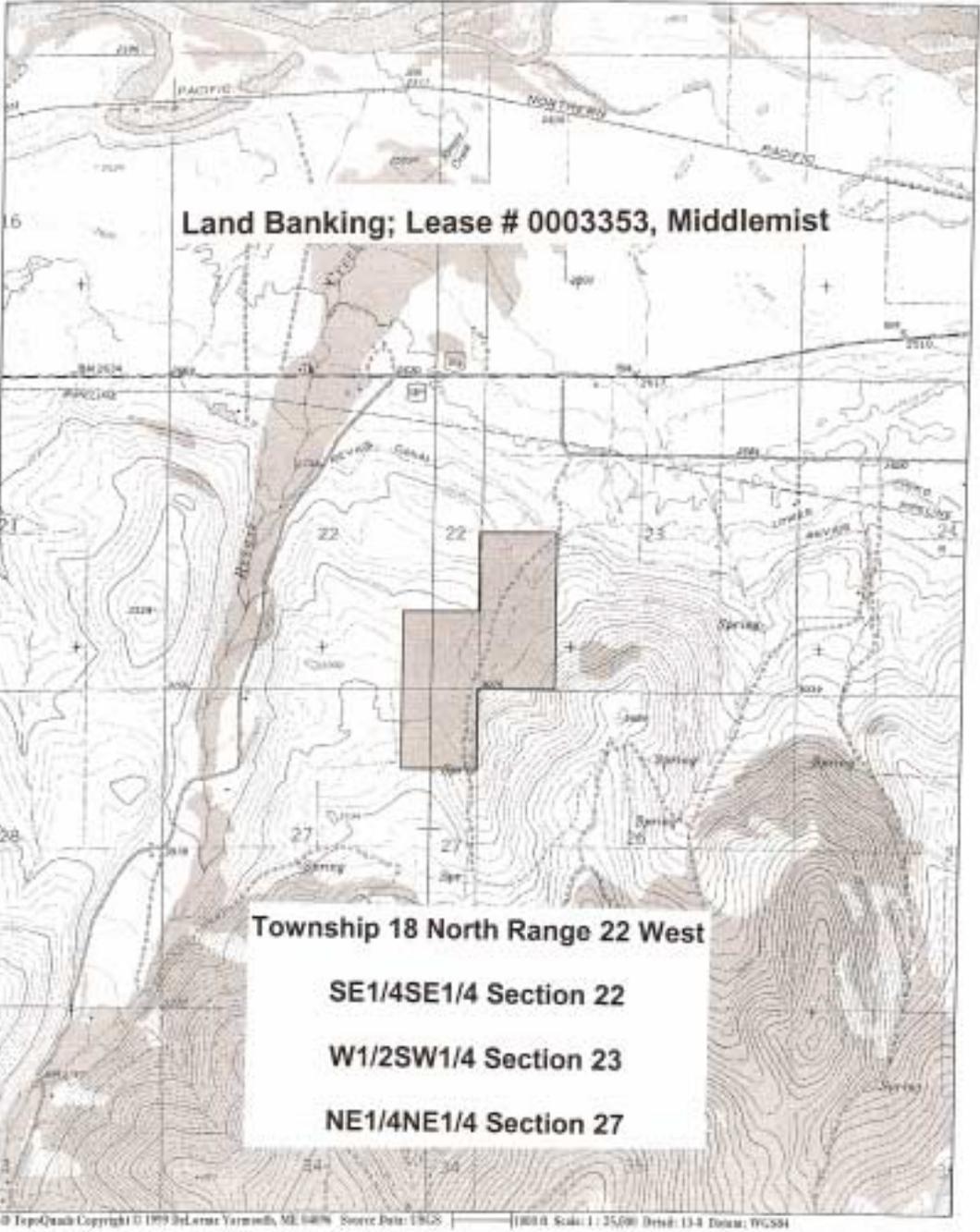
Photo Date = 07/01/1990

Township 18 North Range 22 West

SE1/4SE1/4 Section 22

W1/2SW1/4 Section 23

NE1/4NE1/4 Section 27



Attachment A

Ross Middlemist
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Dixon, MT 59831

Confederated Salish & Kootenai Tribes
of the Flathead Reservation
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James T. Davis
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Alliance for the Wild Rockies
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Missoula, MT 59807

Board of County Commissioners
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Thompson Falls, MT 59873

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Bill Orsello/Stan Frasier
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Ellen Engstedt
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Attachment A

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Chuck Rhode
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Columbia Falls, MT 59912

Stuart Lewin
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Allen Wolf, Staff Specialist
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Kalispell, MT 59901

Montana DNRC NWLO
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Kalispell, MT 59901

Jane Adams
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Swan Lake, MT 59911

John Herak
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Attachment A

Bill Nolen
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Tim Kylo
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Clarinda Burke
Tribal Historic Preservation Officer Assistant
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Dave Roberts
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Mike Chenoweth
Sanders County Weed Control
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Plains, MT 59859

Attachment B – Water Rights

WATER RIGHT INQUIRY 03-23-2005 PAGE 001

BASIN 76 L CODE W ID NUMBER 216023 EXT ID 00 TYPE G PRIORITY 00:00 06/01/1912
APP REC 06/28/96 MAX RT 6.00 G MAX VOL 10.00 AF MAX ACR 0.00
FEE INT KEEP FLW VOL PER CHG OWN SRC POD POU FLW VOL PRT PUR TYP MAX
PER

\$40 U FLAG 0 0 0 FLAG 0 0 0 0 0 0 0 0 0 0 0 0 0

PROCESS STATUS -8-NS 01/01/99 OBJ CODE N

OWNERS:

M I MIDDLEMIST ROBERT L
HCR 77 BOX 112

DIXON MT 598310000

DIVERSION:

01 SA NENWSW 23 18N 22W LT BK 6.00 G MNS GD PR DVR 19999999997

SOURCE UT FLATHEAD RIVER

PURPOSE:

DM 01 1.00 ACR 6.00 G 10.00 AF PR USE 19999999997 ZN

REL ID 0.00 MX ACR 0.00 MX VOL 01 NO HSE

001 1.00 ACR SA NENWSW 23 18N 22W LT BK

REMARK: LC51 CLAIM FILED 06/28/96. THIS CLAIM APPEARS TO BE AN
EXEMPT RIGHT VOLUNTARILY FILED UNDER SECTION 85-2-222
MONTANA CODE ANNOTATED.