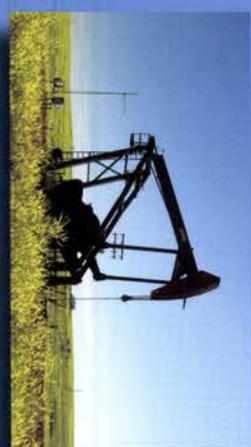


EXHIBIT 7
DATE Feb. 4, 2015
HB S. Harris

MONTANA DNRC

TRUST LANDS MANAGEMENT DIVISION



ANNUAL REPORT FY 2014



Mission

Manage the State of Montana's trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income - generating capacity of the land.



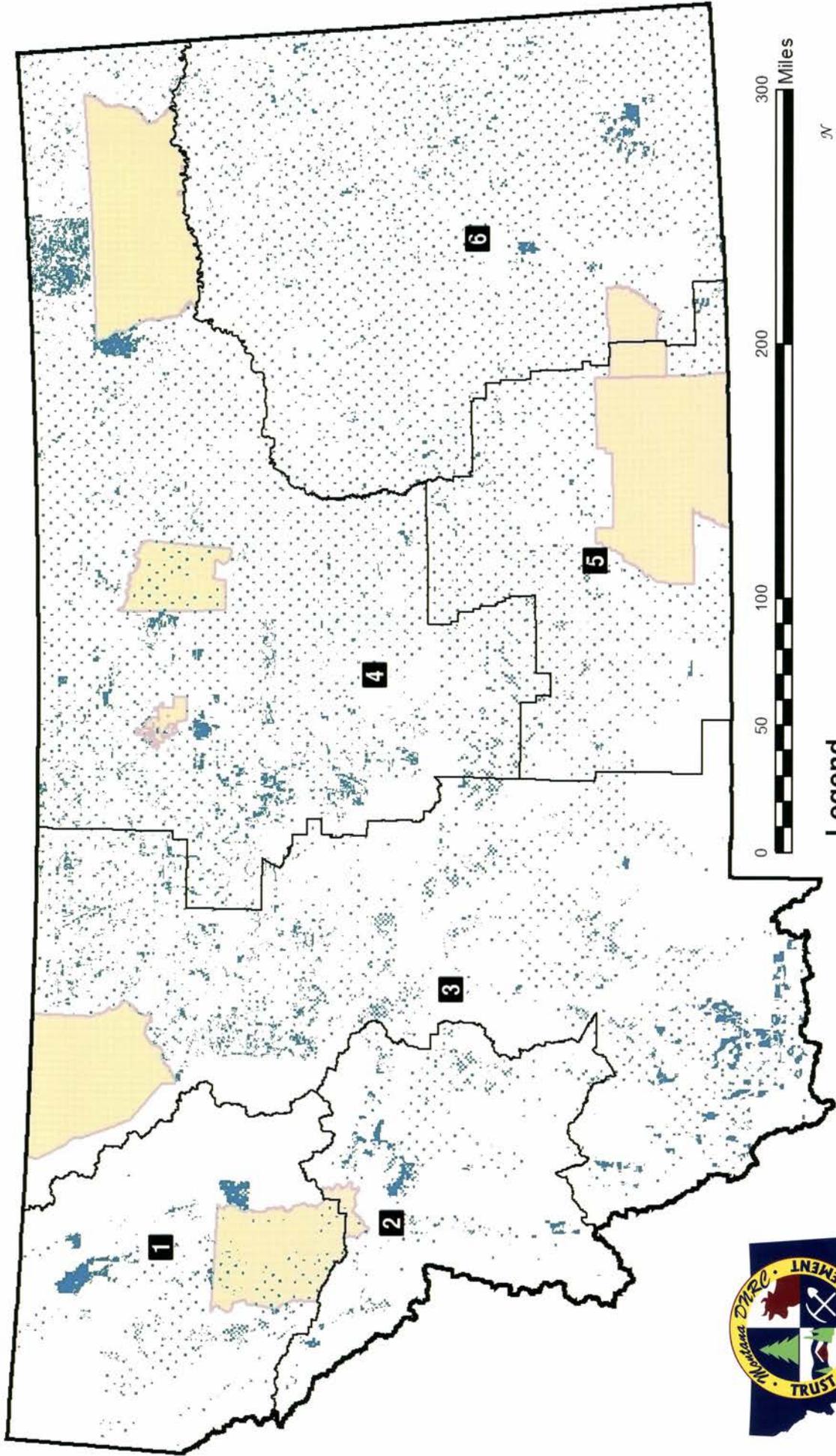
Madison County Cranes — Photo by John Reddy

TRUST LANDS MANAGEMENT DIVISION ANNUAL REPORT FY 2014

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MONTANA TRUST LANDS



Montana Department of Natural Resources and Conservation
IT-GIS/dr
September 17, 2014

Six Area Offices Statewide

1. Northwestern Land Office – Kalispell
Kalispell Unit, Libby Unit, Plains Unit, Stillwater Unit, Swan Unit
2. Southwestern Land Office – Missoula
Missoula Unit, Clearwater Unit, Anaconda Unit, Hamilton Unit
3. Central Land Office – Helena
Helena Unit, Bozeman Unit, Conrad Unit, Dillon Unit
4. Northeastern Land Office – Lewistown
Lewistown Unit, Glasgow Unit
5. Southern Land Office – Billings
6. Eastern Land Office – Miles City

QUICK FACTS about Trust Lands for FY 2014

127.86	Total Trust Lands FTE
5,184,399	Total Surface Acres
6,211,411	Total Mineral Acres
64	Active Timber Sales
56.1	MMBF Timber Harvested
171,666	Tree Seedlings Planted
8,975	Agriculture & Grazing Leases
137	Commercial Leases
678	Active Residential Leases
3	Cabin Sites Sold at Auction
5,160	Oil & Gas Leases
35	Coal Leases
57	Other Mineral Leases, including Gravel



Governor Steve Bullock



Attorney General Tim Fox



Secretary of State Linda McCulloch



Auditor Monica Lindeen



**Superintendent of Public Instruction
Denise Juneau**

FY 2014 Trust Lands Management Division Overview

The mission of the Trust Lands Management Division (TLMD) is to administer and manage the state trust timber, surface, and mineral resources for the benefit of the Common Schools and other endowed institutions in Montana, under direction of the Board of Land Commissioners. The Board of Land Commissioners, which is also known as the "State Land Board," consists of Montana's top elected officials:

- Governor - Steve Bullock
- Attorney General - Tim Fox
- Secretary of State – Linda McCulloch
- Auditor – Monica Lindeen
- Superintendent of Public Instruction - Denise Juneau

The division is divided into four primary programs: agriculture and grazing management, forest management, minerals management, and real estate management. Staff and program specialists in Helena and Missoula provide program administration, direction, oversight, and support. Field personnel throughout the state provide on-the-ground management. Additional program information can be found at the division's website: www.dnrc.mt.gov/trust/.

The department's obligation is to obtain the greatest benefit for the school trusts pursuant to 77-1-202, MCA. The greatest monetary return must be weighed against the long-term productivity of the land to ensure continued future returns to the trusts.

History

By the Enabling Act approved February 22, 1889, the Congress of the United States granted to the state of Montana, for Common Schools (K-12) support, sections 16 and 36 in every township within the state. Some of these sections had been homesteaded, some were within the boundaries of Indian reservations, and others had been disposed of before passage of the Enabling Act. Other lands were selected by the state in lieu of these lands. The Enabling Act and subsequent acts also granted acreage for other educational and state institutions. The ten trust beneficiaries are as follows:

- Common Schools (K-12)
- The University of Montana
- Montana State University–Morrill Grant
- Montana State University–Second Grant
- Montana Tech of The University of Montana
- State Normal School (Montana State University –Billings and The University of Montana–Western)
- Public Buildings
- Veterans Home
- School for the Deaf and Blind
- State Reform School (Pine Hills)

In FY 2007, approximately 2,600 acres were donated to the State of Montana for school trust land. This donation added acreage to the School for the Deaf and Blind and created a trust for the Montana Developmental Center and the Montana State Hospital. Two other trusts have been created since then, Public Land Navigable Rivers and Acquired Lands.

The total acreage (see Figure 1 and 2) has fluctuated through the years due to land sales and acquisitions. Surface acreage at the end of FY 2014 was approximately 5.2 million acres and mineral acreage approximately 6.2 million acres. Mineral acreage exceeds surface acreage because the mineral estate has been retained when lands were sold.

Figure 1

Surface Acres by Trust Acres

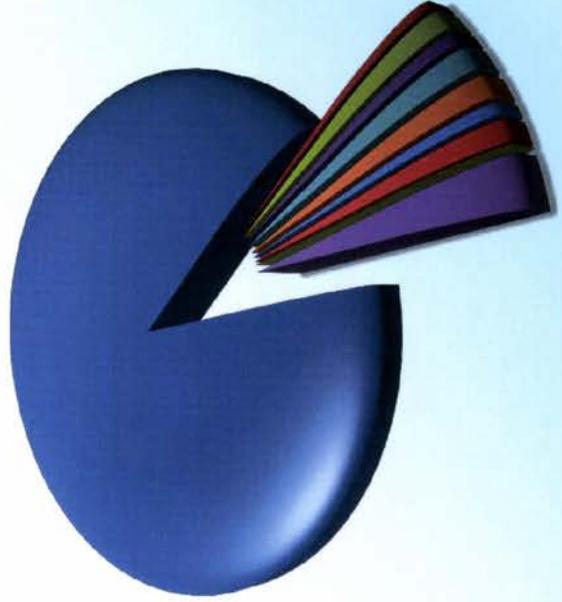
- Common Schools
- University of Montana
- MSU - Morrill
- MSU- Second
- Montana Tech
- State Normal School
- School for the Deaf and Blind
- State Reform School
- Veterans Home
- Public Buildings
- Acquired Lands
- Sir Trust



Figure 2

Mineral Acres by Trust Acres

- Common Schools
- University of Montana
- MSU - Morrill
- MSU- Second
- Montana Tech
- State Normal School
- School for the Deaf and Blind
- State Reform School
- Veterans Home
- Public Buildings



FY 2014 Program Highlights

Agriculture and Grazing Management

The Agriculture and Grazing Management Bureau along with Area and Unit Office staff supervise the management and leasing of 4.7 million acres, under approximately 9,000 agreements for crop and range land throughout the state.

Surface Leasing

The program is responsible for maintaining surface lease agreements. This section processed approximately 1,000 lease renewals; advertising, competitively bidding, and issuing new leases; reviewing and processing assignments, subleases, pasturing agreements, custom farming agreements, pledges, and mortgages. The program also collects, verifies, and posts rentals and fees.

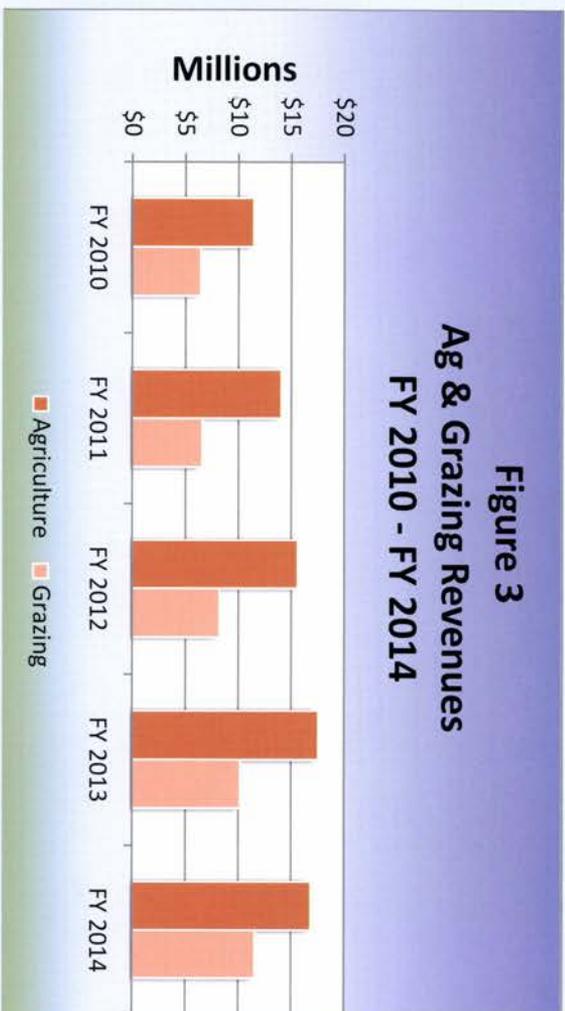
Land Management

The program manages the agricultural and grazing resources. This responsibility includes evaluation and assessment of range and crop land condition; administration of archaeological, paleontological, and historical properties on state trust land; investigations of lease noncompliance; participation in the federal Farm Program; and oversight of water developments, water rights, and improvement projects such as range renovation and resource development.

Agricultural and Grazing Lands

Currently, 2,800 agreements cover agricultural use of state trust lands. Crops raised on these lands are primarily dry land hay and small grains, but also include irrigated grain crops, corn, sugar beets, potatoes, peas, lentils, garbanzo beans, canola, safflower, alfalfa seed, and native grass seed.

In FY 2014, revenues totaling \$16,887,382 were received from agricultural leasing on 575,000 acres. The majority of the leases are on a crop-share basis with the minimum share of 25% set by statute. In addition to receiving rental payments from lessees, the state participates in and receives Farm Program payments from the U. S. Department of Agriculture (USDA) Farm Service Agency. For FY 2014, this amount exceeded \$1.65 million for direct payment contracts and lands enrolled in the Conservation Reserve Program (CRP).



Approximately 8,100 agreements include grazing use of trust lands. The nearly 4.1 million acres of classified grazing lands and forest lands have an estimated carrying capacity of 968,000 animal-unit-months (AUMs). The minimum rental rate (\$11.41/AUM) for grazing leases is set by a formula, which includes the average weighted price for beef cattle sold in Montana during the previous year. In FY 2014, grazing leases generated \$11,607,840. See Figure 3 for agriculture and grazing revenues from FY 2010 – FY 2014.



Recreational Use

Legally accessible state lands are open to recreational use by the public. Sportsmen who possess a current Conservation License are authorized to hunt and fish on these lands. Through an agreement with the Department of Fish, Wildlife & Parks, two dollars from the sale of each conservation license is paid to the trust beneficiaries to compensate for that use. Other recreational activities can be undertaken by purchasing a general or special recreational use license.

In FY 2014, 444,647 conservation licenses were sold generating \$889,294 in gross revenue. A total of 5,844 general recreational use licenses were sold with revenues of \$60,196. Special recreational use licenses generated \$151,902.

Forest Management

Each year, 56 foresters, scientists, and managers conduct several activities to ensure the long-term sustainability of forested state trust lands. Annual activities are aimed at generating income, monitoring and improving practices, investing in future productivity of forested stands, and conserving an array of resources. Revenue from these lands is derived mainly from the sale of forest products. While the Department oversees less than 4% of the statewide forested landscape, the program accounts for nearly 18% of Montana's total timber volume sold per year. Statute directs the Department to sell a consistent amount of timber each year, which in turn provides a consistent revenue source for the trust beneficiaries and a consistent source of material for the wood products industry.

The forest management standards and philosophy are guided by the State Forest Land Management Plan (SFLMP) and associated rules (2003) and the Montana DNRC Forested State Trust Lands Habitat Conservation Plan (2011) and are based on biodiversity, sustainability, and active management.

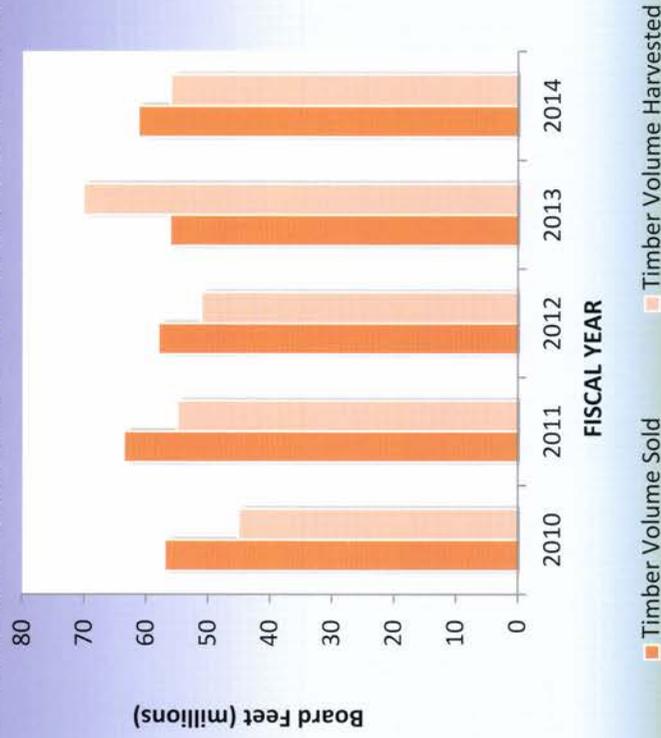


Forest Product Sales

The forest product sales program incorporates activities and expenditures required to grow, harvest, and sell forest products from state trust lands. All timber sales and permits are developed, analyzed, and reviewed in the field by foresters and resource specialists to ensure that sales comply with all applicable laws, policies, and management direction. The current annual sustainable yield from forested state trust lands is 57.6 million board feet.

The division maintained a successful forest products sales program through FY 2014, as the forest products market has continued to improve. TLMMD's Forest Management Program sold 61.4 million board feet (MMBF) through timber sales and permits. The average stumpage price increased by 28% compared to FY 2013, to \$243 per thousand board feet. The volume sold has an estimated total stumpage value of \$14,932,563 and additional expected revenue of \$1,275,937 in Forest Improvement fees. A total of 56.1 MMBF of timber and a minor amount of other miscellaneous forest products (posts, pulp, boughs, etc.) were harvested from state trust lands during FY 2014 (Figure 4). This volume generated \$9,849,623 in stumpage revenue for the year. Table 1 shows the timber sold volume and value by Area Office.

Figure 4
Timber Volume Sold and Harvested



Forest Improvement

The Forest Improvement Program uses fees from harvested timber to improve the health, productivity, and value of forested trust lands. Use of these fees authorized by statute, includes disposal of logging slash, reforestation, acquiring access, maintaining roads necessary for timber harvest, other treatments necessary to improve the condition and income potential of state forests, and compliance with other legal requirements associated with timber harvest. In FY 2014, the department collected \$1,354,379 in Forest Improvement fees, as shown in Table 2.

Table 1: Timber Sold Volume & Value by Area Office

Area Office	Volume (MBF)	Average Price (\$/MBF)	Stumpage Value	Forest Improvement Fees
CLO	3,988	\$158	\$632,015	\$32,656
Eastside (NELO, ELO, SLO)	6,495	\$267	\$1,733,578	\$12,538
SWLO	16,957	\$276	\$4,681,963	\$382,315
NWLO	33,966	\$232	\$7,885,007	\$848,428
Statewide	61,406	\$243	\$14,932,563	\$1,275,937

Table 2
FY 2014 Forest Improvement Fees Collected by Trust

Trust	Amount
Common Schools	\$ 926,980
Montana State University – Second Grant	97,783
Montana Tech	38,709
State Normal School	113,164
School for the Deaf and Blind	22,794
State Reform School	23,710
Public Buildings	131,239
Total	\$1,354,379

Minerals Management

The Minerals Management Bureau is responsible for leasing, permitting, and managing approximately 5,301 oil and gas, metalliferous and non-metalliferous minerals, coal, and sand and gravel agreements on over 2.1 million acres of the available 6.2 million acres of school trust land and approximately 5,632 acres of other state-owned land throughout Montana. Figure 5 shows the FY 2014 mineral revenue by type and percentage and Table 6 shows a summary of mineral revenues by amount.

Oil and Gas Activity

In FY 2014, the bureau managed 5,160 total leases, 685 of which are currently productive. Total leases issued are down 15.9%, but producing leases are up 2.4%, compared to FY 2013. This reflects the current industry trend to discontinue leases in more speculative areas, while focusing development efforts in traditional oil producing areas, including the Bakken formation in eastern Montana.

FY 2014 royalty revenues totaled \$21,835,231, up 9.5% over FY 2013, due to higher oil prices. Rental and bonus revenues totaled \$8,094,917, up 8.7% over FY 2013. This increase was driven by two factors—a \$906,190 decrease in rentals offset by a \$1,552,397 increase in bonus revenue, compared to FY 2013. See Figure 5 and Table 6 for a summary of revenues. Oil and gas production from state lands are summarized in Table 3.

Table 3

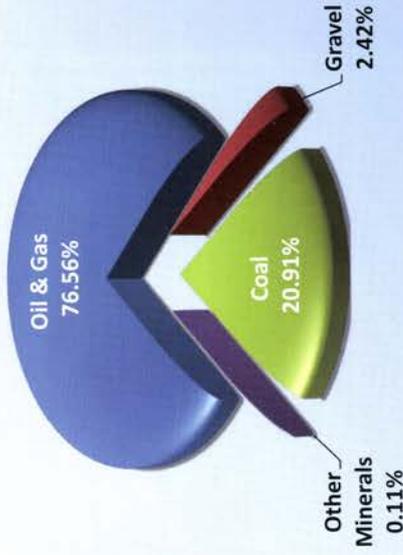
Mineral Production

	FY 2013	FY 2014	% Change	5-yr Average
Oil (barrels)	1,629,452	1,505,356	-7.6%	1,459,776
Gas (mcf*)	3,525,951	3,561,414	1.0%	4,241,814
Coal (tons)	4,849,607	4,465,582	-7.9%	4,304,572

*mcf=thousand cubic feet

Figure 5

MINERAL REVENUE BY TYPE



Coal Activity

In FY 2014, the bureau managed 35 total leases, 6 of which are currently productive, compared to 39 total leases and 4 productive in FY 2013.

FY 2014 royalty revenues totaled \$8,130,763. Rental revenues were essentially unchanged between FY 2014 and FY 2013, but coal revenues for FY 2013 included a bonus payment of \$3,578,200 from the issuance of a coal lease for a tract of state land at the Bull Mountain mine. Coal production from state lands is summarized in Table 3.

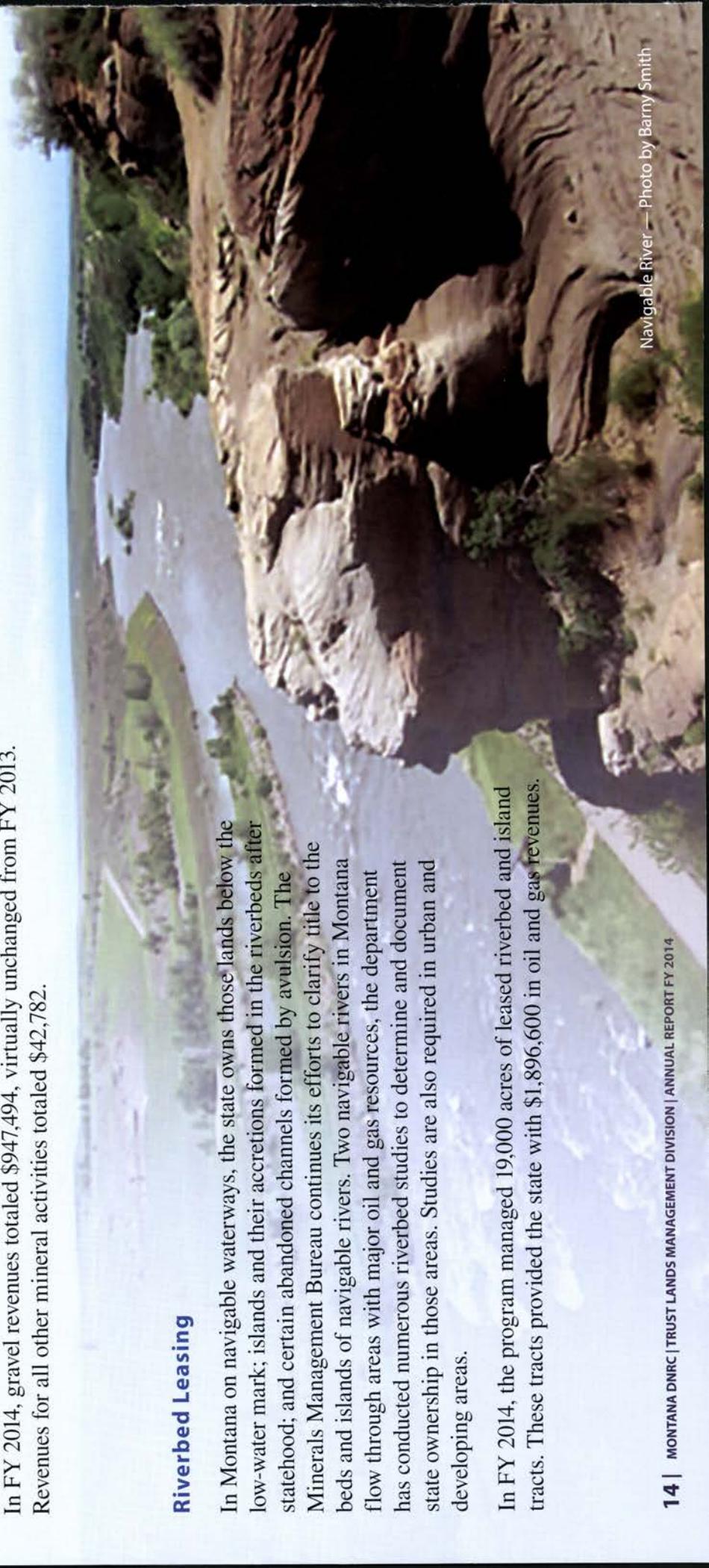
Other Minerals

The bureau also issues land use licenses and leases for gravel and other minerals. In FY 2014, gravel revenues totaled \$947,494, virtually unchanged from FY 2013. Revenues for all other mineral activities totaled \$42,782.

Riverbed Leasing

In Montana on navigable waterways, the state owns those lands below the low-water mark; islands and their accretions formed in the riverbeds after statehood; and certain abandoned channels formed by avulsion. The Minerals Management Bureau continues its efforts to clarify title to the beds and islands of navigable rivers. Two navigable rivers in Montana flow through areas with major oil and gas resources, the department has conducted numerous riverbed studies to determine and document state ownership in those areas. Studies are also required in urban and developing areas.

In FY 2014, the program managed 19,000 acres of leased riverbed and island tracts. These tracts provided the state with \$1,896,600 in oil and gas revenues.



Navigable River — Photo by Barry Smith

Real Estate Management

The Real Estate Management Bureau administers activities on lands classified as ‘other’ and all secondary activities on lands classified as grazing, agriculture, or timber. The sources of FY 2014 real estate management revenues are summarized in Table 6. Real estate activities include leasing, licensing, granting of easements (rights-of-way), land sales through the Land Bank Program, acquisitions of land and land exchanges. The bureau also manages non-trust land activity for other agencies.

Land Sales

In FY 2014, the Land Banking Program sold 4,093 acres for a total sales price of \$1,626,602. Table 4 shows the acres sold by trust, income, and rate of return. No land acquisitions were closed in FY 2014.

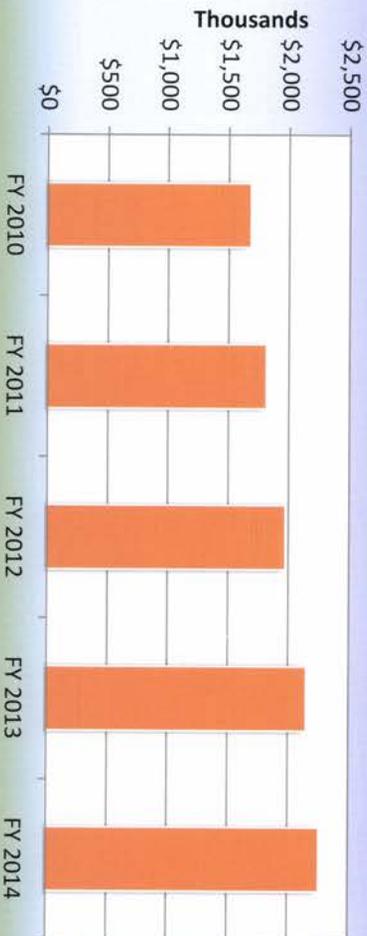
Table 4
Land Sold by Trust - FY 2014

Trust	Acres	Sales Price	# of Parcels	Annual Income	Return
Common Schools	4,093	\$1,626,602	15	\$7,240	0.45%

Residential Leasing

Cabin site revenue was at an all-time high of \$2.2 million. In FY 2014 the vacancy rate fluctuated between 10.5% and 11.5%. Through the summer of 2014, public interest in leasing vacant cabin sites increased, however at the current rate of absorption it may take several years to return to historic rates of less than 5-7% vacancy.

Figure 6
Residential Leases/License Revenue
FY 2010 - FY 2014



Commercial Leasing

In FY 2014, the department released multiple Request for Proposals (RFPs) for commercial development of trust land located in Kalispell, Miles City, Bozeman, Belgrade, and the Stillwater State Forest. The release of the RFPs throughout the year resulted in two new lease proposals that are expected to generate a combined \$67,000 in annual revenue.

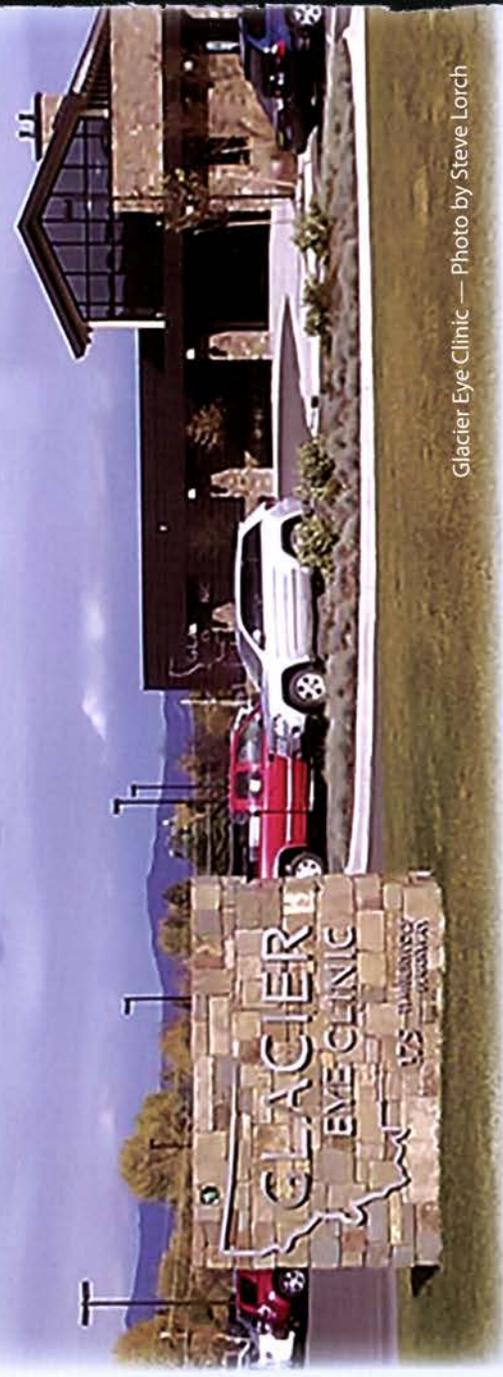
In Miles City, The National Guard Armory began construction on a facility in a trust land subdivision known as Bull Pasture. Additional leasing opportunities are being marketed on this site.

Section 36 in Kalispell experienced significant retail development with the ground breakings on MacKenzie River Grill and Pub, PetSmart, Verizon, Ulta, Boot Barn, and a commercial lease space known as The Shops. Down the road, the new Glacier Eye Clinic opened its doors in an area being developed for mixed professional office space.

At the end of FY 2014, there were 136 active commercial leases on trust land. This includes all leases that are not agriculture, grazing, or residential in nature. Commercial leases generated over \$5.7 million in FY 2014.



Verizon Store under construction — Photo by Steve Lorch



Glacier Eye Clinic — Photo by Steve Lorch



Rights-of-Way/Easements

In FY 2014, the bureau processed 250 rights-of-way applications (ROW), which were approved by the Board of Land Commissioners. The department continues to work with county governments to complete historic applications for county roads and rural cooperatives and other utility companies for historic utility facilities.

Applications of note include approval for a wastewater treatment facility in Seelye Lake; a new fishing access site to the Department of Fish, Wildlife and Parks in Treasure County; and a public trail easement in Gallatin County. In addition, several counties applied for easements across a majority of county road systems through the historic right of way process.

The department initiated multiple cost share and reciprocal/easement exchange packages during FY 2014, while continuing to work on projected access needs for timber related projects across several national forests and private landowners. Three reciprocal/easement exchange agreements were completed, with access received to 4,310 acres of trust land via 11.77 miles of road.

Financial Highlights Fiscal Year 2014

Trust Land Management Division
Gross Revenue \$114.4 million

Land Management Gross Revenue
\$90.9 million

Interest Income and Other Gross
Revenue \$23.5 million

Division Expenditures \$12.2 Million

Common School Permanent Fund
Revenues \$31.6 million
Other beneficiaries Permanent Fund
\$4.5 million

Common Schools Distributed
Revenues - \$54.7 million
School Facility Account \$3.1 million
Other Beneficiaries distributable
revenues \$6.6 million

Permanent Fund Balance \$582.4 million
Common School Permanent Fund
Balance \$537.9 million
Other Beneficiaries Permanent Fund
\$44.5 million

The Permanent Fund

The Enabling Act states that proceeds from the sale and permanent disposition of any of the trust lands, or part thereof, shall constitute permanent funds for the support and maintenance of public schools and the various state institutions for which the lands had been granted. The Montana Constitution provides that these permanent funds shall forever remain inviolate, guaranteed by the state of Montana against loss or diversion. These funds are often referred to as “non-distributable.” Figure 7 shows the Permanent Fund balance over the last 15 years. The balance of the Permanent Fund was \$582,394,879 for FY 2014.

* The 2001 Legislature passed Senate Bill 495, which authorized the department to obtain a loan from the Coal Severance Tax Trust Fund and purchase mineral production rights from the Common Schools Trust. The loan amount of \$46.4 million was deposited into the Common Schools Permanent Fund in lieu of future mineral royalties in FY 2002. The loan was repaid during FY 2010, at which time the mineral royalties were deposited into the permanent fund once again.

Revenues

Figure 8 shows the Net Revenue Distributions for the combined trusts over the last 10 years. It should be noted that in FY 2010, the mineral royalties identified in Senate Bill 495 were no longer distributable, but placed in the permanent fund. Also in FY 2010, a one-time only bonus payment of \$85.9 million was received on the Otter Creek coal tracts on behalf of the Common Schools.

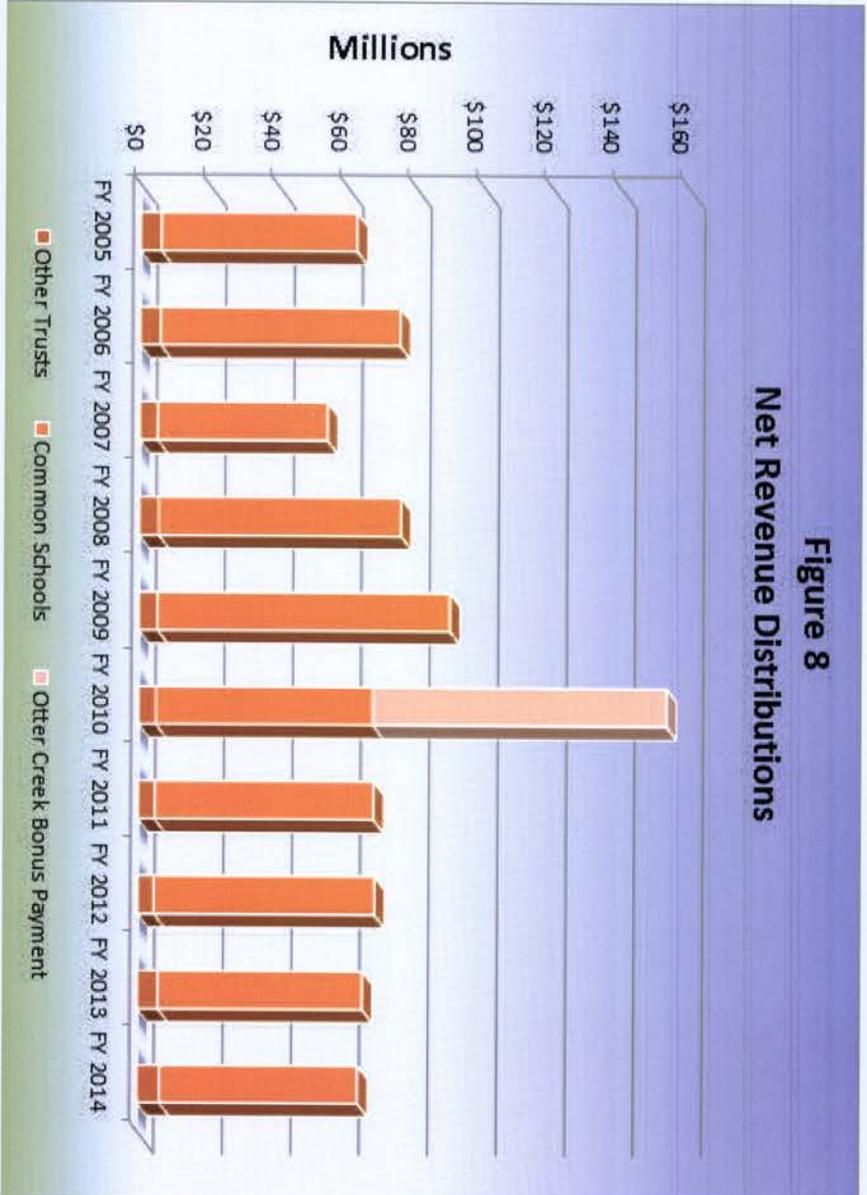
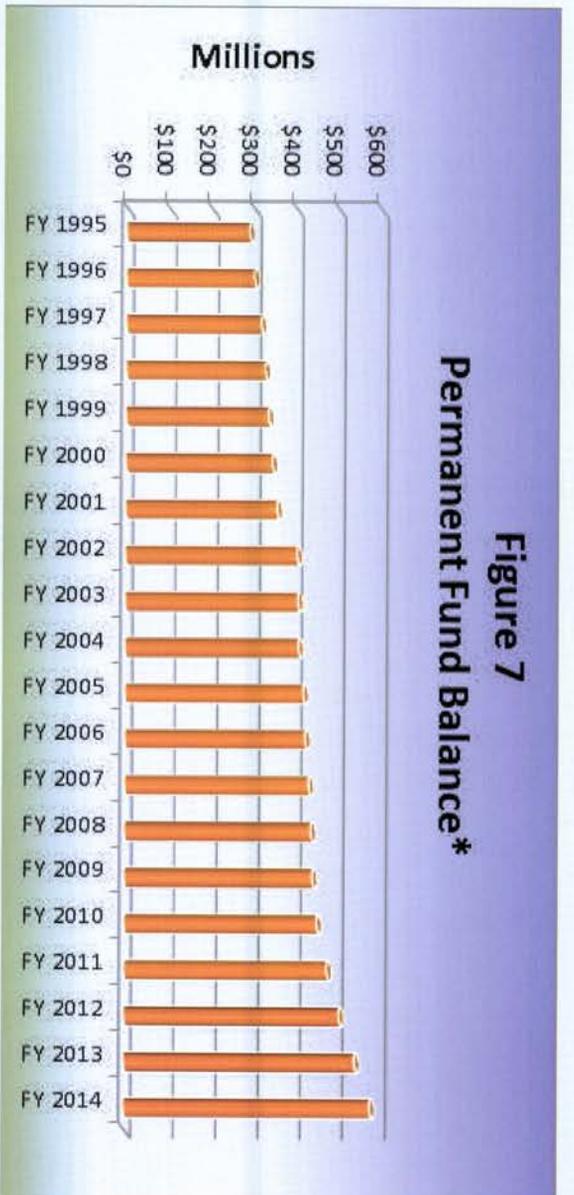


Table 5 shows the gross distributable and non-distributable interest and income proceeds for each of the trust beneficiaries for FY 2014. A small portion of trust revenues are used to fund administrative appropriations through the Trust Administration Account.

Table 5
Revenues by Trust FY 2014*

Distributable Revenues Trust	Gross Distributable Revenues	Trust Earnings Reserves	Trust Admin Account (2)	Net Distributable Revenues	Total
Common Schools (3) (4) (5)	\$ 58,769,152	\$ 0	\$ 9,031,430	\$ 49,737,722	
Public Land Trust – Navigable Rivers (5)	5,209,258	0	228,417	4,980,841	
The University of Montana	293,099	9,311	28,333	255,455	
MSU - Morrill Grant (1)	849,323	0	0	849,323	
MSU - Second Grant	2,946,492	525,444	382,772	2,038,276	
Montana Tech	1,543,873	35,484	318,446	1,189,943	
State Normal School	1,538,772	237,412	326,079	975,281	
School for the Deaf and Blind	424,987	9,842	143,059	272,086	
State Reform School	525,137	2,896	177,526	344,715	
Veterans Home	16,280	212	1,579	14,489	
Public Buildings	1,552,630	0	887,074	665,556	
MT Developmental Center	3,280	0	617	2,663	
MT State Hospital	3,280	0	617	2,663	
Lands Acquired - Public School (6)	16,486	0	10,086	6,400	
Total	\$ 73,692,049	\$ 820,601	\$ 11,536,035	\$ 61,335,413	
Non-distributable Revenues Trust	Gross Non-distributable Revenues	Net Non-distributable Revenues	Permanent Fund Balance		
Common Schools - permanent	\$ 31,652,958	\$ 31,652,958	\$ 537,875,532		
Public Land Trust – Navigable Rivers	2,742,200	2,742,200	5,915,781		
The University of Montana	14,485	14,485	1,542,860		
MSU - Morrill Grant (1)	304,205	304,205	4,837,846		
MSU - Second Grant	704,717	704,717	10,845,212		
Montana Tech	367,565	367,565	6,169,614		
State Normal School	60,086	60,086	6,371,855		
School for the Deaf and Blind	143,195	143,195	4,776,970		
State Reform School	150,062	150,062	4,031,503		
Veterans Home	0	0	17,107		
Lands Acquired - Public School	0	0	10,599		
Total	\$ 36,139,473	\$ 36,139,473	\$ 582,394,879		
School Facility and Technology Fund (6)	\$ 3,077,979				
Total	\$ 112,909,501	\$ 97,474,886	\$ 582,394,879		

* Trust balances reflect deposit activity by DNRC and do not include valuation adjustments from investment activities by the Board of Investments.

⁽¹⁾ MSU-Morrill Grant administrative costs were transferred to the appropriation from fund 02297 per House Bill 19.

⁽²⁾ Trust Land Administration Account reflects the FY 2014 actual expenditures and accruals by trust.

⁽³⁾ Less 5% to permanent fund.

⁽⁴⁾ Org 59 STP and Trust & Legacy Revenue.

⁽⁵⁾ Public Land Trust revenue is distributable to Common Schools 95/5% per Article 10 Section 5 and 77-1-103, MCA, and considered part of the Common Schools Revenue.

⁽⁶⁾ School Facility and Technology Fund (77-1-218, MCA) includes \$3,077,979 from Common Schools timber harvest over 18MMBF and \$6,400 from a grazing lease and recreational use from the Lands Acquired - Public School Trust per 77-1-218, MCA.

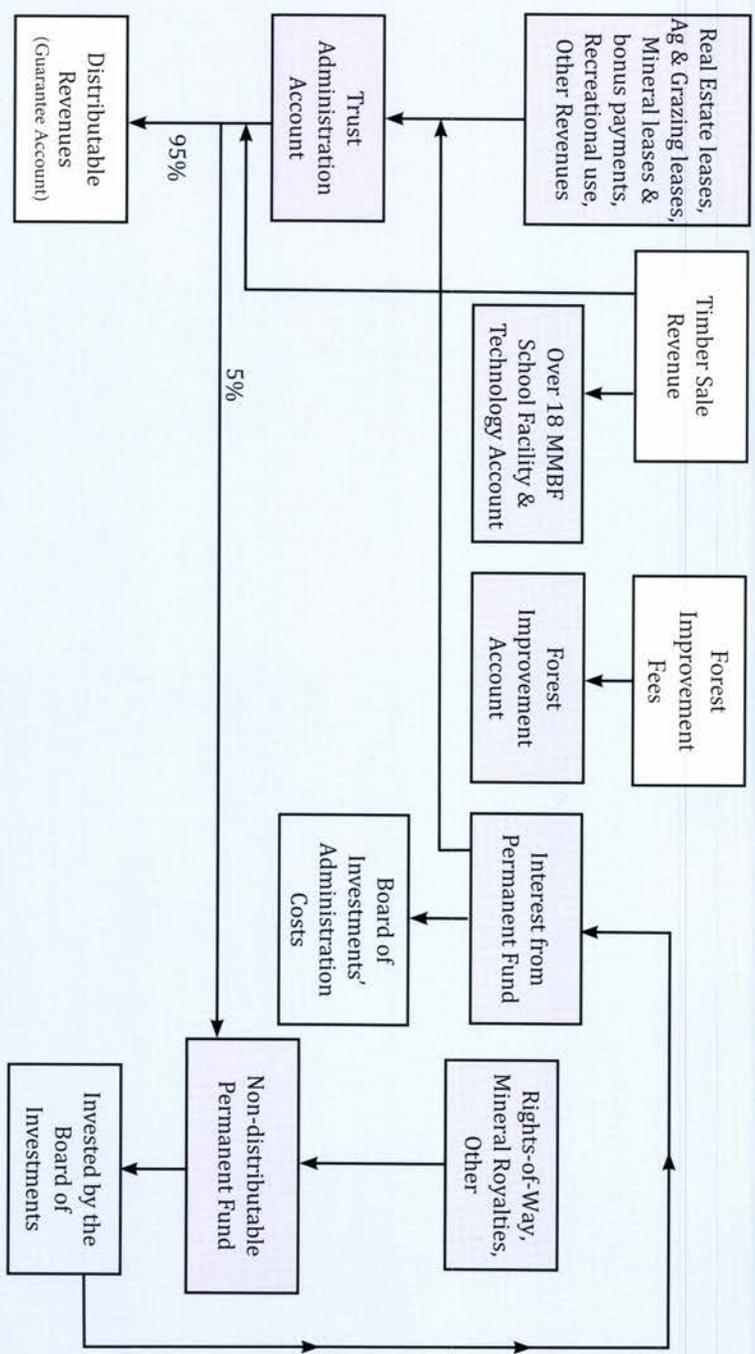
School Facility and Technology Account

The 2009 Legislature approved HB 152, which eliminated the Technology Acquisition and Depreciation Account and replaced it with the School Facility and Technology Account. This account contains certain revenues from the sale of timber on Common Schools' land, as defined in 20-9-516, MCA. In FY 2014, the TLMMD generated \$3,077,979 from the sale of timber on Common Schools' land (in excess of 18 million board feet (mmbf), and \$6,400 from a grazing lease and recreational use on the acquired land in the Potomac area. The School Facility and Technology Account is managed by the Department of Commerce.

Summary - Gross Revenues

In addition to management activities on behalf of trust beneficiaries, the Trust Land Management Division generated other revenues and distributions in FY 2014. The five-year summary presented in Table 6 shows gross revenues of more than \$114 million for all division activities. Total gross revenues generated by the division over the last five years are listed in Table 6. This table contains not only trust revenues, but also those revenues collected for other state entities, the General Fund, revenues generated to fund appropriations, and other miscellaneous revenues.

Figure 9
Distribution of Revenues from
Common Schools Trust Land FY 2014



**Table 6
Five-Year Summary of Gross Revenue Generated by Activity**

Activity	FY 2010	FY 2011	FY2012	FY 2013	FY 2014
Agriculture & Grazing Management					
Grazing Leases	\$ 6,483,884	\$ 6,625,329	\$ 8,262,292	\$ 10,238,748	\$ 11,607,840
Agriculture Leases	11,472,726	14,088,829	15,636,680	17,588,573	16,887,382
Totals	17,956,610	20,714,158	23,898,972	27,827,321	28,495,222
Recreational Use					
General Licenses	82,451	87,730	103,699	64,399	60,196
Conservation Licenses	899,076	838,256	872,696	899,378	889,294
Special Recreation Use Licenses	105,783	117,721	124,625	125,260	151,902
Totals	1,087,310	1,043,707	1,101,020	1,089,037	1,101,392
Forest Management					
Timber Sales	8,044,850	8,615,896	5,553,562	8,878,990	9,849,623
Forest Improvement Fees	1,196,307	1,880,335	1,619,921	1,625,748	1,354,379
Totals	9,241,157	10,496,231	7,173,483	10,504,738	11,204,002
Minerals Management					
Oil & Gas Revenues					
Rentals/Bonuses/Penalties	11,178,110	17,733,994	20,992,127	7,504,996	8,109,467
Royalties	15,633,063	15,315,513	16,563,133	19,944,734	21,836,231
Seismic Exploration	1,361	11,700	10,115	10,730	5,688
Aggregate Minerals					
Rentals/Bonuses	0	200	500	3,940	200
Royalties	181,605	138,827	788,591	949,571	947,294
Coal					
Rentals/bonuses	85,911,425	67,015	71,555	3,638,715	55,725
Royalties	4,984,163	8,497,021	7,400,024	6,803,308	8,130,763
Other Minerals					
Rentals/Penalties	28,856	14,514	17,739	16,003	17,398
Royalties	142,123	2,271	2,692	1,682	13,574
Totals	118,060,706	41,781,055	45,846,476	38,873,679	39,116,340
Real Estate Management					
Rights-of-way/Easements	562,214	566,817	952,198	5,618,211	1,991,686
Residential Leases/Licenses	1,684,926	1,816,222	1,978,372	2,156,384	2,262,202
Other Leases/Licenses					
Commercial	1,181,581	1,253,421	1,556,316	1,308,690	1,531,681
Conservation	107,389	93,684	94,506	94,529	93,763
Other	23,166	81,712	64,876	75,571	588,696
Hydro Leases/Navigable Rivers	4,173,273	4,432,014	4,382,113	4,504,391	4,573,022
Totals	7,732,549	8,243,871	9,028,381	13,757,776	11,041,050
Other					
Trust and Legacy Interest	23,063,986	23,100,274	24,209,865	23,216,495	23,285,811
Other Revenues	271,015	220,933	333,773	215,258	175,011
Totals	23,335,001	23,321,207	24,543,638	23,431,753	23,460,822
TOTALS	\$ 177,413,333	\$ 105,600,229	\$ 111,591,970	\$ 115,484,304	\$ 114,418,828

Revenue Distribution - Common Schools, Universities, and Other Trusts

The distribution of revenues generated from Common Schools trust land is illustrated in Figure 9. From the distributable receipts, a small percentage is used to fund the Trust Administration Account (see Table 5). Ninety-five percent of the remaining distributable revenue is distributed yearly to the state Guarantee Account for use by public schools of the state. The Permanent Fund comprises the other 5 percent, together with non-distributable revenue.

The interest earned on the Permanent Fund is also distributed to the Guarantee Account for use by public schools, with the exception of 5 percent, which is returned to the Permanent Fund for reinvestment.

Distribution of Revenues from Common Schools Trust Lands FY 2014

Distribution of revenues to the university trusts and other trusts is similar to that of the Common Schools trust. The exception is the MSU-Morrill Grant, whose administrative costs are funded by the General Fund (House Bill 19, 2007 legislature). For the University System trusts, timber sale revenues are considered distributable. The Public Buildings trust does not have a permanent fund; therefore, remaining receipts are distributed to the Department of Administration.

In addition to state trust land, the division manages some land for other agencies. Revenue generated from other agency land is transferred directly to the appropriate state agency.

APPENDIX

Table 7: Acres by Trust

Trust	Surface Acres*	Mineral Acres*
Common Schools	4,625,271	5,598,150
University of Montana	16,844	33,754
MSU - Morrill Grant	63,424	77,929
MSU - Second Grant	32,006	46,918
Montana Tech	59,360	86,267
State Normal School	62,898	80,135
School for the Deaf and Blind	36,461	41,171
State Reform School	67,296	73,488
Veterans Home	1,417	1,276
Public Buildings	184,527	172,323
Acquired Lands	32,295	0
Sir Trust**	<u>2,600</u>	<u>0</u>
	5,184,399	6,211,411

* TILMS Acreage Query as of 8/4/2014. Mineral acres are based on Oil & Gas acres

** Sir Trust is split equally between the School for the Deaf & Blind, the Montana Developmental Center, and the Montana State Hospital



Beaverhead County — Photo by John Reddy



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