CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Sale #567--Watson Land Banking Nominations – 2009 review
Proposed Implementation Date:	2009
Proponent:	This tract was not officially nominated by the lessee. DNRC approached the lessee, and no interest in purchasing the tract was expressed. If this project moves forward, it is as a DNRC nomination.
Location:	Sale # 567; E2NWSWSW, SWSWSW, sec, 11, T9N, R6E; 15 ac.
County:	Meagher County
Trust:	Common School Grant

I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, up to 15 acres of state land currently held in trust for the benefit of the Common School Trust. 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 Trust. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature, and updated by the 2007 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. *(These tracts were nominated at that time and are now being considered as part of an ongoing process of Land banking sales.)*
- Legal notices were published in the Great Falls Tribune and the Helena IR (12/28 & 31/2008), the Meagher Co. News (1/1 & 8/2009) and in the Whitehall Ledger (12/31/2008 & 1/7/2009).
- 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 B.
- Follow-up contacts were made by phone, mail, or email with parties requesting additional information. These are also included in Attachment B.
- The tracts were also posted on the DNRC web page at, http://dnrc/mt.gov//TLMSPublic/LandBanking/LBTest.aspx

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 entire existing land ownership pattern and would not sell the tracts included in this proposal.

Alternative B (the Proposed action) – Under this alternative, the Department would request and recommend approval by the Land Board to sell the proposed tract encompassing a total area of 15 acres. 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. *(The State would then review available lands for sale which would generally have access and an increased potential for income. A separate public scoping and review would be conducted when a potentially suitable parcel was found. It is not possible for this analysis to make any direct parcel to parcel comparisons.)*

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. The proposal does not involve any on the ground disturbance, so there are no soil effect differences between the alternatives. The State does own, and would retain ownership of, all mineral rights. The purchaser of the surface does not acquire the legal right to place restrictions on development of the mineral estate.

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.

There is no natural surface water on the tract. There is an irrigation ditch across the north side of the tract. DNRC has a late claim water right from this source.

Existing water rights of record are shown below.

legal	Water right no.	holder	purpose	source	Priority date
Source in 13, T9N, R6E	41J 215238-00	DNRC	Irrigation on 15 ac.	N. Fork Smith River	6/30/1973 *Late Claim*

If sold, the water rights held by the state would be transferred to the purchaser.

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 proposal does not include any on-the-ground activities, or changes to activities. No effects to air quality would occur.

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.

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 land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. The tract has two leases, one is for lawn space (a gross area of 5 acres) an unfenced remnant of land between a house and the junctions of the roads. The grazing lease is for the other 10 acres, though it is a grazing lease only in name. For all practical purposes, it is a small horse paddock, heavily used with only 2 AUM assessed per year. 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.

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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.

These lands provide habitat typical of surrounding lands for a variety of species common to this area, Elk, Mule Deer, Whitetail Deer, upland game birds, raptors, coyote, fox, badger, songbirds, etc. The proposal does not include any land use change which would yield changes or effects to the wildlife habitat.

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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 NRIS was conducted, as well as tract specific requests for concerns being made to MT FWP.

The NRIS search listed Sage Grouse, Sage Sparrow, and Wolf. There is no sage brush here, and these lands are basically back yard areas between homes on the outskirts of White Sulphur Springs and no suitable habitat for these species is present.

The proposal does not include any activities which would alter any habitat, so no effects are expected in any alternative.

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10. HISTORICAL AND ARCHAEOLOGICAL SITES:
Identify and determine effects to historical, archaeological or paleontological resources.

The kinds and quantities of cultural and paleontologic resources on the parcels nominated for Land Banking are currently unknown on most of the tracts. If the Land Board approves continued review of these tracts, a full inventory would be completed prior to sale of any of these tracts and the mandates of the Montana State Antiquities Act would be complied with.

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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 tracts are visible from other adjacent lands and from public roadways. The state land does not provide any unique scenic qualities not also provided on adjacent private lands. The proposal does not include any on-the-ground activities, so there would be no change to the aesthetics in either alternative.

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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.

There are 5,162,365 acres of Trust land surface ownership in Montana *(TLMS power search, 2/22/2009).* Approximately 4,677,265 acres are in the Common School Trust, statewide. There are approximately 90,881 acres of Trust Land in Meagher County. This proposal includes 15 acres.

There are additional tracts of state land currently under consideration for sale through the Land Banking Program on a statewide basis. Each of these tracts is at a different stage in their review process, and is being examined under separate analysis. The authorizing legislation has placed a cap on the total land banking sales of 100,000 acres statewide. As of the end of January 2009, sold lands total 28, 871 acres and purchased lands total 31,283 acres (a net gain part way through the program of 2,412 acres). The total of all lands currently under consideration within the Helena Unit is 8,792.34 acres.

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.

The State originally owned 80 acres in the S2SW, sec. 11, T9N, R6E; acquired in 1925. In 1963, the tract was divided into lots, mostly 5 acres in size and everything except the current surface ownership was sold.

The Helena Unit is currently reviewing 21 tracts for land banking, with these reviews organized into 12 separate EAs segregated by lessee. As noted above, the total acreage of all these proposals is 8,792.34 acres. The majority of the lands currently under review in the Helena Unit are in Meagher County (7,994.11 ac.), with one tract of 640 acres in Jefferson County, and two small tracts totaling 158.23 ac. in Lewis & Clark Co.

If the decisions result in the sale of all of these proposed lands, the total lands sold statewide would increase from 28,871 to about 37,663 (<38% of the amount currently allowed by Law). *(HB 402, currently being debated by the 2009 Montana Legislature is proposing revisions to the land banking laws regarding the acreage maximum and sunset date.)*

IV. IMPACTS ON THE HUMAN POPULATION

- *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.*

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.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

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

The following leases, licenses or easements exist upon these proposed land banking lands.

County	Legal	Acres	Uses
Meagher	E2NWSWSW, E2SWSWSW, sec, 11, T9N, R6E	10	Grazing, L-9801
Meagher	W2SWSWSW, sec, 11, T9N, R6E	5	Lawn space, L-4264
Meagher	E2NWSWSW, SWSWSW, sec, 11, T9N, R6E	4.34	DOT easement, D-02021
Meagher	E2NWSWSW, SWSWSW, sec, 11, T9N, R6E	7.02	DOT easement, D-03971

This proposal does not include any specific changes to these activities, except that DNRC would no longer be leasing/licensing these activities.

No direct or cumulative impacts are anticipated as a result of the proposal.

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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.

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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.

As State Trust lands, these properties are tax exempt. If the parcel in this proposal is sold, and use continues unchanged, Meagher County would receive additional property tax revenues as shown below. *(Estimated tax revenues were provided by the Meagher Co. Appraisal/Assessment Office.)*

Legal	Est. tax revenue
E2NWSWSW, SWSWSW, sec, 11, T9N, R6E	$4.25

It is of course likely that the land would be converted to a residential use if sold, in which case the County would realize higher tax values.

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

No traffic changes would be anticipated. Wild land fire protection is currently provided for these Trust lands through the County Co-operative Fire Agreement with Meagher County. If sold, these lands would continue to receive fire protection from the County.

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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 these lands.

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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.

State Trust lands which are legally accessible to the recreationist are available for general recreational use with the purchase of a General Recreational Use License. Through agreement with FWP, activities associated with hunting, fishing, and trapping are allowed on legally accessible state lands through the purchase of the Conservation license. Other types of recreational use require either a “State Land Recreational Use License”, or a “Special Recreational Use License”, depending upon the type of use.

In general, there a 4 methods of gaining legal access for recreational purposes.

1. Access via a public road or easement for public access.
2. Access via a recreationally navigable river.
3. Access via other adjacent public lands, when there is a legal access to those lands.
4. Access via permission of an adjoining landowner.

Technically, this parcel has legal access. A significant portion (11.36 ac.) of this 15 acre ownership is road and highway easement where a curve and intersection exist. The Special lease area for lawn space is categorically excluded from recreational use. The "grazing" lease is basically a paddock for horses in a back yard space between existing houses. There is no recreational use value to this parcel.

If the lands are sold, access for recreational purposes would only be conducted with permission of the new landowner. It is anticipated, and a program objective, the replacement lands purchased with the land banking funds be accessible to the public

As of the end of January 2009, 97.6% of the 28,871 acres sold through this program have been inaccessible and 100% of the 31,283 acres purchased have public access. There is however no guarantee that lands which would benefit the Trust would be available for purchase by the DNRC in this area, or even in this County.

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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 proposal does not include any changes to housing or developments. There would potentially be space for the development of one house on the tract. No effects are anticipated.

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22. SOCIAL STRUCTURES AND MORES:
Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

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23. CULTURAL UNIQUENESS AND DIVERSITY:
How would the action affect any unique quality of the area?

The State Trust lands in this proposal are currently managed for grazing and yard space uses. The State lands are generally indistinguishable from the adjacent private lands, with no unique quality.

The potential sale of the state land would 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.

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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.

An appraisal of the property value has not been completed to date. **The following estimations are based upon the Department fee schedule estimates of land values, by County and land type.** Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. If approved for sale, the revenue generated 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.

Fee Schedule Land Value and Income Per Acre

Legal	Fee Schedule land value/acre	Estimated 2009 income	Income per acre whole tract average
Portion in SWSW 11, T9N, R6E	$1000/ac on 15 ac. *However, only 3.64 acres are free from the encumbrance of DOT easements.*	$175/yr for lawn space Minimum of $102.40 for grazing Total $277.40 for 2009	$18.49/ac.

The statewide stocking rate for grazing land on 4.3 million acres averages .26 AUMs per acre or a total of 1.11 million AUMs (2006 DNRC Annual Report). 2008 statewide grazing land net revenue was $7.238 million on 4.078 million grazing acres for an average income of $1.77 per acre (2008 DNRC return on asset value report). 2008 state wide agricultural land net revenue was $11.751 million on 572,919 acres for an average income of $20.51 per acre (2008 DNRC return on asset value report).

The previous lessee did not renew the grazing lease on this tract, when it expired on 2/28/2009. The Department had set the renewal rate at $102.40/yr, and one competitive bid of at least this much has been received. At this time, the actual bid amount is still proprietary, awaiting signing of the new lease. Income estimate is based on the known minimum bid, which was exceeded. (See above table)

Another method to compare the productivity of a tract is to consider the return on the asset value. The "Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2008" describes a formula for this calculation. This formula calculates the net revenue (gross income less expenses), and the asset value change (current year land value less previous year land value), adds these together, and divides by the previous year land value, to provide a percentage annual return on the asset. *(See page 10 of the report for this formula.)* For the comparison of asset value return on revenue, only the net revenue side of the equation is used. The statewide average annual rate of return from revenue only, by source, for 2008 are as follows.[1]

2008 Statewide Averages

Source	Net Revenue/Assets
Agriculture	3.3%
Grazing	0.3%
Real Estate (Special Uses)	5.1%

A weighted average of these values for this tract would be 1.90%. Using the fee schedule land values as noted above, the estimated 2009 income by tract, and the State wide average expenditures for grazing and agricultural management ($0.39/ac.), the comparable net revenue rate of return on the assets for these tracts are as follows.

tract	acres	Est. Value/Acre	Land value	Estimated 2009 Total income	Average Management Cost	Net Revenue/Asset Value
Part of 11, T9N, R6E	15	$1000	$15,000	$277.40	$5.85	1.81%

The lands in this parcel, at the estimated income rate, are close to average for revenue to asset value. The new bid on the grazing lease is above the bid minimum, moving this estimate closer to, or perhaps above average.

[1] Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2008, pg 14.

EA Checklist Prepared By:	Name: D.J.Bakken	Date: 3/23/2009
	Title: Helena Unit Manager	

V. FINDING

25. ALTERNATIVE SELECTED:

I have selected the Proposed Alternative B, 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. This parcel 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 is no indication it would produce substantially greater revenue or have substantially greater value to the trust in the near future.

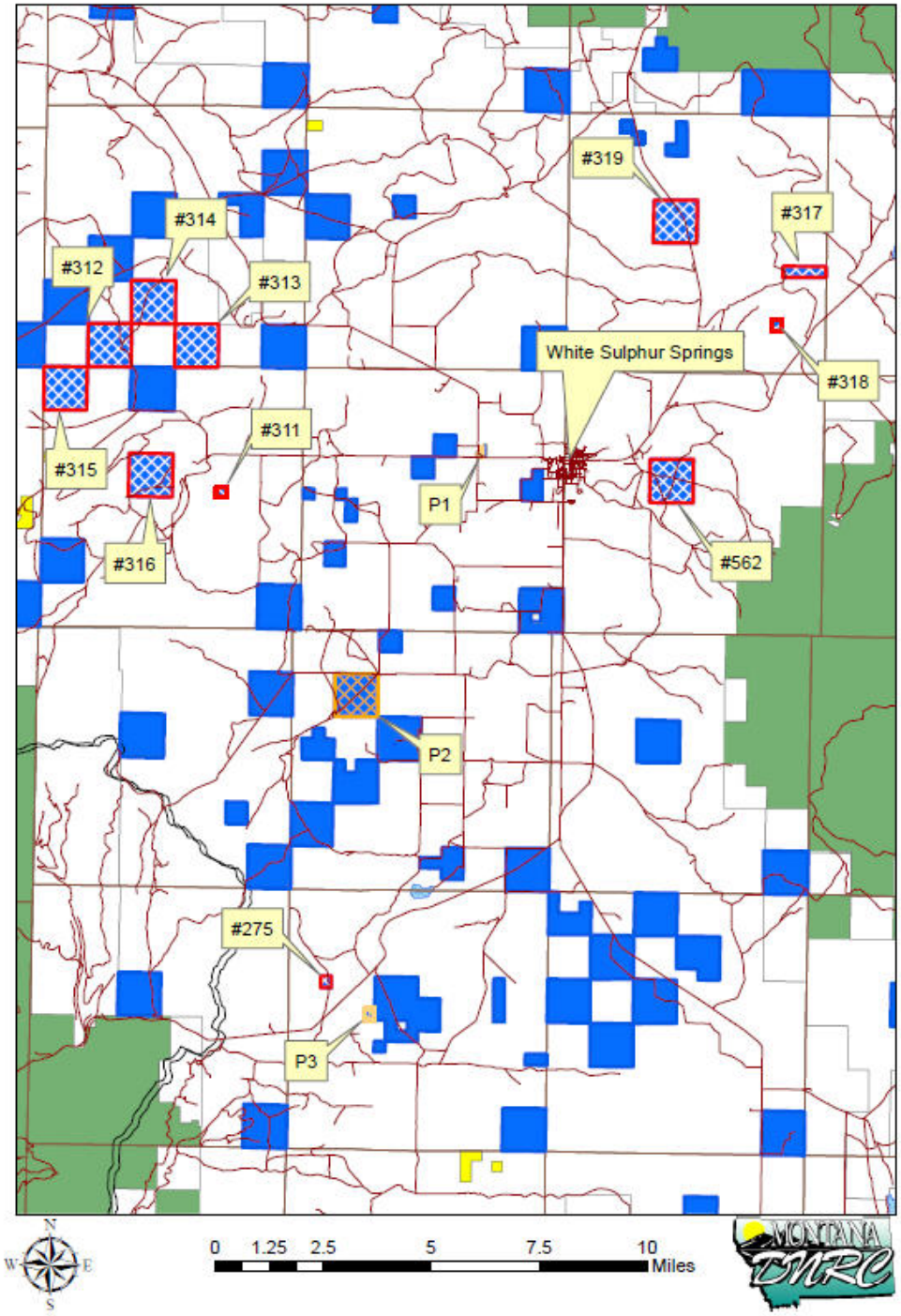
The parcel is legally accessible for recreational purposes, however due to its proximity to the highway and residential structures; the discharge of firearms on the parcel is prohibited. Consequently there is limited recreational opportunity associated with the tract. If sold, the state lands are likely to be managed in a manner consistent with surrounding lands.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

[ ] EIS [ ] More Detailed EA [X] No Further Analysis

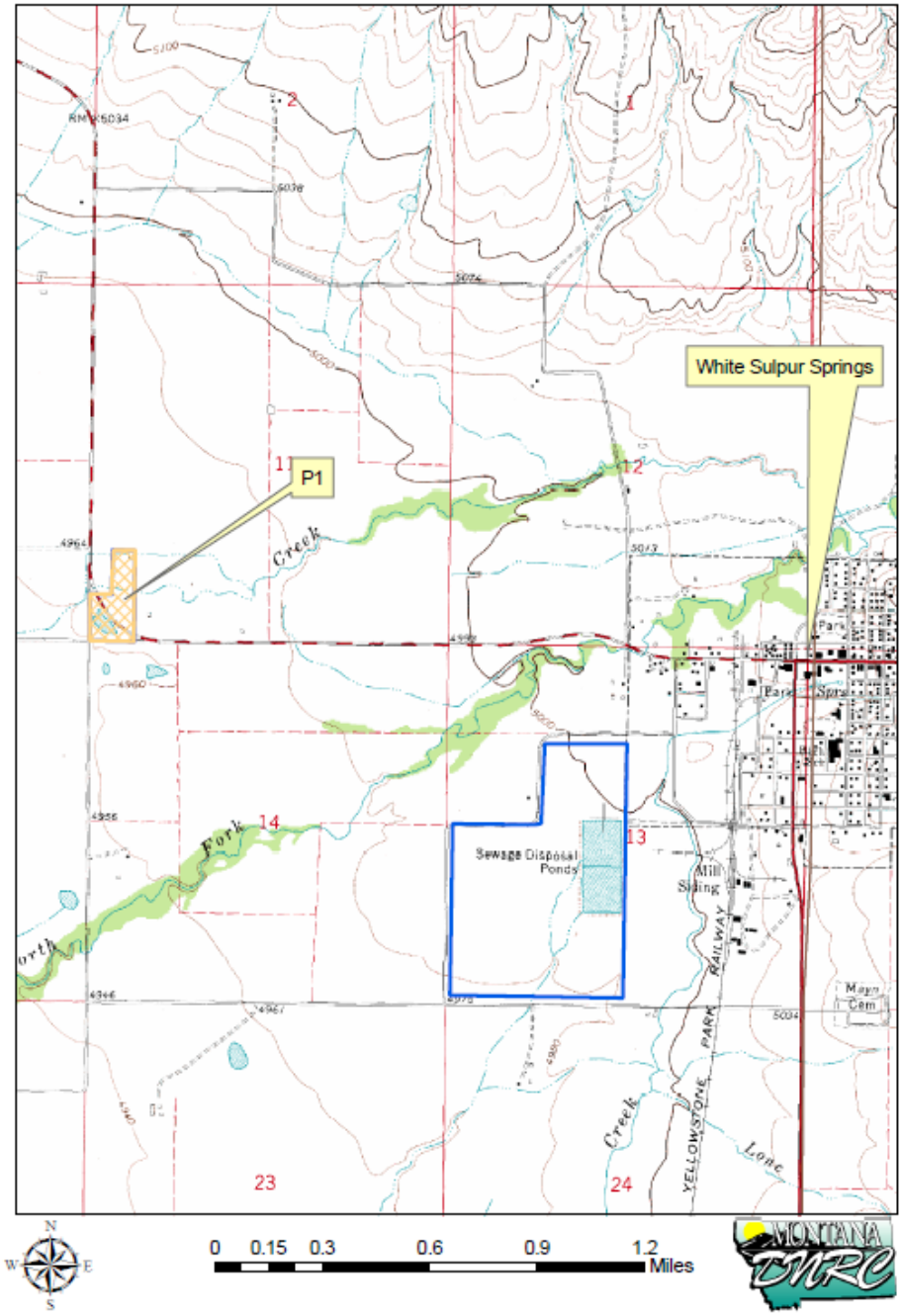
EA Checklist Approved By:	Name: Garry Williams	
	Title: Area Manager, Central Land Office	
Signature: Garry Williams		Date:
/s/ Garry Williams		June 15, 2009

White Sulphur Springs Area



P1 on map is sale # 567.

Land Banking Proposals



P1 is Sale 567.

Land Banking Proposals

0 0.025 0.05 0.1 0.15 0.2 Miles

Legend

- watson
- helena unit lands

Watson Tract 11, T9N, R6E

0 0.026.05 0.1 0.15 0.2 Miles

Legend

DOT_Easement_Watson_2009

watson

Attachment B

Land Banking Contacts
2009 Helena Unit Proposals

Person	Organization	Person	Organization
Commissioners	Meagher Co. Commissioners	Commissioners	Jefferson Co. Commissioners
Commissioners	Lewis & Clark Co. Commissioners		
Scott Mendenhall	HD 77	Dave Lewis	SD 42
Harry Klock	HD 83	Terry Murphy	SD 39
Mike Miller	HD 84	Rick Ripley	SD 9
Russell Bean	HD 17		
Marvin & Verna Steinbach		Rocky Harbor - Dearborn Ranch	
Ed Fryer Manager-Castle Mountain Ranch		Hubert Plymale	
John Goodrich Checkerboard Cattle Company		Catlin Ranch, LP	
PMB Investments, LLC		David and Christine Raschke	
Carol Hatfield-USFS		Holliday Land & Livestock Company	
Bill Galt -Galt Ranch		Attn: Ken Wilsin, III Stone Temple Ranch, LLC	
Brian Bodell		Harley R. Harris Luxan & Murfitt Office	
Brian Bodell		Doug Salsbury – Tomahawk Ranch	
Loney Family Trust		Errol Galt – 71 Ranch	
Robert Zoellner, Sr.		Doug and Zita Caltrider	
Chris and Nora Hohenlohe –Oxbow Ranch		John and Shannon Barrett	
Ken and Dayna L. Ogle		Ronald Jackson	
Theda and Jerry Churchill		Lanita & Randal Wheeler	
Pamela Grace Johnson		Frederick Buckingham	
Howard Dixon		Richard and Ardith Lester	
Jeff and Virginia Kinnick		Robert Rantala	
James and Roxana McClelland		Charles Reed	
David and Laura Ellington		Tom Watson	
Nancy O'Neill		Edwin Bodell	
Darrel and Jacqueline Zillmer		McGuires' South Fork LLC	

Larry Sickerson		Alex Sandru	
Paul Amos		No name given - Rancher by Silver Star, MT	
Justin Powell		Mark Hamlen	
Ron Alles – L&C Co.		Andy Celander	
LaMonte Schnur		Don DeGroft	
Jean Briggs		Shannon Guse	
City of WSS			
Mary Sexton	DNRC Director	Tom Hughes	DNRC Hydrologist
Joe Lamson	DNRC Deputy Director	Pat Rennie	DNRC Archaeologist
Tom Schultz	DNRC TLMD	Sonya Germann	DNRC FM-Planner
Kevin Chappell	DNRC Ag./Grz. Mngt.	Hugh Zacheim	DFWP
Monty Mason	DNRC Mineral Mngt.	Pat Flowers	R-3 DFWP – Regional Supervisor
Shawn Thomas	DNRC Forest Mngt.	Kurt Alt	FWP – Wildlife Manager
Jeanne Holmgren	DNRC Real Estate Mngt.	Gary Bertellotti	R-4 DFWP – Regional Supervisor
John Grimm	DNRC Land Banking Supervisor	Graham Taylor	FWP – Wildlife Manager
Shane Mintz	DOT	Tom Ellerhoff	DEQ
Ann Hedges	Montana Environmental Information Center	Bob Vogel	Montana School Boards Association
Bill Orsello	Montana Wildlife Federation	Daniel Berube	
Stan Frasier	Montana Wildlife Federation	Ellen Engstedt	Montana Wood Products
Larry Copenhaver	Montana Wildlife Federation	Harold Blattie	Montana Association of Counties
Craig Sharpe	Montana Wildlife Federation	Janet Ellis	Montana Audubon Society
Nancy Schlepp	Montana Farm Bureau Federation	Glenn Marx, Executive Director	Montana Association of Land Trust (MALT)
Ray Marxer	Matador Cattle Company	Leslie Taylor	MSU Bozeman MSU Morrill (ACI)
Caroline Sime	The Wildlife Society, Montana Chapter	Linda McCulloch &	Common School Trust (CS)
Jack Atcheson, Sr.		Steve Gettel, Superintendent	School for the Deaf & Blind (DB)
Tribal Historic Preservation Office	Confederated Salish & Kootenai Tribe	Mike Ferriter, Director	State Industrial School (SRS)