

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By Senator Greg Jergeson, on February 6, 1991, at 3:00 P.M.

ROLL CALL

Members Present:

Greg Jergeson, Chairman (D)
Francis Koehnke, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Gerry Devlin (R)
Bernie Swift (R)
Bob Williams (D)

Members Excused:

Betty Bruski (D)
Jack Rea (D)

Staff Present: Doug Sternberg (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion:

None.

HEARING ON HOUSE BILL 171

Presentation and Opening Statement by Sponsor:

Representative Steve Benedict, House District 64, advised that this bill was heard in the House Agriculture Committee at which time it received a Consent Calendar recommendation. He stated it is a simple bill which is designed to repeal statutes that provide for the abandonment of the Daly Ditch Water Project. The Department has completed the transfer of the Daly Ditches Project to the Daly Ditches Irrigation District. The Daly Ditches Disposal Act is therefore obsolete and should be removed from the Montana Code Annotated. It is basically still on the books requiring DNRC to remove the state from the Daly Ditch Project. That project was originally developed by Marcus Daly, and provides irrigation water for about 14,000 acres east of the Bitterroot River. Water is diverted from the Bitterroot River in several tributaries. The state of Montana began operating the project in the mid forties, and by 1979 it cost the Department more than \$10 an acre to deliver water. By contrast, many water

users whose contracts dated back to the 1900s paid as little as .50 to \$1.25 per acre. The Daly Ditches Disposal Act was passed in 1979 and required the Department to dispose of the project because it was costing the state more money than it could recover. The Department undertook this task, and after extensive effort, great expense and lengthy legal proceedings, all issues were settled in 1985, and the project is now operated by the Daly Ditches Irrigation District. Since that District began operating the project, there have been several legal skirmishes. However, the Department has not been involved in any of these cases and this legislation would have no impact on any legal proceedings now or in the future.

Proponents' Testimony:

GARY FRITZ, Department of Natural Resources, advised that Representative Benedict has explained the situation very clearly. He added that Representative Bardanouve carried this bill in 1979 because he thought it appropriate that the state get out from under the responsibility of operating and administering the water in the Daly Ditches Project. Rep. Bardanouve was successful in getting the bill passed, and ultimately the project was turned over to the Daly Ditches Irrigation District. The Department did all the footwork and technical administrative work necessary in order to form the Irrigation District. He stated Senator Swift has been involved in this project and indicated Senator Swift had asked if this repeal would in any way impact any future legal proceedings in which the Irrigation District might become involved. To the best of his knowledge, merely taking the statute off the books would in no way prejudice legal proceedings that the Irrigation District might become involved in.

JO BRUNNER, Executive Secretary of the Montana Water Resources Association, stated Daly Ditch is one of their members. Discussion with some of their people indicates this is agreeable to them, although not in its entirety. She stated they support HB 171.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Swift asked Mr. Fritz if he knew any if any of the exchange users were ever reimbursed for the improvement work they did. Mr. Fritz advised that he did not know.

Closing by Sponsor:

Representative Benedict stated he would just ask for a do pass recommendation on House Bill 171.

* * * * *

Senator Jergeson stated that at the hearing on SB 181 on Friday, February 1, 1991, a discussion was had about the return of certified mail notifications of payment due on state land leases. He asked Dennis Casey, Director of Department of State Lands, and Jeff Hagener, Administrator, to come and answer any questions the committee may have regarding the notification process, and to make sure people do not lose their state lands lease because of not receiving notification.

Dennis Casey presented a handout to the members of the committee (Exhibit #1), which handout discussed the Department of State Lands' procedures for billing agricultural and grazing lessees and cancellation for non payment of rentals in accordance with 77-6-506, MCA. Mr. Casey explained the various sections of the handout. Also included in the handout were copies of a lease agreement, billing form, final notice of rental due, return receipt for certified mail, sample of a returned notice, and a check off list for grazing lease cancellations.

Senator Jergeson asked Mr. Casey if they had any returns because the Post Office had changed addresses from a named route to a Highway Contract and then a number. Mr. Casey advised they did not experience that with their ag notices, but they would be aware of the problem when they send out their grazing notices.

Senator Devlin asked if all the leases are mailed out after the first of the year. Mr. Hagener stated all the leases go out the first of the year except for agriculture. Because of legislation passed last session regarding cabin sites, they now have the option of paying once a year or twice, with one half being due March 1 and the other half in September.

Senator Beck asked if they send all the contracts out by certified mail. Mr. Hagener stated no, they do not. He stated in December they send out the renewals and lessees have until January 28 to return them. On the renewals they make a special effort to try to make contact to see why they have not returned the renewal. On occasion they do make phone calls.

Mr. Casey advised that they take no pleasure in cancellations, and will work with people to avoid them. He stated he has discussed a specific case with Senator Rea, and will talk with the Senator again regarding that case.

Senator Jergeson concluded by commenting that you can only do so many things, and if ultimately a response does not come there is no choice but to cancel the lease according to the law.

EXECUTIVE ACTION ON HOUSE BILL 171

Recommendation and Vote:

Senator Devlin made a motion that House Bill 171 DO PASS. Those in favor - 7; opposed - 1 (Senator Swift); MOTION CARRIED. (Senator Rea voted by proxy, in favor)

Senator Devlin will carry HB 171 on the floor of the Senate.

EXECUTIVE ACTION ON SENATE JOINT RESOLUTION 12

Discussion:

Doug Sternberg, Legal Counsel, advised that Senator Beck raised the question of whether it might be possible through the use of this resolution to provide for some compensation for members of the study committee. In reviewing that question, it is found a resolution is not an appropriate vehicle for providing funding of a committee. If it was desired to provide a specific appropriation for the members of that committee, it could be more appropriately handled through the regular appropriation process. It could be suggested along the lines of an amendment stating that the "Director of the department be urged to establish the study committee as an advisory council and provide for the payment of compensation and expenses of committee members consistent with 2-15-122." Mr. Sternberg stated that would be as far as this committee could go - to urge them to provide payment.

In response to questions from Senator Beck, Mr. Sternberg advised that the ultimate decision of whether the committee would be established as an advisory council would lie with the Director of the Department of Agriculture. He would have the final say if it would be funded. Senator Jergeson pointed out that even without the amendment the department head has that authority. Mr. Sternberg agreed, adding that the amendment would simply bring it to the Director's attention and urging the Department, through the Director, to take that approach.

Senator Beck stated he would not amend the bill.

Further discussion was had regarding funding the cost of this study. Doug Sternberg pointed out that one distinction between this particular proposal and the other interim studies is the question of funding. The Department did indicate they were planning on absorbing the cost of this study, as compared to

interim studies which require specific appropriation.

Senator Williams asked if the Department of Agriculture couldn't conduct a study similar to this without legislation or resolutions if they felt it was important. Senator Jergeson stated that if the Department was questioned about the study, they would have some direction from the joint resolution.

Senator Aklestad stated that a concern which he brought up during the hearing of SJR 12 was that many of these weeds are spread by vehicles. Therefore, he would like to delete "farm and recreational" and the wording would then state "transportation of weed seed by vehicles".

Amendments, Discussion, and Votes:


Senator Aklestad made a motion that the amendment to SJR 12 be adopted. Those in favor - 5; opposed - 2 (Williams and Jergeson). MOTION CARRIED.

Recommendation and Vote:

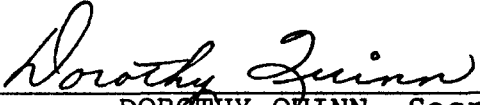
Senator Beck made a motion that Senate Joint Resolution 12 DO PASS AS AMENDED. Those in favor - 6; opposed - 1 (Aklestad). MOTION CARRIED.

ADJOURNMENT

Adjournment At: 4:00 P.M.



GREG JERGESON, Chairman



DOROTHY QUINN, Secretary

GJ/dq

February 6, 1991

Informational handout for the 1991 Senate Agriculture, Livestock and Irrigation Committee; Senator Greg Jergeson, Chairman.

This handout discusses the Department of State Lands (DSL) procedures for billing agricultural and grazing lessees and cancellation for non payment of rentals in accordance with 77-6-506, MCA.

The following outline details the processing of grazing billings. Agricultural billings are handled under the same procedures, but the rental due dates are different as specified in 77-6-506(2), MCA.

A. All lease agreements contain clauses which clearly outline the due dates for all rentals and the results for non payment. The lessee is required to sign this lease agreement at the beginning of the lease. An original copy of the executed lease agreement is sent to the lessee for his permanent records. See attachment "A".

B. The annual billings for grazing rentals are mailed to the lessee of record immediately after the first of the new year. This billing states the rental due and notifies the lessee of the due date and the \$25 penalty for late payment. See attachment "B" for an example of an annual billing.

C. During the first week of March the DSL makes a computer run of all delinquent payments. This list is then used to send Final notices of rental due to all delinquent leaseholders and a \$25 fine has now been imposed. The notice also states that the lease will be canceled if not paid in full, by April 1. These Final notices must be sent out at least two weeks prior to the final deadline for payment as specified by 77-6-506(3), MCA. See attachment "C" for copy of the Final notice.

These Final notices are sent by Certified mail. The local post office makes at least two notifications to the lessee that a certified letter is being held for their signature. If no one claims the certified letter after the two attempts, the letter is returned to the DSL. If there is a problem with the address on the letter, the letter is returned immediately to DSL with such notification. See attachments "D" and "E" for examples of certified mailings.

D. A few days after April 1, the DSL runs another delinquent rental listing. Any rentals postmarked April 1, or earlier are accepted. All leases which show as delinquent are carefully reviewed and a checklist is completed. If any discrepancies occur in the review, cancellation is delayed until the discrepancy is clarified. If the checklist is completed through item no.

4 and there are no discrepancies, the DSL proceeds with lease cancellation. See attachment "F" for an example of the cancellation checklist.

E. All correspondence to the lessee regarding the lease is sent to the address listed on the lease agreement, unless a change of address has been requested in writing, signed by the lessee and recorded by the lessor.

MINUTES
RENEWAL MEETING OF BOARD OF LAND COMMISSIONERS
May 17, 1982, at 10:30 A.M.
Governor's Reception Room

PRESENT: Governor Ted Schwinden, Secretary of State Jim Waltermire, Attorney General Mike Greely, State Auditor E.V. Omholt, Superintendent of Public Instruction Ed Argenbright

Mr. Waltermire moved the minutes of the April 19, 1982, meeting be considered and approved as read. Seconded Mr. Omholt. Unanimous.

BUSINESS CONSIDERED:

781-2 OIL AND GAS ROYALTY RATE STUDY

By consensus of the Board, Item 781-2 will be deferred until the July Board meeting. Don Allen, Executive Director of the Montana Petroleum Association stated that the report has not been distributed to the industry for their comments and they would like the time necessary to do so.

Mr. Omholt moved the report be received but not accepted and that further information be accepted. Seconded Mr. Greely. Unanimous.

Mr. Greely stated that he would like to see more information in the report concerning 5-10 year leases.

Governor Schwinden asked the Board members to call the Commissioner and let him know their concerns.

582-1 VALLEY CENTER DRAIN DITCH

Commissioner Moon explained that the Valley Center Drain District located in Hardin, Montana, has requested the Board of Land Commissioners to address a problem of a drainage ditch in Section 27, T2N, R33E, Big Horn County. The Department has received approximately \$5,000 in lease payments over the past 50 years. The cost to repair the ditch according to Valley Center Drain District would be approximately \$6,000. The Department feels that it would not be in the best interests of the trust to expend Resource Development Funds for repair of the ditch as it is not economically justified. The Commissioner recommends that the Board direct the Commissioner to assist the Valley Center Drain District in obtaining legislative support for funds to repair the ditch.

After discussion, Mr. Greely moved that the Commissioner express to the ditch company the Board of Land Commissioners' concern and that it would like to help but would not spend \$6,000. The Board is willing to discuss any reasonable alternatives, such as a land trade. Seconded Mr. Omholt. Unanimous.

MINUTES
Page Two

582-3

GRAZING LEASES CANCELED FOR NON-PAYMENT OF GRAZING FEES

Commissioner Moon explained to the Board that according to section 77-6-506 MCA if rental payments for State surface leases are not paid by April 1, by law, the department is simply required to notify by letter addressed to the post office address given in the lease that the lease is canceled.

As a result of failure to make required grazing fee payments by April 1, 17 leases were canceled. In all cases the department sent a rental due notice to the address on the lease on or about January 4. A second notice was sent on or about March 1. This mailing included 619 notices. A third letter was sent to 92 lessees on March 26 advising of cancellation if payment was not made by April 1. Letters canceling the leases were sent to the lessees around the middle of April.

At least three of the canceled lessees have claimed that the rental was not paid because of an "administrative error" concerning the address on the rental due notices sent by the department. Therefore, they have requested that the Board review the facts surrounding these lease cancellations.

The Department attorneys have taken the position that the statute referred to above does not allow for Commissioner's discretion to reinstate leases when the rental has not been paid by April 1. Hence this matter is being referred to the Board. There is a lawsuit pending in district court concerning this statute and a lease which was canceled over two years ago.

Governor Schwinden stated that when he was Commissioner in 1969 the language in the statute said that the rentals were due and payable by April 1 but the Department was still trying to collect money even in the fall. They tried to cancel leases but were unable to do so. Therefore he went to Legislature and got overwhelming legislative support for a bill that says if the rentals are not paid by April 1, the lease is canceled. There is no discretion, the leases are canceled.

Mr. Greely stated that before the Board listens to the individual cases, it should discuss the overall policy. He stated that he felt the legal responsibility is on the lessee to know when that rental is due. Everybody should know when their lease payment is to be made. He said that it may be helpful to have the last notice before cancellation as certified mail. He stated that the Board had a legal mandate to cancel leases that have not been paid by April 1.

MINUTES
Page Three

Governor Schwinden stated that he agreed with the Attorney General. The law stated that we have no discretion and by not canceling some of the leases we are leaving ourselves open to lawsuits.

Mr. Omholt stated that he also agreed with the Governor and Mr. Greely but that he felt that there should be some discretion when there is "Administrative Error." He stated that having a law where there is no discretion is penalizing a person when the error was on the part of the department.

Mr. Greely said that the burden is not on the department. It is simply a courtesy of the department to mail out notices that the payments are due on March 1. He stated that the Board should treat everyone fairly including those who want to bid on the land.

Mr. Waltermire inquired into the court case and wondered if the circumstances were similar.

Dave Woodgerd, attorney for the Department, explained the case and stated that it was before Judge Gary in Bozeman and that the decision could come down at any time.

Frank and Orel Sherer, Lease No. 8235, came before the Board and presented their case. They claimed Administrative Error in that the address on their lease had not been changed to Idaho as they claimed they had requested when they visited the department offices and that because of it, they did not receive any of the notices that payment was due.

Mr. Howard Kolstad and his attorney, Robert L. Johnson, Lease #8375, appeared before the Board and presented their case. Mr. Johnson stated that Mr. Kolstad had placed his check in the mail on April 1, but that the post office in Lewistown had postmarked it April 2. He also stated that Mr. Kolstad had sent his crop share payment in last fall even though his present lease does not call for a crop share. He stated that in effect Mr. Kolstad had prepaid his lease.

Bill Solem, Attorney for Clair Artz, Lease #6615, appeared before the Board to present his client's case. He is claiming Administrative Error in that the date on the sublease had been changed and the former sublessee did not receive any notice of rental due.

Mr. Chastek, representing Lakeshore Land and Investment Co., Lease #7911, appeared before the Board to present his case. He is claiming Administrative Error on the ground that the address on the lease was wrong and therefore no notices of payment due were received by the Company.

MINUTES
Page Four

Mr. Waltermire moved the Board cancel the leases listed with the exception of Lease Nos. 8235, 6615, and 7911 which will be held in abeyance until a determination on the district court case. Also lease #8375 be held in abeyance until further information can be obtained. Seconded Mr. Omholt.

After discussion, Mr. Greely made a substitute motion that since the Board has no legal authority for not canceling the leases, with the exception of Mr. Kolstad, that all leases remain canceled and Mr. Kolstad will be reinstated if the department receives an affidavit from him attesting that the post office had dated the letter one day late. Seconded Governor Schwinden. Governor Schwinden and Mr. Greely voted yes; Mr. Omholt, Mr. Waltermire and Mr. Argenbright voted no. Motion lost.

On the original motion to not reinstate the leases with the exception that leases #8325, 6615, and 7911 be held in abeyance and that Mr. Kolstad may be reinstated if he returns an affidavit, Mr. Omholt, Mr. Waltermire, and Mr. Argenbright voted yes; Governor Schwinden and Mr. Greely voted no. Motion carried.

582-3 RIGHT-OF-WAY APPLICATIONS

Mr. Omholt moved Board approval of the right-of-way applications. Seconded Mr. Greely. Unanimous.

582-4 TIMBER SALE - Flathead and Lincoln Counties

Mr. Omholt moved Board approval of the timber sale in Flathead and Lincoln Counties at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-5 TIMBER SALE - Flathead County

Mr. Omholt moved Board approval of the timber sale in Flathead County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-6 TIMBER SALE - Flathead County

Mr. Omholt moved Board approval of the timber sale in Flathead County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-7 TIMBER SALE - Missoula County

Mr. Omholt moved Board approval of the timber sale in Missoula County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

ROLL CALL
AGRICULTURE COMMITTEE

DATE 2/6/91

52nd
LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. JERGESON	X		
SEN. KOEHNKE	X		
SEN. AKLESTAD	X		
SEN. BECK	X		
SEN. BRUSKI			X
SEN. DEVLIN	X		
SEN. REA			X
SEN. SWIFT	X		
SEN. WILLIAMS	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 171 (third reading copy -- blue), respectfully report that House Bill No. 171 be concurred in.

Signed: Greg Jergeson
Greg Jergeson, Chairman

Jan 2-7-91
Asst. Coord.

SP 27
Sec. of Senate

10445

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration Senate Joint Resolution No. 12 (first reading copy -- white), respectfully report that Senate Joint Resolution No. 12 be amended and as so amended do pass:

1. Page 1, line 22.

Following: line 21

Insert: "WHEREAS, a significant contributing factor in the spread of noxious weeds is the transportation of weed seed by vehicles; and

2. Page 2, line 23.

Following: line 22

Insert: "(e) the spread of noxious weeds through the transportation of weed seed by vehicles;

Renumber: subsequent subsections

Signed: _____

Greg Jergeson
Greg Jergeson, Chairman

pl 2-7-91
Amd. Coord.

ER 2-7 10:45
Sec. of Senate

SENATE AGRICULTURE

EXHIBIT NO.

#1

DATE

2/6/91

BILL NO.

SB 181

February 6, 1991

Informational handout for the 1991 Senate Agriculture, Livestock and Irrigation Committee; Senator Greg Jergeson, Chairman.

This handout discusses the Department of State Lands (DSL) procedures for billing agricultural and grazing lessees and cancellation for non payment of rentals in accordance with 77-6-506, MCA.

The following outline details the processing of grazing billings. Agricultural billings are handled under the same procedures, but the rental due dates are different as specified in 77-6-506(2), MCA.

A. All lease agreements contain clauses which clearly outline the due dates for all rentals and the results for non payment. The lessee is required to sign this lease agreement at the beginning of the lease. An original copy of the executed lease agreement is sent to the lessee for his permanent records. See attachment "A".

B. The annual billings for grazing rentals are mailed to the lessee of record immediately after the first of the new year. This billing states the rental due and notifies the lessee of the due date and the \$25 penalty for late payment. See attachment "B" for an example of an annual billing.

C. During the first week of March the DSL makes a computer run of all delinquent payments. This list is then used to send Final notices of rental due to all delinquent leaseholders and a \$25 fine has now been imposed. The notice also states that the lease will be canceled if not paid in full, by April 1. These Final notices must be sent out at least two weeks prior to the final deadline for payment as specified by 77-6-506(3), MCA. See attachment "C" for copy of the Final notice.

These Final notices are sent by Certified mail. The local post office makes at least two notifications to the lessee that a certified letter is being held for their signature. If no one claims the certified letter after the two attempts, the letter is returned to the DSL. If there is a problem with the address on the letter, the letter is returned immediately to DSL with such notification. See attachments "D" and "E" for examples of certified mailings.

D. A few days after April 1, the DSL runs another delinquent rental listing. Any rentals postmarked April 1, or earlier are accepted. All leases which show as delinquent are carefully reviewed and a checklist is completed. If any discrepancies occur in the review, cancellation is delayed until the discrepancy is clarified. If the checklist is completed through item no.

4 and there are no discrepancies, the DSL proceeds with lease cancellation. See attachment "F" for an example of the cancellation checklist.

E. All correspondence to the lessee regarding the lease is sent to the address listed on the lease agreement, unless a change of address has been requested in writing, signed by the lessee and recorded by the lessor.

MINUTES
REGULAR MEETING OF BOARD OF LAND COMMISSIONERS
May 17, 1982, at 10:30 A.M.
Governor's Reception Room

PRESENT: Governor Ted Schwinden, Secretary of State Jim Waltermire, Attorney General Mike Greely, State Auditor E.V. Omholt, Superintendent of Public Instruction Ed Argenbright

Mr. Waltermire moved the minutes of the April 19, 1982, meeting be considered and approved as read. Seconded Mr. Omholt. Unanimous.

BUSINESS CONSIDERED:

781-2 OIL AND GAS ROYALTY RATE STUDY

By consensus of the Board, Item 781-2 will be deferred until the July Board meeting. Don Allen, Executive Director of the Montana Petroleum Association stated that the report has not been distributed to the industry for their comments and they would like the time necessary to do so.

Mr. Omholt moved the report be received but not accepted and that further information be accepted. Seconded Mr. Greely. Unanimous.

Mr. Greely stated that he would like to see more information in the report concerning 5-10 year leases.

Governor Schwinden asked the Board members to call the Commissioner and let him know their concerns.

582-1 VALLEY CENTER DRAIN DITCH

Commissioner Moon explained that the Valley Center Drain District located in Hardin, Montana, has requested the Board of Land Commissioners to address a problem of a drainage ditch in Section 27, T2N, R33E, Big Horn County. The Department has received approximately \$5,000 in lease payments over the past 50 years. The cost to repair the ditch according to Valley Center Drain District would be approximately \$6,000. The Department feels that it would not be in the best interests of the trust to expend Resource Development Funds for repair of the ditch as it is not economically justified. The Commissioner recommends that the Board direct the Commissioner to assist the Valley Center Drain District in obtaining legislative support for funds to repair the ditch.

After discussion, Mr. Greely moved that the Commissioner express to the ditch company the Board of Land Commissioners' concern and that it would like to help but would not spend \$6,000. The Board is willing to discuss any reasonable alternatives, such as a land trade. Seconded Mr. Omholt. Unanimous.

MINUTES
Page Two

582-3

GRAZING LEASES CANCELED FOR NON-PAYMENT OF GRAZING FEES

Commissioner Moon explained to the Board that according to section 77-6-506 MCA if rental payments for State surface leases are not paid by April 1, by law, the department is simply required to notify by letter addressed to the post office address given in the lease that the lease is canceled.

As a result of failure to make required grazing fee payments by April 1, 17 leases were canceled. In all cases the department sent a rental due notice to the address on the lease on or about January 4. A second notice was sent on or about March 1. This mailing included 619 notices. A third letter was sent to 92 lessees on March 26 advising of cancellation if payment was not made by April 1. Letters canceling the leases were sent to the lessees around the middle of April.

At least three of the canceled lessees have claimed that the rental was not paid because of an "administrative error" concerning the addresses on the rental due notices sent by the department. Therefore, they have requested that the Board review the facts surrounding these lease cancellations.

The Department attorneys have taken the position that the statute referred to above does not allow for Commissioner's discretion to reinstate leases when the rental has not been paid by April 1. Hence this matter is being referred to the Board. There is a lawsuit pending in district court concerning this statute and a lease which was canceled over two years ago.

Governor Schwinden stated that when he was Commissioner in 1969 the language in the statute said that the rentals were due and payable by April 1 but the Department was still trying to collect money even in the fall. They tried to cancel leases but were unable to do so. Therefore he went to Legislature and got overwhelming legislative support for a bill that says if the rentals are not paid by April 1, the lease is canceled. There is no discretion, the leases are canceled.

Mr. Greely stated that before the Board listens to the individual cases, it should discuss the overall policy. He stated that he felt the legal responsibility is on the lessee to know when that rental is due. Everybody should know when their lease payment is to be made. He said that it may be helpful to have the last notice before cancellation as certified mail. He stated that the Board had a legal mandate to cancel leases that have not been paid by April 1.

MINUTES
Page Three

Governor Schwinden stated that he agreed with the Attorney General. The law stated that we have no discretion and by not canceling some of the leases we are leaving ourselves open to lawsuits.

Mr. Omholt stated that he also agreed with the Governor and Mr. Greely but that he felt that there should be some discretion when there is "Administrative Error." He stated that having a law where there is no discretion is penalizing a person when the error was on the part of the department.

Mr. Greely said that the burden is not on the department. It is simply a courtesy of the department to mail out notices that the payments are due on March 1. He stated that the Board should treat everyone fairly including those who want to bid on the land.

Mr. Waltermire inquired into the court case and wondered if the circumstances were similar.

Dave Woodgerd, attorney for the Department, explained the case and stated that it was before Judge Gary in Bozeman and that the decision could come down at any time.

Frank and Orel Sherer, Lease No. 8235, came before the Board and presented their case. They claimed Administrative Error in that the address on their lease had not been changed to Idaho as they claimed they had requested when they visited the department offices and that because of it, they did not receive any of the notices that payment was due.

Mr. Howard Kolstad and his attorney, Robert L. Johnson, Lease #8375, appeared before the Board and presented their case. Mr. Johnson stated that Mr. Kolstad had placed his check in the mail on April 1, but that the post office in Lewistown had postmarked it April 2. He also stated that Mr. Kolstad had sent his crop share payment in last fall even though his present lease does not call for a crop share. He stated that in effect Mr. Kolstad had prepaid his lease.

Bill Solem, Attorney for Clair Artz, Lease #6615, appeared before the Board to present his client's case. He is claiming Administrative Error in that the date on the sublease had been changed and the former sublessee did not receive any notice of rental due.

Mr. Chastek, representing Lakeshore Land and Investment Co., Lease #7911, appeared before the Board to present his case. He is claiming Administrative Error on the ground that the address on the lease was wrong and therefore no notices of payment due were received by the Company.

MINUTES
Page Four

Mr. Waltermire moved the Board cancel the leases listed with the exception of Lease Nos. 8235, 6615, and 7911 which will be held in abeyance until a determination on the district court case. Also lease #8375 be held in abeyance until further information can be obtained. Seconded Mr. Omholt.

After discussion, Mr. Greely made a substitute motion that since the Board has no legal authority for not canceling the leases, with the exception of Mr. Kolstad, that all leases remain canceled and Mr. Kolstad will be reinstated if the department receives an affidavit from him attesting that the post office had dated the letter one day late. Seconded Governor Schwinden. Governor Schwinden and Mr. Greely voted yes; Mr. Omholt, Mr. Waltermire and Mr. Argenbright voted no. Motion lost.

On the original motion to not reinstate the leases with the exception that leases #8325, 6615, and 7911 be held in abeyance and that Mr. Kolstad may be reinstated if he returns an affidavit, Mr. Omholt, Mr. Waltermire, and Mr. Argenbright voted yes; Governor Schwinden and Mr. Greely voted no. Motion carried.

582-3 RIGHT-OF-WAY APPLICATIONS

Mr. Omholt moved Board approval of the right-of-way applications. Seconded Mr. Greely. Unanimous.

582-4 TIMBER SALE - Flathead and Lincoln Counties

Mr. Omholt moved Board approval of the timber sale in Flathead and Lincoln Counties at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-5 TIMBER SALE - Flathead County

Mr. Omholt moved Board approval of the timber sale in Flathead County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-6 TIMBER SALE - Flathead County

Mr. Omholt moved Board approval of the timber sale in Flathead County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

582-7 TIMBER SALE - Missoula County

Mr. Omholt moved Board approval of the timber sale in Missoula County at not less than the appraised stumpage rate. Seconded Mr. Argenbright. Unanimous.

AGREEMENT NO. _____

LEASE OF STATE LANDS

This lease is entered into by the State of Montana, as lessor, and the person herein named, as the lessee.

Date this lease takes effect: _____

Name of Lessee: _____

Address or Box No.: _____

City/State/Zip: _____

Land Located in _____ County.

DESCRIPTION	Sec.	Twp.	Rge.	Acres

Total number of leased acres, _____ more or less belonging to _____ Grant.

Grazing Acres: _____ Agricultural Acres: _____ Unsuitable Acres: _____

Terms of Grazing Use and Rental Rate: _____

Terms of Agricultural Use and Rental Rate: _____

Purpose for which the land is leased: _____

Term of lease: _____ Date of expiration: _____

THIS LEASE HAS A CARRYING CAPACITY OF _____ ANIMAL UNIT MONTHS. THE LESSEE SHALL NOT EXCEED SUCH CARRYING CAPACITY. THE ANNUAL GRAZING RENTAL IS BASED ON THIS CARRYING CAPACITY.

The State of Montana, in consideration of the payment of rentals as specified in this lease and the mutual agreements contained in this lease hereby leases the above-described lands to the lessee(s) named above.

The lessee(s) in consideration of the lease of the above-described lands and the mutual agreements contained in this lease hereby agrees to pay the rentals as specified in the lease and to perform all the conditions as specified in this lease, the applicable rules and the applicable statutes.

The parties to this lease mutually agree to the following terms and conditions:

1. ~~ALL GRAZING RENTALS ARE DUE BY MARCH 1 EACH YEAR AND FAILURE TO PAY BY APRIL 1 AUTOMATICALLY CANCELS THE ENTIRE LEASE. A NOTICE OF RENTAL DUE OR ANY OTHER CORRESPONDENCE OR NOTICE FROM THE LESSOR WILL BE SENT TO THE ABOVE ADDRESS ONLY, UNLESS A CHANGE OF ADDRESS IS REQUESTED IN WRITING, SIGNED BY THE LESSEE AND RECORDED BY THE LESSOR.~~

2. ~~ALL AGRICULTURAL RENTALS ARE DUE ON NOVEMBER 15 OF THE YEAR IN WHICH CROPS OR HAY ARE HARVESTED. IF THE RENTAL IS NOT PAID BY DECEMBER 31 OF THE SAME YEAR, THE ENTIRE LEASE IS CANCELLED.~~

3. CONVERSION OF CLASSIFIED GRAZING LANDS TO CROPLAND WITHOUT PRIOR APPROVAL AS REQUIRED BY LAW SUBJECTS THIS ENTIRE LEASE TO CANCELLATION.

4. SUBLEASING (allowing any other person and/or their livestock to utilize the State land) WITHOUT FILING A FORM AND RECEIVING APPROVAL FROM THE DEPARTMENT MAY SUBJECT THE LEASE TO CANCELLATION. SUBLEASING ON TERMS LESS ADVANTAGEOUS TO THE SUBLESSEE THAN THE TERMS GIVEN BY THE STATE SHALL RESULT IN CANCELLATION.

(a) SUBLEASING FOR MORE THAN TWO YEARS WILL RESULT IN LOSS OF THE PREFERENCE RIGHT.

(b) SUBLEASING FOR MORE THAN THREE YEARS WILL RESULT IN THE LEASE BEING CANCELLED. (The department's rules and applicable statutes concerning subleasing and pasturing agreements should be consulted.)

5. REPORTS—Lessee is required to submit reports as requested by the Commissioner, including seeding and production reports. Failure to submit such reports may result in cancellation of the lease.

6. CULTIVATION—In the case of lands leased for agricultural purposes, the lessee hereby agrees to seed and cultivate such land in a husbandman-like manner and to strip farm if the land is subject to soil blowing. The lessee further agrees to keep the land clear of weeds and care for it in accordance with approved farm methods as determined by the state. The state shall have the right to impose reasonable restrictions on all state leases as are necessary to adequately protect the land, water, air or improvements in the area. Grain crops are to be delivered free of charge to the nearest elevator to the credit of the state of Montana on or before the fifteenth of November of each year. Other crops, including hay, are to be disposed of at the going market price unless otherwise directed. If a lessee decides to graze the stubble of harvested crops or hayland or grazes unharvested crops for haylands, he must contact the Department regarding payment for such grazing in classified agricultural lands. The Department shall determine the number of animal unit months of grazing available on the land and shall bill the lessee or licensee for the grazing use based on the minimum grazing rental established under Section 77-6-507, MCA or the competitive bid amount, whichever is greater. Failure or

7. **FEDERAL FARM PROGRAM COMPLIANCE**—If a lessee or licensee has his lease or license cancelled or terminated or for any reason is no longer the lessee or licensee, then he shall no longer be entitled to any payments or benefits from any federal farm program. If such a lessee or licensee does receive any such federal payment or benefit in connection with the state lease or license, he shall be liable to the state for any amounts received after he is no longer recognized as the lessee or licensee. The lessee or licensee of any state land shall comply with the provisions of the federal farm program when applicable and shall indemnify the state against any loss occasioned by noncompliance with such provisions. In addition to any rentals provided in the lease or license, the state shall receive the same share as it receives for crops of all payments pursuant to any act or acts of the congress of the United States in connection with state lands under lease or license and the crops thereof. The state shall be entitled to such amounts annually for all leases based upon a crop share, even if the lease states that the rental is based upon a crop share/cash basis, whichever is greater. All such leases shall be considered crop share leases for the purpose of receiving the state's share of the federal farm payments.

8. **IMPROVEMENTS**—The lessee may place a reasonable amount of improvements upon the lands under this lease upon approval of an improvement permit by the Department. A report of proposed improvements, containing such information as the Commissioner may request concerning the cost of the improvements, their suitability for the uses ordinarily made of the land, and their character whether fixed or movable, shall be submitted to the Commissioner before installation thereof on the premises. Failure to obtain approval prior to placement of the improvement may result in such improvements not being recognized by the Department for purposes of reimbursement of such improvements. In addition, placing improvements on state lands without receiving prior approval, may result in cancellation of the lease.

9. **LIENS ON BUILDINGS AND CROPS**—The state shall have a lien upon all buildings, structures, fences and all other improvements, whether movable or not, and also upon all crops growing upon the land for any rentals due the Department.

10. **COMPENSATION FOR IMPROVEMENTS**—(a) If the land under this lease is sold or exchanged to a party other than the present lessee, or is leased to another party while the present lessee owns improvements lawfully remaining thereon, on which the state has no lien for rentals or penalties, as herein provided, and which he desires to sell and dispose of, such purchaser or new lessee shall pay the former lessee the reasonable value of such improvements as of the time the new lessee takes possession thereof. If any of the improvements consist of approved breaking (meaning the original plowing of the land) and one year's crop has been raised on the land after the breaking thereof, the compensation for such breaking shall not exceed the sum of two dollars and fifty cents (\$2.50) per acre, and that in case two or more crops have been raised on the land after the breaking thereof, the breaking shall not be considered as an improvement to the land. In case the former lessee and the new lessee or purchaser are unable to agree on the reasonable value of such improvements, such value shall be ascertained and fixed by three arbitrators, one of whom shall be appointed by the owner of the improvements, one by the new lessee or purchaser and the third by the two arbitrators so appointed. The reasonable compensation that such arbitrators may charge for their services shall be paid in equal shares by the owner of the improvements and the purchaser or new lessee. The value of such improvements as ascertained and fixed shall be binding upon both parties; provided, however, that if either party is dissatisfied with the valuation so fixed he may within ten (10) days appeal from their decision to the Commissioner of State Lands who shall thereupon cause his agent to examine such improvements and whose decision shall be final. The Commissioner shall charge and collect the actual cost of such reexamination to the owner and new lessee or purchaser in such proportion as in his judgment may be demanded.

(b) If the former lessee does not remove the improvements on the land or begin arbitration procedures within sixty (60) days from the date of the expiration or termination of his lease, then all improvements shall become the property of the state unless the Commissioner for good cause shown shall grant the additional time for the removal thereof.

(c) Before a lease is issued for land which has formerly been under lease, the new lessee shall show to the satisfaction of the Commissioner that he has paid the former lessee the value of the improvements as agreed upon by them or as fixed and determined by the arbitrators as herein provided or that he has offered to pay the value of such improvements as so fixed and determined or that the former lessee elects to remove the improvements.

(c) Summer following (necessary cultivation done after the last crop grown) seeding, and growing crops on the land, which have not been harvested prior to March 1 next succeeding the date of sale or at the time of change of lessee, shall be considered as improvements. Their value shall be determined in the same manner as other improvements and shall be taken over by the purchaser or new lessee and paid for by him as other improvements.

11. **ASSIGNMENT OF LEASE**—If all rentals due have been paid and the terms of this lease have not been violated, the lease may be assigned on the blanks provided for that purpose by the Commissioner, but no such assignment shall be binding on the state unless the assignment is filed with the Commissioner, approved by him, and the appropriate assignment fees submitted for such assignment. An assignment which is signed by both parties shall be conclusive proof that all payments for improvements have been paid to the assignor by the assignee. The leasehold interest herein may only be transferred to any other party by a properly executed assignment which must be approved by the Commissioner prior to such transfer becoming effective. Until an assignment becomes effective, the Department will consider the lessee listed above to be the lessee for all purposes. There may be no consideration given for the assignment of a lease other than the value of the improvements, if any.

12. **RENEWAL LEASE**—If all rentals due under this lease have been paid, the lessee shall upon making proper application to the Commissioner be entitled to have this lease renewed at any time within thirty (30) days prior to its expiration for an additional period of not exceeding ten years; and if there is no other applicant then offering to lease the land, the lease shall be issued at the minimum rental as determined under statutes then in effect. If there are two or more persons desiring to lease the same tract, the former lessee shall have the preference right to the lease to the extent that he may take the lease at the highest bid made by any other applicant. However, subleasing may cause loss of this renewal right. The department's rules concerning subleasing should be consulted. The lessee desiring to renew the lease must make application to the Department prior to January 28 of the year of expiration. Failure to do so will result in the lease becoming an unleased tract upon expiration, with the loss of the preference right and subject to competitive bidding.

13. **CANCELLATION OF LEASE BY THE STATE**—The Commissioner shall have the power and authority in his discretion to cancel a lease for any of the following causes: For fraud or misrepresentation, or for concealment of facts relating to its issue, which if known would have prevented its issue in the form or to the party issued; for using the land for other purposes than those authorized by the lease, for overgrazing or any other misuse of the state lands involved, and for any other cause which in the judgement of the Commissioner makes the cancellation of the lease necessary in order to do justice to all parties concerned, and to protect the interest of the state. Such cancellation shall not entitle the lessee to any refund of rentals paid or exemption from the payment of any rents, penalties or other compensation due the state. Lease cancellation for these causes is subject to appeal as provided in Section 77-6-211, MCA.

14. **LANDS MAY BE SOLD**—The Board of Land Commissioners may in their discretion exchange the lands under this lease for other lands, offer the lands under this lease for sale at any regular public sale of state lands held in the county where the land is situated upon the same terms and in the same manner as land not under lease, subject, however, to the rights of the lessee to compensation for improvements as herein provided; and subject also to the provision that the new owner will not be given possession by the state prior to March 1 next succeeding the date of exchange or sale unless the lease expires prior to that date, except through special agreement with the lessee.

15. **RESERVATION**—The state reserves all rights and interests to the land under this lease other than those specifically granted by this lease. These reservations include but are not limited to the following:

(a) **MINERAL AND TIMBER RESERVATION**—All coal, oil, gas and other minerals and all deposits of stone, gravel, sand, gems, and other nonminerals valuable for building, mining or other commercial purposes and all timber and trees are excepted from the operation of this lease. The lessee shall not open any mine or quarry or work or dig any of the minerals or nonminerals mentioned above from any mine or any quarry, pit or diggings situated on said land whether such mine, quarry, pit or diggings was open at the date of this lease or not. The lessee shall not cut, sell, remove, use or destroy any such timber dead or alive, or standing or fallen trees without the appropriate permit, license or lease.

(b) **ADDITIONAL RESERVATIONS**—The state reserves a right-of-way to the United States over the land above-described for ditches, canals, tunnels, telephone and telegraph, and power lines now constructed, or to be constructed by the United States Government in furtherance of the reclamation of arid lands. The state also reserves the right of granting rights-of-way on the above-described land for other purposes. The state also reserves to itself and its representatives and other lessees or permittees the right to enter upon the lands embraced by this lease for the purpose of prospecting and exploring for minerals and for the purpose of mining, drilling for, developing and removing such minerals and for carrying on all operations related thereto and for any other management or administrative purposes; it also reserves to itself and its permittees the right to enter upon the said lands for the purpose of cutting and removing timber, wood and other forest products, and for removing gravel, sand, building stone, and other nonminerals. The state reserves the right to grant licenses, permits or leases for any alternative uses on state lands.

16. **NOXIOUS WEEDS AND PESTS**—The lessee agrees, at his own expense and cost, to keep the land free from noxious weeds, and if noxious weeds are present, then chemical application or other appropriate weed control measures must occur in time to prevent seed-set according to state law and to exterminate pests to the extent as required by the Department. In the event the land described in this lease shall be

included in a weed control and weed seed extermination district, the lessee shall be required to comply with the provisions of Section 77-6-114, MCA, which provides as follows. "It shall be the duty of the Board in leasing any agricultural state land to provide in such lease, that the lessee of lands so leased lying within the boundaries of any noxious weed control and weed seed extermination district shall assume and pay all assessments and taxes levied by the board of County Commissioners for such district on such state lands, and such assessments and tax levy shall be imposed on such lessee as a personal property tax and shall be collected by the County Treasurer in the same manner as regular personal property taxes are collected." Failure to comply with this provision when directed to do so by the Department may result in cancellation of the entire lease.

17. FIRE PREVENTION AND SUPPRESSION—The lessee assumes all responsibility for carrying on at his own cost and expense all fire prevention and suppression work necessary or required to protect the forage, trees, buildings and structures on the land.

18. UNLAWFUL USE OF LANDS OR PREMISES—If any part of the lands or premises under this lease are used or allowed or permitted to be used for any purpose contrary to the laws of this state or the United States, such unlawful use shall in the discretion of the Board of Land Commissioners constitute sufficient reason for the cancellation of the lease. The lessee shall not utilize or allow to be utilized any state land under the lease for purposes other than the purpose for which it is granted.

19. SURRENDER OF THE PREMISES UPON TERMINATION OF THE LEASE—The lessee shall upon the expiration, cancellation, or termination of this lease peaceably yield up and surrender the possession of the land to the state of Montana or its agents or to subsequent lessees or grantees.

20. INCREASED RENTAL—If the Montana Legislature raises the rentals on state grazing or agriculture lands during the term of this lease, the lessee agrees to pay such increased rental for the years after such increase becomes effective. Also, the state reserves the right to determine the grazing capacity of said lands annually or from time to time as the Commissioner in his discretion shall determine necessary and increase or decrease the rental thereon accordingly. In the event the Commissioner should increase or decrease the carrying capacity of said lands, the lessee agrees to pay an increased or decreased rental based upon the Commissioner's determination, and to decrease livestock numbers accordingly.

21. INDEMNIFICATION—The lessee agrees to save harmless and indemnify the State of Montana for any losses to the state occasioned by the levy of any penalties, fines, charges or assessments made against the above lands or crops grown upon the lands, by the U.S. Government because of any violation of or noncompliance with, any federal farm program or other acts by the lessee.

22. LAWS AND RULES—The lessee agrees to comply with all applicable laws and rules in effect at the date of this lease, or which may, from time to time, be adopted.

23. MULTIPLE-USE MANAGEMENT—Pursuant to the obligations imposed by law, to administer state lands under a multiple-use management concept, the state reserves the right to dispose of any and all interests in the above-described land, subject, however to such interests granted to the lessee under the terms of this lease.

24. LEASE WITHDRAWAL—All or any portion of the land under lease may be withdrawn from this lease by the state. The lessee shall be entitled to reasonable compensation for any improvements thereon. The lands may be withdrawn to promote the duties and responsibilities of the Board of Land Commissioners.

25. SPECIAL CONDITIONS—

IN WITNESS WHEREOF, The State of Montana and the lessee have caused this lease to be executed in duplicate and the Commissioner of State Lands, Pursuant to the authority granted him by the State Board of Land Commissioners of the State of Montana, has hereunto set his hand

and affixed the seal of the said Board of Land Commissioners this _____ day of _____, 19_____.

LESSEE SIGNATURE

ADDRESS OR BOX NO.

CITY

STATE

ZIP CODE

COMMISSIONER OF STATE LANDS

by: _____

CAPITOL STATION
HELENA, MONTANA 59620

002554
HEDRICK, JR PAUL E
XX
REED POINT MT
59069

FULL PAYMENT TO BE RECEIVED BY: MARCH 1, 1991

TOTAL AMOUNT DUE: \$ 454.80

RETURN THIS PORTION OF THE BILL WITH YOUR PAYMENT

NOTE TO LESSEE: COMPLETE THIS FORM AND RETURN WITH PAYMENT TO: COMMISSIONER OF STATE LANDS, CAPITAL STATION, HELENA, MONTANA 59620.
RETURN BEFORE MARCH 1. SECTION 77-6-506, MCA IMPOSES A \$25.00 PENALTY FOR LATE PAYMENT OF RENTALS ON EACH STATE
AGRICULTURAL AND GRAZING LEASE.

PLEASE NOTE ANY ADDRESS/PHONE NO. CHANGES OR COMMENTS BELOW:

Attachment "B"

002554
HEDRICK, JR PAUL E
XX
REED POINT MT
59069

AGREEMENT NO. 0005054 NAME: GRAZING

USE: GRAZING COUNTY: MCCONE

LOCATION- TWP: 17.0 N RNG: 44.0 E SEC: 36

MARKETING UNIT: GRANT: COMMON SCHOOLS

LEGAL DESCRIPTION:
ALL

ACRES: 640.000

COMPENSATION	QUANTITY	UNIT OF MEASURE	VALUE/RATE	AMOUNT
GRAZING	120.000	AUM	3.790	454.80

AGREEMENT TOTAL: \$ 454.80



DEPARTMENT OF STATE LANDS
CAPITOL STATION
Helena, Montana 59620
(406-444-2074)

DENNIS CASEY
Commissioner

DATE: _____

LEASE NO.: _____

FUND: _____

AMOUNT: _____

FINAL NOTICE OF RENTAL DUE

AS OF THIS DATE WE HAVE NOT RECEIVED THE RENTAL FOR 19____ ON THE ABOVE LEASE.

UNDER THE PROVISIONS OF SECTION 77-6-506, M.C.A., THE RENTAL ON STATE LEASES IS DUE AND PAYABLE BEFORE MARCH 1, AND IF NOT PAID BY APRIL, 1 THE LEASE IS CANCELLED.

IT IS POSSIBLE THAT WE COULD HAVE OVERLOOKED POSTING YOUR PAYMENT. THEREFORE, IF YOU HAVE PAID YOUR RENTAL, PLEASE CONTACT THE DEPARTMENT.

PLEASE RETURN THIS NOTICE WITH YOUR REMITTANCE

Is your RETURN ADDRESS
completed on the reverse side?

<p>● SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
3. Article Addressed to:	4. Article Number
<p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured</p> <p><input type="checkbox"/> Certified <input type="checkbox"/> COD</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p>	
<p>Always obtain signature of addressee or agent and <u>DATE DELIVERED</u>.</p>	
5. Signature — Addressee	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent	
7. Date of Delivery	

Thank you for using
Return Receipt Service.

Attachment "D"

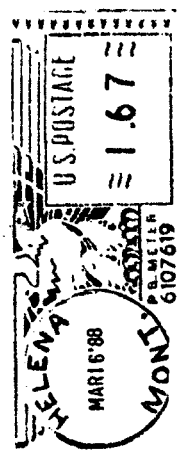


DEPARTMENT OF STATE LANDS
— STATE OF MONTANA —
CAPITOL STATION
HELEN, MONTANA 59620



MONTANA
Pride
VOTE TO SHOW IT

POSTAGE
FIRST CLASS



CERTIFIED
MAIL
P 657 097 536

CHECK OFF LIST FOR GRAZING LEASE CANCELLATIONS

DATE

1. BILLING (Jan. 1)
 - Sent Out By DSL _____
 - Returned To DSL _____
2. CERTIFIED NOTICE (Mar. (1-15))
 - Sent To Lessee _____
 - Sent To Mortgage Company _____
 - Name: _____
 - Certified Card Returned _____
3. FILE CHECK (April 1)
 - Pending Assignments _____
 - Address Change _____
 - Waivers or Payment Agreements _____
4. CERTIFIED CANCELLATION LETTER (Apr.)
 - Sent To Lessee _____
 - Certified Card Returned _____
5. COMPETITIVE BID
 - Advertised in Paper _____
 - Bid Opening _____
 - Stipulations Required _____
6. IMPROVEMENT NOTICES
 - Sent To High Bidder _____
 - Sent To Former Lessee _____
 - 60 Day Expiration _____
7. NEW LEASE ISSUANCE
 - Improvement Settlement _____
 - Lease Papers Sent For Signature _____
 - Lease Papers Returned _____
 - Payments Received _____

DATE Feb 6

2/6/91

COMMITTEE ON

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 2/6/91 Bill No. SSR 12 Time 3:45

NAME	YES	NO
SEN. AKLESTAD		X
SEN. BECK	X	
SEN. BRUSKI	<i>Excused</i>	
SEN. DEVLIN	X	
SEN. REA	<i>Excused</i>	
SEN. SWIFT	X	
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

D. QUINN
Secretary

GREG JERGESON
Chairman

Motion: Sen. Beck made motion that
SSR 12 DO PASS AS AMENDED.
In Favor - 6; Opposed - 1 (Aklestad)
Motion CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 2/6/91 Bill No. SJR 12 Time

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK	X	
SEN. BRUSKI		Excused
SEN. DEVLIN	X	
SEN. REA		Excused
SEN. SWIFT	X	
SEN. WILLIAMS		X
SEN. KOEHNKE	X	
SEN. JERGESON		X

D. QUINN
Secretary

GREG JERGESON
Chairman

Motion: Sen. Aklestad moved the
Amendment to SJR 12.
On Favor - 5; Opposed - 2. (Williams
Motion CARRIED. (Jerguson)

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 2/6/91 Bill No. HB 171 Time 3:40

NAME	YES	NO
SEN. AKLESTAD	X	
SEN. BECK	X	
SEN. BRUSKI	Excused	
SEN. DEVLIN	X	
SEN. REA	X	(Proxy)
SEN. SWIFT		X
SEN. WILLIAMS	X	
SEN. KOEHNKE	X	
SEN. JERGESON	X	

D. QUINN
Secretary

GREG JERGESON
Chairman

Motion: Senator Devlin made a motion
that HB 171 DO PASS.
In favor - 7; opposed - 1 (Sen Swift)