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Ref: JS061-12
August 2, 2012

Ladies and Gentlemen:

Montana Fish, Wildlife & Parks (FWP) proposes the purchase of one or more conservation easements, referred to as the Kootenai Valleys Conservation Easement Project, to protect approximately 28,000 acres of highly productive timberland and important fisheries and wildlife habitat in the far northwest corner of Montana near the City of Troy. The property is owned by the Stimson Lumber Company, Inc.

The draft environmental assessment is out for a 30-day public review through August 31, 2012. A public meeting will be held at the **Troy High School auditorium, 116 E Missoula, in Troy on August 22, 6:30 p.m.,** beginning with a 30-minute open house. FWP staff will also be presenting the project to the Lincoln County Planning Board on **August 21, 5:30 p.m., in the Ponderosa Room, Libby City Hall, 952 Spruce Street, in Libby**. The public is welcome to attend either meeting.

Please direct written comments to Nancy Ivy, FWP Region One, 490 N. Meridian Road, Kalispell, MT 59901 (nivy@mt.gov). For questions, contact Gael Bissell (gbissell@mt.gov) (406-751-4580) or Alan Wood (awood@mt.gov) (406-751-4595) in the Kalispell FWP office.

Sincerely,

James R. Satterfield, Jr.

James R. Satterfield Jr., Ph.D.
Regional Supervisor

/ni
Enclosure
c: *Governor's Office, Attn: Sheena Wilson, PO Box 200801, Helena, MT 59620-0801
*Environmental Quality Council, Capitol Building, Helena, MT 59620-1704
*Dept. of Environmental Quality, Planning, Prevention & Assistance, PO Box 200901, Helena, MT 59620-0901
*Dept. of Environmental Quality, Permitting Compliance, PO Box 200901, Helena, MT 59620
*Montana Fish, Wildlife & Parks: Director's Office, Legal Unit, & Fisheries

*MT Historical Society, State Historic Preservation Office, 225 North Roberts, Veteran's Memorial Bldg., Helena, MT 59620
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*Montana State Library, 1515 East Sixth Ave., Helena, MT 59620-1800
*Montana State Parks Association, PO Box 699, Billings, MT 59103
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*Joe Gutkoski, President, Montana River Action Network, 304 N 18th, Bozeman, MT 59715
*Senator Chas Vincent
*Representatives Gerald Bennett & Mike Cuffe
Lincoln County Commissioners, 512 California Avenue, Libby, MT 59923
Interested parties

*E-mailed

Draft Environmental Assessment
for the
Kootenai Valleys Conservation Project

August 2012

Montana Fish, Wildlife & Parks

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Abbreviations

BPA	Bonneville Power Administration
BMP	Best Management Practices
CEIC	Census and Economic Information Center
CMZ	Channel Migration Zone
DNRC	Montana Department of Natural Resources & Conservation
FLP	Forest Legacy Program
FWP	Montana Fish, Wildlife & Parks
HCPLAP	Habitat Conservation Plan Land Acquisition Program
MCA	Montana Code Annotated
MEPA	Montana Environmental Policy Act
MOA	Memorandum of Agreement
MRMP	Multi-Resource Management Plan
MTDEQ	Montana Department of Environmental Quality
NFHCP	Native Fish Habitat Conservation Plan
RIZ	Riparian Influence Zone
SFI	Sustainable Forest Initiative
TPL	The Trust for Public Land
USDA	U.S. Department of Agriculture
USDI	U.S. Department of Interior
USFS	U.S. Forest Service
USFWS	U.S. Fish and Wildlife Service

1.0 PURPOSE OF AND NEED FOR ACTION

1.1 PROPOSED ACTION

Montana Fish, Wildlife & Parks (FWP) proposes the purchase of one or more conservation easements, referred to here as the Kootenai Valleys Conservation Easement Project, to protect approximately 28,000 acres of highly productive timberland and important fisheries and wildlife habitat in the far northwest corner of Montana near the City of Troy. The property is owned by the Stimson Lumber Company, Incorporated (Stimson).

In an option agreement between Stimson and Trust for Public Land (TPL), Stimson has agreed to sell one or more conservation easements that would explicitly recognize and permit the continued use of the project lands for commercial timber and resource management in a manner that is compatible with existing conservation values that the easement(s) is designed to protect. After exercising its option, TPL plans on direct-deeding the conservation easement(s) to FWP for long-term monitoring and enforcement.

These project lands consist of forested valley bottoms rising to steep mountain slopes, with numerous wetland and riparian habitat features providing important habitat for bull trout, westslope cutthroat trout, grizzly bears, Canada lynx, black bears, deer, elk, moose, and other native fish and wildlife. They also provide for various outdoor recreation opportunities such as hunting, fishing, hiking, mountain biking, berry picking, and horseback riding.

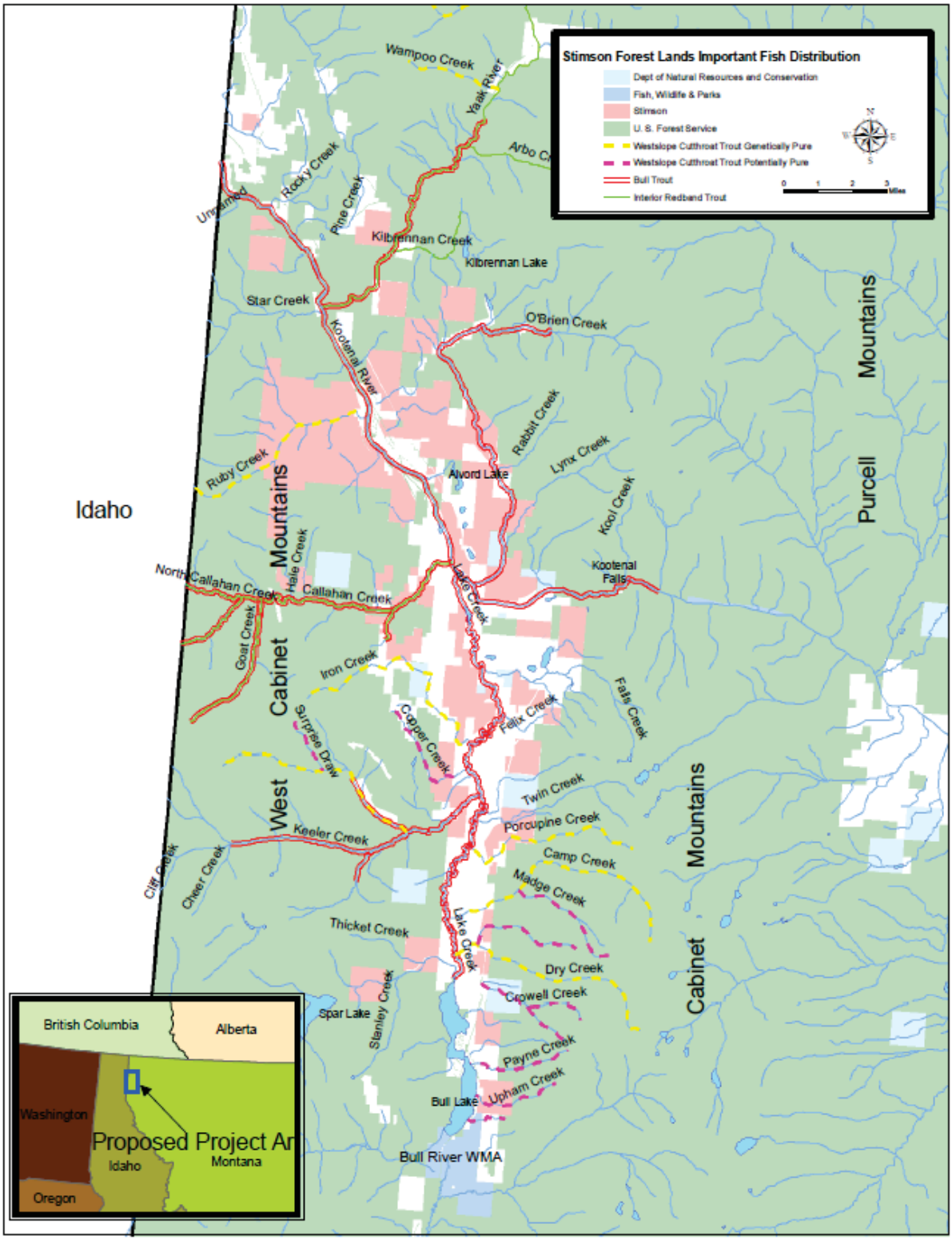
The primary objectives of the Kootenai Valleys Conservation Project are to:

- Maintain working forests.
- Conserve important fish and wildlife habitat.
- Maintain public recreation access.

The Kootenai Valleys lands are located within Lincoln County in the extreme northwest corner of Montana near the Idaho border. They consist of various parcels stretching from the south end of Bull Lake, north through the Lake Creek drainage to the City of Troy, and then northwest along both sides of the Kootenai River all the way to the Idaho border (Fig. 1).

The Lands are intermingled with other private land, State Trust lands managed by the Montana Department of Natural Resources and Conservation, and public lands administered by the U.S. Forest Service, Kootenai National Forest. The individual or contiguous parcels range in size from approximately 22 to 7,200 acres. See Appendix A, Exhibit A, for a complete list of the parcels' legal descriptions.

Fig.1. Map of the Kootenai Valleys Project Lands in northwest Montana and the streams that provide important habitat for the five fish species. Project parcels are noted in pink.



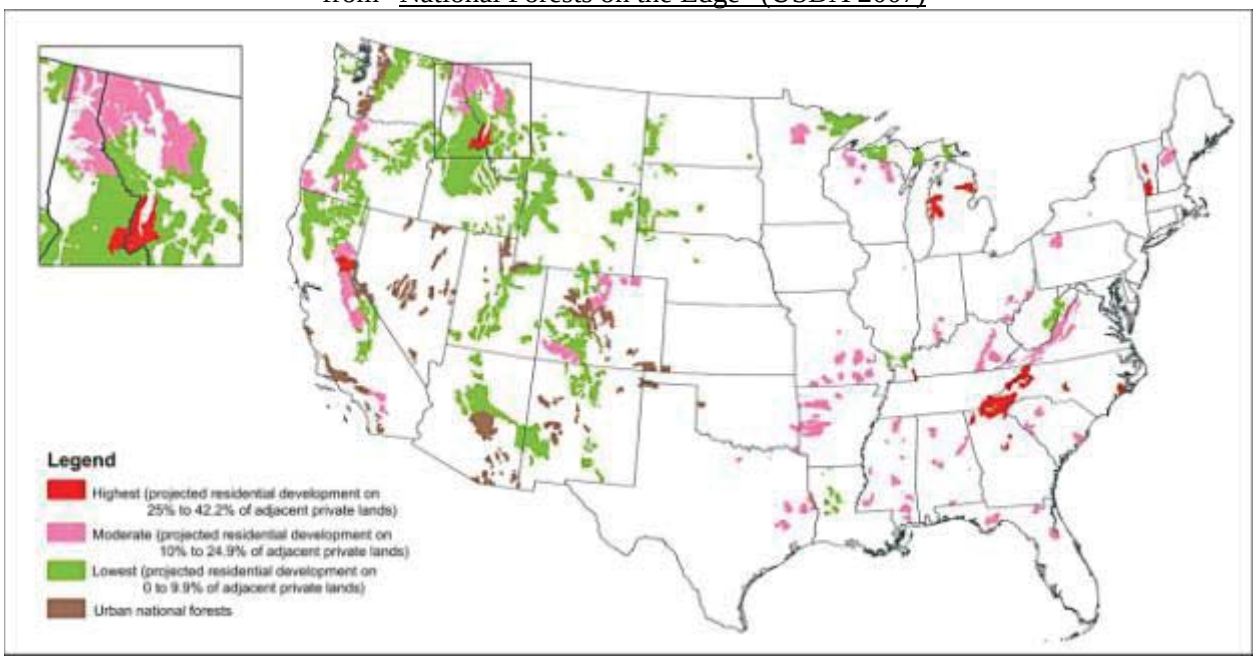
1.2 NEED FOR ACTION

The Kootenai Valleys project lands are vulnerable to development. The demand for subdivision land in the area was strong prior to 2008, but has wavered since the recent economic downturn. However some subdivision has continued to occur in and near the town of Troy over the past 3-5 years. Additional small residential developments have been occurring along the Lake Creek corridor, near Bull Lake and along O'Brien Creek, with most of the development in this area occurring on lands that Plum Creek Timber Co., Inc., (Plum Creek) sold to a developer in 2006.

For now, Stimson has identified its Troy/Lake Creek lands, along with an additional 14,500 acres (mostly scattered between Missoula and the Idaho border) as "strategic holds." While these lands have superior timber growing values, there is no guarantee that the company would not list them for sale as well. Stimson has already closed its only two mills in Montana, shuttering its Libby mill in 2002 and its Bonner mill in 2008.

The project lands are adjacent to and in many cases entirely surrounded by lands managed by the Kootenai National Forest. In a 2007 study entitled "National Forests on the Edge," the U.S. Forest Service (USFS) identified national forests throughout the country facing the most increased risks and alterations from escalating housing development on private rural lands along their boundaries. As indicated on the map below, the Kootenai Valleys project lands were identified as a moderate risk area where development growth rates on adjacent private lands was projected to be between 10% and 25% (USDA 2007).

Fig. 2. Risk of development on private lands bordering National Forest lands
from "National Forests on the Edge" (USDA 2007)



In Lincoln County, where the project lands are located, almost three-quarters of the total land area are in the public domain and managed by the Kootenai National Forest. Industrial timber companies own another 12.5%, with other private parties only owning 9.2%. The remaining balance (4.8%) is either covered by water or owned by the state of Montana and other federal agencies.

With so much land in public ownership, a future threat in this corner of the state is the gradual conversion of its industrial forestlands into residential and recreational subdivisions. This rural part of Montana is relatively close to neighboring urban centers in Idaho (Spokane/Coeur d'Alene/Sandpoint) and British Columbia (Cranbrook/Nelson). In the 2009 Lincoln County Growth Plan, the authors note the county has seen an influx of people seeking second/vacation homes. This is occurring primarily in the Tobacco Valley area that is seeing a strong Canadian influence and the Thompson Chain of Lakes areas where Plum Creek Timber Company lands are being developed for vacation/residential properties (Lincoln County 2009). However, this conversion from industrial forestlands to recreational homes could occur on some of the project lands if Stimson ever decides that a sell-off is a wise business strategy.

Lincoln County's overall population has actually increased a bit in recent years (18,820 in 2000 to 19,670 in 2010). Subdivision activity in the county still occurs although not as strongly as in previous years. Expansion of subdivisions in the project area could further reduce public access to areas that were historically open to fishing, hunting, and other recreational opportunities as has happened over the last ten years. Additionally, an increasing number of homes and developments in Lincoln County have occurred in unincorporated areas in the Wildland-Urban Interface, which can strain the county's ability to provide fire protection services to these dispersed areas (Lincoln County 2009).

The Stimson parcels are covered by the Native Fish Habitat Conservation Plan (NFHCP), which was put into place by Stimson's predecessor, Plum Creek Timber Company (Plum Creek), and the U.S. Fish and Wildlife Service (USFWS) in 2000. The NFHCP Land Use Planning Commitments currently limits the amount of development that can occur on any covered lands, but these restrictions go away when the NFHCP expires in 2030. Stimson, at its sole election, could also opt out of the NFHCP at any time. The conservation easement(s) contemplated in this project would continue the conservation benefits of the NFHCP into perpetuity.

The proposed Kootenai Valley Conservation Easement(s) project would encompass over 20.5 miles of perennial stream, 13.7 miles of which provide important habitat for four native fish species - bull trout, interior redband trout, westslope cutthroat trout, and mountain whitefish, and it would also help to protect approximately 1,000 acres in the watershed above Bull Lake, which is the only location in the project area where pygmy whitefish reside. Much of the funding for this proposed project would come from three federal programs that support working land conservation easement(s) that also provide meaningful benefits for native fish and wildlife habitat: the USDA Forest Legacy Program, the USDI Habitat Conservation Plan Land Acquisition Program, and the Bonneville Power Administration Resident Fisheries Mitigation Program.

1.3 RELEVANT AUTHORITIES, RELEVANT DOCUMENTS, AND OVERLAPPING JURISDICTIONS

1.3.1 Authorities

Montana Department of Fish, Wildlife & Parks: FWP has the authority under state law (87-1-201 Montana Code Annotated [MCA]) to protect, enhance, and regulate the use of Montana's fish and wildlife resources for public benefit now and in the future. In 1987, the Montana Legislature passed HB526 which earmarked hunting license revenues to secure wildlife habitat through lease, conservation easement, or fee-title acquisition (87-1-241 and 242 MCA). The Habitat Montana Program, developed as a result of legislation, provides direction to the FWP Commission for all FWP's wildlife habitat acquisition programs.

Montana State Statutes: Section 76-6-201 MCA authorizes the application of conservation easements to protect "significant open-space land and/or the preservation of native plants or animals, biotic communities, or geological or geographical formations of scientific, aesthetic, or educational interest." Section 76-6-206 MCA provides for the review of proposed conservation easements by local planning authorities to determine compliance with local growth policies. The proposed conservation easement would be submitted to Lincoln County in accordance with this requirement.

1.3.2. Relevant Documents

1993 and 2006 Grizzly Bear Recovery Plans:
The Kootenai Valleys project area is identified as a core recovery area in the USFWS's 1993 Grizzly Bear Recovery Plan (http://www.fws.gov/mountain-prairie/species/mammals/grizzly/Grizzly_bear_recovery_plan.pdf) and in FWP's Grizzly Bear Management Plan for Western Montana 2006-2016 (http://fwp.mt.gov/fwpDoc.html?id=25772).

1999 White Sturgeon Kootenai River Population Recovery Plan:
The Kootenai River, which flows through the project area, is identified as a critical recovery area for White Sturgeon in the USFWS's 1999 White Sturgeon Kootenai River Population Recovery Plan. http://ecos.fws.gov/docs/recovery_plan/990930b.pdf

2000 Montana Partners-In-Flight Bird Conservation Plan:
The Kootenai Valleys project area includes at least 44 priority bird species identified for protection in the Montana Partners-In-Flight Bird Conservation Plan.
http://www.partnersinflight.org/bcps/plan/mtpifplanv1.1.pdf

2002 Bull Trout Recovery Plan:
The entire project area is identified as a critical bull trout recovery area in the USFWS's 2002 Draft Bull Trout Recovery Plan for the Columbia and Klamath River Basins and its 2010 Revised Designation of Critical Habitat for Bull Trout in the Coterminous United States (50 CFR Part 17). These lands are also identified as core bull trout habitat by the Montana Bull Trout

Restoration Team in FWP's 2000 Restoration Plan for Bull Trout in the Clark Fork River Basin and Kootenai River Basin. http://www.fws.gov/pacific/bulltrout/recovery.html

2003 Montana Gray Wolf Conservation and Management Plan:
FWP obtained full authority to manage wolves in Montana upon the federal delisting of the Rocky Mountain gray wolf in May 2011. In preparation of assuming authority, Montana, Idaho, and Wyoming were required to develop conservation and management plans and adopt other consistent regulatory mechanisms in state law. This plan met that requirement and guides FWP management of the species.
http://fwp.mt.gov/fishAndWildlife/management/wolf/management.html

2004 Northwest Power and Conservation Council Kootenai River Subbasin Plan:
The Kootenai River Subbasin Plan was prepared for the Northwest Power and Conservation Council's Columbia Basin Fish and Wildlife Program by Kootenai Tribe of Idaho and FWP. It synthesized technical information for use in developing a multi-scale scientific framework to develop management strategies that address biological limiting factors. The Kootenai Valleys project provides important habitat for all six aquatic focal species (bull trout, westslope cutthroat trout, redband rainbow trout, kokanee salmon, burbot, and white sturgeon) as well as three of the four focal ecological community types (aquatic, wetland, and conifer forest) identified as conservation priorities in that plan.
http://www.nwcouncil.org/fw/subbasinplanning/kootenai/plan

2005 Montana Comprehensive Fish and Wildlife Conservation Strategy:
The project area supports habitat for the following Species of Greatest Conservation Need as identified by FWP and as set forth in its state wildlife action plan, formally known as the Montana Comprehensive Fish and Wildlife Conservation Strategy.
http://fwp.mt.gov/fishAndWildlife/conservationInAction

Grizzly bear	Northern leopard frog	Flammulated owl
Canada lynx	Common loon	Black-backed woodpecker
Gray wolf	Trumpeter swan	Bull trout
Townsend's big-eared bat	Harlequin duck	White Sturgeon
Coeur d'Alene salamander	Bald eagle	Westslope cutthroat trout
Western toad	Olive-sided flycatcher	Columbia Basin redband trout

2007 MOU and Conservation Agreement for Westslope and Yellowstone Cutthroat Trout in Montana:
The Kootenai Valleys project area is occupied habitat for westslope cutthroat trout and a target for recovery efforts per a 2007 Memorandum of Understanding and Conservation Agreement for Westslope Cutthroat Trout and Yellowstone Cutthroat Trout in Montana that was signed by a host of government agencies, nonprofit organizations, and other stakeholders.
http://fwp.mt.gov/fwpDoc.html?id=28662

Lincoln County Growth Policy (2009): The Growth Policy is an official county public document to help the public and elected officials identify goals and objectives, set priorities, and seek solutions to long-term issues. The Lincoln County Growth Policy addresses six individual elements (Population and Economy, Housing, Land Use Natural Resources, Public Facilities,

and Local and Social Services) and proposes an implementation strategy and action plan. http://www.lincolncountymt.us/planning/2009-LINCOLNCOUNTYGROWTHPOLICY.pdf

2009 Revised Designation of Critical Habitat for Canada Lynx:
Much of the project area is identified as a core recovery area in the USFWS's 2000 Canada Lynx Conservation Assessment and Strategy, the 2005 Lynx Conservation Agreement between the USDA Forest Service and the USFWS, and the Revised Designation of Critical Habitat for the Contiguous United States Distinct Population Segment of the Canada Lynx. http://www.fws.gov/mountain-prairie/species/mammals/lynx/criticalhabitat.htm

2010 Montana Bald Eagle Management Guidelines - An Addendum to the 1994 Montana Bald Eagle Management Plan: Bald eagles are known to nest near the proposed project areas and could potentially nest on project lands. The Management Guidelines were prepared in cooperation with the Montana Bald Eagle Working Group to provide recommendations for protecting bald eagle habitat and reducing the risk of potential violations of the federal Bald and Golden Eagle Protection Act. http://fwp.mt.gov/fwpDoc.html?id=44181

2010 Montana State Assessment of Forest Resources: This assessment identified "critical landscapes" for identifying where federal funding for private forestry assistance would be most beneficial. It was based on an evaluation of 11 different criteria to identify "critical landscapes" that meet these predefined criteria. The Stimson lands in this proposed conservation easement(s) are located in an area that was rated as the highest priority for forestland protection in the 2010 MT State Assessment of Forest Resources. http://dnrc.mt.gov/Forestry/Assistance/SARS.asp

1.3.3 Overlapping Jurisdictions

Bonneville Power Administration (BPA): BPA is committed to mitigating impacts of the federal hydropower system on fish, wildlife, and habitat. As a result, BPA Integrated Fish and Wildlife Program funds projects to make dams safer for fish, restore damaged habitat, and protect threatened lands in the Columbia River Basin. FWP has submitted a grant proposal to BPA under their Resident Fish Program to assist in the purchase of the conservation easement(s) of the Stimson properties. Requirements of using BPA grant funds include: acknowledgement of BPA funding added to the conservation easement document, third-party right of enforcement of the terms of the easement, and right to acquire right-of-way easements for the transmission of electrical power in locations that will not impair the conservation values.

Forest Legacy Program (FLP): The Forest Legacy Program is one of several national programs established to promote the long-term integrity of forest lands. Specifically, the intent of the Forest Legacy Program is to identify and protect environmentally important private forest lands that are threatened by conversion to nonforest uses. The overall goal of the Montana Forest Legacy Program is to conserve and enhance land, water, wildlife, and timber resources while providing for the continued working of Montana's forest lands and the maintenance of natural and public values. A requirement of using Forest Legacy grant funds is an acknowledgement of the funding source, which is added to the conservation easement document and development of a management plan that ensures sustainable forest management into the future.

Habitat Conservation Program Land Acquisition Program (HCPLAP): This program was designed to reduce conflicts between the conservation of listed species and land uses on specific parcels of land. Under this program, the U.S. Fish and Wildlife Service (FWS) provides grants to States for land acquisitions that are associated with approved Habitat Conservation Plans. The FWS considers the use of Federal acquisition dollars by States for habitat protection within and adjacent to HCP areas to be an important and effective mechanism to promote the recovery of threatened and endangered species. The HCP Land Acquisition program funds land acquisitions that: 1) complement, but do not replace, private mitigation responsibilities contained in HCPs, 2) have important benefits for listed, proposed, and candidate species, and 3) have important benefits for ecosystems that support listed, proposed and candidate species.

1.4 DECISION TO BE MADE

The decision that must be made is whether FWP ***should move forward on the Kootenai Valleys Conservation Project and, by doing so, purchase a conservation easement(s) from Stimson Lumber Co., Inc., on approximately 28,000 acres of lands that it owns near Troy, Montana.*** Following completion of the draft EA and public comment period, the FWP Region One supervisor would issue a decision notice that makes a recommendation to the FWP Commission on a course of action. This course of action could be either the Proposed Action or the No Action Alternative or an action that is within the scope of the analyzed alternatives**.**

As with other FWP conservation projects that involve land interests, the FWP Commission and the State Board of Land Commissioners would make the final decisions. This draft EA and the comments FWP receives are part of the decision-making process**.**

1.5 PLANNING PROCESS

Preliminary public outreach was begun by FWP and TPL in the late summer of 2011. Following preliminary meetings with Lincoln County's Commission and County Planning Board, FWP and TPL held two public open houses in Libby and Troy on October 3 and 4, 2011, to identify any preliminary issues or concerns with this project. Citizens asked many questions, but also raised some issues that we have addressed in the development of the proposed action, alternatives, and draft EA. Issues that were initially identified by the public at the Libby and Troy meetings include:

1. Public Access: What type of public access would be allowed under the conservation easement(s)? Would public access be limited on a parcel-by-parcel basis? Would it be the same across all lands? Would permitted access include motorized use? Will the conservation easement(s) cause additional crowding at existing access points? Will the new rules be understandable and fair?
2. What would the effects of the conservation easement(s) be on adjoining landowners? How would it affect existing private access agreements, the ability to get new agreements in the future, and the ability of adjoining landowners to buy Stimson parcels that are adjacent to their property?

3. Allowed Commercial Uses: What commercial uses would Stimson retain? How will they be able to manage their lands if the timber industry or other commercial uses are no longer viable?
4. What does the conservation easement(s) do and how long does it last?

The project was also discussed at several meetings of the Montana Forest Stewardship Committee through their involvement with the Forest Legacy Program. This group brought up concerns about the potential for the conservation easement(s) to impact the rights of individuals or organizations other than Stimson Lumber Company from exercising existing rights they hold for development of surface or subsurface minerals. They also raised concerns over the conservation easement(s) impacts on future growth potential in the Troy area and costs to the state of monitoring the easement(s).

Additional presentations about the project were provided to the Lincoln County Commission (Sept. 7), Lincoln County Planning Board (Oct. 18), Libby City Council (Oct. 17), and Troy City Council (Oct. 19) to present an overview of the project, outline future steps, and solicit any preliminary input they wanted to offer.

Numerous local conservation groups, including local rod and gun clubs, local community groups, tribal offices, and federal agencies (U.S. Fish and Wildlife Service, Kootenai National Forest), were also contacted. Letters of support were received from the Lincoln County Planning Board, U.S. Fish and Wildlife Service, Kootenai National Forest, Kootenai Tribe of Idaho, the Selkirk/Cabinet-Yaak Subcommittee of the Interagency Grizzly Bear Committee, and others.

2.0 ALTERNATIVES

2.1 PREFERRED ALTERNATIVE, PROPOSED ACTION

The conservation easement(s) contemplated in this project would protect important fisheries and wildlife habitat and provide for the continued used of the affected lands for commercial timber harvest in a manner that is compatible with the conservation values the easement is designed to protect. This would be accomplished by a continuation of Stimson's current forest management practices as they are currently guided by Sustainable Forestry Initiative standards, the NFHCP commitments, and public access provided under FWP's Block Management Program.

The property is covered by the NFHCP, which was put into place by Stimson's predecessor, the Plum Creek Timber Company, Inc. (Plum Creek), and the USFWS in 2000. The NFHCP Land Use Planning Commitments currently limits the amount of development that can occur on any covered lands, but these restrictions are removed when the NFHCP expires in 2030. The proposed conservation easement(s) would permanently remove the option of development in perpetuity.

The Kootenai Valleys project would conserve important stretches of land in the local Wildland-Urban Interface, helping to reduce fire-caused property damage and buffering over 72 miles of national forest lands from future residential and commercial development.

The following is a brief summary of the rights each party would retain or receive under the terms of the conservation easement(s). See Appendix A for a copy of the Draft Conservation Easement.

Stimson Lumber would retain the right to:

1) harvest and sell timber, timber products and other forest products or resources on a sustainable basis and to manage the Land including all aspects of commercial forestry in a manner that does not undermine the conservation values that the easement(s) is designed to protect.
2) regulate public use of the Land as defined in the attached Multi-Resource Management Plan (MRMP) (Appendix B, Section III.E. and the MRMP Exhibit A (pg B-13) and to restrict public use under special circumstances such as emergencies or to protect environmentally sensitive areas.
3) repair, renovate, remove, maintain, or replace nonresidential improvements and construct, remove, maintain, renovate, repair, or replace fences, timber platforms, corrals, bridges, culverts, road ditches, and other structures necessary for land management purposes.
4) maintain and improve existing roads, bridges, and culverts consistent with conditions and restrictions in the MRMP. With Prior Notice to FWP, may construct and maintain new roads.
5) control and be responsible for road access, maintenance, management, and use regulations.
6) utilize agrichemicals, fertilizers, and biological agents for silvicultural purposes and for control of noxious weeds.

7) extract sand, gravel, and rock from the Land through surface mining techniques and the right to harvest or extract any other resources so long as such harvesting or extraction activities are not inconsistent with the Easement.
8) manipulate vegetation, conduct stream restoration projects, or engage in other habitat enhancement or restoration activities.
9) lease not more than two sites no larger than four cumulative acres for the purpose of the construction and use of telecommunications sites.
10) divide and transfer a portion or portions of the property provided such conveyances do not result in more than eight separate fee ownerships.

FWP would acquire the right:

1) to enter the Land to monitor compliance of the easement terms and rights to observe, study, and make scientific observations of the properties' fish, wildlife, habitat, and ecosystems.
2) to establish and maintain vegetation monitoring transects and enclosures upon prior written notice and the right to access and manage timber in the Riparian Influence Zone.
3) on behalf of the general public, of access for the purpose of noncommercial recreation on the conservation easement properties.

The federal government would acquire rights associated with their funding as follows:

1) BPA would have the right of access and enforcement of the conservation easement as a third party, if the state is unable or does not fulfill its obligations under the terms of the conservation easement.
2) The U. S. Fish & Wildlife Service retains the right of approval of any encumbrance or disposition of the conservation easement for purposes other than those for which it was acquired.
3) The U.S. Forest Service rights prohibit the exchange or otherwise disposition of the conservation easement unless the United States is reimbursed for the market value at the time of the disposal in proportion to the original Federal investment. Provided, however, the Secretary of Agriculture may exercise discretion to consent to such sale, exchange, or disposition upon the Department's tender of equal value consideration acceptable to the Secretary.

The proposed conservation easement(s) would also prohibit construction of residential or any permanent buildings, livestock grazing, manipulation of wetlands, establish exclusive access agreements, and timber harvests with riparian influence zones. In addition, the Landowner would be prohibited from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane, or other hydrocarbon resources that they own on or under the surface of the project lands. However, the surface extraction of sand, gravel, and rock would be allowed with some restrictions.

Multi-Resource Management Plan

Stimson and FWP have also developed a Multi-Resource Management Plan (MRMP) (Appendix B), which describes those steps that Stimson must take to conserve environmentally important fish and wildlife habitat including such matters as managing vegetation along all waterways in addition to maintaining specific stream buffers, managing temporary and permanent roads, restrictions on sand and gravel extraction, managing seasonal public use, and preserving special

habitat features - all while allowing for continued compatible timber and other resource management activities. The MRMP is not incorporated into the conservation easement(s), but is a separate agreement, required by the conservation easement(s), and signed and acknowledged by Stimson and FWP.

The specific provisions in the MRMP are designed to be more flexible than the binding terms of a conservation easement(s). As science or management approaches change or if new landowners acquire the conservation easement lands, the MRMP language may also change. However, any changes to the plan must have the mutual consent of the landowner, FWP, and BPA.

Funding

Funding for a conservation easement(s) on approximately 9,300 acres of the Kootenai Valleys project lands would come from the Habitat Conservation Plan Land Acquisition Program (HCPLAP). The HCPLAP-funded portion of the project would prioritize the project lands in the Lake Creek Watershed. A combination of grants from the Forest Legacy Program (FLP) and the BPA would be used to purchase the conservation easement(s) on the remaining lands in the Ruby Creek and O'Brien Creek watersheds (See Fig. 1). Twenty-five percent of the purchase price for the conservation easement(s) would be covered through an in-kind contribution from Stimson in the form of donated value arising from the bargain sale of the conservation easement(s).

BPA has committed funds to Montana for projects such as this because these lands have important fish habitat values that help BPA meet its statutory obligations to the public under the Northwest Power Act and other environmental laws. BPA's funding would be provided in accordance with several agreements entered into with the state of Montana, including the "Memorandum of Agreement between the State, BPA, the U.S. Army Corps of Engineers, and the U.S. Bureau of Reclamation" (also known as the "2008 Montana Fish Accord") executed in May of 2008 and the "Memorandum of Agreement Between the State of Montana and the Bonneville Power Administration for Resident Fish Mitigation in 2010" (which is currently being drafted and would be known as the "2010 Resident Fish MOA"). In accordance with these agreements, BPA would be given mitigation credit expressed as stream kilometers against an established loss statement for the construction and inundation of the Libby Dam. Additional BPA funds may be available in later years for some of the future project management expenses subject to funding availability and recommendations by the Northwest Power and Conservation Council.

Purchasing conservation easements on the Kootenai Valleys project lands is critical, both for the company and for the long-term conservation of these important lands. The proceeds from the contemplated transaction would allow the company to reduce its cost basis in its Troy/Lake Creek lands to a point where continuing to own and manage them as working timberlands makes good business and financial sense.

Costs

- Appraised Fair Market Value for the Conservation Easement(s): $17,600,000
- Total Purchase Price: $13,200,000
- Estimated Annual Monitoring: $3,500

The Kootenai Valleys project lands conservation easement values were independently appraised by a qualified appraiser. The estimated cost for the conservation easement(s) purchases were based on recent market sales, follow federal and state appraisal standards, and are currently under review by both the state and federal funding entities.

Monitoring

As described in the MRMP, Stimson and FWP have committed to the following monitoring guidelines:

- Commit to external Standard of the Sustainable Forestry Initiative (SFI) or other comparable audit of the Inland Operations Management Area, which includes the parcels, at least once every 3 years as specified in current SFI standards. Review audit recommendations, and determine if changes should be implemented.
- If parcels are selected, Stimson would participate in State Best Management Practices (BMP) field reviews on the Lands. Results of these audits would be discussed at the annual Liaison Team meetings, and Stimson would take actions to correct any departures.
- Road inspections are currently conducted in accordance with the Native Fish Habitat Conservation Plan (NFHCP). Road inspections would be conducted every five to seven years with the objective to monitor drainage effectiveness and to make repairs as quickly as possible after any problems are documented.
- Stimson would annually provide a report to the Department that summarizes the following information: 1) acres harvested by silvicultural method and other management activities, 2) road construction or road closure changes, and 3) current status of excavation sites (i.e., active vs. inactive) in order to monitor revegetation and weed control commitments.

2.2 NO ACTION ALTERNATIVE

If the contemplated project is not completed, there is a high likelihood that Stimson would eventually sell off the lands for development, especially as market values recover and the demand for second and retirement homes in beautiful locations continues to rise. Many of the Kootenai Valleys project lands have obvious higher-and-better-use attributes that exceed their base timber values. This is especially true in the Bull Lake, Lake Creek, and O'Brien Creek areas where the project lands offer easy access, nearby utilities, many miles of water frontage, and stunning views of the surrounding mountains. Some of these lands could be prone to development due to their gently sloping terrain and easy access via existing paved public roads.

3.0 AFFECTED RESOURCES AND PREDICTED ENVIRONMENTAL CONSEQUENCES

3.1 WILDLIFE

The Kootenai Valleys project lands and the public lands that surround them provide important habitat for a wide range of wildlife species. The many perennial streams on the property provide streamside vegetation important to the majority of songbirds that nest in this portion of the state.

Wide-ranging ungulates including elk, moose, mule deer, big horn sheep, and mountain goats also call this area home, as do grizzly bear, Canada lynx, black bear, wolverine, and fisher. In addition, 127 bird species have been documented on and adjacent to the project area during a 9-year study by FWP. Nearly all of the project lands are ranked by FWP as the highest conservation priority due to the presence of 16 of 85 species that are ranked in greatest need of conservation in Montana's Comprehensive Fish and Wildlife Conservation Strategy.

Ungulates

The Kootenai Valleys project lands are particularly valuable seasonal ranges for deer, elk, and some moose. The property supports big game populations that provide treasured hunting opportunities in this area. The project lands include a small portion of deer and elk Hunting District 100 and a significant percentage of the private land in Hunting District 104. Based on our hunter harvest data we estimate that nearly one-quarter of the animals harvested in Hunting District 104 come from the Stimson properties. The Stimson land directly contributes to more than 27,000 days of hunting by residents of Montana, and 1,700 days of hunting by visitors to our state.

Priority Conservation Species

Many other species also depend on the Kootenai Valleys project lands to provide some of their seasonal habitat needs. Several of these include species that are listed as Threatened or Endangered under the federal endangered species act or as priority conservation species under the Montana Comprehensive Fish and Wildlife Conservation Strategy.

Grizzly Bears

The 28,000 acres of the Kootenai Valleys project lands in the Troy/Lake Creek area represent the largest block of privately owned land in the Cabinet-Yaak recovery zone.

The Cabinet-Yaak recovery zone currently supports a grizzly bear population of 35 to 40 individuals. The population's long-term survival depends on reducing human-caused mortality, augmenting the Cabinet Mountain population, and protecting suitable habitat for population linkage from other areas of the Northern Rockies (Proctor, et al. 2004).

The funded project would also conserve important buffer areas between higher-elevation public lands and private lands on the valley floors in the Lake Creek drainage. These lower elevation parcels also provide important habitat for grizzly bears in the spring and fall.

Canada lynx

Canada lynx occur in both the East and West Cabinet and Purcell Mountains. University of Montana wildlife biologists have also tracked a radio-collared lynx from the Fishtrap Creek drainage in the Thompson River area, north through the Cabinet Mountains, into the upper Yaak. Recent studies in northwestern Montana and Canada also document lynx making seasonal forays to lower elevations, suggesting that they also may use or travel through the forested foothills areas where many of the Kootenai Valleys project lands are located.

Fisher

The 28,000 acres of project lands in the Troy/Lake Creek area are all located in occupied low elevation fisher habitat. Fishers populate the lower forested slopes and benches of the West Cabinets, the Cabinet Wilderness Area, and the Purcell Mountains. The majority of the fisher sightings reported to FWP in northwest Montana have occurred in the Lake Creek and Bull River areas that are part of this HCPLAP funding request.

Wolverine

Wolverines are known to occur in the East Cabinet, West Cabinet, and Purcell Mountains. A recent observation was reported at Snake Creek Pass, just a few miles southeast of Bull Lake at the head of the South Fork of the Bull River. Based on observation data and results of other studies of this wide-ranging species, wolverine are considered likely to travel within or through the Kootenai Valleys project area during the winter months looking for carrion associated with wintering elk and deer. They are also likely to use the travel corridors identified by the USFWS between the East and West Cabinet and other adjacent mountain ranges.

Bats

Townsend's big-eared bats are known to roost in abandoned mines in the Callahan Creek drainage and to forage along the Yaak River. They likely forage over project lands in the vicinity of Callahan Creek. The conservation easement(s) would ensure that these foraging areas would remain available to this local bat population and that the land would not ever be diverted to other incompatible land uses.

Birds

Bald eagles nest along the Kootenai River near project lands and near Bull Lake. Bald eagles likely winter throughout the project area. Enhanced riparian areas on the project area would provide both nesting and roosting habitat for bald eagles. Two peregrine eyries exist in the project area, one near Bull Lake and one near Kootenai Falls. Maintenance of wildlife habitat values on the Kootenai Valleys project lands would provide important foraging opportunities for these two nesting pairs.

Harlequin ducks breed in Callahan Creek, Twin Creek, and Yaak River. This species requires fast-flowing larger streams for nesting. They migrate to Montana from the west coast along major river corridors including the Kootenai River. After nesting, they return to the coast. Common loons nest on at least two lakes within the project area, Alvord and Kilbrennan Lakes. They historically nested on Bull Lake but now only use it for foraging. Like harlequin ducks, common loons migrate to Montana from the west coast using the Kootenai River and other major

lakes and reservoirs. Both species are sensitive to human disturbance. The proposed Kootenai Valleys project would help buffer both species from increased levels of human disturbance by limiting future residential development in proximity to key breeding sites.

Northern goshawks nest throughout the project area using mid-elevation, mature forested lands. They are known to occur in O'Brien, Callahan, and Bull Lake areas. The project area likely supports brown creepers and pileated woodpeckers, residents of mature forests. They are likely found along riparian corridors where larger trees, cottonwoods, and aspen are likely found and would benefit from the enhanced riparian buffers proposed as part of this project.

Flammulated owls are believed to be migratory and breed primarily in dry-to-mesic mature forest habitats. They have been documented in Three-mile and Brush Creek drainages west of Troy near project lands. Maintaining the Kootenai Valleys project lands as part of a working forest landscape would ensure that these species would have continued access to key foraging areas on the Stimson property.

Amphibians

Coeur d'Alene salamanders and western toads are distributed throughout the project area where the lands contain specific habitat requirements for these species. Coeur d'Alene salamanders require steep cascading streams, spray zones, and fractured rock seeps. They are likely to be found in the Ruby and Brush Creek drainages and in steep gradient streams in the East Cabinets. Western toads are common along riparian/wetland areas, lakes, and ponds. They likely occur along O'Brien Creek, Kootenai River, West Cabinets, and Lake Creek-Bull Lake areas. Clearing of riparian areas for residential development destabilizes stream banks, leading to wider streams and ultimately for streams to flow subsurface. The proposed Kootenai Valleys conservation easement(s) would help maintain in-stream flows, channel structure, and healthy riparian buffers.

Proposed Action Alternative:

In the short term, there is little difference between the Proposed Action and No Action Alternatives because the proposed conservation easement(s) only ensures that Stimson would continue to manage their land and provide public access as they currently do. However, this alternative would maintain and protect the most important fish and wildlife values across project lands in the long term by ensuring that conservation measures that Stimson currently implements will continue into perpetuity. This alternative also ensures that the land will never be used for residential development or other uses that might eliminate commercial forest management, reduce public access, and possibly harm fish and wildlife habitat. The conservation easement(s) would help to preserve the Purcell-East Cabinet linkage area as well as the East/West Cabinet linkage areas (American Wildlands 2008). Grizzly Bear Linkage Zones would continue to be protected, and additional habitat may be created as Riparian Management Zones are maintained and lands containing wetlands are protected.

It would also buffer public and private lands occupied by these wide-ranging species. Permanent protection of the Kootenai Valleys project lands is particularly important for the long-term survival of the Cabinet-Yaak grizzly bear and Canada lynx populations since it would help to maintain important migration routes for both species. The project would also greatly reduce the

threat of future human-wildlife conflicts that would likely result if these lands were ever sold for development.

The conservation of these lands would help ensure that species with narrow habitat tolerances, such as harlequin ducks, western toads, can move to find the best micro-habitats in the face of climate changes.

Stimson would continue to manage their lands as they do now, to promote the recovery of the Cabinet-Yaak grizzly bear population by maintaining an open road density of one mile per square mile or less on the lands within the designated Cabinet-Yaak Recovery Area, maintaining vegetative cover, limiting timber management activities during spring, and minimizing new road construction through or near preferred bear habitat types.

Stimson would also incorporate where possible requirements in contracts with logging or forestry contractors indicating that food, garbage, and other attractants would be stored in a bear-resistant manner.

Commercial timber management and other land disturbances may favor species that are more adaptable to managed forest conditions, such as moose, white-tailed deer, and elk. The conservation easement(s) would ensure that housing and commercial recreation developments are not located on the project lands, some of which are important big game winter ranges, which would diminish the likelihood human-wildlife conflicts associated with feeding, salting, pets (e.g., dogs), game damage, creation of attractants (gardens, fruit trees, pet food, garbage, etc.), and other similar problems. Other big game species such as black bears and mountain lions would benefit from the continued maintenance of open space and the avoidance of potential human-wildlife conflicts that often result from development.

The conservation easement(s) should benefit most species that require large, forested landscapes such as black-backed woodpecker, olive-sided flycatcher, and forest carnivores such as weasels, coyotes, bobcats, fisher, wolverine and the endangered Canada lynx, by maintaining open and undeveloped lands within the project area.

Other species would not see much change between alternatives.

The proposed conservation easement(s) would support multiple goals of Lincoln County's natural resource action plan in achieving fish and wildlife habitat protection and restoration, preserving the quality of surface and ground water resources, and protect plants and plant communities, which reflects the county's natural heritage. (Lincoln County Growth Policy 2009)

No Action Alternative:

If no action were taken by FWP, important habitat for many game and nongame wildlife species could be degraded or lost, and an important corridor between the Purcell-East Cabinet linkage area as well as the East/West Cabinet wildland complexes could be compromised depending on what economic forces develop in the future. Without the conservation easement(s), the subject lands would be put at greater long-term risk of subdivision and development. Furthermore,

historic public recreational access to the property for traditional uses such as wildlife viewing, hiking, hunting, and trapping could be lost.

If Stimson sold their property to another buyer, risks of loss of habitat and public recreational access are unknown; future resource management and the provision of public access would be dependent on the desires of the new property owner(s).

3.2 AQUATIC RESOURCES: BODIES OF WATER AND FISHERIES

The Stimson parcels are covered by the Native Fish Habitat Conservation Plan (NFHCP), which was put into place by Stimson's predecessor, the Plum Creek Timber Company (Plum Creek), and the United States Fish and Wildlife Service (USFWS) in 2000.

The Kootenai Valleys project area contains some outstanding fisheries habitat. The proposed easement area includes 20.6 miles of perennial stream, including 11.8 miles of stream that provide specific life-history requirements for the five native fish species covered under the NFHCP. These include the federally listed bull trout (USFWS Threatened), and the nonlisted westslope cutthroat trout, interior redband trout, and pygmy and mountain whitefish.

Most streamside vegetation within the project area is in good condition because of past management under the Montana Streamside Management Zone law. Since 2000, enhanced riparian management commitments under the NFCHP have protected the riparian plant communities and reduced sediment deliver to streams on the property.

Bull Trout

Two of the ten genetically distinct core bull trout populations within the Montana portion of the Kootenai Basin are locate within the Kootenai Valley project area (Fig. 1). The local bull trout population that spawns and rears in Callahan Creek is one of only six fluvial (migratory) populations below Libby Dam. The adfluvial bull trout that inhabit Bull Lake represent a disjunct lake population that spawn and rear in Keeler Creek by way of moving down Lake Creek. The remainder of the 18,700-acre conservation easement project would also conserve another genetically distinct core bull trout population in O'Brien Creek.

Bull trout have the most specific habitat requirements of all the salmonids. They require colder water temperature than most salmonids. They require the cleanest stream substrates for spawning and rearing; they need complex habitats**,** including streams with riffles and deep pools, undercut banks and lots of large logs; and they rely on river, lake and ocean habitats that connect to headwater streams for annual spawning and feeding migrations.

Historic forestry activities, and housing and other types of development, as well as transportation systems, have already had some negative effects on core bull trout habitat within this part of the Kootenai basin. Loss of streamside vegetation can cause bank erosion and sedimentation, increase water temperatures, and alter stream hydrology. This project would reduce the threat of streamside vegetation removal along these three important bull trout water courses through terms in the conservation easement(s) that designate protective stream buffers, prohibit

residential/commercial subdivision and development; limit sand and gravel uses in floodplains, and restrict future road-building activities.

Westslope Cutthroat Trout

Although once abundant, there are now only a handful of streams with genetically pure, non-introgressed westslope cutthroat trout remaining in the Lower Kootenai watershed (Fig. 1). Six tributaries in the East and West Cabinet Mountains, within the project area, support isolated, pure-strain westslope cutthroat trout including Copper, Upham, Dry, Spring, Iron, and Porcupine Creeks (See Fig. 1 on page 5 for a detailed fish distribution map). The Ruby Creek drainage to the north provides another stronghold for genetically pure westslope cutthroat trout populations in the Kootenai Basin and is a designated native fish assemblage under the NFHCP. Ruby Creek supports pure westslope cutthroat due to the lack of nonresident fish stocking and an existing natural barrier located near the confluence of Ruby Creek with the Kootenai River. Approximately 75% (or 3.7 miles) of the westslope cutthroat trout habitat of Ruby Creek is located on the Stimson-owned project lands, with the balance of the upper reach falling within the Kootenai National Forest.

Interior Redband Trout

The Kootenai drainage of northwest Montana is the only place in the state where interior redband trout occur. In fact, it is the only drainage in the state where any rainbow trout are native. This species was once widely distributed. However, within the project area below Kootenai Falls, native pure redband trout currently only inhabit Callahan Creek and portions of the Yaak River (Fig.1). FWP has used interior redband trout from Callahan Creek to create the broodstock at Murray Springs State Fish Hatchery for use in native species restoration and management within the Kootenai drainage.

Pygmy and Mountain Whitefish

Within the Kootenai Valleys project area, pigmy whitefish only inhabit Bull Lake. This unique small species requires cold, clear, deep water within the lake system. Mountain whitefish are common throughout the project area, inhabiting Bull Lake, Lake Creek, Keeler Creek, and the Yaak and Kootenai Rivers.

White Sturgeon/ Burbot / Kokanee Salmon

All three of these fish species are native to Kootenay Lake in British Columbia and spend part of their life history in the main stem Kootenai River below Kootenai Falls, primarily in Idaho and British Columbia. Recovery of these three species is a high priority for British Columbia, Idaho, the Kootenai Tribes of Idaho, and FWP. Historically, native kokanee salmon from Kootenay Lake migrated upstream to spawn in the lower parts of Callahan and Lake Creeks in Montana. Although kokanee salmon are still found within the Kootenai River in Montana, most are nonnative fish entrained through Libby Dam from Lake Koocanusa; however, research indicates some are likely from Kootenay Lake. Should the native kokanee fishery in Kootenay Lake recover, this species could return in numbers back to Montana for spawning and rearing in streams covered by the NFHCP and the proposed conservation easement(s).

Populations of burbot in the Kootenai River in Montana, Idaho, and the south arm of Kootenay Lake in British Columbia have crashed since Libby Dam was constructed. Low numbers of burbot still occur in the Montana portion of the Kootenai River.

Proposed Action Alternative:

The proposed conservation easement(s) would enhance the riparian management commitments made in the NFHCP by providing for the permanent conservation of enhanced streamside buffers. This includes 11.8 miles of stream important to the five covered NFHCP salmonid species. The NFHCP Riparian Management Commitments include provisions that limit timber harvest within the channel migration zone and in streamside buffers.

The proposed project would make those NFHCP commitments permanent through the terms of the easement(s) and associated management plan, and would give FWP the right to enforce the terms of both of those documents. The benefit of tying the commitments to the management plan is that they can be easily modified in the future as environmental conditions change and new science is available to guide management actions. Such restrictions would provide for recruitment and retention of large woody debris into the stream to provide the complex stream structure needed by native salmonids. It would also provide maximum shading, which would help to maintain lower water temperatures. According to Montana's bull trout conservation plan (Montana Bull Trout Restoration Team 2000) and the federal Bull Trout Recovery Plans, land uses that remove vegetation along bull trout lakes and streams threaten the cold, clean, complex, and connected habitat requirements for bull trout.

Stimson would continue to implement voluntary Montana Forestry BMPs. All forest owners in Montana are required to comply with the Streamside Management Zone law. In addition, Stimson would manage enhanced streamside buffer zones consistent with the NFHCP currently in existence on the project lands. Further, the conservation easement(s) would limit the mining of rock, sand, or gravel from the Riparian Management Zones (designations along all other perennial streams); prohibit commercial and residential development; and prohibit exploration and development of any minerals, oil, natural gas, coal-bed methane, or other hydrocarbon resources owned by Stimson.

Bull Lake has already had significant development around some of its shoreline. With development, there has been a notable increase in nutrient pollution from septic and lawns, which has possibly increased lake primary productivity. Increased productivity can reduce oxygen levels within the deeper portions of the lake and possibly impact habitat for pigmy whitefish and other species. In addition to the previous conservation using HCPLAP and other partner funds at the south end of Bull Lake and Noggle Creek, this project would protect another 1,000 acres along Upham Creek and two other unnamed tributaries on developable lands immediately east of Bull Lake, benefiting long-term water quality within the lake.

The conservation of 4,500 acres in direct tributaries along with 10,000 acres of uplands along and above the Kootenai River would benefit water quality in the Kootenai River and help maintain habitat value for all three of these migratory species, white sturgeon, burbot, and kokanee salmon, particularly as these species are recovered.

Riparian zones and nonforested wetlands, including bogs, fens, and marshes, shall be identified prior to implementing forest management activity in a harvest unit. The draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland is prohibited except as allowed under forest management practices described in the Easement. Stimson would use uneven-aged forest management practices in riparian zones and around nonforested wetlands as allowed under forest management practices described in the easement(s).

In the future, regardless of ownership, water resources would be subject to the terms of the conservation easement(s) and management practices outlined in the MRMP. No harvest would occur within the channel migration zones and within the twenty-five feet of the ordinary high water mark. In addition, other commitments in the MRMP are based on the HCP funding conditions and are designed to protect water quality and watershed integrity, and reduce sedimentation.

In addition, timber harvest on the Kootenai Valleys project lands along O'Brien, Keeler, Callahan, Rabbit, Lake, Ruby, Porcupine, and Iron Creeks is prohibited in order to maximize fish habitat benefits on these key spawning and rearing streams.

Furthermore, the proposed conservation easement(s) would support multiple goals of Lincoln County's natural resource action plan in achieving fish and wildlife habitat protection and restoration; preserving the quality of surface and ground water resources; and protecting plants and plant communities which reflects the county's natural heritage. (Lincoln County Growth Policy 2009)

No Action Alternative:

If FWP decides not to purchase the conservation easement(s), it is unknown how fisheries and water resources (riparian areas, wetlands) would be affected if Stimson should decide to sell the parcels to another buyer.

Habitat fragmentation, alterations, and degradation associated with development and nonsustainable natural resource extraction are major threats to native salmonids. Widely divergent, uncoordinated, and inconsistent management of the fisheries and water resources if the property were subdivided or developed would likely result in impacts to the watershed's outstanding natural resource values and imperiled species, including native bull and westslope cutthroat trout, and mountain whitefish. Poor timber harvest practices, dispersed residential septic systems, invasive species, new road construction, and culverts would likely diminish riparian and coniferous vegetation and increase surface disturbance, resulting in elevated water temperatures, sedimentation, and runoff.

3.3 VEGETATION

The targeted project parcels occupy an extremely diverse number of habitats from low elevation ponderosa pine to subalpine forest. Elevations vary from approximately 1,800 to 5,500 feet with slopes ranging from ten percent to eighty-five percent. Nearly all the Kootenai Valleys project

lands abut or lie within the Kootenai National Forest. The parcels are forested valley bottoms and mountains that have been managed for commercial timber production over the last 100 years.

Forestland dominates the landscape. It is a mixed conifer forest with all Montana commercial timber species represented. The project lands are dominated by montane forest habitats with a unique diversity of mixed conifers including subalpine fir, Douglas-fir, Engleman spruce, grand fir, lodgepole pine, mountain hemlock, ponderosa pine, western red cedar, western hemlock, western larch, and western white pine. Limited amounts of cottonwood and aspen can be found along creeks and near wetland areas, and paper birch is evident on many north-facing slopes. The inventory of standing timber volume and sustainable harvest is likely to significantly increase over the next 10-30 years as these juvenile trees that currently dominate the property mature. The timbered stands vary in age from young regeneration to commercial saw timber, but most of the existing timber volume is dominated by young stands.

Historic forestry activities, housing, and other types of development, as well as transportation systems, have already had some negative effects on streamside vegetation within this part of the Kootenai basin. Loss of streamside vegetation can cause bank erosion and sedimentation, increase water temperatures, and alter stream hydrology.

Historic mining activities have also left their mark on the landscape through the manipulation of vegetation and soils for placer mining and the building of mining facilities and associated infrastructures (railroads, roads, etc.). See Section 3.5 for addition information regarding mining activities.

Noxious weeds occur mostly along roads on the project lands. Species that are present include: spotted and diffused knapweed, Canada thistle, tansy ragwort, and orange and meadow hawkweed. Stimson requires cleaning of logging equipment, applies selected road closures to reduce the spread of noxious weeds, and applies limited spraying of roadsides in areas with heavy weed infestations.

Proposed Action Alternative:

Stimson is committed to managing the Kootenai Valleys project lands in accordance with the *2010-2014 Standard of the Sustainable Forestry Initiative* (SFI). This forest certification system is managed by SFI, Inc., which is an independent, 501(c) (3) nonprofit charitable organization governed by an independent, multi-disciplinary board. Stimson maintains certification, in good standing, and would make a copy of this conformance available to FWP following each audit. As part of the commitments to sustainable forest management, Stimson agrees to the following guidelines and metrics to measure their activities. These guidelines and metrics are not intended to restrict fiber production, but to provide measures to ensure the MRMP objectives are met. If Stimson's forest practices are found to vary from these guidelines, the Liaison Committee, established by the proposed easement(s), would develop and ensure that Stimson implements a plan to bring the practices into compliance. The SFI program is a comprehensive system of principles, objectives, and performance measures that integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil, and water quality. The program includes a voluntary, independent third-party verification process, which Stimson has

incorporated into their management of the project lands. SFI standards would likely change over time, and it is assumed that Stimson would manage the project lands to the new standards.

Stimson has committed that no more than twenty percent (20%) of the acres harvested in the project lands can be subjected to a regeneration harvest (including clear-cut, seed tree, and shelterwood prescriptions) over any 5-year period. Old growth retention would not be a primary goal of the conservation easement although, in time, mature forest stands could develop along the major streams and rivers.

Stimson's foresters and the independent contractors who work for Stimson are committed to good stewardship. In order to operate on the project lands, contractors must participate in formal BMPs and Streamside Management Zone training. Stimson would continue to manage these project lands in a responsible manner in compliance with this MRMP, SFI standards, and NFHCP commitments.

As part of the easement terms, special management provisions are identified for Riparian Influence Zones (RIZ). The RIZ comprises approximately 702 acres within the proposed conservation easement property. Timber harvest, use of mechanical equipment off of established roads, or conducting timber-management activities within the RIZ would be prohibited by the conservation easement(s). The RIZ encompass the Channel Migration Zones (CMZ) plus an additional eighty feet in width beyond each of the outside (lateral) boundaries of the CMZs, plus limited additional acreage added for logistical or topographic considerations. The CMZ represents the active floodplain across which a stream is likely to move laterally during a period of decades. Additionally, Stimson is prohibited from draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland except as allowed by the easement for new road construction and other uses retained by Stimson in the conservation easement(s). Continued timber harvest by Stimson is allowed under the terms of the MRMP, and vegetation management is allowed by FWP in RIZ pending Stimson's approval.

Stimson requires cleaning of logging equipment, applies selected road closures to reduce the spread of noxious weeds, and applies limited spraying of roadsides in areas with heavy weed infestations. Grazing may be allowed for weed control or other land management purposes consistent with the protection and maintenance of the conservation values of the project lands.

Stimson recognizes aesthetic values along U.S. Highway 2 and State Highway 56, and associated viewsheds of Troy and the Kootenai Valley, and would manage these areas within the project lands by using appropriate design standards and harvest methods.

The commercial harvest, felling, destruction, and removal of cottonwood trees would be prohibited by the conservation easement(s), except when required for the construction or maintenance of roads, the purpose of addressing safety hazards, or during the normal conduct of forest management activities. The harvest of aspen trees is also prohibited, unless associated through normal forest management practices of the harvest or conifers. These two deciduous tree species provide important habitat diversity for a variety of wildlife species. Snags and/or live trees that do not pose a safety hazard or fire concern would also be left for wildlife habitat diversity.

This project would reduce the threat of streamside vegetation removal along three important bull trout water courses through terms in the conservation easement(s) that designate protective stream buffers, prohibit residential/commercial subdivision and development, limit sand and gravel uses in floodplains, and restrict future road building activities. According to Montana's bull trout conservation plan (Montana Bull Trout Restoration Team 2000) and the federal Bull Trout Recovery Plans, land uses that remove vegetation along bull trout lakes and streams threaten the cold, clean, complex, and connected habitat requirements for bull trout.

None of the proposed Kootenai Valleys project parcels have been managed as rangeland in the past nor has commercial grazing occurred on it. Under the proposed conservation easement(s), livestock grazing would not be permitted unless it was used to control noxious weeds or other invasive nonnative plants, or for other land management purposes consistent with the protection and maintenance of the conservation values of the parcels.

Noxious weeds would remain the landowner's responsibility and the landowner can apply chemical or biological agents in accordance with applicable laws. Stimson or any subsequent landowner may continue to manage weeds on project lands according to the plan in place, or may choose other noxious weed management strategies. While conservation easements cannot require landowners to control noxious weeds, state and county laws and regulation still apply.

No Action Alternative:

In the short term, little change would be likely under the No Action Alternative. Stimson would continue to manage the land under the sustainable forestry management commitments that currently direct their activities. However, without the conservation easement(s) to reduce the cost-basis of this property, commercial timber management may not remain a viable economic activity for the company, forcing Stimson to sell some or all of their land. What may happen under new ownership would depend on the motivations of the new owners and current economic conditions at the time of the sale. However, it is unlikely that public access would be maintained on the property based on real estate sales that Plum Creek completed in the Lake Creek drainage during 2003-2004. Additionally, once the NFHCP agreement expires, there is no guarantee that the protections provided by that agreement would be continued. Future riparian or streamside vegetation could be reduced or impacted by changes in land use practices.

3.4 LAND USE

Some portions of the affected proposed Kootenai Valleys project area were subjected to mining activities in the 1800s and as late as the 1930s, in particular the Callahan Creek mining district. Historic mines have left their mark on the landscape through the manipulation of vegetation and soils for placer mining and the building of mining facilities and associated infrastructures (railroads, roads, etc.).

Under corporate timber company ownership, most timbered stands on the property have been actively managed for timber production over the past 100 years and are in some stage of regeneration.

There are approximately six county roads and ten Forest Service roads that pass through or are adjacent to many of the project areas that provide public access (USDA FS 2011b). Most of the roads within the proposed Kootenai Valleys Conservation Easement are currently closed to public motorized vehicles, except those under authorization by Stimson. Currently there are approximately 52 miles of open roads on the Stimson parcels that are open to public motorized use.

Public recreation has been allowed on the property by Stimson for many years, as was the case with previous industrial forest landowners. The predominant recreational activities include nonmotorized activities (hunting, mountain biking, fishing, hiking, horseback riding, etc). All motorized vehicle recreation, including snowmobiles, all-terrain vehicles, and dirt bikes, has not been permitted behind closed gates, barricades, and earthen barriers. See Section 3.6 for additional information and discussion of the recreational activities.

Proposed Action Alternative:

The proposed conservation easement(s) would be complimentary with surrounding USFS's management of the Kootenai National Forest in that it promotes the goals of conserving and enhancing land, water, wildlife and timber resources while providing for the continued working of Montana's forestlands and maintenance of natural and public values.

The conservation easement(s) would preclude future use of the land for subdivision and development of homes or recreational properties. Federal and state government agencies currently own 79% of a 270 square mile area that sits within two miles of the Stimson property. Stimson owns 14% of that area and other private interests own the remaining 7% of the land. Currently, there are nearly 50 square miles of privately owned land that could theoretically be used for private residences. However, nearly half of the non-Stimson, private ownership is already being used as private residential land, and 60% of the Stimson land being proposed for conservation easement consists of remote land with steep (>15%) slopes. See Section 3.5 for additional information regarding socioeconomic resources and potential impacts.

No Action Alternative:

In the short term, little change would be likely under the No Action Alternative. Stimson would continue their current land uses. However, without the conservation easement(s) to reduce the cost-basis of this property, commercial timber management may not remain a viable economic activity for the company, forcing Stimson to sell some or all of their land. What may happen under new ownership would depend on the motivations of the new owners and current economic conditions at the time of the sale. Under the No Action Alternative, 48 square miles of private land within two miles of the Stimson property would remain available for future residential development.

3.5 SOCIOECONOMICS

Lincoln County is the northwestern most county in Montana. It encompasses 3,613 square miles. The county's population has been between 18,818 in 2000 to 19,687 in 2010 (CEIC 2012). The major economic growth of this area has been structured around natural resource extraction industries such as mining and forestry. Lincoln County has historically been one of

the top timber producing counties in Montana. These industries have provided the backbone for economic stabilization up to the 1990s when major downturns took place (Lincoln County Growth Policy 2009). Other major industries include tourism, recreation, and mining. From 2005-2010, the unemployment rate changed from 7.4% to 15.6% within the county (DOI 2012).

Like the county, the town of Troy has also experienced fluctuations in its population over the decades: 855 in 1960 to 1,088 in 1980 to 938 in 2010 (US Census 1980 and CEIC 2012). Most of the local businesses now found in Troy are service-based, ranging from retail (groceries, hardware, etc.), finance (banking), craft (glass blowing, log furniture, etc.), education, outdoor recreation (fly fishing, outfitters, rafting, etc.), railroad (Burlington Northern), mining (Troy Mine), and many other small businesses catering to local resident needs.

Historic Mining

The project area spans two historic mining districts – the Troy and the Sylvanite. These districts supported numerous placer gold mining operations from the 1890s until 1940s. The Troy district had 23 mines. Most of them were along Callahan Creek, with the largest known as the Snowstorm mine. The Sylvanite district is situated north of the town of Troy concentrated in Yaak River valley. There are 25 mines recorded within the Sylvanite district (MTDEQ 2010).

Remnants of some of the historic mines are still visible as building foundations, cabins, and travel routes. See Section 4.2 for additional information of cultural and historic resources.

Current Mining Operations in the Area

As of 2010, there were seven mining operations in Lincoln County (DOI 2012). Three of those are close to the conservation easement parcels. The Troy Mine is 2 miles away, the proposed Rock Creek Mine (currently under feasibility evaluation) is 15 miles south of the project area on the western side of the Cabinet Mountains Wilderness, and the Montanore Mine is 12 miles southeast of the project area on the eastern side of the wilderness. All of these mines focus on silver and copper extraction.

Mineral Rights and Current Mining Evaluation

For large conservation easement projects such as this one, FWP generally does not complete an exhaustive title analysis to determine mineral ownership. For the Kootenai Valleys conservation easement project, FWP supported TPL's decision to commission a detailed minerals potential report for all of the project lands to help determine mineral potential. This report was completed by a geotechnical consulting company specializing in minerals remoteness work, geological review of properties, geologic mapping, hydrostratigraphy, oil and gas exploration analysis, reservoir characterization and minerals evaluation work. This third-party report notes that there is evidence of current and past placer mining activity (where glacial or alluvial deposits of sand or gravel are washed or dredged to extract eroded particles of valuable minerals) throughout the general project area (Fig. 3). Even though recreational placer mining activity has picked up due to the recent run-up in gold prices, major placer mining in the area is not considered to be a commercially viable enterprise at this time. As a result, the likelihood of surface mining occurring on the bulk of the project lands has been deemed by the consultant to be "**so remote as to be negligible,**" meaning that there is a very low probability that the Conservation Values that

the easement is designed to protect will ever be compromised by any future third-party mining rights.

This conclusion does not apply to two square-mile sections located in the Stanley Creek drainage near the Troy Mine, a hard rock copper and silver mine operated by Revett Minerals just west of Bull Lake, and a handful of smaller and scattered parcels located in the Callahan Creek historic mining district further to the north (Fig. 3). Adequately addressing the true surface mining potential on these parcels (together totaling approximately 1,994 acres) would require cost-prohibitive test drilling, core sampling and other assessment work. Fortunately, according to a detailed mineral chain-of-title analysis that was completed by TPL, Stimson appears to own all of the mineral rights associated with all of these 1,994 acres. And with the contemplated conservation easement prohibiting Stimson and all future owners from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane or other hydrocarbon resources on or under the surface of the project lands (except for limited sand and gravel extraction), there appears to be no risk that surface mining will ever occur on any of these parcels.

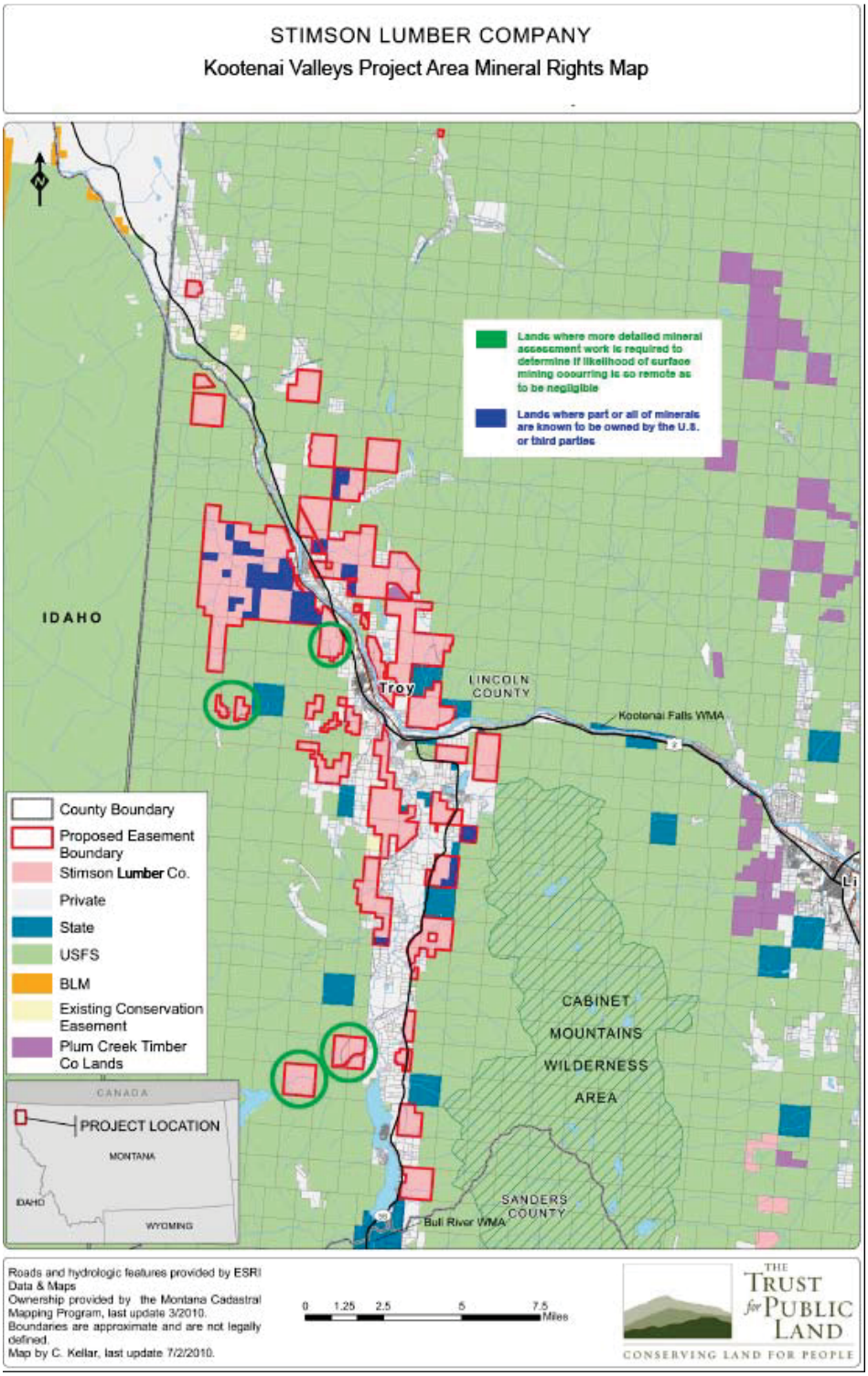
Proposed Action Alternative:

The proposed conservation easement(s) would preclude future use of the project lands for subdivision and development of homes or recreational properties. Federal and state government agencies currently own 79% of a 270-square-mile area that sits within two miles of the Stimson property. Stimson owns 14% of that area and other private interests own the remaining 7% of the land. So currently there are nearly 50 square miles of privately owned land that could theoretically be used for private residences. However, nearly half of the non-Stimson, private ownership is already being used as private residential land, and 60% of the Stimson land being proposed for conservation easement consists of remote land with steep (>15%) slopes. If you consider only the private land that is currently not developed (both Stimson and other private), and assume only limited development on the steeper terrain (currently about 38% of all platted structures in this area), there is about 48 square miles of private land within two miles of the targeted conservation easement project area that could be used for residential development in the future, and the proposed conservation easement(s) would permanently remove 25 square miles of land from future residential development, or about 52% of what is currently available. After the conservation easement(s) is in place there would be about 23 square miles that remain available for future residential development.

The proposed conservation easement(s) would not change the ownership of the property nor would it change the type of use on the property. Therefore, the purchase of a conservation easement(s) on this land will not impact the current level of taxes paid to Lincoln County. However, the conservation easement may preclude future increases in gross tax revenues if the land were to eventually be developed for residential or industrial uses.

The conservation easement(s) would provide public access for hunting, fishing, and other recreational uses. The economic activity hunting and fishing provides to rural communities like Troy and Libby is significant, and public access is a critical component to maintaining this economic contribution to local economies. Based on hunter and angler use figures, these activities accounted for $18.5 million dollars of economic activity in Lincoln County.

Fig. 3. Kootenai Valleys Project Area Mineral Rights Map



See Appendix D, Socioeconomic Report, for specific data on revenue generated by resident and nonresident hunters and anglers. Additionally, local residents may benefit from access and forest management activities provided under the easement that result in enhancement of food supplies through hunting, fishing, and foraging.

Fire Interface & Risk

As a study prepared by Headwaters Economics points out, firefighting costs are dramatically higher in fire-prone Wildland-Urban Interface areas where homes are often difficult to protect and create dangerous situations for firefighters because of remoteness, steep slopes, and narrow roads, and that these costs would double with a one-degree increase in spring and summer temperatures (Gude, In Prep). The Kootenai Valleys project lands would enhance wildlife security and greatly reduce future fire suppression costs, which tend to be much higher in forested areas that border public lands.

The proposed conservation easement(s) would support one of Lincoln County's land use goals in supporting Wildland-Urban Interface regulations for the management of vegetation in order to reduce the potential for wildland fires, economic losses, and increased public expenditures for fire suppression and protection of residential and commercial structures. (Lincoln County Growth Policy 2009)

No Action Alternative:

The No Action option would not guarantee, in perpetuity, the protection of the fish and wildlife habitats, nor would the current land use, commercial forestry, be ensured on these lands. Lastly, public recreational access to these lands would not be secure for those who live and visit this area under this alternative. The environmental assessment describes potential impacts to the fish, wildlife, and vegetation resources on these lands if the conservation easement(s) is not acquired.

This alternative requires a number of assumptions since use and management of the property may vary depending on what direction Stimson Lumber Company decides to take regarding long-term ownership of the property, if FWP does not acquire the proposed conservation easement(s).

Subdivision development opportunities on Stimson lands under consideration are a possibility without the protection of the proposed conservation easement. However, the current market for rural recreation lands is poor throughout the West at this time. There has been limited subdivision development in the Troy area over the past 3-5 years. These developments have been small, 1-5 lots and 2-20 acres. There has also been some development in the Bull Lake and Lake Creek area over the past 6-7 years (Personal communication with Kristen Smith, Director of Lincoln County Planning, 6/4/12).

As stated in the EA, Stimson's timber management activities on the property would not change significantly in the short term. However, without a rebound in the commercial timber market, Stimson may choose to sell all or parts of their land holdings. New buyers, depending on the economic climate at that time and the demand for rural recreational property, might choose to subdivide portions of the property or use it for other purposes.

As mentioned previously, subsurface mineral mining is one of the strong economic sectors in the Troy area. The subsurface mineral potential on the Kootenai Valleys project lands is negligible on 26,000 acres and would require extensive assessment to determine on the other 2,000 acres where current information is inadequate to evaluate at this time.

The economic impacts associated with hypothetical future development scenarios for subdivision, timber, and minerals available under this alternative are beyond the scope of this assessment and so have not been estimated.

In addition, the gross tax revenues that Lincoln County might collect based on land uses from those being proposed under the conservation easement(s) have not been estimated. These residential and industrial land uses, mentioned above, often result in additional costs to the county in the form of transportation upgrades and maintenance and emergency services for new subdivisions that are not covered by the tax assessments.

3.6 AESTHETICS AND RECREATION

The proposed Kootenai Valleys Conservation Easement project lands, which are predominantly comprised of foothill lands at the base of the surrounding Cabinets and Purcell Mountains, are part of an exceptionally beautiful landscape. Notable scenic landmarks in the project area include the Kootenai River, Bull Lake, the Lake Creek Valley between the West and East Cabinet Mountains, and various notable peaks such as Yaak Mountain, Snowshoe Peak, Kootenai Mountain, and Copper Mountain. The Cabinet Wilderness Area straddles the steep and rugged East Cabinet Mountains and is visible from most of the project area. About 7,000 acres of project lands are just above or directly overlook the lower portions of the scenic Kootenai River, a free-flowing river almost entirely bordered by national forest lands.

To alert incoming motorists of the area's extraordinary scenic values and to help encourage tourism in the area, Lincoln County has installed roadside signs at scenic outlooks throughout the project area reading: "*Rich, Rare, Remote,*" three words that simply describe the essence and charm of Kootenai River country.

Extensive recreational opportunities abound within the Stimson project area. Various backcountry roads provide ready access to the surrounding Kootenai National Forest. Some areas are closed to motorized vehicles in order to protect wildlife and watershed values, instead offering recreational opportunities for nonmotorized activities like hiking, wildlife viewing, berry picking, horseback riding, and mountain biking. Snowmobiling, snowshoeing, and backcountry skiing are also popular pursuits in the winter months. Hunting, trapping, and angling are favorite local pursuits in this area, with the project lands offering hunting opportunities for elk, mule deer, white-tailed deer, moose, black bear, mountain lion, gray wolf, and upland game birds.

Snowmobile routes maintained by the Lincoln County Sno-Kats and Troy Snowmobile Club pass through some of the affected Stimson parcels along established Forest Service roads.

Proposed Action Alternative:
The proposed conservation easement(s) would maintain and enhance aesthetic and recreation values by protecting riparian zones and fish and wildlife habitat, and maintaining public access. Although timber harvest and other resource extraction activities could continue as specified in MRMP, no residential or commercial development could occur. The conservation easement(s) would help prevent the conversion of current working forestlands to nonforest uses and preserve the notable scenic qualities and recreation opportunities associated with the Kootenai Valleys.

The proposed easement(s) would give the public the general right of access to the Kootenai Valleys project parcels in perpetuity for noncommercial recreation such as hunting, fishing, noncommercial huckleberry picking, trapping as defined in Montana regulations, and other recreation uses. No camping would be permitted on the project lands.

The proposed easement(s) could authorize commercial recreation on the Lands, but Stimson currently allows only noncommercial, public recreation opportunities. Any future provision agreed upon by the parties to allow commercial outfitting or other commercial recreational uses cannot be exclusive to permitted users nor reduce or diminish the public's general ability to access or utilize the project lands for dispersed recreation.

Road access for public use may be limited for a variety of reasons such as wildlife security, prevention of sedimentation from logging roads, public safety, and reducing the spread of noxious weeds. Stimson may restrict road use with gates, barricades, earthen barriers, and signs. Hikers, horseback riders, and mountain bikers are allowed behind closed gates, barricades, and earthen barriers. All motorized vehicles, including, but not limited to, dirt bikes, ATVs, and snowmobiles are not allowed behind closed gates, barricades, and earthen barriers.

Existing roads that cross through the Stimson parcels and are owned by other entities (i.e., Forest Service, county, etc.) would be unaffected by the conservation easement(s). Stimson would retain the right to grant third parties permanent or temporary access rights to cross the land on roads existing at the time the conservation easement(s) is purchased. However, FWP would be required to approve third-party access rights on new roads constructed across Stimson land.

In the event of sale of the Stimson property to another landowner, the MRMP could be revised, but must provide at least equivalent recreation opportunity and conservation values, and these changes would have to be approved by the landowner, FWP, and BPA.

No Action Alternative:
In the short term, little change would be likely under the No Action Alternative. Stimson would continue to manage their forests and allow access through the Block Management Program. However, without the conservation easement, changing economic conditions and/or new property owners could eliminate existing opportunities. Other sales of industrial timber ground in this area have resulted in a loss of public access opportunities. Ultimately, what may happen under the No Action Alternative would depend on future economic conditions and the motivations of the owners at that time.

3.7 CUMULATIVE IMPACTS

Proposed Action:
The decision to place a conservation easement(s) on 28,000 acres of Stimson's forest lands near the town of Troy is basically a decision to limit future options for land uses and management to commercial harvest of forest products, fish and wildlife habitat, watershed values, and future recreational opportunities. Alternative economic uses of this land would be precluded by the conservation easement. The cumulative impact of maintaining Stimson's current NFHCP and wildlife management commitments on 28,000 acres in combination with adjoining federal and state forest management plans would be positive for fish and wildlife populations and public recreation opportunities in the area. However, precluding future residential development on the Stimson ownership removes slightly more than half of the remaining private, developable land base in a county that is heavily dominated by government-owned land.

No Action:
In the short term, little change would be likely under the No Action Alternative. Stimson would continue their ownership and current land uses. However, without the conservation easement to reduce the cost-basis of this property, commercial timber management may not remain a viable economic activity for the company, forcing Stimson to sell some or all of their land. What may happen under new ownership would depend on the motivations of the new owners and the economic conditions at the time of the sale.

4.0 RESOURCES CONSIDERED BUT ELIMINATED FROM DETAILED ANALYSIS

The Montana Environmental Policy Act (MEPA) provides for the identification and elimination from detailed study of issues, which are not significant or which have been covered by a prior environmental review, narrowing the discussion of these issues to a brief presentation of why they would not have a significant effect on the physical or human environment or providing a reference to their coverage elsewhere (ARM 12.2.434(d)). While these resources are important, they were either unaffected or mildly affected by the proposed action and the effects could be adequately mitigated.

4.1 SOILS

Lincoln County geography is dominated by mountainous, forest-covered terrain cut by narrow river valleys. The topographic features of Lincoln County are the result of geological activity that began approximately one million years ago. Ice from continental or alpine glaciers covered the Lincoln Valley one or more times. The ice sheet eroded the valley sediments, burying them under glacial materials in some areas and scoured bedrock in others. (Lincoln County Growth Policy 2009)

Soil types, as identified by the Natural Resource Conservation Service, that are represented throughout the affected parcels include: lacustrine, alluvial, and glacial washout terraces (*Andic Dystrochrepts and Eutrochrepts*); glaciated mountain slopes and ridges (*Andic Cryochrepts*); and breaklands and rock outcrops (*Andic Dystrochrepts).*

Proposed Action Alternative:

Under the proposed conservation easement(s), soil integrity would be maintained or improved. Forest harvest, road building, road maintenance, and related activities would be allowed under the terms of the conservation easement(s) and associated MRMP. In the event of successive ownership by another entity, land-disturbing activities would still be guided by the terms of the conservation easement(s) and associated MRMP.

The proposed conservation easement(s) would allow for limited removal of rock, sand, and gravel for road and existing structure maintenance in accordance with applicable laws. Such mining activities could only disturb two sites at any one time, each with an area not greater than five acres. The overall impacts of these activities are expected to be low because they would be undertaken according to the state's BMPs and conservation easement(s) restrictions and would be precluded from Riparian Influence Zones.

The conservation easement(s) would silence all subsurface mineral rights currently held by Stimson Lumber Company by prohibiting Stimson from exploring for, developing, mining, producing, or otherwise extracting any minerals, oil, natural gas, coal-bed methane, or other hydrocarbon resources on or under the surface of the parcels. It also would prohibit Stimson from conveying any interest in mineral rights they hold to another party for purposes of mineral exploration, development, production, or extraction. Subsurface mineral resources held by other parties would not be impacted by the proposed conservation easement. However, the mineral

assessment completed by the Whitehall GeoGroup determined that mineral development potential was currently negligible. Thus, the current subsoil conditions would be maintained in perpetuity.

No Action Alternative:

The effects of this alternative could be anywhere from very little disturbance to land resources, to significant disturbance depending on whether or not Stimson decides to sell their parcels in the future. Some or all of the project land area could eventually be sold on the private market and eventually developed to one degree or another. This might cause additional land disturbance for the construction of additional roads, driveways, and structures depending on the desires of the new owners.

4.2 HISTORICAL AND CULTURAL

The Kootenai Valley and surrounding mountains are an area rich in cultural history arising from pre-settlement tribes and, more recently, from miners, trappers, and loggers. Miners first arrived in the area in 1886, drawn by the reports of good galena prospects. By 1892, the City of Troy was officially established. At that time, Troy is reported to have fifteen saloons, one grocery, one drug store, several restaurants, and the division yard for the Great Northern Railroad (City of Troy 2012).

Based on a Cultural Resources Information System report from the State Historic Preservation Office, numerous cultural resource sites were identified within the greater project vicinity. These sites relate to historic roads or trails, historic mining, timber harvesting, and lithic material concentrations. Some of the identified sites may be located on project lands, but not all lands have been surveyed due to private land ownership. Based upon the presence of these sites, there is a potential for other cultural resources to occur in the area.

Historic Mining

The project area spans to historic mining districts – the Troy and the Sylvanite. These districts supported numerous placer gold mining operations from the 1890s until 1940s. The Troy district had 23 mines. Most of them were along Callahan Creek with the largest known as the Snowstorm mine. The Sylvanite district is situated north of the town of Troy concentrated in Yaak River valley. There are 25 mines recorded within the Sylvanite district (MTDEQ 2012).

Native Americans

There is no specific information regarding the use of the proposed Kootenai Valleys Conservation Easement area by indigenous peoples. However, FWP assumes the tribes affiliated with the Kootenai National Forest (KNF) are applicable to the affected area since they are either adjacent to or surrounded by KNF.

There are five federally-recognized American Indian nations with cultural affiliation on the KNF: the Kootenai Tribe of Idaho, the Kalispel Tribe, the Coeur d'Alene Tribe, the Spokane Tribe, and the Confederated Salish and Kootenai Tribes. Forest Service-administered lands today occupy lands that were in traditional aboriginal territory. The aboriginal territories of the Kalispel, Coeur d'Alene, and Spokane Tribes overlap with the land now managed by the KNF

along the Clark Fork Valley and with the territories used by the Kootenai Tribe of Idaho and the Confederated Salish and Kootenai Tribes. The entire forest is within aboriginal territory for the Confederated Salish and Kootenai Tribes and the Kootenai Tribe of Idaho (USDA 2011a).

Proposed Action Alternative:

The proposed conservation easement(s) would allow for continued use of these lands by all people under the terms previously outlined and would not convey any new rights to any American Indian nations. Continued forest management causes little surface soil disturbance except for construction of new roads, which impact only a small portion of the 28,000-acre landscape. The prohibition of exploration and development of subsurface resources may protect previously identified and yet-to-be identified historic and cultural sites from additional disturbances. Furthermore, the proposed conservation easement would help maintain fish and wildlife populations, which should help maintain the exercise of treaty rights on adjoining public lands.

No Action Alternative:

In the short term, little change would be likely under the No Action Alternative. Stimson would continue their current land uses. However, future uses of the land would depend on economic conditions at that time and motivations of the landowner. Any changes in land uses in the future may impact cultural resources within the project lands.

4.3 AIR, NOISE, AND ELECTRICAL

Noise levels are relatively low and air quality is relatively good in the project area most of the time. Highways 2 and 56 traffic levels, timber harvest, and transportation activities periodically affect ambient noise levels. Wildfire, slash burning, residential wood burning, and traffic along Highways 2 and 56 can affect local air quality. There are no timber processing mills or other industries in the project area except for the Troy mine in Stanley Creek operated by Revett Minerals.

Bonneville Power Administration maintains an existing 115-kilovolt transmission line from the Idaho border to Troy, then south to Bull Lake and east to Libby. This transmission line crosses numerous Stimson parcels that are part of the proposed conservation easement project (BPA 2011).

There are no oil or gas lines reported through the project parcels.

Proposed Action Alternative:

Impacts to air and noise resources would be the same due to the continuation of commercial and timber uses of the lands under the conservation easement(s) and associated MRMP.

Major transmission lines across the project lands could be allowed under the terms of the conservation easement subject to BPA's agreement in the conservation easement(s) to avoid or reduce environmental impacts.

No Action Alternative:

In the short term, little change would be likely under the No Action Alternative. Stimson would continue their current land uses. However, future uses of the land would depend on economic conditions at that time and motivations of the current landowner.

4.4 RISK AND HUMAN HEALTH /SAFETY

The project area is currently managed as a commercial forest that carries inherent risks to human health and safety associated with wildfire, logging, and commercial transportation. In addition, the entire area is used by the public for a multitude of recreational activities including nonmotorized vehicle travel, hunting, trapping, snowmobiling, wildlife viewing, hiking, and berry picking. All these activities have some degree of risk associated with outdoor use and the use of various types of outdoor equipment.

5.0 ENVIRONMENTAL IMPACT STATEMENT DETERMINATION

Based on the significance criteria evaluated in this EA, is an EIS required? No.
Although the proposed conservation easement(s) would affect approximately 28,000 acres in perpetuity, the property remains in private ownership and existing uses of the property (timber management and public access for a variety of recreational activities) are maintained. Important wildlife and fisheries habitat that support local revenues generated from hunting and angling activities also are preserved.

Some limited number of minor impacts from the proposed action were identified in this assessment such as restrictions of timber removal in riparian areas and the elimination of mining activities. However, many potential impacts were undefined because of variables beyond FWP's control (e.g., Stimson sells property, state/local economy changes, future landowner plans, etc.) in the future. Based upon the above assessment, an EIS is not required, and an environmental assessment is the appropriate level of review.

6.0 PUBLIC PARTICIPATION AND CONTRIBUTERS

6.1 PUBLIC INVOLVEMENT

The public will be notified in the following manners to comment on this Draft EA, the proposed action, and alternatives:

- Two legal notices in each of these newspapers: *Flathead Beacon, Missoulian, Kootenai Valley Record, Montanian,* and *Western News*
- Direct mailing to adjacent landowners and interested parties
- Public notice on the Fish, Wildlife & Parks website: *http://fwp.mt.gov*

The public comment period will extend for (30) thirty days beginning August 2, 2012. Written comments will be accepted until 5:00 p.m., August 31, 2012, and can be mailed to the address below: Kootenai Valleys Conservation Project
Attn: Nancy Ivy
Montana Fish, Wildlife & Parks
490 N Meridian Road
Kalispell, MT 59901
or e-mail comments to: nivy@mt.gov

Copies of this EA will be available for public review at FWP Region 1 Headquarters in Kalispell and area office in Libby.

FWP has scheduled the following public meetings to provide interested organizations and private individuals an opportunity to ask questions about the proposed project and submit public comment:

There will be an opportunity for public input following a brief presentation by FWP before the Lincoln County Planning Board during their regular meeting starting at 5:30 p.m., August 21,

2012. This Planning Board will meet in the Ponderosa Room, Libby City Hall, 952 East Spruce Street Libby, Montana.

FWP will also hold a public meeting in the Troy High School auditorium, 116 East Missoula, in Troy on August 22, 2012, beginning at 6:30 p.m. The meeting will begin with a 30-minute open house and brief presentation by FWP staff followed by the opportunity for public comments.

6.2 CONTRIBUTORS

Lincoln County
Montana Fish, Wildlife & Parks
- Fish and Wildlife Bureaus, Region 1
- Lands Unit
- Legal Bureau

Montana State Historic Preservation Office
Stimson Lumber
The Trust for Public Land

7.0 ANTICIPATED TIMELINE OF EVENTS

Public Comment Period:	July 25 - August 31, 2012
FWP Commission Review of Project & Decision:	October 11, 2012
Montana Land Board Review:	November 19, 2012
Completion of Conservation Easement Process:	December 31, 2012

8.0 PREPARERS

Rob Brooks, Unit Leader: Energy & Climate, Helena MT
Tonya Clinton, FWP Warden, Libby MT
Rebecca Cooper, MEPA Coordinator, Helena MT
Alex Diekmann, The Trust for Public Land, Bozeman MT
Candace Durran, FWP Land Agent, Helena MT
Chris Hammond, Wildlife Biologist, Kalispell MT
Mike Hensler, Fisheries Biologist, Libby MT
Robert Rasmussen, The Trust for Public Land, Helena MT
Alan Wood, Wildlife Mitigation Coordinator, Kalispell MT

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Appendix A

KOOTENAI VALLEYS
DEED OF CONSERVATION EASEMENT

THIS DEED OF CONSERVATION EASEMENT ("Easement") is granted this ____ day of _____, 2012, by **STIMSON LUMBER COMPANY** whose address is 520 S.W. Yamhill, Suite 700, Portland, OR 97204-1330 (hereinafter referred to as "Landowner"), to the **MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS**, whose address is 1420 East Sixth Avenue, P.O. Box 200701, Helena, Montana 59620-0701 (hereinafter referred to as "Department").

Exhibits to this Deed of Conservation Easement include the following:

Exhibit A - Legal Description of the Land
Exhibit B - Map of the Land
Exhibit C - Maps of Riparian Influence Zones

I. RECITALS

A. The people of the State of Montana recognize the benefits of protecting forest land, riparian corridors and conserving open space that provides habitat for native fish, wildlife and plant communities, while simultaneously managing commercial forests on the land, and have authorized the Department to acquire conservation easements by voluntary, cooperative means to conserve important habitat.

B. The Landowner is the sole owner of certain real property in Lincoln County, Montana (the "Land"), legally described in Exhibit A and depicted in Exhibit B, both of which are attached hereto and incorporated herein by this reference.

C. The Land has significant natural habitat, scenic and open space values as recognized in the Montana Open Space Land and Voluntary Conservation Easement Act, Montana Code Annotated ("MCA") Section 76-6-101, et seq.

D. The Land provides significant benefit to the people of the State of Montana, Lincoln County, and the United States by preserving and providing the following important resources, in perpetuity, in compliance with Section 170(h)(4)(A) of the Internal Revenue Code and Sections 76-6-101, et seq., MCA:

1. Open-space lands which maintain the rural, agricultural and natural scenic qualities of the area and provide opportunities to continue timber harvesting practices in perpetuity, as encouraged and supported by the State of Montana and local land conservation policies adopted in Lincoln County, Montana; and

2. Views of a working forest landscape that are enjoyed by members of the general public traveling along U.S. Highway 2 and U.S. Highway 56 as well as the general public recreating on the Land and on surrounding public lands administered by the Kootenai National Forest; and

3. Open-space lands that provide for a variety of other uses, including:

a. Wildlife habitat for a variety of species, including, but not limited to, grizzly bear, Canada lynx, wolverine, fisher, elk, mule deer, whitetail deer, black bear, moose, gray wolf, beaver, mountain lion, bald eagle, black-backed woodpecker, flammulated owl and numerous waterfowl species, many of which are listed as species of Greatest Conservation Need in the Department's Comprehensive Fish & Wildlife Conservation Strategy (2005); and

b. Lands which serve as a corridors for the movement of wildlife and play a central role in ensuring wildlife linkages between the Purcell and Cabinet Mountains and other ecologically intact areas of the Rocky Mountains of the northern United States and southern Canada; and

c. Perennial streams that are important to a variety of fish species, including, but not limited to, bull trout, westslope cutthroat trout; interior redband trout and mountain whitefish; and other aquatic species.

The above uses are hereinafter collectively referred to as the "Conservation Values".

E. The Land has a history of forest management, and maintaining the opportunity for a productive forest management program that sustains and enhances fish and wildlife habitat is of statewide and local importance.

F. The Kootenai River drainage of which the Land is a part has a predominance of corporate, state, and federal ownership, and has been traditionally used for commercial timber production and other commodity use, which constitutes an important element of the local and regional economy.

G. The Land provides important public recreational opportunities, including hunting, trapping, fishing, hiking and wildlife viewing.

H. The Conservation Values of the Land can be protected by the Landowner granting a conservation easement to the Department, with the Landowner retaining fee title to and overall management of the Land, so long as management is consistent with the terms, conditions and purposes of this Easement (as hereinafter described).

Forest Legacy Funding Alternate

I. The Forest Legacy Program, administered by the U.S. Department of Agriculture, Forest Service (hereafter "Forest Service") pursuant to Section 1217 of Title XII of the Food,

Agriculture, Conservation and Trade Act of 1990 (16 USC Section 2103C) and created "to protect environmentally important private forest lands threatened with conversion to nonforest uses", has awarded a Forest Legacy grant to the Department for a portion of the appraised fair market value of this Easement.

J. The fair market value was determined by a full appraisal in accordance with the definitions and methodologies of the Uniform Appraisal Standards for Federal Land Acquisitions at the time of the grant of the Easement.

HCP Funding Alternate

K. A portion of the appraised value of this Easement is provided by U.S. Department of Interior, Fish and Wildlife Service (hereafter "USFWS") grant funds under its Habitat Conservation Plan Land Acquisition Grants Program (Section 10(a)(1)(B) of the Endangered Species Act. Funds are provided for acquisition of vital habitat for threatened and endangered fish, wildlife, and plant species. This Easement will be managed for the purpose of the grant, in accordance with applicable Federal and State law. This Easement may not be encumbered, disposed of in any manner, or used for purposes other than those for which it was acquired, without prior written approval of the USFWS, Region 6, Denver, Colorado.

L. The Landowner and Department acknowledge all rights, including mineral interests on or under the land, held by other entities at the time this Easement was established (the "Preexisting Rights"). The Landowner and Department agree that nothing in this Easement limits, diminishes, authorizes, or expands any Preexisting Rights, provided that such rights will be exercised consistent with the legal rights of the Landowner as subject to the terms of this Easement.

II. AGREEMENTS

In consideration of the sums paid by the Department and in further consideration of the recitals, mutual covenants, and terms contained in this Easement and pursuant to the laws of the State of Montana and in particular to the Open-Space and Voluntary Conservation Easement Act, §§76-6-101 through 76-6-211, Montana Code Annotated (MCA); the Department's wildlife habitat acquisition authority, §§87-1-209 *et seq*., MCA; and Title 70, Chapter 17, MCA, Landowner grants and conveys to the Department and the Department accepts this Easement in perpetuity consisting of the following rights and restrictions over and across the Land.

A. PURPOSES

Landowner and the Department agree that the purposes of this Easement (the "Purposes") are generally described as follows:

1. A purpose of this Easement is to effect the purpose of the Forest Legacy Program, in accordance with the provisions of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 2103c), to protect environmentally important forest areas that are threatened by conversion to nonforest uses and therefore also protect important scenic, cultural,

fish, wildlife, recreational resources and riparian areas. A further purpose of the Forest Legacy Program and this Easement is to protect the Land's capacity to produce economically valuable forestry products and to allow Landowner and its successors and assigns to continue to conduct commercial timber and resource management activities in a sustainable manner.

2. A purpose of this Easement is to effect the purpose of the Habitat Conservation Plan Land Acquisition Grants Program to manage floodplain, riparian areas, and stream habitats along certain fish bearing creeks on the Land as delineated on the map attached hereto as Exhibit C, all of which are tributaries of the Kootenai River, in a manner suitable to the long-term conservation of native fish species.

3. A purpose of this Easement is to perpetuate the Land as forest land; to ensure the opportunity for long term, professional management of the forest resources through forestry activities permitted hereunder; and to provide that commercial production of forest products is conducted in a manner compatible with the conservation of water quality, fish and wildlife habitat, recreation and other Conservation Values.

4. A purpose of this Easement is to provide to the Department, on behalf of the public, the right of reasonable access to the Land for public outdoor recreational uses as provided for in Paragraph II.C.4.

5. A purpose of this Easement is, pursuant to the terms of §76-6-107, MCA, to prevent the Land preserved by this Easement as natural land from being converted or diverted to any use prohibited by Paragraph II.F of this Easement or to any use inconsistent with the terms, conditions, or Purposes of this Easement.

B. LANDOWNER'S RIGHTS

Landowner reserves to itself, its successors and assigns, all rights accruing from ownership of the Land, including the right to engage in or permit others to engage in all uses of the Land that are not expressly prohibited or restricted by this Easement and that are consistent with the Purposes of this Easement, and the protection and maintenance of the Conservation Values of the Land. Without limiting the generality of the previous statement, and subject to the restrictions on Landowner's activities in this Easement, the following rights are expressly reserved and are consistent with this Easement. As specified in the following paragraphs, Landowner's exercise of certain of these rights is conditioned upon prior approval by the Department under the procedures provided for in Paragraph II.H. of this Easement (hereinafter referred to as "Prior Approval") and Landowner's exercise of other rights is subject to prior notice to Department also as provided for in of Paragraph II.H. (hereinafter referred to as "Prior Notice"). Furthermore Landowner's exercise of many of these rights is conditioned upon their adherence to the Multi Resource Management Plan (MRMP). The remainder of these consistent uses shall not be precluded, prevented, or limited by this Easement.

1. Forest Management. The right to harvest and sell timber, timber products and other forest products or resources and to manage the Land including all aspects of commercial forestry in accordance with Applicable Law (as defined below); in accordance with good and

sound silvicultural practices as addressed in the MRMP as defined in Paragraph II.F. hereof. For purposes of this Easement, the term "Applicable Law" shall mean any federal or state regulation, rule or law which may be in effect from time to time which regulates the harvest of timber or land management with respect to the Land, including, but not limited to, Title 77, chapter 5, part 3, MCA, and the associated Administrative Rules of Montana, Title 36, Chapter 11, Sub-chapter 3, governing forest practices in the streamside management zone, as the law and rules may be revised or amended from time to time, and "Best Management Practices for Forestry in Montana, December 2002" (the "BMPs"), as the same may be revised or amended from time to time. In addition, Landowner will harvest the timber and manage the Land and its resources in accordance with the MRMP required pursuant to the Forest Legacy Program and further described in Paragraph II.F of this Easement.

2. Regulation of Public Use. The right to regulate public use of the Land at all times, subject to the public's recreational access described under Department's Rights in this Easement. The Landowner retains the right to restrict public use under special circumstances as required to protect and restore environmentally sensitive areas, sites damaged by public use or natural processes, or areas undergoing timber harvest or timber management activities such as reseeding or replanting; in emergency situations and for public safety reasons; and in other areas or circumstances where the Conservation Values could be adversely impacted by public use. Landowner must give Department written notice of areas closed to public use as soon as practical after such closure. Restrictions to protect and restore environmentally sensitive areas or to address circumstances where the Conservation Values could be adversely impacted by public use require mutual consent of the Landowner and the Department. Consent of the Department is not required to restrict motorized use of roads; provided that nonmotorized use is allowed.

3. Structures and Improvements. Landowner may:

a. repair, renovate, remove, maintain, or replace nonresidential improvements existing at the time of the grant of this Easement, provided that such repair, renovation, maintenance, or replacement does not expand the size or utility of such nonresidential improvements.

b. construct, remove, maintain, renovate, repair, or replace fences, timber platforms, corrals, bridges, culverts, road ditches, and other structures necessary for land management purposes not specifically disallowed in this Easement and consistent with the Conservation Values of this Easement.

c. with Prior Approval, construct or place on the Land for temporary use a building or structure for resource-management purposes, including but not limited to forest management; sand, gravel, or rock extraction; and road work. The temporary placement of equipment and machinery for log chipping, tree limbing or scaling, or otherwise preparing logs for loading or shipment from the Land is not deemed to be a "timber processing mill" except, however, such equipment or machinery may not be placed within the Riparian Influence Zones (RIZ as defined in Paragraph II. E.) unless approved in writing by the Department. Any building allowed by this Paragraph II B. 3 c. must be removed from the property upon conclusion of the use for which the building was erected and the site reclaimed.

4. Roads, Road Maintenance, Road Easements, and Bridges. Notwithstanding other provisions of Paragraph II.B.1. the Landowner:

a. may maintain and improve existing roads, bridges, and culverts consistent with conditions and restrictions in the MRMP. This right includes the right to abandon or reclaim roads that are no longer used.

b. with Prior Notice to the Department, may construct and maintain new roads necessary for exercising rights retained by Landowner under this Easement that are consistent with the MRMP. Any proposed new roads not in accordance with the MRMP require Prior Approval by the Department.

c. with Prior Approval from the Department, may construct and maintain new roads and bridges within the Riparian Influence Zone.

d. shall control and be responsible for road access, maintenance, management, and use regulation, subject to any maintenance, management and access provisions governing "cost-share" roads, as contained in separate agreements among the Landowner and cooperating federal and state agencies.

e. may, in its sole discretion, grant to third parties permanent or temporary access rights to cross the Land on roads existing at the time of the grant of this Easement. Prior to issuing any such access rights, Landowner must give Prior Notice to the Department and also provide the Department with a copy of any access easement or agreement granted to a third party. Documentation of roads existing at the time of the grant of this Easement may be established through the Easement Baseline Report provided for in Paragraph II.G. Nothing in this Easement may interfere with a third party exercising any right of legal access across the Land that was in effect at the time of the grant of this Easement.

f. may grant to third parties permanent or temporary access rights for any lawful purpose across the Land on new roads constructed with Prior Approval of the Department.

5. Use of Motorized Vehicles and Equipment. The right to use motor vehicles, forestry machinery and equipment, and to maintain logyards, in the ordinary course of Landowner's timber and resource management activities and in a manner consistent with Paragraph II.B.1.

6. Chemical and Biological Agents. The Landowner reserves the right to utilize agrichemicals, fertilizers, and biological agents for silvicultural purposes and for control of noxious weeds, as defined by the State of Montana or other lawful authority with jurisdiction. Subject to Prior Approval by the Department, Landowner may use chemical or biological agents to control other nonnative plants not listed as noxious weeds or to control plants, fish, wildlife, insects, or other life forms that threaten the Conservation Values of the Land. Any such use or application must be in accordance with Applicable Law. Notwithstanding any of the provisions

of this Paragraph II.B. 6., Prior Approval from the Department is required for aerial application of agrichemicals, fertilizers, and biological agent.

7. Extraction of Sand, Gravel, and Rock.

a. The right to extract sand, gravel, and rock on the Land through surface mining techniques in accordance with Applicable Law, provided that:

The disturbed area for mining does not exceed five acres in size per site;
ii. There are no more than two (2) sites disturbed at any time;
iii. The mining and excavation sites are not within a 100-year flood plain area or less than eighty (80) feet from the boundary of any Channel Migration Zone, as defined in Paragraph II.E.1; and
iv. The Landowner shall ensure that the extraction of sand, gravel and rock is subject to the following provisions:

(a) Landowner, lessee or mining operator shall control noxious weeds at the site;

(b) Landowner, lessee or mining operator shall provide 100% vegetative cover on all soil stockpiles each year to reduce soil erosion and infestation of noxious weeds;

(c) Landowner, lessee or mining operator shall post a reclamation bond equal to the cost of reclaiming the land post-mining;

(d) Landowner, lessee or mining operator shall restore mine and disturbed area using native species and in a manner compatible with adjoining land uses;

(e) Landowner, lessee or mining operator shall reclaim and revegetate roads no longer needed in forest or resource management using native species to the extent practicable and in a manner compatible with adjoining land uses.

8. Other Resource Extraction. In accordance with Applicable Law, the right to harvest or extract from the Land any other resources not specifically defined herein, so long as such harvesting or extraction activities are not inconsistent with the Purposes of this Easement and further provided that such activities receive Prior Approval by the Department under the procedures of Paragraph II.H.

9. Habitat Enhancement and Restoration. The Landowner reserves the right to manipulate vegetation, conduct stream restoration projects, or engage in other habitat enhancement or restoration activities, provided that any such activity must be for the primary purpose of enhancing or maintaining fish and wildlife habitat, and such activity must be in accordance with the MRMP. If any such activity is not contained in the MRMP or otherwise specifically allowed herein, then Prior Approval by the Department is required.

10. Telecommunications Sites. The right to lease not more than two (2) sites no larger than four (4) cumulative acres, on the Land for the purpose of the construction and use of radio, television, cell phone or other communication signal transmission or relay facilities. Access roads to these sites must be gated and the sites must be fenced to exclude deer, elk, and bear. Landowner shall provide a copy of the lease to the Department. Any road construction necessary for installation and maintenance of the telecommunication facility must be consistent with conditions and restrictions in the MRMP.

11. Outfitting and Commercial Recreation. The right to allow nonexclusive use by commercial outfitters at levels described in the MRMP. "Non-exclusive use" means that the public also has the opportunity for recreational use, consistent with the terms of this Easement and the MRMP, in the areas of the Land used by outfitters.

12. Subdivision and Real Property Conveyance. For the purposes of regulating subdivision and real property conveyance, the Land (as described in Exhibit A) is considered a whole and undivided parcel of land at the time of the grant of this Easement, notwithstanding any section designations, aliquot parts, government lots or other legal or technical divisions or subdivisions that may exist at the time of the grant of this Easement. The following provisions apply to any division and conveyance of the Land, or any portion thereof:

a. The Landowner may sell, convey, exchange, quit-claim, devise, gift or otherwise transfer title to the Land in its entirety (such actions all termed as "transfer").

b. The Landowner may divide and transfer a portion or portions of the Land; provided that any and all such conveyances do not result in more than eight (8) separate fee ownerships in the Land at any time.

c. Notwithstanding any other provision of this Paragraph II.B.12., transfer of a portion of the Land to a federal or state agency for ownership and management as public land is permitted and does not constitute a division or transfer under the limits provided in Paragraph II.B.12.b.

d. The Landowner shall provide Prior Notice to the Department of any pending real property transfer, and such transfer must be effected with an express provision in the instrument of conveyance stating that the Land is subject to the terms and conditions of this Easement. The Department may provide a copy of the Easement and any related documents to the purchaser or other prospective successor in interest to the Landowner.

e. In the event that the Land is divided into separate ownerships as provided for in this Paragraph II.B.12, the conveyance document must specify which of the ownerships retains any remaining right for an additional land division and conveyance (if the limit of eight (8) separate fee ownerships has not been reached) and which of the ownerships retains any remaining right for gravel pit development as provided for in Paragraph II.B.7.a.i, and any remaining telecommunication sites as provided for in Paragraph II.B.10.. Landowner shall furnish the Department with a copy of the conveyance document utilized to effect the transfer of

the Land within thirty (30) days of the execution of said document, and the Department shall record in the Public Records of Lincoln County a "Notice of Exercise of Reserved Development Right Under Deed of Conservation Easement " to document the exercise of such rights and the future allocation of any remaining such rights for the benefit and information of the Landowner, the Department, and the public.

f. Subsurface mineral rights severed prior to the grant of this Easement do not constitute a prohibited or restricted division or subdivision for purposes of this Paragraph.

g. The restrictions on land division and subdivision contained in this Paragraph do not apply to the right to sell stumpage, as long as the timber rights are not permanently severed.

h. The Land may not be used as open or natural space or park land for any subdivision or development purposes or requirements on land not covered by this Easement, nor may Landowner transfer any development rights on or to the Land separate from the Land. For purposes of this Easement, development rights include, without limitation, any and all rights, however designated, now or hereafter associated with the Land or any other property that may be used to compute development density, lot yield, or any other development variable of or pertaining to the Land or any other property.

13. Water Rights. With Prior Approval of the Department, Landowner may transfer, lease, donate, sell, or otherwise dispose of water rights appurtenant to the Land for the express purpose of protecting or enhancing in-stream flows intended to benefit fisheries in waterways.

14. Utility Installation and Pipelines. The right to construct or permit utility lines and pipelines in or across the Land, provided that:

a. At Landowner's sole discretion, underground utility installation and pipelines shall be allowed within existing road prisms; and,

b. Prior Approval is required for any new utility or pipeline installation within or across the Land outside of existing road prisms; and,

c. any utility or pipeline installation must be constructed in a manner that protects and maintains the Conservation Values of the Land.

If Landowner has received notice of a pending condemnation action from an appropriate authority, the provisions of Paragraph II K apply.

15. Grazing. With Prior Approval by the Department, Landowner may use livestock on the Land to control noxious weeds or other invasive nonnative plants, or for other land management purposes consistent with the protection and maintenance of the Conservation Values of the Land.

C. DEPARTMENT'S RIGHTS

The rights conveyed to the Department by this Easement are:

1. Subject to the terms hereof, including but not limited to Landowner's Rights set forth in Paragraph II.B. of this Easement, and consistent with the Purposes of this Easement, the right to preserve and protect in perpetuity the Conservation Values of the Land.

2. The right to enter the Land to monitor Landowner's compliance hereof and to enforce the specific restrictions on the Landowner's activities and rights granted to the Department by this Easement; and to observe, study, and make scientific observations of the Land's fish, wildlife, habitat, and ecosystems. In addition, the Department has the right to establish and maintain vegetation monitoring transects and enclosures upon prior written notice to Landowner, and in a manner that will not unreasonably interfere with the Landowner's rights under this Easement. The Department also has the right to access and manage timber in the Riparian Influence Zone under the circumstances and subject to the conditions provided for in Paragraph II.E.1.

3. The right to prevent any activity on or use of the Land by the Landowner that is inconsistent with this Easement and not allowed hereby, and, to the extent practicable, to require the restoration of any areas or features of the Land that may be damaged by inconsistent activity or use by Landowner not allowed herein.

4. The right, on behalf of the general public, of access for the purpose of noncommercial recreation on the Land, including but not limited to hunting, fishing, trapping and wildlife viewing. Use of the Land by the public is subject to Landowner's rights to restrict such public access pursuant to Paragraph II.B.2. of this Easement and to any limitations or restrictions contained in the MRMP.

D. RESTRICTIONS ON LANDOWNER'S ACTIVITIES

The following activities and uses are expressly prohibited or restricted.

1. Timber Harvest in Riparian Influence Zones. Timber harvest, use of mechanical equipment off of established roads, or conducting timber-management activities within the RIZ along the following drainages: O'Brien, Keeler, Callahan, Rabbit, Lake, Ruby, Porcupine, and Iron Creeks is prohibited.

2. Wetland Areas. The draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland is prohibited except as provided for in Paragraph II.B. and in compliance with the provisions of the MRMP.

3. Subdivision. The partition, division, subdivision or de facto subdivision of the Land is prohibited, except as specifically provided for in Paragraph II.B.12.

4. Residential Use. Residential use of the Land and the construction or placement of any residential building or structure on the Land is prohibited.

5. Water Use and Water Rights. The use or withdrawal of surface or ground water in any manner that would adversely affect the Conservation Values is prohibited. The transfer, encumbrance, sale, lease, or other separation of water rights from the Land except as provided for in Paragraph II.B.13. is prohibited.

6. Soil Cultivation. Cultivation of the Land is prohibited, except as provided in Paragraph II.B.9. or in the MRMP.

7. Lease or Sale of Access. The rent, lease or sale of exclusive access to the Land to others for hunting, fishing, skiing, snowmobiling, or other recreational purposes, whether or not as a part of a commercial outfitting or guiding business, is prohibited. Charging fees for exclusive recreational use on the Land is prohibited. The Landowner may not sell, assign, convey, or otherwise transfer any interest in the Land or in itself for the purpose of providing exclusive access to the Land in contravention of this paragraph.

8. Utility Installation and Pipelines. Subject to existing utility and pipeline easements and except as provided for in Paragraph II.B.14, the installation of utility lines upon or under the Land is prohibited.

9. Structures and Improvements.

a. The construction or placement of a structure or improvement of any kind is prohibited, other than as expressly allowed in Paragraph II.B.3.

b. The Landowner may not construct or place any residential building on the Land.

c. The Landowner may not construct or place any permanent building on the Land.

d. The Landowner may not construct or place a timber processing mill on the Land.

10. Grazing. Grazing of livestock is prohibited except as provided for in Paragraph II.B.15.

11. Alternative Livestock Ranch and other Animal Confinement. The use of the Land in connection with an alternative livestock ranch, game bird farm, feedlot, shooting preserve, fur farm, beehive or apiary, zoo or menagerie, or the ownership, leasing, keeping, holding, capture, propagation, release, introduction, or trade in any animal that may pose a threat to any mammalian, avian, reptilian, aquatic, or amphibian wildlife species, whether or not indigenous to Montana, is prohibited.

12. Mineral Development.

a. Except for the surface extraction of sand, gravel, and rock, all as provided for in Paragraph II.B.7., the Landowner is prohibited from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane or other hydrocarbon resources on or under the surface of the Land. Landowner is also prohibited from conveying any interest in mineral rights to another party for purposes of mineral exploration, development, production or extraction.

b. In the event that Landowner becomes aware of a third-party exercising or proposing to exercise mineral rights on the Land, Landowner shall inform the Department as soon as possible. Department may represent its interests in protecting its rights under this Easement and the Conservation Values of the Land in any proceeding related to mineral exploration or development. If the Conservation Values of the Land are adversely impacted by the mining activities of third-party mineral owners, Landowner and Department shall be entitled to share in any compensation for damages in accordance with Paragraph II.K of this Easement, provided that the Department must apply its share of any such compensation to restore the Land or to achieve other habitat conservation purposes.

13. Other Commercial and Industrial Use. Any commercial or industrial use of or activity on the Land is prohibited, other than those specifically allowed in this Easement. For purposes of this Easement, trapping of furbearing wildlife as regulated by the Department is considered a recreational activity and is not a commercial use.

14. Waste Disposal. The processing, dumping, storage or other disposal of waste, refuse and debris on the Land is prohibited, except for wood waste products generated through forest management activities on the Land, which may be disposed of on the Land in a manner consistent with forestry best management practices and the Montana SMZ law, provided that such disposal does not adversely impact the Conservation Values.

E. SPECIAL MANAGEMENT PROVISIONS

1. Stream and Riparian Management.

a. The Riparian Influence Zones are shown in the Easement Baseline Report and in Exhibit C, signed by Landowner and the Department as an approximate representation of RIZ location. Exhibit C maps are intended to alert the Landowner that RIZ management applies in the general area. The actual RIZ will be delineated by Landowner prior to management activities within or adjacent to the RIZ (including road construction and maintenance pursuant to Section II.B.4); and Landowner shall give Prior Notice to the Department for any management activity associated with the RIZ. The Riparian Influence Zones comprise approximately Seven Hundred and Two (702) acres at the time of the grant of this Easement. The Riparian Influence Zones encompass the Channel Migration Zones ("CMZ") plus an additional 80' (eighty feet) in width beyond each of the outside (lateral) boundaries of the CMZs, plus limited additional acreage added for logistical or topographic considerations by agreement of Landowner and the Department. The CMZ represents the active floodplain across which a stream is likely to move laterally during a period of decades. The CMZ is typically the area that

would be inundated when stream flow is equivalent to twice bank-full depth, and is evidenced by active or relic side channels.

b. If the Department desires to manage vegetation within a Riparian Influence Zone for the purpose of benefiting fish and wildlife habitat, it shall notify Landowner in writing of the proposed management activity prior to such activity, which may include cutting, removal or planting of trees or shrubs, placement of downed timber and other actions to benefit habitat. Landowner shall approve, deny or request modification of the Department's request within sixty (60) days from receipt of the written notification. A decision by Landowner to deny the request must be based on Landowner's determination that the Department's proposed activity would unduly interfere with Landowner's use of the property, cause a safety problem, violate applicable laws or regulations, or jeopardize Landowners SFI certification. Landowner shall inform the Department in writing of its decision and the reasons for its decision. Landowner acknowledges that it has been compensated for the value of the timber in the Riparian Influence Zones at the time of the purchase of this Easement; makes no claim to this timber or to its value; and agrees to allow the Department access to this timber, with no charge for such access, in the event that Landowner approves the Department's request to manage this timber under this Paragraph. If the Department makes commercial use of any timber harvested under the provisions of this Paragraph, those proceeds must be dedicated to conserving, restoring or enhancing fish and wildlife habitat.

2. General Habitat Conservation. Landowner's forest management, commercial timber harvests, and all other activities permitted on the Land under this Easement shall be carried out as provided for in Landowner's MRMP described in Paragraph II. F. The MRMP shall describe those steps Landowner will take to conserve environmentally important wildlife habitat including such matters as retaining vegetative cover, road management, seasonal use restrictions, and preservation of special habitat features.

F. MULTI-RESOURCE MANAGEMENT PLAN AND LIAISON TEAM

The Landowner and the Department shall enter into a (MRMP that identifies Landowner's objectives and actions the Landowner will take to protect and manage soil, water, range, aesthetic quality, recreation and public access, timber, and fish and wildlife habitat and resources. The MRMP is not incorporated into this Easement, but must be in writing and signed and acknowledged by representatives of Landowner and the Department who have authority to commit the respective parties to compliance with the plan. The Landowner will comply with the MRMP.

The Landowner's resource management and timber harvesting practices that comply with the MRMP are consistent with the terms, conditions, Conservation Values, and Purposes of this Easement.

Landowner and the Department shall form a joint liaison team (the "Liaison Team") consisting of not more than three representatives of Landowner and three representatives of the Department. The Liaison Team will provide a forum to review issues related to this Easement and will prepare and, as agreed upon, revise the MRMP. The Liaison Team shall meet not less

than once a year as the members shall determine. If the Land is held in two or more ownerships as provided for in Paragraph II.B.12.b., each Landowner shall appoint its own Liaison Team members. Liaison Team meetings shall include the Department and all Landowners, unless other arrangements are mutually agreed upon.

The Liaison Team shall review and, when appropriate, amend the MRMP. Any amendment to the MRMP must be in writing and must have the signed consent and acknowledgment of both parties. If there is any inconsistency between the terms of the MRMP, the terms of this Easement control. The Department will keep a current MRMP in its files at all times.

The Landowner may not convey the Land or any portion thereof unless the successor in interest has executed with the Department a MRMP that will come into effect upon the conveyance. The successor in interest may sign and acknowledge the MRMP that is in effect at the time of the transfer of ownership or, upon agreement with the Department, may sign and acknowledge a revised MRMP.

G. EASEMENT BASELINE REPORT

The parties agree that an Easement Baseline Report (the "Report") will be completed by a natural resource professional familiar with the area, reviewed by the Department, and Landowner, and acknowledged by them to be an accurate representation of the physical and biological condition of the Land and its physical improvements as of the date of the conveyance of this Easement. In the event a controversy arises with respect to the nature of the biological and/or physical condition of the Land and its improvements, the parties may use the Report, as well as all other relevant or material documents, surveys, reports, or other information to assist in the resolution of the controversy.

H. NOTICES AND PRIOR APPROVAL

1. The purpose of requiring the Landowner to notify the Department prior to undertaking certain permitted activities described herein is to afford the Department an opportunity to ensure that activities are designed and carried out in a manner consistent with the Purposes of this Easement and pursuant to the terms hereof. Whenever Prior Notice only is required under this Easement, Landowner must notify the Department in writing not less than thirty (30) days prior to the date the Landowner intends to undertake such activity.

2. Whenever Prior Approval is required, such approval may not be unreasonably withheld. Landowner must notify the Department in writing not less than sixty (60) days prior to the date the Landowner intends to undertake the activity. The notice must be sent by courier service, or registered or certified mail, return receipt requested, or by courier, or personal delivery, and must describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit the Department to make an informed judgment as to its consistency with the Purposes of this Easement and the other terms and provisions hereof. The Department has sixty (60) days from its receipt of such notice to review the proposed activity and to notify the Landowner of its objections to the proposed activity. If, at

the Departments sole discretion, it is possible that the proposed activity can be modified to be consistent with the terms hereof, the Department shall inform the Landowner of the manner in which the proposed activity may thereafter be conducted. The Department's response to Landowner's notice shall be sent by registered or certified mail, return receipt requested, or delivered by courier, or personal delivery service. In the event the Department denies the activity the Landowner wishes to undertake, the Department must provide a written determination with analysis of why such activity would significantly impact the Conservation Values of the Property.

3. If the Department fails to respond to Landowner's notice of Prior Approval within sixty (60) days of the Department's receipt of the notice, the proposed activity shall be deemed to be consistent with the terms of this Easement, and the Department shall have no further right to object to the activity identified by such notice. The Landowner shall be under no liability or obligation for any failure to give Prior Notice for any activity undertaken by Landowner necessitated by virtue of fire, flood, acts of God, or other element, or any other emergency reasonably deemed by Landowner to exist; provided, however, after such an event, if there is damage to the Conservation Values, the Landowner shall notify the Department of any such damage as soon as practicable.

4 Whenever mutual written consent is required, the initiating party must follow the Prior Approval procedures set forth above.

5. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be in writing and either served personally or sent by registered or certified mail, return receipt requested, or delivered by courier, or personal delivery service addressed as follows:

To Landowner:	Stimson Lumber Co. Attention: Vice President of Resources 520 S.W. Yamhill, Suite 700 Portland, OR 97204-1330
With a copy to:	Stimson Lumber Co. Attention: General Counsel 520 S.W. Yamhill, Suite 700 Portland, OR 97204-1330 Attn: General Counsel
	Stimson Lumber Co. Attention: Inland Fee Lands Manager P.O. Box 1499 Newport, WA 99156 Attn: Inland Fee Lands Manager

To Department:	Administrator, Fish and Wildlife Division Department of Fish, Wildlife & Parks 1420 E. Sixth Avenue P.O. Box 200701 Helena, MT 59620-0701
With a copy to:	Supervisor of Region 1 Department of Fish, Wildlife & Parks 490 North Meridian Road Kalispell, MT 59901

or to such other address as either party from time to time shall designate by written notice to the other. All notices which are so addressed and paid for shall be deemed effective when personally delivered, or, if sent by courier or mailed, on the earlier of receipt or five (5) business days after deposit thereof with a courier or mail service, return receipt requested.

I. REMEDIES FOR UNAUTHORIZED USES AND PRACTICES

1. If the Department determines that the Landowner has violated the terms of this Easement, the Department shall give written notice to the Landowner of the specifics of the violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Land resulting from any use or activity prohibited by the terms of this Easement and inconsistent with the Purposes of this Easement, to restore the portion of the Land so damaged where practicable. If the land cannot be restored because physical conditions have been changed to the extent that such restoration is not reasonably practicable, the Department and the Landowner may consider other remedies to the Land or compensation due to the Department; provided, however, that any such damages may not exceed the fair market value of this Easement at the time the damage occurs. The fair market value of this Easement for the purpose of calculating remedies will be determined as provided in Paragraph II.K.

2. If the Landowner fails to cure the violation within thirty (30) days after receipt of notice from the Department, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing the violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally correct, the Department may bring an action in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, by temporary or permanent injunction, and to require the restoration of the Land to the condition that existed prior to the injury.

3. If the Department determines that a violation of the terms of this Easement is threatened, the Department shall give written notice to the Landowner of the specifics of such threatened violation. Landowner shall have thirty (30) days to respond to such notice of threatened violation. If the Landowner fails to respond to such notice within thirty (30) days after its receipt of such notice, and the Department determines that such threatened violation still exists, the Department may bring an action in a court of competent jurisdiction to enforce the

terms of this Easement and to enjoin the threatened violation, by temporary or permanent injunction.

4. If the Department, in its sole discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Land, the Department may pursue its remedies under this paragraph without Prior Notice to the Landowner or without waiting for the period provided for cure to expire.

5. The Department's rights under this provision apply in the event of actual or threatened violation of the terms of this Easement, and the Landowner agrees that if Department's remedies for any threatened or actual violation of the terms of this Easement are inadequate, the Department shall be entitled to the injunctive relief described herein, both prohibitive and mandatory, in addition to such other relief to which the Department may be entitled, including specific performance of the terms of this Easement. The Department's remedies described in this section shall be cumulative and in addition to all equitable remedies consistent with the foregoing. No party is entitled to punitive, consequential or incidental damages.

6. Nothing contained in this Easement shall be construed to entitle the Department to bring any action against Landowner for any injury to or change in the Land resulting from the actions of third parties, the public, or other causes beyond Landowner's control, including, without limitation, fire, flood, storm, and natural earth movement, or from any prudent action taken to prevent, abate, or mitigate significant injury to the Land resulting from such causes.

7. Any costs incurred by the Department in enforcing the terms of this Easement against Landowner, including reasonable costs of suit and reasonable attorneys' fees, and any costs of restoration necessitated by Landowner's violation of the terms of this Easement shall be borne by the Landowner. If, however, the Landowner prevails in any action to enforce the terms of this Easement, then Landowner's reasonable costs of suit, including reasonable attorneys' fees, shall be borne and paid for by the Department.

8. Enforcement of the terms of this Easement is at the discretion of the Department, and any forbearance by the Department to exercise its rights under this Easement in the event of any breach of any term of this Easement by Landowner shall not be deemed or construed to be a waiver by the Department of that term or of any subsequent breach of the same or any other term of this Easement. No delay or omission by the Department in the exercise of any right or remedy upon any breach by Landowner shall impair the right or remedy or be construed as a waiver, nor shall any forbearance or delay give rise to a claim of laches or prescription.

J. HOLD HARMLESS AND INDEMNITY

1. The Landowner shall hold harmless, indemnify, and defend the Department and its employees, agents and contractors from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands or judgments, including without limitation, reasonable attorneys' fees, arising from or in any way connected with injury to or the death of any person, or physical damage to any property, resulting from any act, omission,

condition or other matter related to or occurring on or about the Land, unless due to the negligence or willful misconduct of the Department or its agents, employees or contractors.

2. The Department similarly agrees to hold harmless, indemnify and defend the Landowner and its employees, agents and contractors from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands or judgments, including without limitation, reasonable attorneys' fees, arising from or in any way connected with injury to or the death of any person or physical damage to any property, resulting from any action, omission, condition or other matter related to or occurring on or about the Land, as a result of the Department's exercise of its rights granted under this Easement, unless due to the negligence or willful misconduct of the Landowner or its agents, employees or contractors.

K. TERMINATION, EXTINGUISHMENT, CONDEMNATION

1. This Easement constitutes a real property interest immediately vested in the Department. It is the unequivocal intention of the Department and the Landowner that the conservation purpose of this Easement be carried out in perpetuity. If circumstances arise in the future that render the purposes of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. The Department and the Landowner agree that changed economic conditions may not be considered as circumstances justifying the modification, termination or extinguishment of this Easement. If this Easement is extinguished by judicial proceedings, or should any interest in the Land be taken by the exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation with the Prior Approval of the Department, the Department is entitled to a proportional share of the proceeds of any sale, exchange, or involuntary conversion of the Land formerly subject to this Easement. The Landowner and the Department shall act jointly to recover the full value of the property interests in the Land subject to the taking or in lieu purchase and all direct costs or incidental damages to which each is entitled. For the purposes of this Paragraph, the ratio of the value of this Easement to the value of the Land unencumbered by this Easement remains constant as determined as of the date of this grant. The Department and the Landowner agree that the Department's proportional interest is _____ (_____) percent, and the value of any future interest will not include any value attributable to authorized improvements to the Land made after the date of this grant, except as to improvements made by or at the expense of the Department, unless evidence at any condemnation hearing or proceeding demonstrates actual damages to the Landowner and the Department which vary in favor of the Department from the proportional interest established above.

HCP Alternate

2. This Easement was acquired, in part, using funds provided to the Department by the USFWS, as a grant under its Endangered Species Act, Section 6 Habitat Conservation Plan Land Acquisition Grants Program. Additionally, a portion of the value of this Easement was donated by the Landowner and is being used as part of the required nonfederal share to match the USFWS grant. USFWS regulations require that the Land covered by this Easement be managed in accordance with the terms and conditions of this Easement in perpetuity, unless otherwise approved by the USFWS regional director. The Land may not be encumbered, disposed of in any

manner, or used for purposes inconsistent with the Endangered Species Act Section 6 Grant Program without the prior written approval of the Regional Director of the USFWS. In the event of judicial termination or extinguishment of this Easement for circumstances as described under this Paragraph, the Department shall coordinate with USFWS and shall apply any funds received in settlement for such termination or extinguishment to habitat conservation as approved by USFWS.

FL Alternate

2. The Department acknowledges that this Easement was partially acquired with federal funds under the Forest Legacy Program (P.L.101-624; 104 Stat. 3359) and that the interest acquired may not be sold, exchanged, or otherwise disposed, unless the United States is reimbursed for the market value at the time of the disposal in proportion to the original Federal investment. Provided, however, the Secretary of Agriculture may exercise discretion to consent to such sale, exchange, or disposition upon the Department's tender of equal value consideration acceptable to the Secretary.

L. ASSIGNMENT

This Easement is transferable, but the Department may assign this Easement only to state agency or an entity that is a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder, and authorized to acquire and hold conservation easements under the laws of the state of Montana. As a condition of such transfer, the Department: (1) shall require that the conservation purposes that this grant is intended to advance continue to be carried out; and (2) shall provide ninety (90) days notice to Landowner of such transfer or assignment.

M. AMENDMENT

If circumstances arise under which an amendment to or modification of this Easement would be appropriate, the Landowner and the Department are free to jointly amend this Easement; provided that no amendment shall be allowed that will affect the qualifications of this Easement under any applicable laws, including §76-6-101, et seq., MCA, and any amendment shall be consistent with the purposes of this Easement, and shall not affect its perpetual duration.

N. RECORDATION

The Department shall record this Easement in the official records of Lincoln County, Montana. The Department may re-record this Easement at any time as may be required.

O. GENERAL PROVISIONS

1. Controlling Law. The interpretation and performance of this Easement will be governed by the laws of the State of Montana.

2. Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of §76-6-101, *et seq*., MCA. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

3. Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to this Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to this Easement, all of which are merged into this Easement.

4. No Forfeiture. Nothing contained in this Easement will result in a forfeiture or reversion of Landowner's title in any respect.

5. Successors. This Easement shall be binding upon, and inure to the benefit of the parties, their heirs, administrators, successors and assigns, and shall continue as a servitude running in perpetuity with the Land.

6. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Land, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

7. Severability. If any provision of this Easement is found to be invalid, the remainder of the provisions of this Easement shall not be affected.

TO HAVE AND TO HOLD unto the Department, its successors, and assigns forever.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, Landowner and the Department have set their hands on the day and year first above written.

LANDOWNER: STIMSON LUMBER COMPANY

By: _____

Andrew W. Miller
President and CEO

ACKNOWLEDGMENTS

STATE OF Oregon)
)ss:
COUNTY OF Multnomah)

On this __ day of _____, 2012, before me personally appeared that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of and that the seal affixed is the seal of said.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the
State of Oregon
Residing at_____
My Commission Expires _____
Printed Name: _____

DEPARTMENT: MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS

By: _____

Joe Maurier, Director

ACKNOWLEDGMENTS

STATE OF Montana)
)ss:
COUNTY OF Lewis and Clark)

On this __ day of _____, 2012, before me personally appeared that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of and that the seal affixed is the seal of said.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public in and for the
State of Montana
Residing at_____
My Commission Expires _____
Printed Name: _____

EXHIBIT A – LEGAL DESCRIPTION

Legal Description

That portion of Section 5, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana, lying easterly of State Highway 56 as such highway was described in deed recorded in Book 124, Page 81, records of Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4 and the East Half of the West Half of Section 7, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana; EXCEPTING that portion deeded to the Beartooth Mining Company as . set out in Book 64 at page 477, microfilm records of Lincoln County, Montana.

AND

The Southeast Quarter of the Northeast Quarter, Northeast Quarter of the Southeast Quarter, North Half of the Southeast Quarter of the Southeast Quarter, North Half of the South Half of the Southeast Quarter of the Southeast Quarter, Northwest Quarter of the Southeast Quarter and the Southwest Quarter of the Northeast Quarter of Section 8, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana; EXCEPTING the Southwest Quarter of the Southwest Quarter of the Northwest Quarter of the Southeast Quarter of Section 8, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana; and FURTHER EXCEPTING the West Half of the Northwest Quarter of the Southwest Quarter of the Northeast Quarter of Section 8, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana.

ALSO EXCEPTING therefrom that part deeded to the State of Montana as set out by instrument recorded in Book 119, Pages 380 and 382, records of Lincoln County, Montana.

AND

The East Half of the East Half of Section 20, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana, EXCEPTING that portion deeded to the State of Montana by deed recorded in Book 124, Page 424, records of Lincoln County, Montana.

AND

The West Half of the Northwest Quarter, Southeast Quarter of the Northwest Quarter and the Southwest Quarter of Section 21, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

All of Section 33, Township 29 North, Range 33 West, P.M.M., Lincoln County, Montana, EXCEPTING that portion conveyed to State of Montana by deed recorded in Book 127, Page 45 and in Book 128, Page 447, records of Lincoln County, Montana.

ALSO EXCEPTING Lot 1 of Plat 6718 conveyed by deed recorded in Book 306, Page 581, microfilm records of Lincoln County, Montana.

AND

The East Half of Section 12, Township 29 North, Range 34 West, P.M.M., Lincoln County, Montana, EXCEPTING that portion conveyed to Beartooth Mining Company by deed recorded in Book 64, Page 477, microfilm records of Lincoln County, Montana.

AND

All of Section 14, Township 29 North, Range 34 West, P.M.M., Lincoln County, Montana, EXCEPTING that part deeded to the United States of America as set out in Book 64, Page 284, records of Lincoln County, Montana.

AND

Fractional Northwest Quarter of Section 3, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Parcel A of Certificate of Survey No. 1548 in Section 4, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana, further described as follows:

Beginning at a 5/8 diameter rebar capped: MDL 4232S marking the Northeast corner of Lot 4 of said Section 4,

from which a 3/4 inch diameter rebar bears

South 00° 02' West 4.31 feet; thence, along the East line of Lot 4 of said Section 4,

South 00° 42' 22" East 1276.23 feet to a 5/8 inch diameter rebar capped: MDL 4232S marking the Southeast corner of Lot 4 of said Section 4; thence along the South line of Lot 4 of said Section 4,

North 88° 59' 59" West 330.00 feet to a 5/8 inch diameter rebar capped: MDL 4232S;

thence, leaving said South line,
North 00° 42' 44" West 1269.29 feet to a 5/8 inch diameter rebar capped: MDL 4232S on the North line of said Section 4; thence, along the North line of said Section 4,
North 89° 47' 41" East 330.00 feet to the point of beginning.
Parcel A of Certificate of Survey No. 1548.

AND

Government Lots 2, 3, and 4, South Half of the Northwest Quarter, Southwest Quarter, Southwest Quarter of the Northeast Quarter of Section 5, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPTING therefrom a tract of land near Troy in Lincoln County, Montana, being part of Lot 2 and the Southwest Quarter of the Northeast Quarter of Section 5, Township 30 North, Range 33 West, P.M.M., more particularly described as follows:
Beginning at a point in the mid-channel of Lake Creek on the North line of said Section 5 at a distance of 897.95 Feet
North 89° 57' 44" East from a 3.25 inch diameter BLM brass capped monument marking the North Quarter corner of said Section 5: thence from said point of beginning, leaving the North line of Section 5, generally along the mid-channel of Lake Creek, upstream, the following fourteen courses:
South 30° West 270.00 feet; thence,
South 12° West 110.00 feet; thence,
South 27° East 160.00 feet; thence,
South 64° East 210.00 feet; thence,
South 59° East 310.00 feet; thence,
South 27° East 90.00 feet; thence,
South 11 ° East 90.00 feet; thence,
South 20° West 90.00 feet; thence,
South 71 ° West 150.00 feet; thence,
South 39° West 100.00 feet; thence
South 07° West 130.00 feet; thence,
South 27° East 220.00 feet; thence,
South 56° East 100.00 feet; thence,
North 87° East 80.75 feet to a point on the East line of the West Half of the Northeast Quarter of said Section 5; thence along said East line,
North 00° 32' 58" West 1492.46 feet to the Northeast corner of Lot 2 of said Section 5, from which a 2 inch diameter orange plastic "Lifetime" monument bears
South 1 ° East 0.51 feet; thence, along the North line of said Section 5,
South 89° 57' 44" West 425.00 feet to the point of beginning.
FURTHER EXCEPTING that portion lying easterly and southerly of the Lake Creek county road.

AND

Government Lots 1, 2, 3 and 4, South Half of the Northeast Quarter, Southeast Quarter of the Northwest Quarter and the West Half of the Southeast Quarter, of Section 6, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 2, 3 and 4, Northwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, East Half of the Southwest Quarter of Section 7, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPTING that portion deeded to Lincoln County as set out in Book 57, Page 602, records of Lincoln County, Montana.

AND

Legal Description

The East Half of the East Half, Southwest Quarter of the Southeast Quarter, East Half of the Northwest Quarter, West Half of the Northeast Quarter, Southwest Quarter, Northwest Quarter of the Southeast Quarter of Section 9, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana;
EXCEPTING that portion deeded to Lincoln County as set out in Book 57, Page 564 and Book 109, Page 310 and Book 109, Page 308, records of Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4, Southeast Quarter, East Half of the West Half of Section 18, Township 30 North,

Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPTING Right of Way for County Road as disclosed by County Tract Books, Lincoln County, Montana.

AND

The North Half of the Northwest Quarter of the Northeast Quarter, Southeast Quarter, East Half of the Northeast Quarter of Section 19, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

That portion, piece or part of Lot 2 in Section 19, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana, being a strip of right of way land 60 feet wide, as measured 30 feet to either side of a surveyed center line, said center line being more particularly described as follows:
Beginning at a point on the east-west quarter line of said Section 19, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana, 355 feet East of the West Quarter corner; thence along a bearing of
North 5° 30' West 890 feet to a point on the public road commonly known as the Keeler Creek Road, said point situated a distance of 886 feet North by 270 feet East, more or less, from the aforesaid West Quarter corner of Section 19.

AND

A tract of land lying within the Southeast Quarter of Section 20, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana, more particularly described as follows:
Beginning at a 3.25 inch diameter Brass Capped Monument marking the Southeast corner of said Section 20; thence along the South line of said Section 20
South 89° 35' 00" West 2064.70 feet to a 5/8 inch rebar capped: MDL 4232S on the southeasterly right of way line of Montana State Highway No. 56 (per Book 119, Page 555 and Book 124, Pages 86 and 87) at a distance of 60.00 feet measured radially from the center line thereof where the radius of 2805.00 feet bears
South 85° 05' 01" East; thence, leaving said right of way line, along a chord bearing
North 27° 20' 26" East 2140.01 feet to a 4x4 inch square concrete highway right of way monument at Highway Sta. P.T. 275+02.70 on said southeasterly right of way line (per Book 119, Page 555) at a distance of 60.0 feet measured radially from the centerline thereof where the radius of 2805.00 feet bears
South 40° 14' 06" East; thence, along said southeasterly right of way line,
North 63° 47' 02" East 206.17 feet to a 6 inch spike set in a rock outcrop at a distance of 110.00 feet measured at right angles from the centerline thereof, thence,
North 49° 44' 57" East 641.96 feet to a 5/8 inch rebar capped: MDL 4232S at a distance of 110.00 feet measured at right angles from said centerline; thence
North 35° 42' 51" East 164.94 feet to a 4x4 inch square Concrete Highway right of way Monument at Highway Sta. P. C. 285+04.70 at a distance of 70.00 feet measured radially from the centerline thereof where the radius of 1025.00 bears
North 40° 17' 21" West; thence, northeasterly on the arc of a curve to the left having a radius of 1025.00 feet, turning through a central angle of 9° 48' 08" an arc length of 175.36 feet to a 5/8 inch rebar capped: MDL 4232S at a distance of 70.00 feet measured radially from said centerline where the radius of 1025.00 bears
North 50° 05' 29" West; thence, leaving said southeasterly right of way line, along the North line of the Southeast Quarter of said Section 20,
North 89° 22' 19" East 172.14 feet to a 3/4 inch diameter rebar marking the East Quarter corner of said Section 20; thence, along the East line of said Section 20,
South 00° 19' 28" East 2651.92 feet to the point of beginning.

AND

Parcel A of Certificate of Survey No. 1324.

AND

The North Half, Southeast Quarter, West Half of the Southwest Quarter, Southeast Quarter of the Southwest Quarter of Section 21, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana, EXCEPTING that portion deeded to the State of Montana as set out in Book 124, Pages 89 and 91, records of Lincoln County, Montana.

AND

The Northeast Quarter of the Northwest Quarter of Section 28, Township 30 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The Northeast Quarter of the Northeast Quarter, West Half of the Southeast Qu~rter of the Northeast Quarter, Southeast Quarter of the Northeast Quarter of the Southeast Quarter of Section 29, Township 30 North, Range

33 West, P.M.M., Lincoln County, Montana and that portion of the West Half of the Northeast Quarter, Northwest Quarter of the Southeast Quarter of Section 29, lying easterly of the easterly margin of State Highway 56.

AND

Government Lots 1, 8 and 9 of Section 13, Township 30 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lot 2, West Half of the Southwest Quarter of the Northwest Quarter, West Half of the East Half of the Southwest Quarter of the Northwest Quarter of Section 4, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4; South Half of the North Half, South Half (All Fractional) of Section 5, Township 1 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1 and 2; South Half of the Northeast Quarter, Southeast Quarter of Section 6, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4; East Half of the West Half and East Half (All Fractional) of Section 7, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPT Certificate of Survey No. 939;
FURTHER EXCEPTING portion described in Deed recorded in Book 240, Page 47, records of Lincoln County, Montana.
ALSO EXCEPTING that part in Deed recorded in Book 326, Page 432, microfilm records of Lincoln County, Montana.

AND

The East Half of the Southeast Quarter, Southwest Quarter of the Southeast Quarter of Section 8, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 3, 4 and 5; Northwest Quarter of the Southwest Quarter, South Half of the Northwest Quarter of Section 16, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPT portions of Lots 3, 4 and 5 described in Parcel 1 of Certificate of Survey No. 2561, records of Lincoln County, Montana.

AND

All of Section 17, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1 and 2, Northeast Quarter of the Northwest Quarter, and a strip of land 100 feet in width, constituting a portion of the Northeast Quarter of Section 18, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana, extending 50 feet in width from the following described centerline:
Beginning at a point 597 feet South of the quarter section corner common to Sections 7 and 18 of Township 31 North Range 32 West, bearing
South 75° 45' West a distance of 1433 feet; thence along a curve to the left of 1000 foot radius a distance of 1365.7 feet; thence
North 26° ~O' East a distance of 248.3 feet to a pOint on the section line common to Sections 17 and 18, Township 31 North, Range 33 West, said point being 197 feet South of the section corner common to Sections 17, 18, 7 and 8 of Township 31 North, Range 33 West, P.M.M.
EXCEPTING THEREFROM that portion of Lots 1 and 2 and the Northeast Quarter of the Northwest Quarter conveyed by deed recorded in Book 240, Page 47, records of Lincoln County, Montana.
ALSO EXCEPTING that part deeded in Book 292, Page 53, microfilm records of Lincoln County, Montana.
ALSO EXCEPTING that part in deed recorded in Book 332, Page 546, microfilm records of Lincoln County, Montana.
ALSO EXCEPTING that part in deed recorded in Book 290, Page 117, microfilm records of Lincoln County, Montana.

AND

Government Lots 6 and 7, and East Half of the Southwest Quarter of Section 19 Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

EXCEPT a tract of land near Troy in Lincoln County, Montana, lying within the Southwest Quarter of Section 19, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana, more particularly described as follows:
Beginning at a 5/8 inch diameter rebar capped: KED 4975S on the East-West centerline of said Section 19 at a distance of 714.81 feet
South 89° 28' 57" East from a 3Y4 inch BLM Brass Cap marking the West Quarter Corner of said Section 19; thence, from said point of beginning leaving said East-West centerline
South 29° 11' 58" West 63.59 feet to a 5/8 inch diameter rebar capped: KED 4975S; thence,
South 66° 32' 36" East 79.20 feet to a 5/8 inch diameter rebar capped: KED 4975S; thence,
North 59° 27' 57" East 168.00 feet to a 5/8 inch diameter rebar capped: KED 4975S located on the East-West centerline of said Section 19: thence, along said East-West centerline
North 89° 28' 57" West 186.35 feet to the point of beginning.
Parcel A of Certificate of Survey No. 1580.
Government Lot 11 and part of Government Lot 12 West of Lake Creek Subdivision in Section 19, Township 31 North, Range 33 West and part of Cataract Quartz Lode Mineral Survey No. 3856 conveyed by deed recorded in Book 252, Page 445 and Book 205, Page 820, microfilm records of Lincoln County, Montana.

AND

The South Half of Section 21, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The East Half, East Half of the West Half of Section 22, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The Northeast Quarter, East Half of the Northwest Quarter of Section 27, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The East Half of the Northwest Quarter, West Half of the Southeast Quarter, Northeast Quarter of the Southwest Quarter, and an irregular tract of land near Troy, Montana in Lincoln County, Montana being that part of the Northeast Quarter of Section 30, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana lying wholly on the West side of the mean centerline of Lake Creek, more particularly described as follows:
Beginning at the Northeast corner of the Northwest Quarter of Section 30, Township 31 North, Range 33 West, P.M.M., thence along the North line of said Section 30,
South 89° 41' 48" East 501.03 feet to the intersection with the mean centerline of Lake Creek; thence, leaving said North line and along the mean centerline of Lake Creek the following two courses:
South 9° 35' 07" East 502.22 feet; thence, .
South 40° 00' 00" East 700.00 feet; thence, leaving said centerline and along the South line of that parcel described on Plat No. 784, Lincoln County Records,
North 89° 41' 33" West 1032.30 feet to the intersection with the North-South centerline of said Section 30: thence, leaving said South line and along said North-South centerline
North 00° 01' 42" West 1030.36 feet per Plat No. 784, Lincoln County Records, to the point of beginning.
Certificate of Survey No. 860.

AND

The East Half, East Half of the West Half, Government Lots 1, 2, 3 and 4 (All Fractional) of Section 31, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The Northeast Quarter of the Southwest Quarter and a tract of land near Troy in Lincoln County, Montana lying within the South Half of the Southwest Quarter of Section 32, Township 31 North, Range 33 West, P.M.M., more particularly described as follows:
Beginning at a 3% inch diameter aluminum capped monument marking the Southwest corner of said Section 32; thence, along the West line of said Section 32,
North 00° 02' 38" West 1316.04 feet to a 5/8 inch diameter rebar capped: MDL 4232S marking the South 1/16 corner of said Section 32 at the Northwest corner of the South Half of the Southwest Quarter of said Section 32; thence, along the North line of the South Half of the Southwest Quarter of said Section 32,
North 89° 50' 38" East 2651.18 feet to the center-south 1/16 corner at the Northeast corner of the South Half of the Southwest Quarter of said Section 32 which falls in the mid-channel of Lake Creek, from which a 5/8 inch diameter rebar capped: MDL 4232S set as a witness corner bears
South 89° 50' 38" West 57.59 feet; thence, from said center-south 1/16 corner, generally along the mid-channel

of Lake Creek, upstream,
South 10° 00' West 386.53 feet to a point from which a 5/8 inch diameter rebar capped: MDL 4232S set as a witness corner bears
South 71 ° 28' 19" West 68.27 feet; thence leaving the mid-channel of Lake Creek,
South 71 ° 28' 19" West 929.95 feet to a 5/8 inch diameter rebar capped MDL 4232S; thence,
South 43° 02' 40" West 459.85 feet to a 5/8 inch diameter rebar capped: MDL 4232S, thence
South 56° 21' OT' West 561.33 feet to a 5/8 inch diameter rebar capped MDL 4232S on the South line of said Section 32; thence, along the South line of said Section 32, West 920.00 feet to the point of beginning.
Certificate of Survey No. 1489.

AND

The South Half, South Half of the Northwest Quarter, Northwest Quarter of the Northwest Quarter of Section 33, Township 31 North, Range 33 West, P.M.M., Lincoln County, Montana.
EXCEPTING that part deeded to the State of Montana as set out in Book 109, Page 306, records of Lincoln County, Montana.
ALSO EXCEPTING that part deeded in Book 320, Page 989, microfilm records of Lincoln County, Montana.

AND

Government Lots 8 and 11; South Half of the Northeast Quarter, East Half of the Southeast Quarter of Section 1, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.
EXCEPT portion deeded to Lincoln County recorded in Book 68, Page 796;
EXCEPTING FURTHER portion of Government Lots 8 and 11 conveyed by deed recorded in Book 77, Page 44, microfilm records of Lincoln County, Montana.
EXCEPTING FURTHER portion of Tract 1 of Certificate of Survey No. 3377 in East Half of the East Half conveyed by deed recorded in Book 294, Page 725, microfilm records of Lincoln County, Montana.

AND

The West Half of the Southwest Quarter, West Half of the West Half of the Northeast Quarter of the Southwest Quarter, West Half of the Southeast Quarter of the Southwest Quarter, and South Half of the Southeast Quarter of the Southeast Quarter of the Southwest Quarter in Section 2, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Lot 2 of Section 2, Township 31 North, Range 34 West, P.M.M.; EXCEPT that part lying northerly and easterly of the southerly line of U.S. Highway No.2.

AND

The North Half of the Southwest Quarter of the Northeast Quarter, Southeast Quarter of the Southwest Quarter of the Northeast Quarter, East Half of the Northwest Quarter of the Southeast Quarter, Northeast Quarter of the Southwest Quarter of the Southeast Quarter of Section 2, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.
EXCEPTING therefrom Valley Tracts Subdivision.

AND

Government Lots 3 and 4, and the Southwest Quarter of the Southwest Quarter of the Northeast Quarter, The South Half of the Northwest Quarter, The East Half of the Northeast Quarter of the Southwest Quarter, The East Half of the West Half of the Northeast Quarter of the Southwest Quarter, The Northeast Quarter of the Southeast Quarter of the Southwest Quarter, The North Half of the Southeast Quarter of the Southeast Quarter of the Southwest Quarter, The West Half of the West Half of the Southeast Quarter, all in Section 2, Township 31 North of Range 34 West, P.M.M., Lincoln County, Montana

AND

Government Lots 3 and 4 of Section 5, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

Government Lots 1 and 2; South Half of the Northeast Quarter, Southeast Quarter of Section 6, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The East Half of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Southeast Quarter, Northwest Quarter of the Northeast Quarter, Northwest Quarter of the Southeast Quarter of Section 7, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 11, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 4, 5 and 8 of Section 12, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana; EXCEPTING that portion of Government Lots 5 and 8 conveyed by deed recorded in Book 240, Page 47, records of Lincoln County, Montana.

AND

The South Half of the Southwest Quarter, Northwest Quarter of the Southwest Quarter of Section 13, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The Southeast Quarter of the Northeast Quarter, Southwest Quarter of the Northwest Quarter, Northwest Quarter of the Southwest Quarter, East Half of the Southwest Quarter of the Southeast Quarter of Section 14, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The East Half of the Southeast Quarter of Section 15, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half of the Southeast Quarter of the Southeast Quarter, West Half of the East Half of the Southeast Quarter of the Southeast Quarter, West Half of the Southeast Quarter, South Half of the Southwest Quarter of the Southwest Quarter, West Half of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter, Southeast Quarter of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter, Southwest Quarter of the Northeast Quarter of the Southwest Quarter of the Southwest Quarter of Section 17, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The East Half of the East Half of the Southeast Quarter of Section 18, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half of the Northwest Quarter of the Northeast Quarter, Northeast Quarter of the Northwest Quarter of the Northeast Quarter, North Half of the Southeast Quarter of the Northwest Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter of the Northeast Quarter, North Half of the Southwest Quarter of the Northeast Quarter of the Northeast Quarter, North Half of the Northwest Quarter of the Northwest Quarter, West Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter, North Half of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter, Northeast Quarter of the Southwest Quarter of the Northwest Quarter of the Northwest Quarter of Section 20, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The East Half of the West Half of the Southwest Quarter of the Southeast Quarter, East Half of the Southwest Quarter of the Southeast Quarter, Southeast Quarter of the Southeast Quarter of Section 22, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The Northwest Quarter of the Northeast Quarter, Northwest Quarter of the Northeast Quarter of the Northeast Quarter, Southwest Quarter of the Southwest Quarter, North Half of the Southeast Quarter of the Northwest Quarter, Southeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 23, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

H.E.S. No. 730 of Section 24, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half of the Northwest Quarter, Northwest Quarter of the Southwest Quarter of Section 25, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The Southeast Quarter, Southeast Quarter of the Northeast Quarter, East Half of the Southwest Quarter, Southwest Quarter of the Northeast Quarter of the Northwest Quarter, South Half of the Northwest Quarter of the Northwest Quarter, Northeast Quarter of the Northwest Quarter of the Northwest Quarter, East Half of the East Half of the Southwest Quarter of the Northwest Quarter, Southeast Quarter of the Northwest Quarter of Section

26, Township 31 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

H.E.S. No. 412 and H.E.S. No. 417 of Section 19, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

H.E.S. No. 420, H.E.S. No. 415 and H.E.S. No. 1057 of Sections 29 and 30, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana; EXCEPTING a tract of land being in the southeasterly portion of H.E.S. No. 1057, in unsurveyed Sections 29 and 30, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana, more particularly described as follows:

Beginning at corner no. 1 of H.E.S. 1057, said corner being also the Northeast corner of Section 31, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana, thence along the South line of H.E.S. No. 1057, South 89° 38' West 737.9 feet to Corner No.2 of H.E.S. 1057; thence

North 11 ° 27' West 1496.8 feet; thence

North 89° 28' East 1426.7 feet to the easterly line of H. E.S. 1057; thence along said easterly line,

South 15° 21' East 1530.9 feet to Corner NO.5 of H.E.S. 1057; thence along the South line of H.E.S. 1057,

North 89° 56' West 796.8 feet to the point of beginning.

AND

Government Lots 1 and 2; East Half of the Northwest Quarter and the East Half of Section 31, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

The North Half of H.E.S. No. 416 of Section 32, Township 32 North, Range 33 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4; South Half of the North Half, South Half (All Fractional) of Section 1, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2 and 3, South Half of the Northeast Quarter, Southeast Quarter, Southeast Quarter of the Northwest Quarter, East Half of the Southwest Quarter and those portions of Government Lot 4, Southwest Quarter of the Northwest Quarter and West Half of the Southwest Quarter of Section 3, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana, lying easterly of the Yaak River East Side Road as set out in Book 307, Page 200, microfilm records of Lincoln County, Montana.

Plat No.1 018.

AND

The West Half, Northeast Quarter, North Half of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, West Half of the Southeast Quarter of the Southeast Quarter of Section 11, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The South Half of the Southwest Quarter of Section 13, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

All of Section 15, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 3 and 4; East Half of the Southwest Quarter of Section 18, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2, 3 and 4; East Half of the West Half, East Half (All Fractional) of Section 19, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half, Southeast Quarter, South Half of the Northeast Quarter of Section 20, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half, West Half of the Southeast Quarter, Northeast Quarter of the Southeast Quarter, and Government Lots 2, 3 and 4 of Section 21, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana;

EXCEPTING a 33-foot wide right of way conveyed to the United States of America by deed recorded in Book 63, Page 353; and
FURTHER EXCEPTING that portion of Government Lots 2, 3 and 4, the Northeast Quarter of the Northwest Quarter and the Northeast Quarter of the Southeast Quarter lying easterly of the easterly margin of the roadway described in deed recorded in Book 63, Page 353, records of Lincoln County, Montana.

AND

The South Half of the Northeast Quarter, North Half of the Southeast Quarter of Section 22, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

A tract of land in the North Half of the North Half of Section 22, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana, more particularly described as follows:
All of the North Half of the Northeast Quarter, the Northeast Quarter of the Northwest Quarter and that portion of Lot 6 lying northerly and easterly of the following described tract:
Beginning on the West line of Section 22 at a point
South 00° 18' East 224.7 feet from the Northwest corner of Section 22; thence
South 53° 28' East 199.5 feet; thence
South 17° 01' East 253.2 feet; thence
South 00° 18' East 734.4 feet to the South line of Lot 6; thence West 232.6 feet to the Southwest corner of Lot 6; Thence
North 00° 18' West 1095.3 feet along the section line to the point of beginning.

AND

The East Half, Southwest Quarter, South Half of the Northwest Quarter of Section 23, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half of Section 24, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

All of Section 25, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The Southwest Quarter of the Northwest Quarter, East Half of the Southeast Quarter of Section 26, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana;
EXCEPTING therefrom a strip of land 165.0 feet in width lying along the entire North line of said East Half of the Southeast Quarter on the South side of said North line and immediately adjacent thereto;
ALSO EXCEPTING therefrom for the purposes of a pipeline, spring and access thereto, the following:
A strip of land 60 feet in width lying 30.0 feet on each side of the following described centerline:
Beginning at a point on the West line of the East Half of the Southeast Quarter of said Section 26; at a distance of 1535.2 feet South of the center of said Section 26; thence
North 63° 03' 30" East 71.0 feet; thence
North 09° 51' East 224.0 feet lying wholly within the East Half of the Southeast Quarter of Section 26, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.
ALSO EXCEPTING for use as an access road, the following:
A strip of land 60 feet in width lying 30.0 feet on each side of the following described centerline:
Beginning at a point on the west line of the East Half of the Southeast Quarter of said Section 26, at a distance of 1949.6 feet South of the center of said Section 26; thence
South 27° 55' 30" East 116.3 feet; thence
South 23° 44' 30" East 243.7 feet; thence
South 39° 01' 30" East 299.6 feet; thence
South 32° 02' 30" East 142.0 feet to the South line of said Section 26 at a distance of 416.0 feet, more or less for the Southwest Corner of the Southeast Quarter of the Southeast Quarter of said Section 26 lying wholly within the Southeast Quarter of the Southeast Quarter of said Section 26.

AND

The Northeast Quarter of Section 26, Township 32 North of Range 34 West, P.M.M., Lincoln County, Montana.
EXCEPTING THEREFROM the South Half of the South Half of the Southeast Quarter of the Northeast Quarter of said Section 26, Township 32 North of Range 34 West, P.M.M., Lincoln County, Montana.
EXCEPTING right of way for road.

AND

The East Half of the Northwest Quarter, The East Half of the Northeast Quarter of the Northwest Quarter of the Northwest Quarter, The South Half of the Southwest Quarter of the Northwest Quarter of the Northwest Quarter, The Northeast Quarter of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter, The South Half of the Southeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 26, Township 32, North of Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 6 and 7; Southwest Quarter of the Southwest Quarter, Northeast Quarter of Section 27, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

EXCEPT right of way for forest highway conveyed to the Unites States of America by Sandpoint Lumber and Pole Company by Warranty Deed dated May 1, 1933 recorded in Book 63, Page 353 of the Deed records in the office of the Clerk and Recorder of Lincoln County, Montana.

ALSO EXCEPTING that part deeded to the State of Montana in Book 85, Page 489, and Book 87, Page 290, records of Lincoln County, Montana.

ALSO EXCEPTING a tract of land situated in Government Lot 6 of Section 27, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana; more particularly described as follows:

Commencing at a point which is the intersection of the North line of said Government Lot 6 and the centerline of the Burlington Northern-Santa Fe Railway, which point is

South 89° 49' 58" East 817.72 feet from the Northwest corner of said Government Lot 6; thence, leaving said North line and along said centerline

South 21 ° 03' 19" East 373.04 feet, thence, leaving said centerline

South 68° 56' 41" West 1 00.00 feet to a point on the existing right of way of the Burlington Northern- Santa Fe Railway and the TRUE POINT OF BEGINNING of this description, which point is marked on the ground by a 5/8 inch rebar and plastic cap stamped 9958LS; thence, along said right of way the following courses:

South 21 ° 03' 19" East 11.04 feet; thence, on a curve to the left having a central angle of 9° 25' 00" a radius of 2009.86 feet, for an arc length of 330.32 feet (chord=South 25° 45' 49" East 329.95 feet); thence

South 30° 28' 19" East 175.07 feet to a 5/8 inch rebar and plastic cap stamped 9958LS; thence, leaving said existing right of way

South 59° 31' 41" West 1 00.00 feet to a 5/8 inch rebar and plastic cap stamped 9958LS; thence parallel to said right of way the following three courses:

North 30° 28' 19" West 175.07 feet; thence, on a curve to the right having a central angle of 9° 25 00" a radius of 2109.86 feet, for an arc length of 346.76 feet (chord=North 25° 45' 49" West 346.37 feet); thence

North 21 ° 03' 19" West 11.04 feet to a 5/8 inch rebar and plastic cap stamped 9958LS; thence

North 68° 56' 41" East 100.00 feet to the TRUE POINT OF BEGINNING.

ALSO EXCEPTING Tract 1 of Certificate of Survey No. 3823 conveyed by deed recorded in Book 318, Page 912, microfilm records of Lincoln County, Montana.

ALSO EXCEPTING Tract 2 of Certificate of Survey No. 3823 conveyed by deed recorded in Book 293, Page 163, microfilm records of Lincoln County, Montana.

AND

The West Half, Southeast Quarter, West Half of the Northeast Quarter, Southeast Quarter of the Northeast Quarter, West Half of the Northeast Quarter of the Northeast Quarter, West Half of the Southeast Quarter of the Northeast Quarter of the Northeast Quarter of Section 28, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

All of Section 29, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

Government Lots 1, 2, 3 and 4; East Half of the West Half, East Half (All Fractional) of Section 30, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Government Lots 1, 2 and 3; East Half of the West Half and the East Half of Section 31, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

All of Section 32, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

All of Section 33, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

The West Half, West Half of the East Half, Southeast Quarter of the Southeast Quarter, South Half of the Northeast Quarter of the Southeast Quarter, Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 34, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana; EXCEPTING right of way for railroad as disclosed by country tract books.

AND

That portion of Government Lots 6 and 7; the South Half of the Southwest Quarter and Southwest Quarter of the Southeast Quarter lying westerly of the westerly margin of the Great Northern right of way of Section 35, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

EXCEPTING right of way for forest highway conveyed to United States of America by Sandpoint Lumber and Pole Company, recorded at page 353 in Book 63, records of Lincoln County, Montana. AND that certain strip or piece of land 200 feet in width and 1200 feet in length conveyed to Great Northern Railway by Warranty Deed dated May 21, 1946, recorded at Book 85, Page 444, records of Lincoln County, Montana.

EXCEPTING FURTHER that portion of Lot 6, the Southeast Quarter of the Southwest Quarter and Southwest Quarter of the Southeast Quarter lying easterly of the easterly margin of Highway 2.

ALSO EXCEPTING THEREFROM a tract of land in Government Lot 6 and Government Lot 7 of Section 35, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana more particularly described as follows:

Commencing at a point on the East-West centerline of said Section 35 which is

South 89° 45' 54" East 960.28 feet from the West Quarter corner of the Section; thence, perpendicular to the East-West centerline of the Section,

North 00° 14' 06" East 104.69 feet to the TRUE POINT OF BEGINNING of this description, marked on the ground by a 5/8 inch rebar and plastic cap stamped 9958LS; thence

South 72° 41' 45" East 284.40 feet; thence, on a curve to the right having a central angle of 12° 11' 15" and a radius of 1609.86 feet, for an arc distance of 342.43 feet (chord=South 66° 36' 07" East 341.79 feet), to the westerly right of way of U.S. Highway 2, marked on the ground by a 5/8 inch rebar and plastic cap stamped 9958LS; thence, along said highway right of way on a nontangential curve to the right (radial bearing=North 74° 55' 46" East) having a central angle of 00° 23' 59" and a radius of 2491.83 feet, for an arc distance of 17.39 feet (chord=North 14° 52' 14" West 17.39 feet); thence, on a spiral curve to the right, offset 200 feet Southwest from the centerline of the highway with the centerline spiral data of a=5.0, L=50.00, S=oo 37' 30", with a chord of North 14° 15' 30" West 52.19 feet; thence

North 14° 02' 45" West 15.00 feet to a 5/8 inch rebar and plastic cap stamped 9958LS; thence

North 75° 57' 15" East 100.00 feet to a 5/8 inch rebar and plastic cap stamped 9958LS; thence

North 14° 02' 45" West 95.68 feet to the southerly right of way of the Burlington Northern-Santa Fe Railway, marked on the ground by a 5/8 inch rebar and plastic cap stamped 9958LS; thence, leaving the highway right of way and along the railroad right of way on a nontangential curve to the left (radial bearing=South 27° 50' 43" West) having a central angle of 10° 32' 28" and a radius of 1809.86 feet, for an arc distance of 332.97 feet (chord) = North 67° 25' 31" West 332.50 feet; thence

North 72° 41' 45" West 284.40 feet; thence, leaving the existing railroad right of way,

South 17° 18' 15" West 200.00 feet to the TRUE POINT OF BEGINNING.

AND

The East Half of the Southwest Quarter of Section 36, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana.

EXCEPTING right of way for county road;

EXCEPTING FURTHER that certain tract in the Southwest Quarter of the Southeast Quarter of the Southwest Quarter of said Section 36 conveyed to Ruth Dennis by Charles R. Drake by instrument recorded in Book 31, Page 534, records of Lincoln County, Montana.

EXCEPTING FURTHER conveyance of the West Half of the Northwest Quarter of the Northeast Quarter of the Southwest Quarter of said Section 36 by Chars Drake to William A. Wallace recorded in Book 36, Page 137, records of Lincoln County, Montana;

TOGETHER WITH the Southwest Quarter of the Northwest Quarter of said Section 36;

LESS one acre previously reserved for a schoolhouse site; and

EXCEPTING A rectangular tract of land near Troy in Lincoln County, Montana, being the South Half of the South Half of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 36, Township 32 North, Range 34 West, P.M.M., Lincoln County, Montana more particularly described as follows:

Beginning at the Southeast corner of the Southwest Quarter of the Northwest Quarter of Section 36, Township 32 North, Range 34 West, P.M.M., thence along the east-west centerline of said Section 36,
South 89° 41' 31 11 West 668.70 feet to the Southwest corner of the Southeast Quarter of the Southwest Quarter
of the Northwest Quarter of said Section 36; thence, along the West line of said Southeast Quarter of the Southwest Quarter of the Northwest Quarter;
North 00° 08' 0511 West 166.22 feet to the Northwest corner of the South Half of the South Half of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter of said Section 36; thence, along the North line of said South Half of the South Half of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter,
North 89° 41' 4411 East 668.40 feet to the Northeast corner thereof; thence, along the East line of the Southwest Quarter of the Northwest Quarter,
South 00° 14' 1411 East 166.18 feet to the point of beginning.
ALSO EXCEPTING that tract described in Book 128, Page 477, microfilm records of Lincoln County, Montana.

AND

The Southeast Quarter of Section 8, Township 33 North, Range 34 West, P.M.M., Lincoln County, Montana.
EXCEPTING Right of way for public road and excepting a parcel of land described as follows to-wit:
Beginning at the Southeast corner post of Section 8, Township 33 North, Range 34 West, P.M.M., Lincoln County, Montana, thence West along the Section Line 605.3 feet to a point on the East bank of Spring Creek; Thence
North 800 50' East 705.3 feet; thence East 497 feet; thence Southerly along the Section Line 697 feet to the Section corner and place of beginning.
EXCEPTING ALSO all that part contained in Grandma's Homestead Subdivision.

AND

The East Half, East Half of the West Half, West Half of the Southwest Quarter of Section 25, Township 33 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

H.E.S. No. 748 of Section 28, Township 33 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

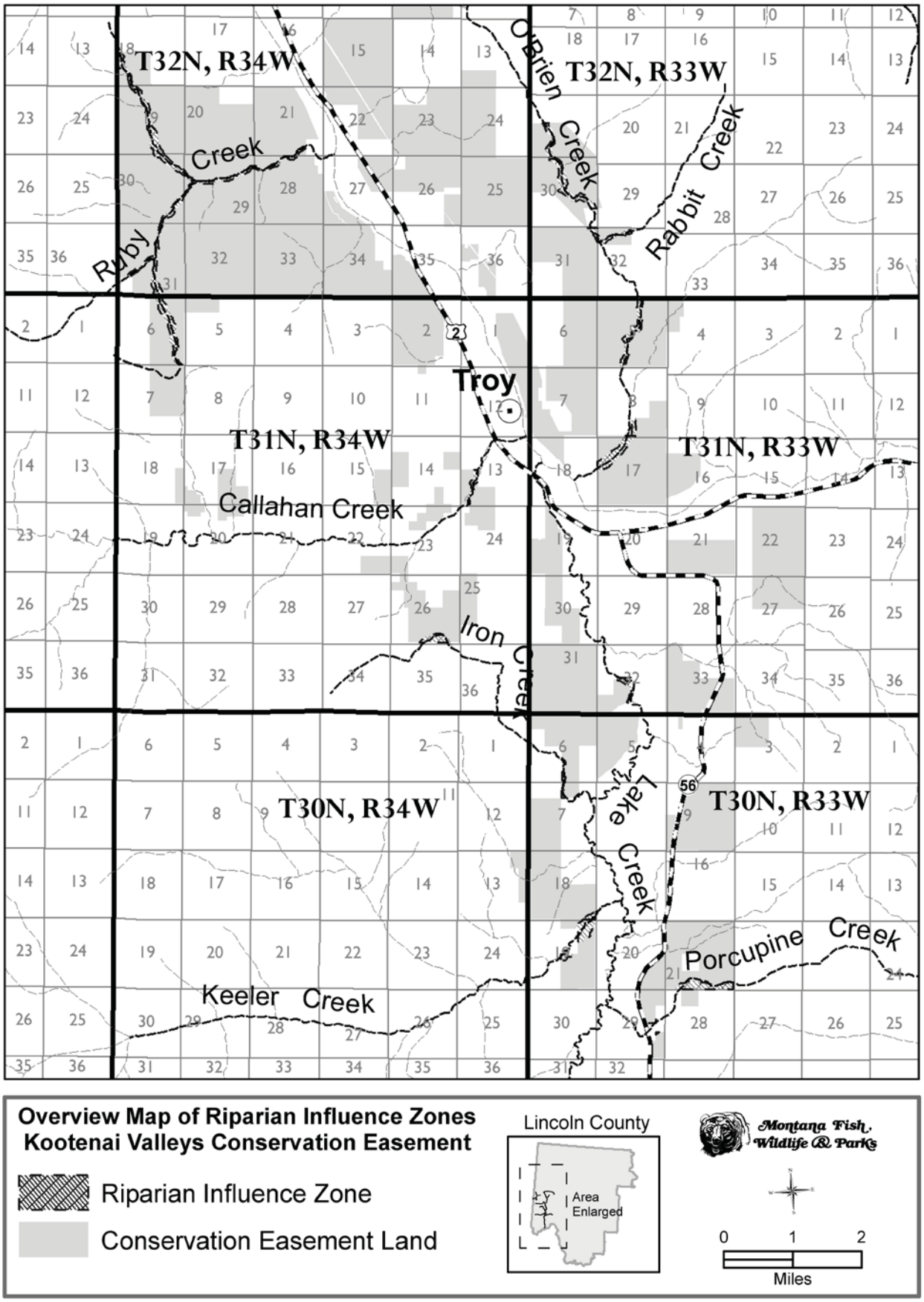
All of Section 33, Township 33 North, Range 34 West, P.M.M., Lincoln County, Montana.

AND

Lot 4A of 4th July Minor Subdivision located in Lincoln County, Montana conveyed by deed recorded in Book 264, Page 771, microfilm records of Lincoln County, Montana.

END OF EXHIBIT A

EXHIBIT B – PROPERTY MAP



END OF EXHIBIT B

EXHIBIT C – RIPARIAN INFLUENCE ZONES

Data for production of the maps on the following pages was developed by Stimson Lumber Company from digital aerial images. The maps delineate the approximate location of riparian vegetation along the stream corridors plus an additional 80 foot buffer on each side of the riparian vegetation.

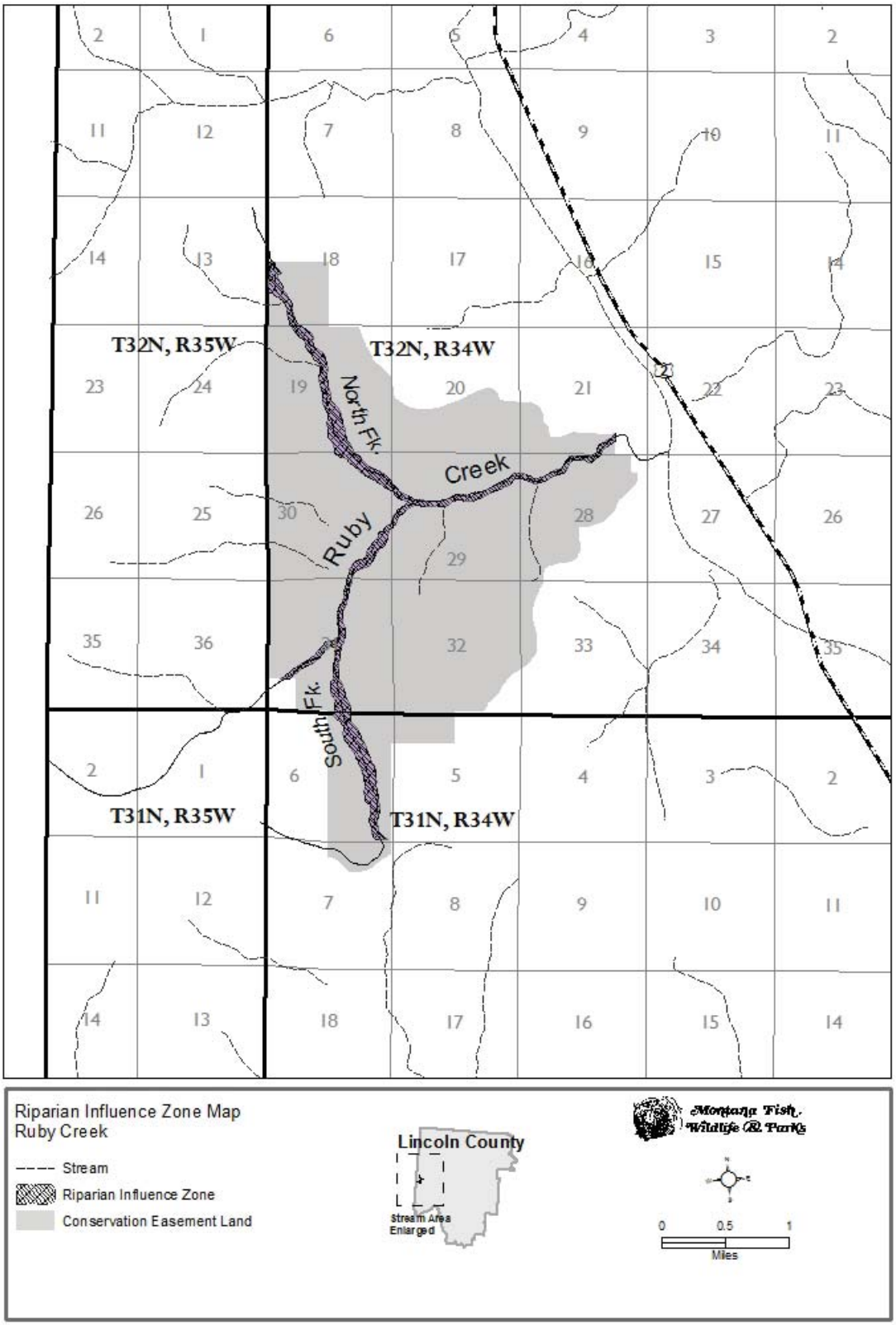
Both parties agree that the maps are an approximate representation of the extent of the Riparian Influence Zones plus agreed upon buffer areas, totaling approximately Seven Hundred and Two (702) acres, at the time of the grant of this Easement.

STIMSON LUMBER COMPANY:

_____

MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS:

_____


T32N, R35W
T32N, R34W
T31N, R35W
T31N, R34W
North Fk.
Ruby
Creek
South Fk.
Riparian Influence Zone Map
Ruby Creek
Stream
Riparian Influence Zone
Conservation Easement Land
Lincoln County
Stream Area Enlarged
Montana Fish, Wildlife & Parks
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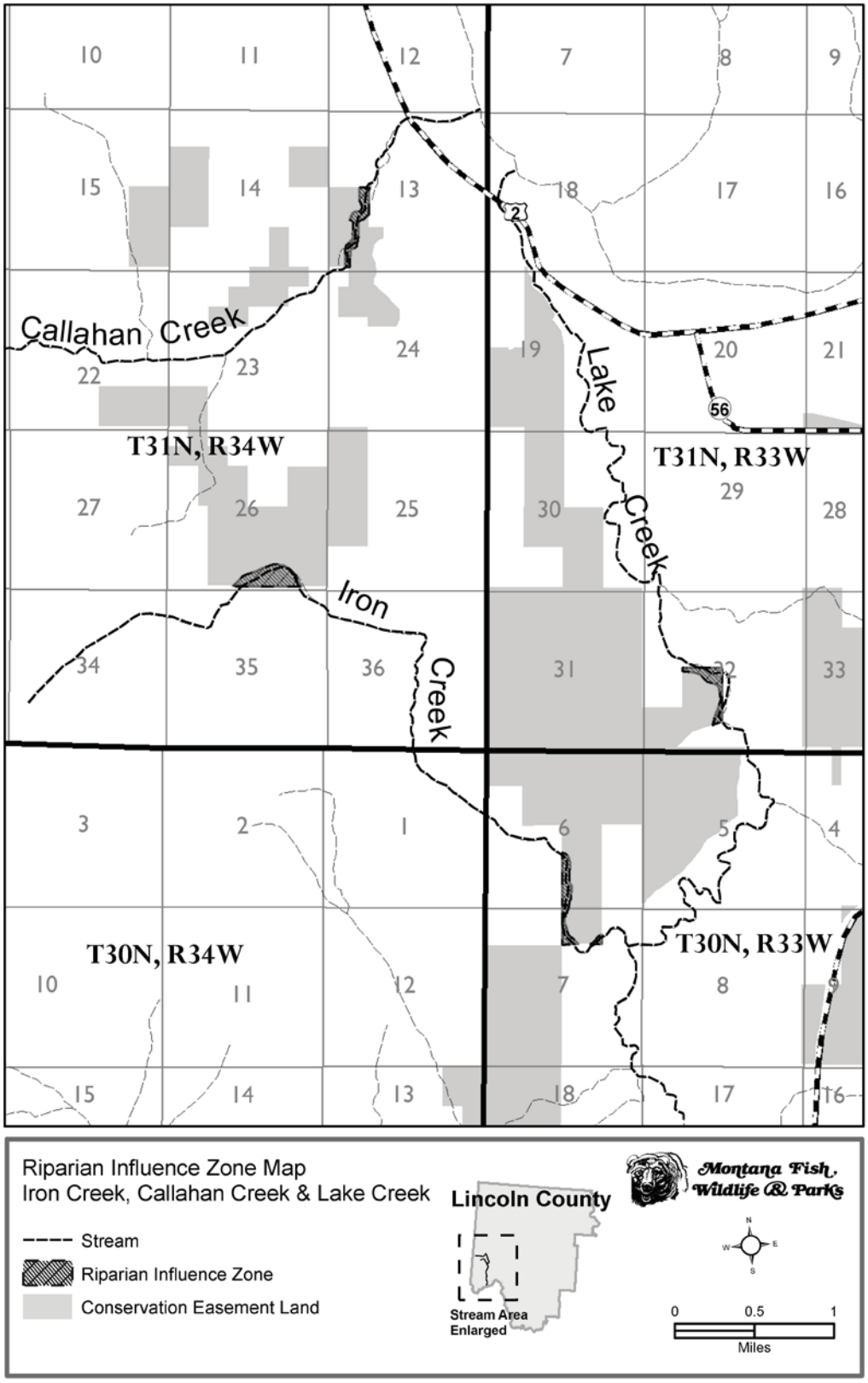
Miles


Callahan Creek
Lake Creek
Iron Creek
T31N, R34W
T31N, R33W
T30N, R34W
T30N, R33W
2
56
Riparian Influence Zone Map
Iron Creek, Callahan Creek & Lake Creek
Stream
Riparian Influence Zone
Conservation Easement Land
Lincoln County
Stream Area Enlarged
Montana Fish, Wildlife & Parks
N
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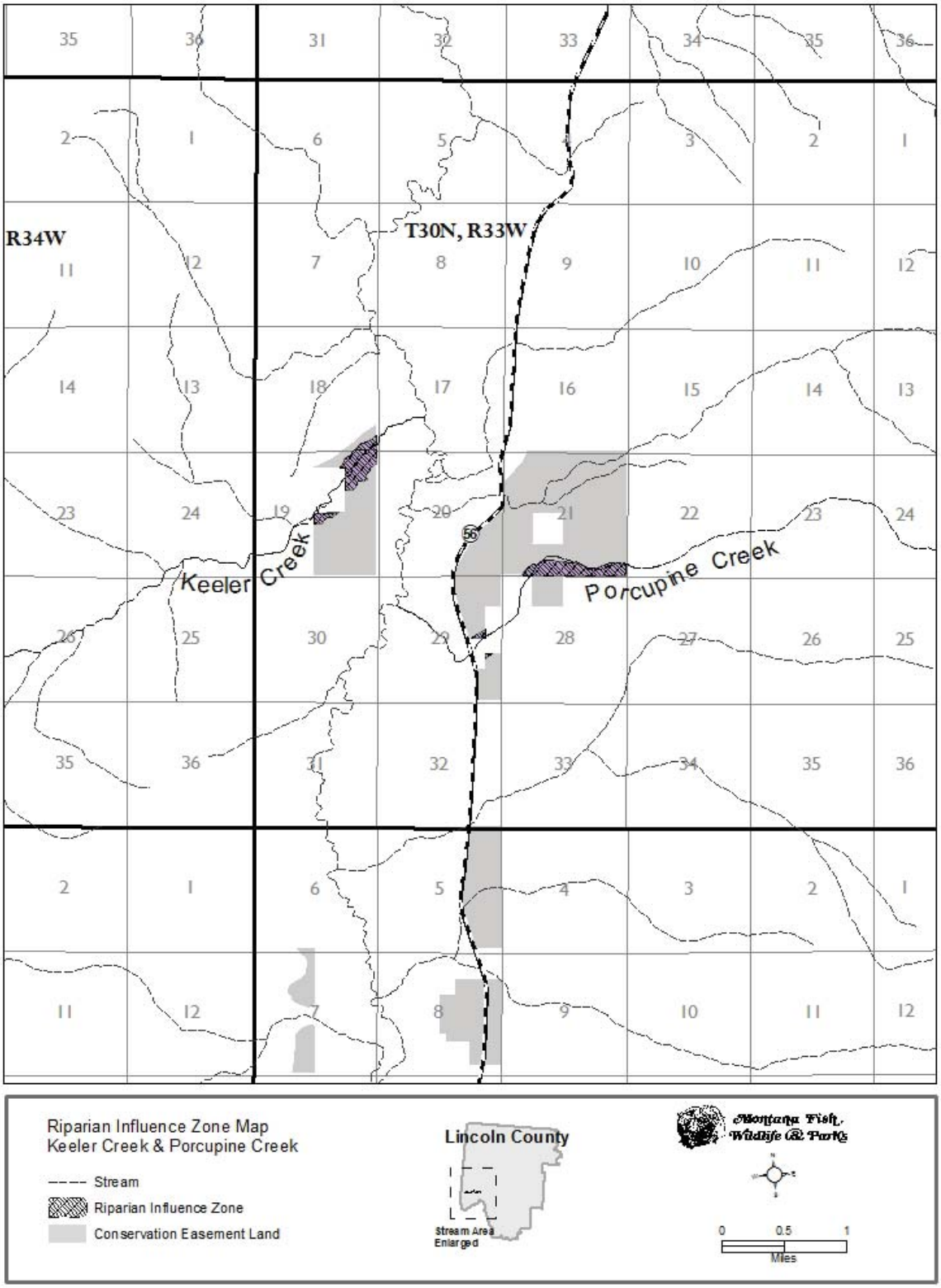
R34W
T30N, R33W
Keeler Creek
Porcupine Creek
Riparian Influence Zone Map
Keeler Creek & Porcupine Creek
Stream
Riparian Influence Zone
Conservation Easement Land
Lincoln County
Stream Area Enlarged
Montana Fish, Wildlife & Parks
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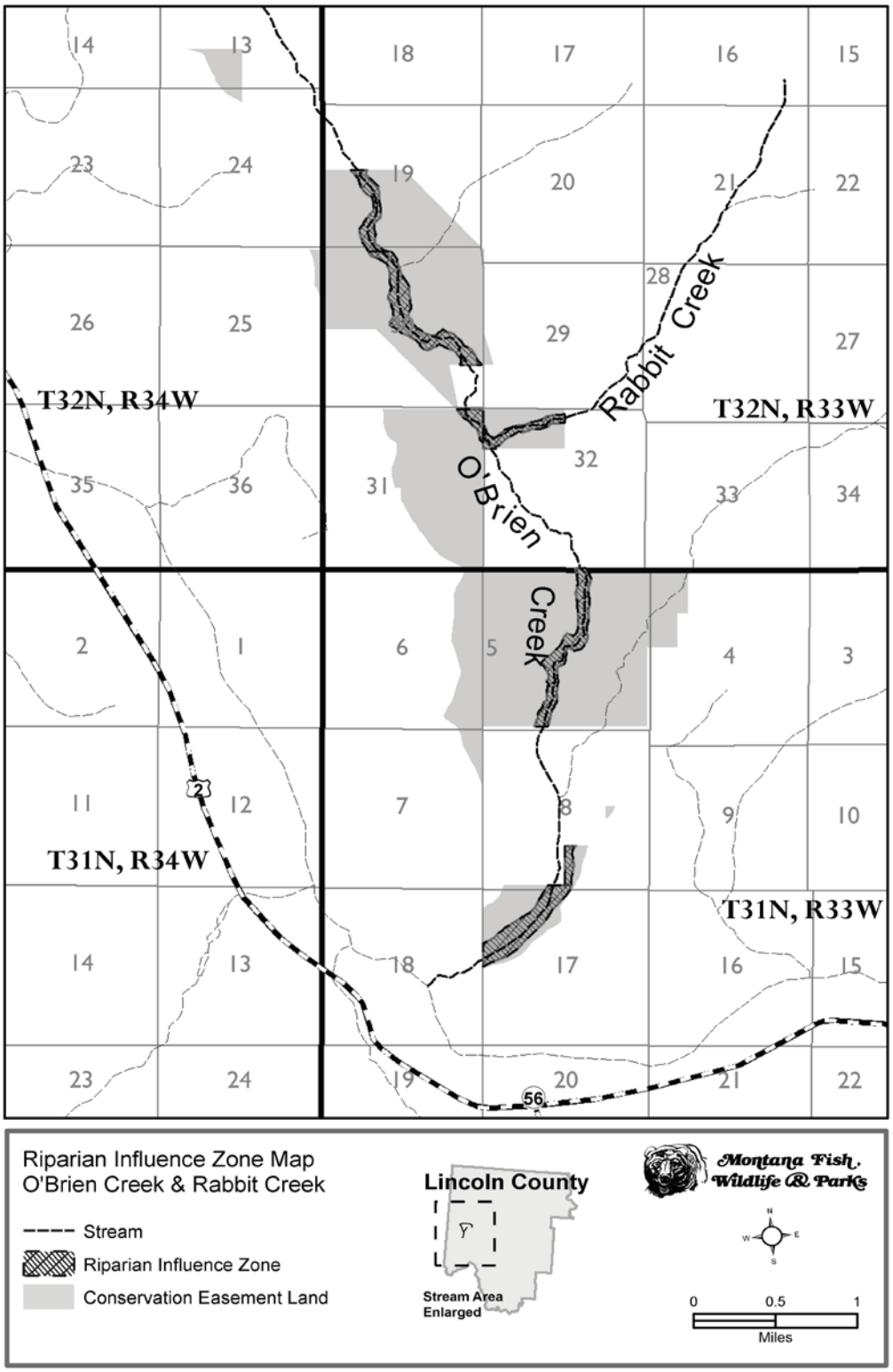

END OF EXHIBIT C

Appendix B

MULTI-RESOURCE MANAGEMENT PLAN

Kootenai Valleys Conservation Easement

This Multi-Resource Management Plan (the "MRMP"), dated as of _____, 2012, is entered into by **STIMSON LUMBER COMPANY,** an Oregon corporation, whose principal address is 520 S.W. Yamhill, Suite 700, Portland, OR 97204-1330, (hereinafter referred to as the "Landowner" or "Stimson") and the **MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS**, whose address is 1420 East Sixth Avenue, P.O. Box 200701, Helena, Montana 59620-0701 (hereinafter referred to as the "Department").

This MRMP is being entered into pursuant to Section II.F. of that certain Deed of Conservation Easement granted by Stimson to the Department on _____, 2012 and recorded in Book __, Page __ of the records of Lincoln County, Montana, and pursuant to Section XX of the certain Deed of Conservation Easement Granted by Stimson to the Department on _____, 2012 and recorded in Book ___ Page ___ of the records of Lincoln County, Montana (the "Easement").

A portion of the funding for the Easement is being provided through the Forest Legacy Program ("FLP"), which is administered by the U.S. Forest Service pursuant to Section 1217 of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 USC Section 2103C) created "to protect environmentally important private forest lands threatened with conversion to nonforest uses".

One of the primary intents of the Easement is to effect the purpose of the FLP in accordance with the provisions of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 2103c), by protecting environmentally important forest areas that are threatened by conversion to nonforest uses, protecting important scenic, cultural, fish, wildlife, recreational resources and riparian areas, protecting the capacity of the Lands to produce economically valuable forestry products – all while allowing the Landowner and its successors and assigns to continue conducting sustainable commercial timber and resource management activities.

Another intent of the Easement is to protect important habitat for the threatened bull trout and other native fish species as identified in the Kootenai Lands Native Fish Habitat Conservation Plan ("KLNFHCP"), which is further described below. To this end, the United States Fish & Wildlife Service (USFWS), pursuant to the Endangered Species Act, is providing additional funding for the Easement through its Section 6 Habitat Conservation Plan Land Acquisition Grants Program, which is specifically designed to help states conserve important habitat for federally listed and at-risk species.

A further intent of the Easement is to perpetuate the Lands as forest land; to ensure the long term, professional management of the forest resources through forestry activities permitted hereunder; and to provide for commercial production of forest products in a manner compatible

with the conservation of water quality, fish and wildlife habitat, recreation and other Conservation Values (as defined in the Easement).

This MRMP identifies and describes the objectives and actions that Stimson will take to protect, manage, maintain, and enhance soil, water, range, aesthetic quality, recreation and public access, timber, fish, and wildlife resources in a manner compatible with Landowner objectives. As such, it is intended to help meet the requirements of the FLP to protect environmentally important forest areas that are threatened by conversion to nonforest uses as well as the requirements of the HCP Land Acquisition Grants Program to extend conservation benefits of the KLNFHCP, and to ensure compliance with the Sustainable Forestry Initiative as further described below.

I. GENERAL DESCRIPTION

The Lands that are the subject of the Easement and this associated MRMP consist of 27,992 acres in northwestern Montana, near the City of Troy (the "Lands"). The Lands are intermingled with other private land, State Forest lands managed by the Montana Department of Natural Resources and Conservation ("DNRC"), and public lands administered by the U.S. Forest Service, Kootenai National Forest.

The Lands are located immediately adjacent to and primarily west and south of the City of Troy and are dissected by the Kootenai River, U.S. Highway 2 and Montana Highway 56. The Lands consist of 88 whole or partial sections. All of the Lands are located within Lincoln County.

The Lands are forested valley bottoms and mountains that have been managed for timber production over the last 100 years. Elevations vary from approximately 1,800 to 5,000 feet. Several important streams cross the property, Ruby Creek, O'Brien Creek, Callahan Creek, and Lake Creek are main tributaries to the Kootenai River that cross various tracts. Keeler Creek is a tributary to Lake Creek and is the only known spawning tributary in the Lake Creek watershed for bull trout. The Lands also include numerous tributaries, streams and small wetland areas. Three such streams identified in the conservation easement with outstanding conservation values include Rabbit Creek, a tributary to O'Brien Creek, and Porcupine Creek and Iron Creeks, tributaries to Lake Creek.

Forestland dominates the landscape. It is a mixed conifer forest with all Montana commercial timber species represented. The current forest is well stocked with vigorous growing stock of native mixed species. The Forest Inventory and sustainable harvest will significantly increase over the next 10-30 years as these juvenile trees mature. Dominant species are Douglas-fir, western larch, true firs, and hemlock. Ponderosa pine, spruce, white pine, lodgepole pine and cedar can also be found in most of the area. Limited amounts of cottonwood and aspen can be found along creeks and near wetland areas and paper birch is evident on many north-facing slopes. The timbered stands vary in age from young regeneration to commercial saw timber.

II. FOREST MANAGEMENT

Stimson's objective is to fully utilize its resources through innovative forestry management and harvest techniques. Wise stewardship and good business practices go hand in hand and Stimson has entered into or assumed responsibility for several stewardship agreements described above

and in Exhibits. These agreements specify commitments made by Stimson to protect fish and wildlife and their habitats. Stimson intends to follow and maintain these agreements, or their updates, revisions or amendments as part of this MRMP.

The management goal is to optimize the value of the timber resource while managing for other nontimber resources. The majority of the forest regenerates naturally, and 100% reforestation will be accomplished over time using both natural and artificial methods. Both methods will encourage establishment and propagation of native forest species and will discourage the use of nonnative species.

Stimson has committed to manage the Lands in accordance with good and sound silvicultural practices consistent with the *2010-2014 Standard of the Sustainable Forestry Initiative* (SFI). This forest certification system is managed by SFI, Inc. which is an independent, 501(c) (3) nonprofit charitable organization governed by an independent, multi-disciplinary board. Stimson maintains certification, in good standing, and will make a copy of this conformance available to the Department following each audit. As part of the commitments to sustainable forest management, Stimson agrees to the following guidelines and metrics to measure their activities. These guidelines and metrics are not intended to restrict fiber production but to provide measures to ensure the MRMP objectives are met. If Stimson's forest practices are found to vary from these guidelines, the Liaison Committee, established by the Easement, will develop, and insure that Stimson implements, a plan to bring the practices into compliance. The SFI program is a comprehensive system of principles, objectives, and performance measures that integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil and water quality. The program includes a voluntary, independent third-party verification process, which Stimson has incorporated into their management of the Lands. SFI standards will likely change over time and it is assumed that Stimson will manage the Lands to the new standards.

Stimson's foresters and the independent contractors who work for Stimson are committed to good stewardship. In order to operate on the Lands, contractors must participate in formal Best Management Practices ("BMP") and Streamside Management Zone ("SMZ") training. Stimson will continue to manage these Lands in a responsible manner in compliance with this MRMP, SFI standards, and KLNFHCP commitments.

Stimson requires cleaning of logging equipment and applies selected road closures to reduce the spread of noxious weeds and applies limited spraying of roadsides in areas with heavy weed infestations.

III. OTHER RESOURCES

In accordance with the Forest Legacy Program and Stimson's Sustainable Forest Principles Document, outlined below, the following describes Stimson's objectives and actions for various resources.

A. Soil

Stimson will maintain soil and site productivity by minimizing soil disturbance to the extent practical and, when possible, by recycling harvest residues for soil nutrient enhancement.

B. Water

Stimson will continue to implement voluntary Montana Forestry BMP's. All forest owners in Montana are required to comply with the Streamside Management Zone law. In addition, Stimson will manage enhanced streamside buffer zones consistent with the Kootenai Lands Native Fish Habitat Conservation Plan currently in existence on the Lands.

C. Range

None of the Lands are managed as rangeland. Grazing may be allowed for weed control or other land management purposes consistent with the protection and maintenance of the Conservation Values of the Lands.

D. Aesthetic Quality

Stimson recognizes aesthetic values along U.S. Highway 2, State Highway 56, and associated viewsheds of Troy and the Kootenai Valley, and will manage these areas within the Lands by using appropriate design standards and harvest methods.

E. Public Recreation

The Easement gives the public the general right of access to the Lands in perpetuity for the responsible use of the Lands for noncommercial recreation such as hunting, fishing, noncommercial huckleberry picking, trapping as defined in Montana regulations, and other recreation uses. The public use of the Lands is subject to certain restrictions described in both the Easement and incorporated into this MRMP (Exhibit A).

F. Habitat Conservation Objectives and Implementation.

An objective of the SFI Standard is to ensure that forest management practices will "manage the quality and distribution of wildlife habitats and contribute to the conservation of biological diversity by developing and implementing stand and landscape-level measures that promote habitat diversity and the conservation of forest plants and animals, including aquatic species." The SFI Standard provides general performance measures and indicators to meet this objective. Stimson will manage the Lands consistent with the SFI objective, performance measures and indicators.

G. Fish and Wildlife

Stimson manages its resources while considering fish and wildlife through judicious control of road access, timber harvest management, and cooperation with state and federal fish and wildlife agencies.

The grizzly bear is a federally protected species. The Lands, which are located within the USFWS-designated Cabinet-Yaak Recovery Zone, have and will be managed using Stimson's Grizzly Bear BMP's that have been attached hereto as Exhibit B. These BMP's may be revised or amended from time to time, and with the mutual consent of Stimson and the Department, shall become the new standard under which forest management activities are conducted on the Lands.

The bull trout is a federally protected native fish species. O'Brien, Callahan and Keeler Creeks are identified as Tier 1 habitat for bull trout (i.e. spawning and juvenile rearing areas). Stimson commits to managing the Lands to protect fish in accordance with a Kootenai Lands Native Fish Habitat Conservation Plan (KLNFHCP), as it may be amended from time to time with the mutual

consent of Stimson and the USFWS. Key conservation provisions of the KLNFHCP have been attached hereto as Exhibit C.

The KLNFHCP is an outgrowth of the Native Fish Habitat Conservation Plan ("NFHCP") that was entered into by the USFWS and Plum Creek (as the previous owner of the Lands) on October 25, 2000. It was a 30-year agreement that applied to 1.6 million acres, which were then owned by Plum Creek in Montana, Idaho and Washington. The stated purpose of the NFHCP is to help conserve native salmonids and their ecosystems while allowing for continued commercial timber management within a framework of long-term regulatory certainty and flexibility. It includes numerous conservation commitments designed to conserve native fish species through a multi-species aquatic ecosystem approach. All land management activities, including timber harvesting, road building and land sales are governed by this plan.

Stimson purchased the Lands in May, 2003. As part of its purchase, Stimson entered into an Assignment and Assumption Agreement with the USFWS and Plum Creek, whereby it assumed all rights, interests and obligations of Plum Creek under the NFHCP and with the plan, as it pertains to the Lands, being renamed the "Kootenai Lands Native Fish Habitat Conservation Plan". The KLNFHCP, which remains in effect until October 25, 2030, provides for adaptive management in consultation with the USFWS in order to help conserve native salmonids and their ecosystems during commercial timber harvest activities. If or when the KLNFHCP is no longer in effect, then Stimson and the Department will develop new management guidance that will continue to provide the enhanced conservation benefits currently provided by the KLNFHCP commitments.

In addition, the Lands are important for big game such as elk, deer, moose, black bear, lynx, wolverine, fisher, songbirds, cavity-nesting birds, and a variety of other native and migratory wildlife species. Stimson recognizes the value and importance of maintaining or enhancing fish and wildlife habitat to ensure stable populations. The Lands shall be managed in accordance with Stimson's Sustainable Forestry Principles, which include provisions to maintain or enhance biodiversity. In consideration of the particular wildlife habitat values of the Lands, Stimson shall apply the practices as set forth below:

1 The commercial harvest of cottonwood trees is prohibited. Additionally, the harvest, felling, destruction, and removal of cottonwood trees are prohibited, except:
    a. As may occur incidentally during the normal conduct of forest management activities;
    b. As part of the construction or maintenance of roads, fences or other improvements authorized by the Easement;
    c. For the purpose of addressing safety hazards; or
    d. When granted Prior Approval by the Department, which must find that the harvest, felling, destruction, or removal activity will be beneficial to the overall habitat value of the Lands.

2 The harvest of aspen trees is prohibited, unless such harvest is granted Prior Approval by the Department, which must find that the harvest will be beneficial to the overall habitat values of the Lands. Additionally, the Landowner may not intentionally damage or destroy aspen stands; provided, however, that the Landowner may harvest coniferous timber in or associated with an aspen stand through normal forest management practices and may, in

conducting such a harvest, cause damage to aspen trees, without being in violation of this paragraph.

3 Landowner may not fell, remove, or destroy snags (dead standing trees) in a manner that reduces the densities and sizes below the snag retention and recruitment criteria provided for in Section IV.G. of this MRMP. Landowner is not responsible for the unauthorized felling, removal or destruction of snags conducted by the public on the Lands.

4 Riparian zones and nonforested wetlands, including bogs, fens, and marshes, shall be identified prior to implementing forest management activity in a harvest unit. The draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland is prohibited except as allowed under forest management practices described in the Easement.

5 Stimson will use uneven-aged forest management practices in riparian zones and around nonforested wetlands. Wetland buffer management around isolated wetlands of one-half acre in size or larger will include:

a. No skidding through wetlands, including during frozen ground conditions;
b. Minimizing disturbance to shrubs and nonmerchantable trees within 50 feet of the wetland edge;
c. Directional felling of merchantable trees away from the wetland;
d. Retention of merchantable trees that are leaning into the wetland;
e. Whole tree skidding of trees felled within 50 feet of the wetland to minimize ground disturbance;
f. Retention of merchantable trees, when appropriate, to assist meeting SFI guidelines;
g. Provide extra measures of protection to these wetlands by concentrating harvest unit wildlife trees a minimum of 50 feet from the wetland edge and implementing uneven age management prescriptions;
h. For the purposes of this section, the term wetland includes units on the landscape such as marshes, swamps, bogs, fens, and lowlands covered with shallow and sometimes ephemeral or intermittent waters. The term wetland also includes wet meadows, potholes, sloughs, and the riparian zone. Shallow lakes and ponds, usually with emergent vegetation as a conspicuous feature, are included in the wetland definition;
i. Implementation of above policies for isolated wetlands will be reviewed annually by FWP and Stimson and these measures may be adapted as additional scientific information is available, and as the results of these measures are monitored and reviewed for effectiveness, provided that each party agrees to the adaptations.

H. Minerals

Stimson owns limited mineral resources on the Lands. The Easement provides the Landowner with limited rights to extract sand, gravel, and rock in accordance with provisions that minimize impacts and ensure restoration of disturbed areas as per specific Montana Department of Environmental Quality permit operating plans and the specific terms and conditions outlined in the Easement. The Easement prohibits Stimson from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane or other

hydrocarbon resources on or under the surface of the Lands. It also prohibits Stimson from conveying any interest in mineral rights to another party for purposes of mineral exploration, development, production or extraction.

I. Outfitting/Commercial Recreation

The Easement authorizes commercial recreation on the Lands but Stimson currently allows only noncommercial, public recreation opportunities. Any future provision agreed upon by the parties to allow commercial outfitting or other commercial recreational uses shall be signed and appended as an exhibit to this MRMP. Commercial recreational uses cannot be exclusive to permitted users nor reduce or diminish the public's general ability to access or utilize the Lands for dispersed recreation. Commercial uses cannot impact the "Conservation Values" as defined in the Easement. Minor issues arising between commercial and public users will be addressed through the Liaison Team.

IV. PLAN GUIDELINES and SELECTED METRICS

Stimson agrees to the following guidelines and metrics to measure its activities under this MRMP and to ensure that MRMP objectives are met. It is understood that as circumstances change and new knowledge is obtained, that these guidelines and metrics may need to be adapted and modified. Accordingly, the parties agree to work cooperatively to adjust these metrics over time so as to continue to meet the spirit and intent of this MRMP.

A. Commit to external SFI or other comparable audit of the Inland Operations Management Area which includes the Lands, at least once every 3 years as specified in current SFI standards. Review audit recommendations, and determine if changes should be implemented.
B. Commit to follow all grizzly bear best management practices outlined in Exhibit B.
C. If sites are selected, Stimson will participate in State BMP audits on the Lands. Results of these audits will be discussed at the annual Liaison Team meetings, and Stimson will take actions to correct any departures.
D. Timber harvest activities on the Lands will be conducted in a manner consistent with Stimson's Inland Sustainable Forest Principles.
E. Commit that no more than twenty percent (20%) of the acres harvested in the Lands can be subjected to a regeneration harvest (including clear-cut, seed tree and shelterwood prescriptions) over any 5-year period.
F. Reforest to appropriate levels consistent with guidelines set forth in Stimson's Inland Sustainable Forest Principles.
G. Snags and/or live trees will be left for wildlife habitat diversity. Snags that do not pose a safety hazard or fire concern shall remain uncut. Those snags that must be cut, but do not have a merchantable value shall be left within the harvest unit. Landowner will manage forest stands so as to maintain an average of at least two snags per acre greater than 15 inches dbh. Retain at least one of the largest live trees per acre for future snag recruitment ranging from individual trees to clumps. Whenever practical, preserve fruit, nut, and berry producing shrubs and trees. In addition, cull logs should be left such that sufficient downed woody debris exists but no less than 2 pieces/acre greater than 10 inches diameter and 6 feet or longer. These snags, trees, and logs should be left near streams, wet areas, or other sensitive sites or highly erosive landscapes whenever possible, dispersed throughout the unit to

maximize the beneficial effects of these resources to wildlife, and prioritized in such areas that are most secure from potential public firewood collection.

H. Road inspections are currently conducted in accordance with the KLNFHCP. Under this plan, road inspections will be conducted every five to seven years with the objective to monitor drainage effectiveness and to make repairs as quickly as possible after any problems are documented.
I. Use only contractors who have been SFI trained.
J. Prohibit off-duty employee/contractor motorized access behind gates or closures.
K. Catastrophic events such as fire, disease, and insect infestation may require modifications of the above guidelines and such situations need to be addressed by the Liaison Committee.

V. EASEMENT MONITORING AND REPORTING REQUIREMENTS

The Easement is intended to maintain the "status quo" by providing for perpetual and responsible forest management on the Lands. The Easement will restrict the development rights on the Lands, which will preclude residential and commercial development that is not associated with resource management. It also provides for perpetual public access to these areas for noncommercial recreation in accordance with attached Exhibit A.

The Department will monitor the Landowner's compliance with the terms of the Easement and MRMP on at least an annual basis through scheduled field inspections, use of flights or remote sensing, and meetings. The Department will notify the Landowner prior to each annual monitoring visit. Department employees will be allowed motorized access behind gates or closures only with permission from the Landowner and only while on-duty conducting official business of the Department. A Liaison Team representing the Department and Stimson will be established to deal with management issues that may arise over time. It is expected that this MRMP will be amended over time to better represent then current knowledge and conditions on the ground.

In order to track compliance with the terms of the Easement and MRMP, the Landowner will annually provide a report to the Department that summarizes the following information:

A. Acres harvested by silvicultural method and other management activities;
B. Road construction or road closure changes; and
C. Current status of excavation sites (i.e. active vs. inactive) in order to monitor re-vegetation and weed control commitments. The Easement stipulates that no more than two sites of five acres or smaller can be used for gravel/sand extraction at any one time, and for sites to move from 'active' to 'inactive' status, they must be contoured and planted, and receive regular weed management efforts.

In addition, the Landowner will include the following information in the annual report as these reports are completed or received by the Landowner:

A. Copies of SFI and state BMP audits as they are periodically completed including any actions taken to meet audit recommendations; and
B. Road inspection reports to be conducted at least every five (5) years to monitor drainage effectiveness.

Any amendment to this MRMP must have the consent of both parties and must be in writing and signed and acknowledged by the parties. If there is any inconsistency between the terms of this MRMP and the Easement, the terms of the Easement control. The Department will keep a current MRMP in its files and will make the then current MRMP available to successors in interest to the Lands.

LANDOWNER: STIMSON LUMBER COMPANY

By: _____
Andrew W. Miller
President and Chief Executive Officer

DEPARTMENT: MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS

By: _____
Joe Maurier, Director
Montana Department of Fish, Wildlife and Parks

EXHIBIT A
PUBLIC USE RESTRICTIONS

A. Road Use. In general, the public may use the Lands for the purposes of dispersed recreational activities subject to the conditions contained herein. Road access for public use may be limited for a variety of reasons such as the protection of wildlife, security, prevention of sedimentation from logging roads, public safety and reducing the spread of noxious weeds. Extreme fire weather or other hazardous situations may also influence the extent of road access by the public. Road restrictions may involve cooperative agreements between other private landowners, or with state and federal government agencies. The Landowner may restrict road use with gates, barricades, earthen barriers, and signs. Landowner will enforce the following restrictions on all road systems crossing the Lands:

1. Vehicles should travel at slow speeds to allow for a safe stopping distance.
2. The public must yield to all heavy truck and equipment traffic.
3. Open gates may be locked at any time at the discretion of the Landowner.
4. No motorized vehicles are allowed off-road.
5. Road restrictions apply behind an unmarked gate, even if the gate has been vandalized or is open. An open road behind a gate must be specifically designated as such by a sign. Gates may not be blocked for any reason. Vehicles which block a gate may be towed at the vehicle owner's expense.
6. An unsigned earthen barrier is considered a closure to all motorized vehicles.
7. Hikers, horseback riders, and mountain bikers are allowed behind closed gates, barricades, and earthen barriers. All motorized vehicles, including, but not limited to, dirt bikes, ATV's, and snowmobiles are not allowed behind closed gates, barricades, and earthen barriers.

B. Hunting and Fishing. Hunting and fishing on the Lands are allowed only during legal seasons, and pursuant to applicable laws and regulations. Hunting and/or fishing may be restricted on the Lands if necessary for resource or wildlife management upon mutual consent.

C. Camping. No camping will be permitted on the Lands.

D. Other Restrictions:

1. Commercial activity on the Lands by anyone other than Landowner is permitted only with a written permit or contract;
2. The public's right to recreate on the Lands does not include the right to trespass on other private property to reach the Lands;
3. Violators may lose recreational privileges on the Lands.
4. With the mutual consent of the Landowner and the Department, any recreation activity may be restricted if necessary for resource or wildlife management.

EXHIBIT B

Stimson Lumber Company
Grizzly Bear Best Management Practices (BMP)

A. Open Road Density. Research suggests that grizzlies are displaced from habitat adjacent to open roads and that roads increase grizzly bear mortality risk due to legal and illegal harvest from or close to open roads. The intent of road closures is to minimize or preclude bear displacement and reduce human-caused mortality. Stimson will maintain an open road density (ORD) of 1 mile per square mile or less on the Lands within the designated Cabinet-Yaak Recovery Area. A road is considered "open" if it is open to the public for wheeled motorized use during any portion of the year, and ORD should be calculated using the BMU sub-unit as the analysis area. Administrative motorized use behind gates or on road systems otherwise restricted will be minimized.

B. Road Location. Roads should not be constructed so that they pass through or near preferred bear habitat types. These preferred habitat types are as follows:

1. Riparian and wetland habitats,
2. Areas that produce significant amounts of huckleberries and buffalo berries, and
3. Snowchutes and avalanche chutes.

Existing and new roads that pass through these preferred habitat types should be considered for motorized use restrictions. Main haul roads or roads that are to remain open should not pass through the center of clearcut or seedtree harvest units. Roads should dog-leg upon entry into harvest units.

C. Cover. Cover is an important habitat consideration for grizzly bears in areas where recreational and/or administrative use occurs. Research indicates that effective cover provides for movement between foraging areas and seasonal ranges, provides security for habitat utilization, reduces mortality risk, and provides for thermal regulation. A minimum of 40% of the BMU sub-unit will be maintained in vegetative cover which can effectively conceal bears. Minimum diameter of cover blocks adjacent to openings will be three sight distances (sight distance is the distance at which 90% of an adult grizzly is hidden from view - this will vary depending on vegetative structure and topography - in most of our timber types sight distance is 200 feet or less) in order to facilitate bear movement around clearcuts as well as use of feeding areas within openings. Optimally, cover should be provided in and adjacent to preferred habitats (see (B) above) and adjacent to open roads. Cover should be distributed throughout the watershed and calculations for cover should be based on all ownerships within the basin.

D. Size of Openings. Grizzly research indicates that bears select for edge or cover/no-cover interfaces. This is attributed to high forage values and proximity to escape cover. However, bear use of open areas has been found to decrease as distance to cover increases. Clearcut and seedtree units will be laid out so that no point in the unit is more than 600 feet from effective hiding cover. Generally, biologists agree that the shape of a cutting unit is more important than its size. The intent of the BMP is to increase edge, maintain bear habitat effectiveness, and allow bears to take maximum advantage of adjacent cover.

E. Timing of Operations. Seasonal timing of operations is an effective tool to minimize bear/human confrontations and maximize the effectiveness of important habitat, especially spring range. Stimson activities will be coordinated in time and space so that activities occur at a time when the area has the least biological importance to grizzly bears. Stimson agrees to stop all management activities, other than replanting, forest inventory, sale preparation, and other nonmotorized administrative use during April 1 to June 15 within the designated Cabinet-Yaak Recovery Area.

F. Wetland and Riparian Habitats. Wetland and Riparian areas are extremely important to grizzly bears for foraging opportunities and cover/movement corridors. Stimson will utilize silvicultural prescriptions that maintain forage values for bears while retaining cover values. Hence, selective, uneven-age harvest techniques should be used in or near such sites.

G. Food Storage. Stimson will incorporate where possible requirements in contracts with logging or forestry contractors indicating that food, garbage, and other attractants will be stored in a bear resistant manner. Burnable attractants (such as food leftovers) shall not be buried, discarded, or burned in an open campfire.

EXHIBIT C

Key Conservation Provisions of the Kootenai Lands Native Fish Habitat Conservation Plan

BMP Compliance

Stimson will maintain their level of compliance with Forestry BMPs covering roads and upland forest management activities for Montana within the Project Area. In Montana, BMPs are a nonregulatory program. Stimson's commitment, at a minimum, is to comply with the Montana BMPs as if they were State law.

New Road Construction

Stimson will design and construct new roads to enhanced BMP standards. This means that Stimson will not only meet existing state rules and BMPs, but will exceed them by implementing certain enhancements.

1. Where road grades slope toward stream crossings, drivable drain dips and/or ditch relief pipes will be located at the nearest practicable location to streams with an adequate filtration zone in order to minimize sediment delivery to streams. This will most often be where there is 25-27 feet of filtration below the drainage feature outfall and the stream and the drainage feature is 50-150 feet away from the stream along the road centerline. In addition to this drainage feature, a second drainage feature above crossings will be located within 400 feet of the first. If drain dips cannot be constructed (e.g., due to road steepness), alternative methods will be employed to route road surface drainage into filtration zones (or sediment traps) to similarly minimize overall sediment delivery. Where soils at the outfall of drainage features would be subject to erosion, they will be armored with rock, slash, or other methods.

2. Road fills over stream crossings will be grass seeded (all grass seeding should be with a mix of native seeds that are site appropriate) and straw-mulched concurrent with construction. Other road cuts and fills on newly constructed roads will be seeded within one operating season. The tread on native-surface roads will also be grass seeded within one operating season following construction unless the road will be used for hauling within 2 years of construction. Where needed to initiate grass growth, fertilizer may also be applied. At a minimum, fill slopes that are within 10 feet of streams will be straw-mulched.

3. Slash filter windrows or a suitable alternative will be installed at the toe of all fill-slopes that are within 50 feet of streams, and extended to encompass the closest drainage feature outlet (drive dip or culvert). Also, where operationally feasible, the slash filter windrow will be extended over the top of the culvert on the downstream side of the fill. If inadequate slash is available for construction of a windrow, other filtration means will be implemented to achieve the same, or greater, protection.

4. Fills at culvert inlets on stream crossings (culverts greater than or equal to 24-inch-diameter) will be well armored with rock.

5. Stream crossing culvert installations will be designed to accommodate at least the 100-year peak flood as determined by U.S. Geological Survey flood magnitude prediction procedures (as an alternative, the culvert size for a 100-year flood may be calculated by a Stimson hydrologist based on an analysis of channel dimensions).

6. The road tread over stream crossings will be surfaced with rock on highly erosive soils. These are considered to be soils derived from deeply weathered granite and sedimentary rock, mica schist, and fine-textured lacustrine or glacier deposits. The minimum length to be rocked is 50 feet on either side of the crossing. Where road grades slope toward streams, rocking will extend to encompass the closest drainage feature above the crossing. Maps will be provided to foresters to aid in determining where these soils exist.

7. New roads that are proposed on side slopes greater than 70 percent will require a review for potentially unstable features. These include bedrock hollows, inner gorges, convergent headwalls and toes of deep-seated landslides (see Appendix R-8 for descriptions of these landforms). If potentially unstable features are identified where side slopes exceed 70 percent, an attempt will be made to find a suitable alternative location. Where that is not feasible, a report will be prepared by a geotechnical specialist that evaluates risks of landslides on this segment of road and recommends ways to minimize risks. All such recommendations must be implemented.

8. Road cross-drainage will be provided as frequently as necessary to control road tread erosion. On active native-surfaced roads, road drainage features will be located such that road runoff distances generally do not exceed 300 feet (and will not exceed 400 feet) along the road centerline. On highly erodible soil types, or on road grades steeper than 8 percent, this spacing will be reduced from the specifications listed above.

9. Road clearing limits will be minimized where roads cross streams.

10. Where seeps or springs are discovered during road construction, drainage features will be installed that pass accumulated surface water across the road prism and return it to the forest floor as close to the point of origin as reasonably practicable.

11. Roads should not be located adjacent to streams in Channel Migration Zones (CMZs) and alternate routes should be identified. If alternate routes are not possible then within the CMZ, roads will be constructed with minimum fill depths, and include drainage features at all active channels.

12. Stream crossing culvert installations must be designed to accommodate fish passage on fish-bearing streams (See Appendix R-6).

Road Condition Tracking

Stimson commits to tracking the status of road conditions on the Lands. This will be done using a road database layer that quantifies BMP status of Project Area road segments. The roads in the database designated with a BMP status are those for which Stimson has complete or shared management responsibility. They include private access roads off the Lands that Stimson uses and manages, such as federally cost-shared roads. BMP status will not be recorded for publicly owned roads (such as county or state roads) or access roads for which Stimson has rights for use, but no management control or authority. The BMP status layer will be an updateable geographic information system. It will show the road network spatially and facilitate estimation of road miles by BMP status. A BMP status designation will be assigned for each entire road segment. BMP status designations are as follows:

> **In Compliance:** Road segment has been field-inspected and has been determined to fully meet either Stimson's NFHCP enhanced BMPs for new roads (R2) or for old road upgrades (R5).

Out of Compliance: Road segment has been field-inspected and has been found to contain one or more locations not in compliance with enhanced BMP standards for new roads or old road upgrades. Work required to bring the segment up to the Stimson NFHCP enhanced BMP standards involves typical upgrades

1. Where road grades slope toward stream crossings, drivable drain dips and/or ditch relief pipes will be located at the nearest practicable location to streams with an adequate filtration zone in order to minimize sediment delivery to streams.
2. Road cross-drainage will be provided as frequently as necessary to control road tread erosion. On active native-surfaced roads, road drainage features will be located such that road runoff distances generally do not exceed 300 feet (and will not exceed 400 feet) along the road centerline. On highly erodible soil types, or on road grades steeper than 8 percent, this spacing will be reduced from the specifications listed above.
3. Where existing stream crossing culverts have fulfilled their design life (or been washed out) replacements will be designed to carry the 100-year peak flood as determined by U.S. Geological Survey flood magnitude prediction procedures (as an alternative, the culvert size for a 100-year flood may be calculated by a Stimson hydrologist based on an analysis of channel dimensions).
4. When the outlet of road drainage features are too close to streams for effective forest-floor filtration, supplemental sediment filtration will be provided (such as slash filter windrows, straw bales, silt fences, etc.) and/or drainage feature spacing will be decreased to minimize sediment delivery.
5. For stream-adjacent/parallel roads or where there is a high density of stream crossings, simple/inexpensive re-location will be utilized in addition to (or in lieu of) road drainage improvements where possible.
6. Where upgrading or road use exposes bare mineral soil, disturbed areas will be grass seeded during appropriate soil moisture conditions before the end of the current operating season.

Hot Spots: These segments are a subset of the "Out of Compliance" designation and are designated as such so that treatment can be prioritized according to the severity of the problem and more rapidly than the road upgrade targets. A road segment (or a portion of a road segment) is found to contain one or more locations that have more complicated solutions, have a much higher water quality impact, or are more costly to address than standard BMP improvements.

Periodic Re-inspection and Maintenance: All roads in the Easement will be upgraded and maintained In Compliance by the end of 2018. Thereafter, Stimson will re-inspect roads that have been constructed to or upgraded to enhanced BMP standards and perform any maintenance necessary to preserve enhanced BMP function. The maximum road re-inspection interval will not exceed 5 years.

- Reconnaissance will be conducted following 25-year (or greater) flood events to identify new or unanticipated road maintenance needs. When triggered as a result of aerial observation, a road and stream crossing field inspection will be conducted in the principally affected portion of the flood-area within one operating season.
- Sediment will not be directly discharged to streams during road maintenance activities.
- Maintenance activities will be conducted so that the road is not progressively widened over time or the integrity of the road standard is not otherwise diminished.

Riparian Harvest

Stimson will not harvest timber, utilize mechanical equipment off of established roads or conduct timber-management activities within the Riparian Influence/Exclusion Zones along the following drainages: O'Brien, Keeler, Callahan, Rabbit, Lake, Ruby, Porcupine, and Iron Creeks.

For all other timber management prescriptions, Stimson will use State Streamside Management Zones (SMZ) as a minimum in all cases for applying NFHCP riparian. The Montana SMZ Rules dated 3/15/93 and as updated from time to time, will be used as the NFHCP basis.

Special Prescriptions for High Sensitivity Channel Migration Zones (CMZs)

Descriptions of Channel Migration Zone Types and Their Sensitivity to Timber Harvest

CMZ Type	Definition	Stream Gradient	Sensitivity to Timber Harvest
A	Flat, relatively unconfined floodplain. Channel changes primarily through gradual erosion at the outside of bends, but also through flood events.	0% to 1.5%	Moderate
B	Flat to moderately steep, unconfined to moderately confined floodplain. Channel changes primarily through LWD obstructions and/or bedload deposition during flood events, but also through gradual erosion at the outside of bends.	1% to 3.5%	High
C	Moderately steep, moderately confined floodplain. Channel changes through LWD obstructions and/or bedload deposition during flood events.	3% to 6%	High
D	Steep, alluvial fans. Channel changes primarily through bedload deposition during flood events, but also through LWD obstructions.	4% to 8%	Moderate
E	Steep, relatively confined floodplain. Channel changes primarily through bedload deposition during flood events, but also through LWD obstructions.	4% to 8%	Moderate

WHERE CMZs ARE CLASSED AS TYPE B AND TYPE C OR ARE KEYED OUT AS HIGH SENSITIVITY USING THE CMZ FIELD KEY.

In the CMZ:

- No-harvest is allowed within the full CMZ width.
- Yarding corridors are prohibited unless needed to minimize road construction. When needed they must be approved as a site-specific cooperative management response and kept to the minimum width while still allowing harvest.

On the terrace slope from the outside of the CMZ upslope for 50 feet:

- Apply the limited harvest rule and provisions (see below).
- No-harvest will be applied where terrace slope is within 25 feet of the ordinary high water mark.

  Exception: where stream segment is less than 10 feet, bank full width, and is further than 500 feet from its confluence with a larger stream, the no-harvest zone need not be extended to the terrace slope.

- Terrace slope prescription need not extend beyond the top of the terrace slope (the edge of the bench) provided the state rule is met.
- Assure that the applicable state riparian rule is met.

WHERE CMZs ARE CLASSED AS TYPE A, D, OR E, OR ARE KEYED OUT AS MODERATE SENSITIVITY USING THE CMZ FIELD KEY.

In the CMZ:

- No-harvest for 25 feet from the ordinary high water mark.
- Yarding corridors are prohibited through no harvest areas unless needed to minimize road construction. When needed, they must be approved as a site-specific cooperative management response and kept to the minimum width while still allowing harvest.
- Apply limited harvest rule and provisions for remainder of CMZ (see Rp2).
- Favor trees adjacent to relic channels for retention.
- Apply equipment exclusion rule (see below).

Limited harvest rule:

Harvest is allowed to an average 22 foot spacing or less of trees larger than 8 inches diameter breast height (DBH), which corresponds to 88 trees per acre.

- No more than 50 percent of trees greater than 8 inches DBH may be harvested.
- Trees retained must be representative of the size of trees in the pre-harvest stand.

Limited harvest provisions:

- **Concentration**: Concentrate leave trees closer to the stream (or no-harvest CMZ, when applicable).
- For implementation audits, concentration will be considered met if on average no more than 30 percent of the allowable number of harvest trees have been removed from the first 25 feet of streamside zone measured out from the stream (or no-harvest CMZ, where applicable).
- **Lineal distribution**: Trees retained will be lineally distributed evenly along the length of the stream segment even though they may be concentrated closer to the stream. When operationally necessary for yarding, openings in the lineal distribution of trees will be allowed provided:
    - Openings are as small as operationally feasible
    - Reduced retention in openings is compensated for adjacent to openings
- **Tree lean**: Trees leaning toward the stream or CMZ will be favored for retention.
- **Streamside road mitigation:**
    - <u>Within harvest unit</u>: Where a stream-adjacent parallel road occurs within 50 feet of a stream or CMZ on the same side of the stream as the harvest unit, trees per acre for retention must be calculated for the entire 50 feet. In other words, retention in the forested portion of the limited harvest area must compensate for the lack of trees in the road.
    - <u>Across from harvest unit</u>: Where a stream-adjacent parallel road occurs within 50 feet of a stream or CMZ across from the harvest unit, compensation for trees in the road will occur in the following manner. A determination will be made whether there are enough trees in the full 50 feet across the stream to meet retention requirements in the event of a

future harvest there. If compensation cannot be provided for across the stream, additional trees will be left in the current harvest to compensate for the portion of the road in the 50 foot zone across the stream.

- Road abandonment: As an incentive to abandon streamside roads, road abandonment may be performed in lieu of increased retention. Roads that meet all of the following conditions can be declared abandoned.

  1. The road is physically blocked to vehicles.
  2. Bridges and stream culverts are removed. Fills leading to the stream crossing are pulled back from the stream and the slope angle re-contoured such that it mimics the natural slopes above and below the crossing. All exposed soils are grass seeded, fertilized (as necessary), and mulched.
  3. Road fills are stable. Where perched fills exist, partial or total re-contouring will be utilized to pull back the perched portion and place it on the inside of the road prism or end-hauled to a safe location.
  4. Ditches are left in a suitable condition to reduce erosion, and continuous ditch runs do not exceed 100 feet.
  5. The road tread is out-sloped, water-barred, or otherwise left in a condition suitable to control erosion and maintain water movement. Where the tread is flat, the road is water-barred at a maximum 100-foot interval.
  6. Water-bars or drainage features are located such that accumulated surface water from seeps or springs in the cut-slope are passed across the road prism and returned to the forest floor as close to the point of origin as reasonably practicable.
  7. Road tread, cut-slopes, and fill-slopes are vegetated, or have been grass seeded. If necessary to promote grass establishment, the road tread has been scarified.
  8. The intent is that the road will be removed from the transportation system and will not be used again.

- Deviations from one or more criteria listed above would be allowed if they resulted in less overall impact or risk, but such must be approved by FWP.

On the terrace slope from the outside of the CMZ upslope for 50 feet

- Apply the limited harvest rule and provisions.
- No-harvest will be applied where terrace slope is within 25 feet of the ordinary high water mark.

  Exception: where stream segment is less than 10 feet, bank full width, and is further than 500 feet from its confluence with a larger stream the no-harvest zone need not be extended to the terrace slope.
- Terrace slope prescription need not extend beyond the top of the terrace slope (the edge of the bench) provided the state rule is met.
- Assure that the applicable state riparian rule is met.

CMZ equipment exclusion rule:

Tracked or wheeled equipment operation in the CMZ will be prohibited (except for road construction), except where all of the following specific conditions are met:

- There exist winter conditions with adequate snow or frozen ground or very dry conditions in the absence of riparian vegetation types, and
- Operation of wheeled or tracked equipment does not cause rutting or displacement of the soil, and
- The vegetative integrity of the CMZ is conserved, and
- Operation of wheeled or tracked equipment is conducted no closer than 50 feet from the ordinary high water mark of an active channel.

HIGH SENSITIVITY STREAMS WITHOUT CMZs

A stream segment is considered to be high sensitivity where it exhibits a **forced pool riffle/plane bed** morphology (gradient is generally 1.5 to 3.0 percent, the majority of the pools are formed by logs, when pools are not present the slope is uniform and constant and the dominant substrate is gravel to cobble). The upstream extent of the stream segment will extend at least 100 feet above the upstream extent of indicators.

Prescription applied:

- Fully implement applicable state riparian rules.
- Apply no-harvest within 25 feet of the ordinary high water mark.
- Yarding corridors are prohibited in no harvest areas unless needed to minimize road construction. When needed, they must be approved as a site-specific cooperative management response and kept to the minimum width while still allowing harvest.
- Apply the streamside roads mitigation provision.
- Retain those trees whose root systems are integrated into the stream bank.

INTERFACE CAUTION AREAS (ICAs)

Applies to all Class 1 streams in the Easement:

ICA Location:

The ICA will be delineated within a harvest project from the streamside, will include the riparian areas previously defined and will extend beyond the riparian zone to a point designated by the Stimson forester that meets the following criteria:

- The average **width** of the ICA will be at least 150 feet horizontal distance measured from the edge of the stream.
- Streams that are first order, greater than 10 percent in gradient, or not accompanied by a distinct valley feature will not be required for inclusion in the average width requirement and calculation. In cases where they are not included, the feathering feature (below) will be applied even if it goes beyond the hydrologic divide for that stream.
- The ICA (for determining average width) may not be extended beyond the hydrologic divide or the nearest road to the stream, unless that road has been abandoned.
- The minimum ICA width will be 100 feet slope distance from the outside of the CMZ, unless it is limited by the hydrologic divide or nearest existing road.

ICA Requirements:

- **Constructed skid trails** will be prohibited.

  Exception: if a constructed skid trail is required within the ICA, it will be fully reclaimed within the same operating season.

- **Mechanical site preparation** and slash treatment with tractors is prohibited.
  - This prohibition applies where ground slope is greater than 20 percent.
  - Piling or spot scarification may be performed by excavator only where slopes exceed 20 percent.
- **Broadcast burning** is prohibited.
- **Clearcutting** in the ICA will be avoided, provided that:

  When the clearcut harvest method is applied in the ICA, it will be limited to no more than 5 percent of total ICA area annually.

- **Roads**: Roads will be prohibited within the ICA.
  - New roads will not be constructed within the ICA except where necessary to cross a stream.
  - ICAs will not extend beyond existing roads.
- **Field Measurement:** When ICA is at the minimum width, field measurement will be employed to ensure compliance.
- **Supplemental tree retention** (feathering) will be provided adjacent to the SMZ retention zone provided for by state rules for 50 feet to provide a buffer to the SMZ at these levels:
  - 60 or more trees per acre larger than 20 feet tall, or
  - 30 or more trees per acre larger than 10-inch DBH, or
  - A prorated combination of the above.
  - Where the adjacent post-harvest stand exceeds these levels, the supplemental tree retention requirement will be considered met. Feathering outside of the SMZ is not required in those limited circumstances where ecological and silvicultural conditions warrant, such as stagnant lodgepole pine timber types or insect and disease infestations.
  - The outside bounds of the 50 feet may be an estimated distance and may form the outside bounds of the ICA for those streams not subject to the average width requirement and calculations.
- **Skid trails** will be designed to further minimize soil and vegetation disturbance immediately adjacent to the SMZ:
  - Directional skidding away from SMZ will be used to the extent feasible, provided the directional trail does not increase the risk of routing sediment to the stream.
  - Skidding equipment should be confined to designated skid trails or corridors; avoid dispersed skidding unless ground is protected with a snow cover.
  - Spacing between skid trails or corridors should be maximized to maintain the integrity of the post-harvest stand.
  - Seek to avoid concentrating projects with below-average widths in one, fourth order watershed.

- **Road Abandonment:** Road abandonment adjacent or in proximity to streams will have high priority.
    - If a road is abandoned in conjunction with or prior to a harvest project, the ICA may be extended beyond the abandoned road. This provides a direct incentive to abandon roads that are adjacent to streams.

NATIVE FISH ASSEMBLAGES

Native Fish Assemblages (NFAs) are areas considered to contain unique assemblages of native species diversity. Watersheds on the Land that are designated as Native Fish Assemblages are Keeler Creek and Ruby Creek.

Special management will be undertaken in these watersheds including:

- **Limiting factors analysis** — Assessment of the environmental, biological, and/or management factors that limit fish populations in the area.
- **Watershed analysis —** Assessment of watershed conditions and sensitivities on the Lands in the NFA using focused modules similar to those used in Washington Watershed Analysis (e.g., stream channel, riparian function, fish habitat condition, and mass wasting modules completed by qualified watershed analysts) or other techniques (geomorphic guilding, etc).
- **Accelerated old road upgrades** — Complete road BMP upgrades on NFA Lands by the end of 2013.
- **Develop and implement prescriptions** — Stimson will develop additional watershed-specific prescriptions, if needed, to address issues identified in the limiting factors or watershed analysis.

Timing: These actions will be completed by the end of 2014.

APPENDIX C

Sensitive Wildlife Species List

The Stimson project would also provide benefits for 26 terrestrial wildlife species that are conservation priorities of both federal and state agencies listed in the table below.

	Rankings			
Common Name	UFWS	USFS	BLM	MT
Mammals				
Grizzly Bear	Threatened	Threatened	Sensitive	S2S3
Canada Lynx	Threatened	Threatened	Special	S3
Gray Wolf	Endangered	Sensitive	Sensitive	S4
Fisher	--	Sensitive	Sensitive	S3
Wolverine	Warranted/Precluded	Sensitive	Sensitive	S3
Townsend's Big-Eared Bat	--	Sensitive	Sensitive	S2
Birds				
Common Loon	--	Sensitive	Sensitive	S3B
Peregrine Falcon	Recovered/De-listed	Sensitive	Sensitive	S3
Cassin's Finch	--	--	--	S3
Northern Goshawk	--	--	Sensitive	S3
Brown Creeper	--	--	--	S3
Harlequin Duck	--	Sensitive	Sensitive	S2B
Flammulated Owl	--	Sensitive	Sensitive	S3B
Pileated Woodpecker	--	-	--	S3
Bald Eagle	Recovered/De-listed	Sensitive	Sensitive	S3
Lewis's Woodpecker	--	--	--	S2B
Amphibians				
Western Toad	--	Sensitive	Sensitive	S2
Columbia Spotted Frog	--	-	--	S4
Coeur D'Alene Salamander	--	Sensitive	Sensitive	S2
Reptiles				
Northern Alligator Lizard	--	--	--	S3
Terrestrial Gastropods				
Sheathed Slug	--	--	--	S2S3
Smoky Taildropper	--	--	--	S2S3
Robust Lancetooth	--	--	--	S1S2
Pale Jumping-slug	--	--	--	S1S2
Magnum Mantleslug	--	--	--	S2S3
Mussel/Clams				
Western Pearlshell	--	Sensitive	--	S2

S1 = At risk because of extremely limited and/or rapidly declining population numbers, range and/or habitat, making it vulnerable to global extinction or extirpation in the state

S2 = At risk because of very limited and/or potentially declining population numbers, range and/or habitat, making it vulnerable to global extinction or extirpation in the state.

S3 = Potentially at risk because of limited and/or declining numbers, range and/or habitat, even though it may be abundant in some areas.

S4 = Apparently secure, though it may be quite rare in parts of its range, and/or suspected to be declining.

S5 = Common, widespread, and abundant (although it may be rare in parts of its range). Not vulnerable in most of its range.

USFS (Sensitive) = Listed as a Sensitive Species by USFS Northern Region (R1).

BLM (Special) = Denotes species that are listed as Endangered or Threatened under the Endangered Species Act

BLM (Sensitive) = Denotes species listed as sensitive on BLM lands

APPENDIX D

KOOTENAI VALLEY

CONSERVATION EASEMENT

SOCIOECONOMIC ASSESSMENT

MONTANA FISH, WILDLIFE AND PARKS

Prepared by:
Rob Brooks
June 2012

I. INTRODUCTION

House Bill 526, passed by the 1987 Legislature (MCA 87-1-241 and MCA 87-1-242), authorizes Montana Fish, Wildlife & Parks (MFWP) to acquire an interest in land for the purpose of protecting and improving wildlife habitat. These acquisitions can be through fee title, conservation easements, or leasing. In 1989, the Montana legislature passed House Bill 720 requiring that a socioeconomic assessment be completed when land is acquired for the purpose of protecting wildlife habitat using Habitat Montana monies. These assessments evaluate the significant social and economic impacts of the purchase on local governments, employment, schools, and impacts on local businesses.

This socioeconomic evaluation addresses the purchase of a conservation easement on Stimson Lumber Company property located in northwestern Montana. The report addresses the physical and institutional setting as well as the social and economic impacts associated with the proposed conservation easement.

II. PHYSICAL AND INSTITUTIONAL SETTING

A. Property Description:

The 28,000-acre Stimson Lumber Company property being considered for a conservation easement is located in Lincoln County. The Stimson project consists of various parcels stretching from the south end of Bull Lake, north through the Lake Creek drainage to the City of Troy, and then northwest along both sides of the Kootenai River all the way to the Idaho border.

The lands are intermingled with other private land, State Forest lands managed by the Montana Department of Natural Resources and Conservation, and public lands administered by the U.S. Forest Service, Kootenai National Forest. The individual or contiguous parcels range in size from approximately 22 to 7,200 acres. A property map is provided in the draft management plan.

B. Habitat and Wildlife Populations:

The Stimson project lands and the public lands that surround them provide important habitat for a wide range of wildlife species. The many perennial streams on the property provide streamside vegetation important to the majority of songbirds that nest in this portion of the state.

Wide-ranging ungulates, including elk, moose, mule deer, big horn sheep, and mountain goats, also call this area home, as do black bear, wolverine, and fisher. In addition, 127 bird species have been documented on and adjacent to the project area during a 9-year study by MFWP. Nearly all of the project lands are ranked by MFWP as the highest conservation priority due to the presence of 16 of 85 species that are ranked in greatest need of conservation in Montana's Comprehensive Fish and Wildlife Conservation Strategy.

C. Current Use:

The Stimson parcels are currently used for commercial forestry, and their lands are open to public recreation subject to some limitations to protect natural resources and limit damage to the land.

III. PURCHASE OPTIONS:

A. Purchase of a conservation easement on the property by MFWP.

The intent of the Stimson conservation easement is to maintain the working forest, protect and enhance the fish and wildlife habitat currently found on the property while maintaining the forest character of the property, and provide for public access for recreation in the long term.

Please refer to the Deed of Conservation Easement for a thorough explanation of the terms for this easement between MFWP and the Stimson Lumber Company.

While the Stimson conservation easement would preclude development on the proposed easement lands, 22,000 acres in other private ownership with gentle slopes (<15%) within 2 miles of the proposed easement lands would continue to be available for development purposes.

In addition, the conservation easement would ensure that the Stimson lands continue to provide opportunities for the wood products industry. The timber industry has experienced a significant downturn over the past 20 years due to changing demand for wood products, competition from other areas, supply issues on public and private lands, and the most recent the economic recession to hit the U.S. economy, especially in the housing market. These factors have impacted Stimson Lumber Company and their presence in Montana. The conservation easement will provide Stimson the opportunity to maintain their presence in this area and remain a player in the wood products industry as the markets for wood improve.

Most of the subsurface mineral rights have been severed from the surface ownership and are now held by the U.S. government and other private parties. An analysis of surface mining potential completed in October 2010 determined that there are no commercially viable opportunities for mineral development on those lands at this time. However, Stimson owns the subsurface mineral rights to approximately 2,000 acres where the potential for mineral development cannot be determined without a detailed mineral assessment to search for lode deposits. Such a mineral assessment is beyond the scope of this analysis and is not necessary to ensure conservation values on these acres because the conservation easement would preclude exploration and development on all lands where Stimson holds subsurface mineral rights. The economic impact of this restriction cannot be evaluated here because the potential for future mineral development is unknown at this time.

B. No-Purchase Alternative

The no-purchase option would not guarantee, in perpetuity, the protection of the fish and wildlife habitats that these lands currently provide, nor would the current land use, commercial forestry, be ensured on these lands. Lastly, public recreational access to these lands would not be secure for those who live and visit this area under this alternative. The environmental assessment describes potential impacts to the fish, wildlife, and vegetation resources on these lands if a conservation easement is not acquired.

This alternative requires a number of assumptions since use and management of the property may vary depending on what direction Stimson Lumber Company decides to take regarding long-term ownership of the property, if MFWP does not acquire the proposed conservation easement.

Subdivision development opportunities on Stimson lands under consideration are a possibility without the protection of the proposed conservation easement; however, the current market for rural recreation lands is poor throughout the West at this time. There has been limited subdivision development in the Troy area over the past 3-5 years. These developments have been small, 1-5 lots and 2-20 acres. There has also been some development in the Bull Lake and Lake Creek area over the past 6-7 years (personal communication with Kristen Smith, Director of Lincoln County Planning, 6/4/12).

As stated in the EA, Stimson's timber management activities on the property would not change significantly in the short term. However, without a rebound in the commercial timber market Stimson may choose to sell all or parts of their land holdings. New buyers, depending on the economic climate at that time and the demand for rural recreational property, might choose to subdivide portions of the property or use it for other purposes.

As mentioned previously, subsurface mineral mining is one of the strong economic sectors in the Troy area. The subsurface mineral potential on Stimson lands is negligible on 26,000 acres and would require extensive assessment to determine the mineral potential on the other 2,000 acres where current information is inadequate to evaluate this potential at this time.

The economic impacts associated with hypothetical future development scenarios for subdivision, timber, and minerals available under this alternative are beyond the scope of this assessment and so have not been estimated.

In addition, the gross tax revenues that Lincoln County might collect based on land uses from those being proposed under the conservation easement have not been estimated. These residential and industrial land uses, mentioned above, often result in additional costs to the county in the form of transportation upgrades and maintenance and emergency services for new subdivisions that are not covered by the tax assessments.

IV. SOCIAL AND ECONOMIC IMPACTS RELATED TO THE PROPOSED CONSERVATION EASEMENT:

The purchase of a conservation easement will provide long-term protection of important wildlife habitat, keep the land in private ownership, and provide for public access for public recreation including hunting, fishing, trapping, and wildlife viewing. This section quantifies the social and economic consequences of the proposed easement.

The financial impacts address the cost of the conservation easement to MFWP and the impacts on tax revenues to local government agencies including school districts. The expenditure data associated with the recreational use of the property provides information for analyzing the impacts these expenditures may have on local businesses (i.e., income and employment).

Financial Impacts

The conservation easement proposed on the Stimson lands will be secured by dollars from the Habitat Conservation Plan Land Acquisition Program (HCPLAP), Forest Legacy Program (FLP) and the Bonneville Power Administration (BPA). Twenty-five percent of the purchase price for the easement would be covered through an in-kind contribution from Stimson in the form of donated value arising from the reduced price sale of the conservation easement. Total appraised value of the conservation easement is $17,600,000, but the negotiated purchase price is $13,200,000.

Monitoring the property to ensure the easement terms are being followed would cost MFWP an estimated $3,500 per year. The amount may increase in the future if Stimson were to exercise their right to divide and transfer a portion or portions of the property to other owners. However the total increase in monitoring cost would be limited since the easement restricts future property splits to no more than eight (8) separate fee ownerships in the property at any time.

The financial impacts to local governments are the potential changes in tax revenues resulting from the purchase of the conservation easement. The conservation easement will not change the ownership of the property nor will it change the type of use on the property. Therefore, the purchase of a conservation easement on this land will not impact the current level of taxes paid to Lincoln County.

Economic Impacts

The purchase of a conservation easement will not change the current commercial timber activities on the Stimson conservation easement lands. Commercial timber production would continue as it now occurs under the conservation easement, continuing to support local wood products service businesses.

The conservation easement will continue to provide public access for hunting, fishing, and other recreational uses. The economic activity hunting and fishing provide to rural communities like

Troy and Libby is significant, and public access is a critical component to maintaining this economic contribution to local economies. The following charts and table detail the local area economic contributions of the hunting and fishing activities in Lincoln County.

Hunter and angler expenditures provide a substantial economic benefit to local communities such as Troy. Based on hunter and angler use figures, these activities accounted for almost $19 million dollars of economic activity in Lincoln County.

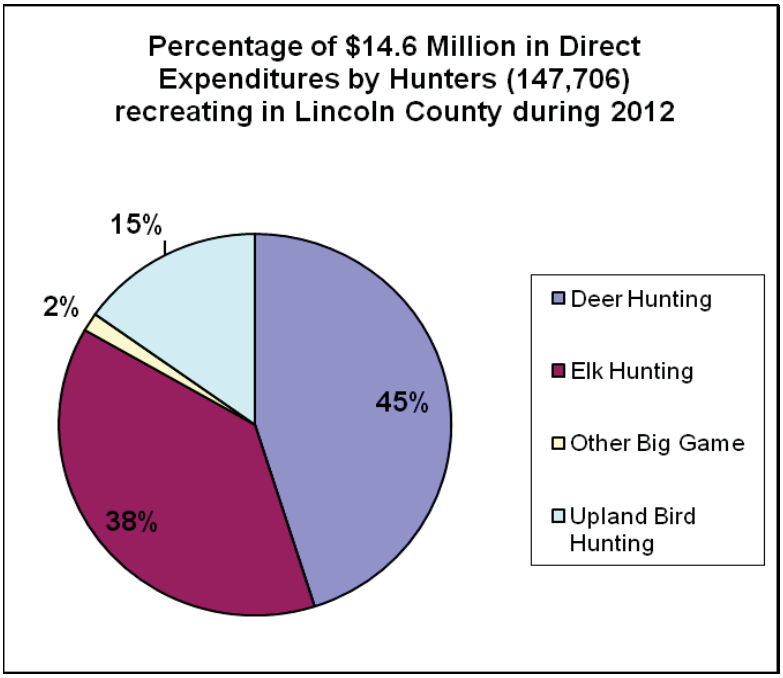

Table 1. Days of Use and Expenditures for Hunting and Fishing – Lincoln County

HUNTING

Species	Residency	Days	2012 $/day	Direct Expenditures	Total By Species
Deer	R	92,686	66.00	$6,117,276	$6,592,127
	NR	2,590	183.34	$ 474,851	
Elk	R	54,393	85.27	$4,638,091	$5,583,578
	NR	2,359	400.8	$ 945,487	
Goat	R	58	259.21	$ 15,034	$15,034
	NR	-	0	$ -	
Moose	R	929	229.91	$ 213,586	$213,586
	NR	27		$ -	
Sheep	R	-	265.42	$ -	$ -
	NR	-	424.10	$ -	
UG Bird	R	26,452	66.34	$1,754,826	$ 2,220,806
	NR	1,187	392.57	$ 465,981	
Total		180,681			$14,625,132
	Residents (R)	174,518			$12,738,813
	Non-residents (NR)	6,163			$1,886,318

FISHING

Resident	22,640	$47.00	$1,064,080	
Nonresidents	11,603	$244.00	$2,831,132	
			Total	$3,895,212

TOTAL ANNUAL EXPENDITURES $18,520,344

V. FINDINGS AND CONCLUSIONS

The acquisition of a conservation easement on the Stimson property will provide long-term protection for wildlife habitat, maintain the integrity of the forest land, and ensure public recreational access in perpetuity.

The purchase of a conservation easement by MFWP will not cause a reduction in tax revenues on this property from their current levels to Lincoln County.

The commercial timber operations will continue at levels dictated by the demand for wood products not only nationally, but globally. The financial impacts of the easement on local businesses will be neutral in both the short and long run.

Hunter and, to a lesser degree, angler expenditures will continue to support local businesses due to the ongoing public access provided by the purchase of this conservation easement.