DRAFT

Environmental Assessment

Willow Basin Ranch Conservation Easement Proposal

Beaverhead County, Montana

Montana Sage Grouse Oversight Team

July 5, 2019

I. Introduction

The Montana Sage Grouse Oversight Team (MSGOT) is preparing an Environmental Assessment (EA) to analyze effects associated with the Willow Basin Ranch Conservation Easement Project.

The Program invited submission of complete applications by May 13, 2019. The Nature Conservancy (TNC) sponsored and submitted a grant application request for funding from the Stewardship Account to support the purchase of a perpetual conservation easement on the Willow Basin Ranch. TNC is an IRS 501(c)(3) non-profit organization and is qualified private organization. ¹ TNC is requesting \$242,500 from the Stewardship Account to put towards purchasing the easement. State funds would be matched with \$727,500 from the Natural Resources Conservation Service's Agricultural Lands Easement Program and \$34,400 from TNC. TNC is not requesting project-related costs. The estimated value of the proposed easement is \$970,000. Before MSGOT considers the project, the completion of an EA under the Montana Environmental Policy Act (MEPA) is necessary.

II. **Authority and Direction**

The authority and direction under which this project is being proposed is provided by the Montana Greater Sage Grouse Stewardship Act (Act),² Administrative Rules of Montana 14.6.101 through 106, and MSGOT Grant Procedures 01-2016. Indeed, the Act and associated appropriations are key pillars of Montana's Sage Grouse Conservation Strategy.

The 2015 Montana Legislature created the grant program when it passed the Greater Sage Grouse Stewardship Act and created a special revenue account (Stewardship Fund or Fund). The purpose of the Act is to provide competitive grant funding and establish ongoing free-market mechanisms for voluntary, incentive-based conservation measures that emphasize maintaining, enhancing, restoring, expanding, and benefiting greater sage grouse (*Centrocercus urophasianus*) habitat and populations on private lands, and public lands as needed, that lie within core areas, general habitat, or connectivity areas.3 Implementation of Montana's Conservation Strategy through expenditures from the Fund

¹ MCA § 76-6-204.

 $^{^{2}}$ MCA § 76-22-101 et seq.

³ MCA § 76-22-102(2).

is an important step in demonstrating Montana's commitment to ameliorate threats and take affirmative actions to conserve important habitats.

Another important aspect of habitat conservation entails mitigating for impacts of disturbance to habitat due to development in habitats designated for conservation as core areas, general habitat, or a connectivity area.⁴ Montana's Conservation Strategy recognizes the mitigation hierarchy of avoidance, minimization, restoration / reclamation, and replacement through compensatory mitigation.⁵ The majority of the Fund dollars must be awarded to projects that generate credits that are available for compensatory mitigation.⁶

Organizations or agencies are eligible to receive grant funding if they hold and maintain conservation easements or leases or that are directly involved in sage grouse habitat mitigation and enhancement activities approved by MSGOT.⁷

A project is eligible if it is located, at least in part, on land identified as Core Area, General Habitat, or Connectivity Area.⁸ Maps delineating these areas are available on the Program's website.⁹ A project is eligible if it will maintain, enhance, restore, expand, or benefit sage grouse habitat and populations for the heritage of Montana and its people through voluntary, incentive-based efforts.¹⁰ Eligible projects may include:

- Reduction of conifer encroachment; 11
- Maintenance, restoration, or improvement of sagebrush health or quality;¹²
- Incentives to reduce the conversion of grazing land to cropland; 13
- Restoration of cropland to grazing land; 14
- Modification of fire management to conserve sage grouse habitat or populations; 15
- Demarcation of fences to reduce sage grouse collisions; 16
- Reduction of unnatural perching platforms for raptors; 17
- Reduction of unnatural safe havens for predators; 18
- Reduction of the spread of invasive weeds that harm sagebrush health or sage grouse habitat;¹⁹

⁴ Executive Orders 12-2015 and 21-2015.

⁵ Executive Order 12-2015; Montana Greater Sage Grouse Stewardship Act, MCA §76-11-101 et seq.

⁶ MCA § 76-22-109(4).

⁷ MCA § 76-22-110(3); 14.6.101(1), (5), ARM.

⁸ MCA § 76-22-102(2)(Establishing grant funding for sage grouse conservation measures on lands that "lie within core areas, general habitat, or connectivity areas.").

⁹ See http://sagegrouse.mt.gov.

¹⁰ MCA § 76-22-110(1).

¹¹ MCA § 76-22-110(1)(a).

¹² MCA § 76-22-110(1)(c).

¹³ MCA § 76-22-110(1)(e).

¹⁴ MCA § 76-22-110(1)(f).

¹⁵ MCA § 76-22-110(1)(g).

¹⁶ MCA § 76-22-110(1)(h).

¹⁷ MCA § 76-22-110(1)(i).

¹⁸ MCA § 76-22-110(1)(j).

¹⁹ MCA § 76-22-110(1)(b).

- Purchase or acquisition of leases, term conservation easements, or permanent conservation easements that conserve or maintain sage grouse habitat, protect grazing lands, or conserve sage grouse populations;²⁰
- Sage grouse habitat enhancement that provides project developers the ability to use improved habitat for compensatory mitigation under MCA § 76-22-111;²¹
- Establishment of a habitat exchange to develop and market credits consistent with the purposes of the Act so long as other requirements of the Act are met;²² and
- Other project proposals that MSGOT determines are consistent with the purposes of the Act.²³

A project is <u>ineligible</u> if it seeks grant funding:

- For fee simple acquisition of private land;²⁴
- To purchase water rights;²⁵
- To purchase a lease or conservation easement that requires recreational access or prohibits hunting, fishing, or trapping as part of its terms;²⁶
- To allow the release of any species listed under MCA § 87-5-107 or the federal Endangered Species Act, 16 U.S.C. 1531, et seq;²⁷
- To fund a habitat exchange that does not meet the requirements of MCA § 76-22-110(1)(l);
- For a project involving land owned by multiple landowners, including state and federal land, in which the majority of the involved acres are not privately held or the proposed project does not benefit sage grouse across all of the land included in the project;²⁸
- To supplement or replace the operating budget of an agency or organization, except for budget items that directly relate to the purposes of the grant;²⁹
- For a lease or conservation easement in which:
 - The state will not be named a third-party beneficiary to the lease or easement with the contingent right to enforce the terms of the lease or easement if the grantee fails to do so
 - The agreement will not provide that the lease or easement may not be transferred for value, sold, or extinguished without consent of the department.
 - Attempts to preclude the State from taking legal action to enforce the terms
 of the lease or easement or to recover from the proceeds of the transfer for
 value, sale, or extinguishment the state's pro rata share of the proceeds based

²⁰ MCA § 76-22-110(1)(d).

²¹ MCA § 76-22-110(1)(k).

²² MCA § 76-22-110(1)(l).

²³ MCA § 76-22-110(1)(m).

²⁴ MCA § 76-22-109(5)(a).

²⁵ MCA § 76-22-109(5)(b).

²⁶ MCA § 76-22-109(5)(c).

²⁷ MCA § 76-22-109(5)(d).

²⁸ MCA § 76-22-110(2).

²⁹ MCA § 76-22-110(4).

on the funds the state provided pursuant to this Act for the creation of the lease or easement;³⁰

- To fund a project that does not meet the criteria of MCA § 76-22-110; or
- Through a late, incomplete, or improperly submitted application.³¹

When considering grant applications, MSGOT may consider proposals involving land owned by multiple land owners, but the majority of the involved acres must be privately held and the benefits of the grant must extend across all of the land included in the proposal.³²

The Act requires that the State retain a 3rd party contingent right to enforce the terms of the easement. Otherwise TNC is the holder of the easement.

III. Description of the Proposed Action

TNC is proposing to purchase 3,977 acres for a perpetual conservation easement with the intent of protecting greater sage grouse from long-term threats. The Willow Basin Ranch supports the combination of habitat features that are characteristic of high quality sage grouse habitat in southwest Montana. The ranch spans from 6,800 feet elevation near Sage Creek to over 8,200 feet elevation. Lower elevations are characterized by Wyoming big and basin big sagebrush grasslands, which are interspersed with riparian areas, intermittent creeks, and perennial streams. Upper elevations are characterized by mountain big and three-tip sagebrush, interspersed with riparian areas and perennial springs. The entire ranch is utilized by sage grouse because of the diverse habitats and elevational gradients.

The Willow Basin Ranch is managed for livestock production. In addition to the deeded lands of the ranch, the Willow Basin Ranch family holds the grazing permits on an additional 4000 acres of surrounding U.S. Bureau of Land Management Lands. The ranch also abuts State School Trust Lands.

The proposed easement area has a minimum of nine sage grouse leks within 12 miles, seven of which are located within eight miles. See Appendix 1. The Willow Basin Ranch also supports a wide variety of other wildlife species due to habitat diversity, mesic habitats, and the elevational zones present on the Ranch.

Willow Basin Ranch easement form and substantive terms would be similar to the TNC Hansen Livestock conservation easement from the first cycle of grant applications. The Willow Basin easement contains 2 building envelopes that are about 15 acres of the proposed project area. The terms of the current draft conservation easement under negotiation are summarized below:

 Agricultural and Ranch Use. The provisions of this conservation easement limit the types of agricultural operations that can occur on the Property to those that restore or conserve grassland, and protect grazing uses and related Conservation Values

³⁰ MCA § 76-22-112.

³¹ 14.6.102(1)-(3), ARM.

³² MCA § 76-22-110(3).

and the Conservation Purposes of this conservation easement, so long as they are consistent with the terms in the conservation easement.

- Agricultural Production. The production, processing, and marketing of livestock and agricultural products compatible with restoration and conservation of grassland, grazing uses, and related conservation values is allowed provided it is consistent with the terms of the ALE Plan.
- o Grassland Uses of the Property. The landowner is allowed to graze and conduct common grazing practices, including cultural practices, consistent with the provisions and conservation purposes of this conservation easement. Haying, including fertilizing, seeding, and harvesting for hay and non-crop seed production, is permitted only on those areas of the Property currently or previously cultivated or hayed (crop in existing disturbance). See Appendix 1. Any considerations for possible impacts of haying on nesting birds of concern are addressed in the ALE Plan for the Property.
- <u>Construction of buildings and structures</u>. Construction or placement of any buildings or structures is prohibited except as follows:
 - Buildings, Structures and Building Envelopes. The construction, maintenance, repair, remodel, or replacement of new buildings or new structures consistent with the permitted uses as described in the easement, or the maintenance, repair, remodel, relocation or, in the event of its destruction, reconstruction, replacement, or rebuilding of existing buildings and structures. All new or relocated buildings, structures and improvements must be located within two building envelopes totaling approximately 15-acres.

The boundaries and locations of the Building Envelopes may be adjusted if TNC and NRCS provide prior written approval of the adjusted boundaries and location, provided, however that the Building Envelopes:

- are not located in any riparian area or irrigated hay meadow;
- will have minimal impacts to grazing operation; and
- are located in a manner that does not diminish or impair the Conservation Values or the grazing uses and viability of the Property.

Any existing and documented building outside of the Building Envelopes at the time of this easement may be replaced and/or rebuilt with another of similar size in its current footprint.

- Minor Agricultural Structures. Agricultural structures that are consistent with the ALE plan and this conservation easement, and do not have an adverse impact on the grassland, grazing uses, and related Conservation Values of the Property, may be built outside of the Building Envelopes with prior written approval of TNC.
- Easements and Utilities. The granting or modification of easements for utilities is prohibited when the utility will adversely impact the protection of the grazing uses, grassland conservation value, sage grouse, and related Conservation Values of the Property as described in this easement. Utilities

- that serve approved buildings or structures may be built with prior written approval of TNC, provided that the utilities are consistent with the ALE Plan.
- Renewable Energy. Renewable energy production is allowed for the primary purpose of generating energy for the agricultural and residential needs of the Property. Renewable energy sources on the Property must be built and maintained within impervious surface limits set forth in in the easement, with minimal impact on the sage grouse and other Conservation Values of the Property and consistent with the Purposes of the conservation easement. Construction or establishment of a commercial wind farm or commercial solar energy generation facility is prohibited.
- Water Structures. New or existing dikes, mainlines, levees, ditches, pasture irrigation, irrigation wells, livestock watering, and irrigation facilities are permitted as defined in the terms of the conservation easement.
- <u>Fences</u>. Existing fences may be maintained and replaced, and new fences installed if they are necessary for agricultural operations, or to exclude wildlife from residential areas on the Property, or to mark boundaries of the Property as described in the ALE Plan.
- Roads. A single new, improved road may be constructed, if it is within impervious surface limits described in the easement, approved in advance by TNC, and is necessary to access the Building Envelopes. Maintenance of existing roads is allowed, under the terms of the conservation easement. The granting or modification of easements for roads is prohibited.
- <u>Subdivision</u>. Subdivision of a portion of the Property, or division or subdivision of the Property, is prohibited. The Property is considered one parcel for purposes of this conservation easement.
- <u>Industrial or Commercial Activities</u>. Industrial or commercial activities on the Property are prohibited except for the following, which shall be permitted only if they are consistent with the conservation easement:
 - agricultural production and related uses conducted as described in the ALE Plan;
 - the sale of excess power generated in the operation of alternative energy structures and associated equipment or other energy structures that TNC approves in writing as being consistent with the Conservation Purposes of this conservation easement;
 - temporary or seasonal outdoor activities or events that do not harm the grazing uses or grassland restoration, and related Conservation Values of the Property herein protected;
 - o commercial enterprises related to agriculture or forestry, including but not limited to agritourism, processing, packaging and marketing of farm or forest products, farm machinery repair, and small-scale farm wineries;
 - small-scale commercial enterprises compatible with agriculture or forestry, including, but not limited to cafés, shops, and studios for arts or crafts, provided that such customary rural enterprises are conducted in permitted buildings and structures; and

- o small-scale commercial recreational, educational, hunting and fishing activities meeting the requirements set forth in the easement.
- Recreational and Educational Activities. Recreational and educational activities that are both non-developed and non-consumptive are permitted if they do not negatively affect the grassland, grazing uses and related Conservation Values and are consistent with the Conservation Purpose of the conservation easement. Recreational uses such as hunting or fishing, horseback riding, cross-country skiing, bicycling, other traditional non-motorized recreational activities, dispersed camping, picnicking, bird watching, wildlife observation, and similar recreational activities are permitted under the terms of the conservation easement.
- <u>Hunting and Fishing</u>. The landowner, landowner's invitees, licensees, and lessees may hunt and fish on the Property, consistent with the Conservation Purpose, provided that all hunting and fishing activities are conducted in compliance with all state and federal laws and regulations and the terms of this conservation easement.
- <u>Vehicles</u>. All permitted vehicle use will be conducted in a manner that minimizes soil erosion, soil compaction, or the interference with vegetation or the natural habitat on the Property. No recreational use and operation of snowmobiles, dune buggies, motorcycles, all-terrain vehicles (ATVs) or other types of motorized recreational vehicles is permitted on the Property, except within the designated Building Envelopes or on roadways existing at the time of this conservation easement. Use of cars, trucks, ATVs, motorcycles, snowmobiles, and other ranch vehicles for ranching, agricultural, recreation, or hunting purposes allowed by this conservation easement off existing roads is permitted. The temporary use of vehicular campers owned by landowner or guests on the Property is permitted to accommodate normal visitation.
- <u>Hazardous and Toxic Materials</u>. The dumping or other disposal of toxic and/or hazardous materials on the Property is prohibited. The storage of hazardous materials on the Property is also prohibited, except as lawfully stored and used in accordance with regulations and in connection with the permitted uses of the conservation easement.
- <u>Dumps</u>. Accumulation or dumping of trash, refuse, sewage, or junk is not allowed on the Property, however, a metal scrap pile or other piles of typical ranch/farm related materials intended to be re-used on the Property are not considered refuse. Generally accepted agricultural or wildlife management practices, such as creation of brush piles, composting, or the storage of farm machinery, organic matter, agricultural products, or agricultural byproducts generated or used on the Property, are permitted under the terms of the conservation easement.
- <u>Biocides, Biological Agents, and Fertilizers</u>. Application of herbicides, pesticides, fungicides, biocides, defoliants, chemical fertilizers, or other chemicals is prohibited on the Property except as follows:
 - Herbicides, pesticides, fungicides, biocides and defoliants (collectively, "Biocides") may be used to manage and/or control noxious weeds, invasive plants, non-native plants, pathogens, or pests on the Property, for agricultural, forestry, and personal gardening uses, provided the use of such Biocides is designed to minimize the impact on the Conservation Values of

- the Property. Indiscriminate broadcast spraying of Biocides is prohibited. Biocides may be used by spot applications (including by gun or boom nozzles) only. Broadcast spraying of Biocides, including aerial applications, may be permitted under the terms of the conservation easement.
- o <u>Biological Agents</u>. Use of biological weed and insect control agents is permitted, subject to prior written approval of TNC.
- Fertilizers. The use of chemical or organic fertilizers on lands currently or previously used as hayfields (cultivated fields), is permitted. The fertilizer use shall not injure or destroy the naturally occurring ecosystem, beyond the effects associated with reasonable farming practices.
- <u>Introduction of Species</u>. The intentional introduction of species that are not native to the ecological systems in Montana outside the Building Envelopes and cultivated fields is prohibited, except as approved by TNC. Grazing and pasturing of livestock is permitted, and the raising and harvesting of hay on those areas that have been previously cultivated (Cultivated Fields) is permitted as described in the ALE Plan.
- <u>Timber and Woody Vegetation Management</u>. Forest management and timber harvesting is allowed, provided best management practices are followed for the sites, soils, and terrain of the Property. Forest management and timber harvesting must be performed in accordance with a written forest management plan approved by TNC.

A forest management plan will not be required for the following allowed noncommercial activities:

- cutting of trees for the construction of allowed roads, utilities, buildings and structures on the Property;
- o cutting of trees for trail clearing;
- cutting of trees for domestic use as firewood, or for other domestic uses by landowner;
- removal of trees posing an imminent hazard to the health or safety of persons or livestock, or
- o removal of invasive species.

The landowner or TNC retain the right to propose a timber removal project to restore sage grouse habitat under the terms of the conservation easement.

<u>Cutting</u>, <u>Removing</u>, <u>Destruction or Conversion of Native Vegetation</u>.
 Cutting, removing, or destruction of native vegetation is prohibited, except to the extent necessary to allow for uses and activities permitted under this conservation easement. These include grazing, haying, and restoration activities such as prescribed fire. The landowner has the right and the responsibility to control nonnative plants and/or invasive or noxious plants, subject to the provisions of this conservation easement about biocides and biological agents. Grazing and uprooting of native plants by livestock as permitted by this conservation easement are not considered excavation or removal.

Intentional conversion of native vegetation to exotic species or the introduction of non-native plant species; farming, plowing or any type of cultivation is prohibited except as follows:

- o gardening for personal use and residential landscaping are permitted within the Building Envelopes;
- plowing or other cultivation is permitted where it may be necessary for restoration of the Conservation Values in the event of their degradation or destruction; and
- o raising, irrigation and harvesting of hay crops are permitted, provided that those crops are grown only in the current cultivated fields.

Mining.

- Remoteness Report. This process was completed in March 2019. The report concluded that mineral (including oil and gas) development potential is considered "so remote as to be negligible".
- Landowner Owned or Leased Minerals. Any exploration, mining, development, production, extraction or transportation of soil, sand, gravel, oil, natural gas, fuel, coal, or any other mineral substance owned by the landowner, using any surface mining, subsurface mining, or dredging method, from the Property is prohibited, except to the extent described in the conservation easement.
- Limited Mining Activities. Limited mining activities are permitted to the
 extent that the Minerals mined (e.g. sand, gravel, or shale) are noncommercial and used for agricultural operations on the Property or for
 maintenance of the Property (such as maintaining roads). Mining activities
 done for agricultural operations or Property maintenance purposes:
 - must be limited to a small, defined area or acreage, collectively no more than one acre in size;
 - may not harm the Conservation Values or the agricultural uses of the Property;
 - must be re-vegetated and restored to a natural condition promptly after completion; and
 - provided such rights are permitted under I.R.C. 170(h)(5), and all activities have only a limited, localized impact.
- Horizontal/Directional Drilling. Nothing in the conservation easement prohibits mining activities under the Property using slant/horizontal drilling techniques from one or more drilling sites located off the Property.
- Exploration. With the written approval of TNC, exploration activities may be conducted provided that they are non-invasive and do not adversely impact the Conservation Values described in the easement. No seismic shot holes or exploratory wells or any type of drilling may occur on the Property, and no explosives may be used.
- Surface Agreements. TNC is granted the right (but not the obligation) to negotiate and join in any surface use agreement, or exploration activities, that may be negotiated affecting the surface or subsurface of the Property, for the protection of the Conservation Values.

- Subsequently Transferred or Acquired Minerals. Any mineral lease, surface use agreement, or other mineral conveyance or renewal by the landowner to a third party is subject to the restrictions of this conservation easement. In the event the landowner becomes the owner or controls any minerals that are severed as of the conservation easement date and owned or controlled by a third party, then such minerals are immediately subject to the terms of the conservation easement.
- Third Party Owned or Leased Minerals. If a third party owns or leases the minerals at the time this conservation easement is executed, the landowner must require, to the extent possible, that any mining activities conducted by such third party are:
 - not accomplished by any surface mining method;
 - accomplished by a method of extraction that has no more than a limited and localized impact;
 - within the impervious surface limits of the conservation easement;
 and
 - carried out in accordance with all Federal, state, and local regulations.
- O TNC Rights. The landowner agrees that by granting this conservation easement to TNC, it has granted to TNC a portion of its rights as owner of the surface of the Property on which mining activities may be conducted. In addition to its interest as a holder of this conservation easement, TNC is granted the right (but not the obligation) to negotiate and join as a party in any surface use agreement or other agreement that may be negotiated with third parties or their lessees for the protection of the Conservation Values.
- <u>Changing the Topography of the Property</u>. Plowing, grading, blasting, filling, sod farming, earth removal or any other activity that will disturb the soil surface or materially alter the topography, surface or subsurface water systems, or wetlands of the Property is prohibited, except as follows:
 - dam construction to create ponds for agricultural use, fire protection, wildlife enhancement, or wetland restoration in accordance with an ALE Plan, and the terms of the conservation easement;
 - erosion and sediment control consistent with the terms of the conservation easement;
 - o as required in the construction of approved buildings, structures, roads, and utilities consistent with the terms of the conservation easement;
 - grazing uses or grassland restoration and conservation activities conducted in accordance with the ALE Plan and as provided for in the conservation easement; or
 - o minor filling, grading, or earth removal related to maintenance of permitted and traditionally practiced flood irrigation as described in ALE Plan.
- Restoration, Enhancement, and Research. The landowner has the right (but not the obligation) to propose activities and projects which prevent the degradation of, restore, and/or enhance and improve the quality of the watershed, wildlife habitat, and ecological health of the Property and/or to propose other research, restoration,

- and/or enhancement activities. This includes soil erosion prevention and/or restoration activities as well as the filing and creation of new water rights and/or the alteration or change of existing water rights. The landowner also has the right (but not the obligation) to propose research, restoration, and enhancement activities associated with scientific, educational, and/or historic projects.
- Water Courses and Wetlands. Any new and intentional manipulation, diversion, or other alteration of natural water courses, wetlands, or other natural bodies of water, any new practice that degrades or destabilizes their natural banks or shorelines, any new pumping of groundwater whether tributary or not, or any other new development of water resources is prohibited, except as follows:
 - the development, construction, use and maintenance of new well(s) to provide domestic supply to buildings and structures, or new stock watering facilities, including windmills, pipelines, stock tanks, and solar pumps;
 - the landowner has the right to continue the historic use of the water rights on the Property and to maintain, repair, and if destroyed, reconstruct any existing facilities including groundwater wells; and
 - the landowner may engage in activities that prevent the degradation of the Conservation Values, restore, and/or enhance and improve the quality of the watershed, including wetland creation, filing and creation of new water rights and/or the alteration or change of existing water rights.
- <u>Limitation on Impervious Surfaces</u>. Impervious surfaces will not exceed two percent (2%) of the Property, excluding NRCS-approved conservation practices. Impervious surfaces are defined as material that does not allow water to percolate into the soil on the Property; including residential buildings, agricultural buildings or structures with or without flooring, paved areas, and any other surfaces that are covered by asphalt, concrete, or roofs. This does not include public roads or other roads owned and controlled by parties with rights superior to those conveyed to TNC by this conservation easement.
- <u>Feedlots</u>. Establishment and operation of a commercial livestock feedlot, defined for this conservation easement as a permanently constructed confined area within which the land is not grazed or cropped annually, and which is used and maintained for purposes of engaging in the business of the reception and feeding of livestock not owned by landowner for hire, is prohibited. The landowner retains the right to seasonally confine livestock into an area for feeding, or to lease pasture for the grazing of livestock owned by others or for pasture finishing animals for slaughter.
- Other Activities. If any question exists regarding whether historic, current, or new practices or activities are permitted, or would be inconsistent with the Conservation Purposes or diminish or impair the Conservation Values, the landowner has the obligation to notify TNC in writing to obtain written approval, prior to engaging in those practices or activities.

These requirements are consistent with the best available information pertaining to habitat threats and habitat conservation for sage grouse,³³ and they are consistent with key

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³³ Davies et al. 2011, Smith et al. 2016, and 80 FR 59858 (October 2, 2015).

requirements of the Policy for Evaluation of Conservation Efforts³⁴ (PECE) of the USFWS when making listing decisions in that the proposed action has a strong likelihood of eliminating key threats to sage grouse.

The landowner, TNC and the State agree that baseline conditions of the Property will be described in an Easement Documentation Report (the Report), and that the Report will be approved in writing by TNC and the landowner. A copy of the Report will be on file with the landowner and maintained in the files of TNC for notices. A copy will also be filed with the State of Montana.

The Report will contain:

- an accurate representation of the natural resources and physical condition of the Property at the time of this conveyance;
- a description of the current and historical uses of the Property; and
- a statement signed by the Landowner and a representative of TNC as required by the U.S. Treasury Regulations.³⁵

The Report may be used to determine compliance with, and to enforce, the terms of this conservation easement; however, the parties may use other relevant evidence or information to assist in that determination or for enforcement of the conservation easement. In case of any conflict or inconsistency between the terms of the conservation easement and the Report, the terms of this conservation easement will take precedence. The Nature Conservancy will provide a copy of the Report to the landowner's successors in title with a written request.

The State of Montana may, in a reasonable manner and at reasonable times, enter and inspect the Property to determine compliance with the terms of the easement as a thirdparty beneficiary, and to calculate and verify in the future any compensatory mitigation credits associated with the easement. These inspections may include sage grouse lek surveys, surveys of sage grouse habitat, and verification of credits made available for compensatory mitigation. If the State determines that an immediate entry is required because of non-enforcement by TNC, the State may make reasonable efforts to contact the landowner and TNC prior to entry, but such notice is not required to enter.

Certain of the uses and practices, as permitted by the conservation easement, are identified as being subject to specified conditions or to the requirement of and procedures for prior approval by TNC.

Notice and approval requirements are:

Notice. For activities for which TNC's prior approval is not expressly required, the landowner agrees to notify TNC in writing fifteen days before exercising any reserved or retained right under this conservation easement that may have an adverse impact on the Conservation Values.

^{34 68} FR 15100 (March 28, 2003).

^{35 § 1.170}A-14(g)(5)(i).

• <u>Approval</u>. When TNC's approval is required prior to the landowner engaging in any activity, the landowner's request for approval will be in writing and contain detailed information regarding the proposed activity. Such a request must be delivered to TNC at least sixty days prior to the anticipated start date of such activity.

The State of Montana will receive notice from TNC of any requests for approval received from the landowner pertaining to mineral development. TNC will also provide the State of Montana with copies of the annual conservation easement monitoring report documenting the state of the Property.

IV. The Habitat Quantification Tool and Application to Willow Basin Ranch

The Program calculated and will make credits available for compensatory mitigation in the future, pending funding of this project. All compensatory mitigation credits created based on the ecosystem services provided to sage grouse on the Willow Basin Ranch belong to the State. Any proceeds generated from their eventual sale is statutorily required to be deposited back into the Sage Grouse Stewardship Fund for reimbursement.³⁶

All Montana compensatory mitigation must be taken in consideration of applicable United States Fish and Wildlife Service sage grouse policies, state law, and any rules adopted pursuant to compensatory mitigation.³⁷ Federal guidance indicates that the landowner's lands would be eligible for compensatory mitigation by eliminating the threat of agricultural conversion through purchase of this easement using funding from the Montana Sage Grouse Stewardship Fund and private matching funds secured by TNC.³⁸ In this case, eliminating the agricultural conversion threat will conserve habitat through perpetual legal protection and maintenance of high standards for land stewardship.

MSGOT and the Program are required to apply the current designated Habitat Quantification Tool (HQT) to any project that is selected for funding from the Stewardship Account.³⁹ The HQT is the scientific method used to evaluate vegetation and environmental conditions related to quality and quantity of sage grouse habitat and to quantify and calculate the number of credits created by a conservation project⁴⁰. MSGOT approved the current version of the HQT and accompanying Policy Guidance Document in October, 2018.

The HQT considers the many biophysical attributes of Greater sage-grouse seasonal habitats to estimate habitat functionality across multiple spatial and temporal scales. The HQT also accounts for existing human disturbances (e.g. roads, cropland, energy development, etc.). These measures of habitat, expressed as functional acres, are used for

³⁶ MCA §§ 76-22-109, 110, 111.

³⁷ MCA § 76-22-111(2).

³⁸ USFWS, Greater Sage – Grouse Range-Wide Mitigation Framework, 13-14 (2014); available at https://www.fws.gov/greatersagegrouse/documents/landowners/USFWS_GRSG%20RangeWide_Mitigation Framework20140903.pdf.

³⁹ MCA § 76-6-109(4).

⁴⁰ MCA § 76-6-103(9).

calculating conservation benefits (i.e., credits) from mitigation projects. Using habitat quality, expressed as functional acres, provides a common "habitat currency" that can be used for both credit and debit projects to ensure accurate accounting of habitat gains and losses and allows comparisons across projects using a common metric that is calculated in the exact same way.

The HQT starts with a baseline map of habitat quality, or presently existing functional acres on the landscape. Next, the HQT calculates the number of functional acres that would be created (or gained) because of the proposed conservation easement. Applicable policy modifiers are applied, based on the number of functional acres gained and calculated by the HQT. Once a conservation project is implemented, the total functional acres created (after application of policy modifiers) is converted to credits at a 1:1 ratio.

High HQT scores correspond to areas of high quality sage grouse habitat and are shown in warm, red colors on HQT maps. These will typically be areas with high levels of intact sagebrush, good brood-rearing habitat, high densities of breeding male sage grouse (i.e., many leks with high numbers of males displaying on them), and low levels of human disturbance. Higher numbers of functional acres gained translates to more credits created per physical acre of conservation.

For purposes of considering the number of credits that might be created by each conservation project proposed for funding from the Stewardship Account, the Program has run the HQT using the spatial data provided by TNC (the grant applicant) for the proposed conservation easement on the Willow Basin Ranch. Results do not include non-deed lands within the perimeter of the proposed easement (i.e. federal, state, and private land inholdings owned by entities other than the Willow Basin Ranch are excluded from results and from the easement itself).

The HQT results show that the proposed easement on the Willow Basin Ranch would conserve high quality habitat. The functional acres gained per physical acre of the project per year for is 0.569. Higher numbers indicate more functional acres would be conserved and the habitat is of higher quality for the physical acres included in the proposed project. See the HQT figures below.

A perpetual easement on the Willow Basin Ranch would generate 91,029.53 total credits after the 40% baseline. This equates to 0.228 credits created per physical acre of the project per year. Higher numbers indicate more credits are created per year for each physical acre included in the proposed project. Higher numbers are more favorable, and more credits would be created per dollar expended from the Stewardship Account.

In addition to the credits generated, the resource values associated with this land parcel (for sage grouse) are significant. The amount of existing disturbance assessed by the Density Disturbance Calculation Tool is 1.89% which indicates a low level of existing anthropogenic disturbance even before the easement's restrictive terms. ⁴¹ This DDCT result will be considered by peer reviewers along with maps independently created by the

⁴¹ The DDCT total analysis area the easement parcel buffered by 4 miles + a four-mile buffer around any leks within that (only including core habitat). The total analysis area acreage is 57,875 acres.

Program in conjunction with the habitat quantification tool. See Section VII below (Public Involvement During the Grant Application Process and During Preparation of this Environmental Assessment) and Appendix 1.

V. Project Location

The conservation easement associated with this project would cover activities on a ranch owned by the Jones Family in Beaverhead counties in Montana. The proposed easement property is located entirely within sage grouse Core Area 10 (GSG Management Zone IV) south of Dillon, Montana. See Appendix 1.

Montana's core areas approach underlying the Conservation Strategy suggests that conservation efforts should be targeted and prioritized for implementation in core areas, where the vast majority of Montana's breeding birds reside.

VI. Purpose and Need for the Proposed Action

One of the keys to conserving sage grouse in Montana is private lands, where most of Montana's sage grouse live. Through their stewardship, Montana landowners have played an important role in conserving sage grouse and sage grouse habitat. They will continue to play an important role in the future by helping to avoid a future listing under the federal Endangered Species Act.

Montanans recognize that it is in the best interest of our state, its economy, and our quality of life to maintain state management of sage grouse. Effective conservation requires an "all hands, all lands" approach where we work together collaboratively across all lands and address all threats to the sage grouse, including habitat loss and fragmentation.

Because loss and fragmentation of habitat is the key issue for sage grouse conservation, the 2015 Montana Legislature appropriated funds through the Stewardship Act to address threats to habitat. The purpose of the Act is to provide competitive grant funding and establish ongoing free-market mechanisms for voluntary, incentive-based conservation measures that emphasize maintaining, enhancing, restoring, and expanding and benefitting sage grouse habitat and populations on private lands, and public lands as needed. A grantfunded project is eligible if it will maintain, enhance, restore, expand, or benefit sage grouse and populations for the heritage of Montana and its people through voluntary, incentive-based efforts.

The purpose and need for the proposed action to provide Stewardship Fund dollars to assist TNC to enter a conservation easement stems from the fact that the USFWS identified habitat loss and fragmentation as key threats in Montana. Approximately 64% of sage grouse habitat in Montana is in private ownership.⁴² Montana's Sage Grouse Conservation Strategy proactively addresses this threat in a myriad of ways, but the Stewardship Fund is a key element in providing voluntary incentives to conserve sage grouse habitat and promote beneficial management practices on private lands.

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⁴² Montana's Greater Sage Grouse Habitat Conservation Advisory Council. 2014. Greater Sage Grouse Habitat Conservation Strategy. Jan. 29, 2014.

The proposed easement area has a minimum of nine sage grouse leks within 12 miles, seven of which are located within eight miles. Conversion of native range to cultivated cropland has been identified as a key threat to sage grouse habitat and population persistence by USFWS.⁴³ It was recently shown that lek density may be reduced by more than 50% in the face of a 10% increase in cropland within 12.4 miles.⁴⁴ Importantly, if one parcel of land is converted, lek persistence in a "landscape ten times the size" of the parcel itself could be "strongly" reduced.⁴⁵ Therefore, efforts which conserve intact sagebrush landscapes already having little or no existing cropland contribute favorably to sage grouse persistence, particularly where the risk of conversion exists.

Sage grouse are a landscape scale species. "At distances of up to about 240 kilometers, individual [sage grouse] exhibit greater genetic similarity than expected by chance, suggesting that the cumulative effect of short-range dispersal translates to long range connectivity." ⁴⁶ Even though dispersal distances for sage grouse are relatively short, "the cumulative effect of these [short range dispersals of 7-9 kilometers] translates into long-range connectivity. ⁴⁷ Habitat conservation efforts such as conservation easements maintain sagebrush cover and distribution at finer scales, thereby maintaining opportunities for population connectivity, and in turn, population persistence at larger scales. ⁴⁸

Sage grouse are sensitive to habitat loss and fragmentation caused by development. Sage grouse are also sensitive to disrupting activities and noise near leks during the breeding season. Population declines have been associated with habitat loss and fragmentation.⁴⁹ Accordingly, mitigation for unavoidable impacts of development is an important aspect of not only Montana's Conservation Strategy, but of conservation efforts by other states and

⁴³ 80 Fed. Reg. 59858 (Oct. 2, 2015); Smith, J.T., J.S. Evans, .B.H. Martin, S. Baruch-Mordo, J.M. Kiesecker, D.E. Naugle. Reducing cultivation risk for at-risk species: predicting outcomes of conservation easements for sage grouse. 201 Biological Conservation 10-19 (June 2016).

⁴⁴ Smith, J.T., J.S. Evans, .B.H. Martin, S. Baruch-Mordo, J.M. Kiesecker, D.E. Naugle. Reducing cultivation risk for at-risk species: predicting outcomes of conservation easements for sage grouse. 201 Biological Conservation 10-19, 16 (June 2016).

⁴⁵ Smith, J.T., J.S. Evans, .B.H. Martin, S. Baruch-Mordo, J.M. Kiesecker, D.E. Naugle. Reducing cultivation risk for at-risk species: predicting outcomes of conservation easements for sage grouse. 201 Biological Conservation 10-19, 16 (June 2016).

⁴⁶ Cross, Todd B., David E. Naugle, John C. Carlson, and Michael K. Schwartz. 2016. Hierarchical Population Structure in Greater Sage-Grouse Provides Insight into Management Boundary Delineation. Conserv. Genet. DOI 10.1007/s10592-016-0872-z (available at http://link.springer.com/article/10.1007/s10592-016-0872-z.

⁴⁷ Cross, Todd B., David E. Naugle, John C. Carlson, and Michael K. Schwartz. 2016. Hierarchical Population Structure in Greater Sage-Grouse Provides Insight into Management Boundary Delineation. Conserv. Genet. DOI 10.1007/s10592-016-0872-z (available at http://link.springer.com/article/10.1007/s10592-016-0872-z.

⁴⁸ 80 Fed. Reg. 59858, 59867 (Oct. 2, 2015).

⁴⁹ 80 Fed. Reg. 59858, 59870-71 (Oct. 2, 2015).

federal land management agencies throughout the range.⁵⁰ Indeed, mitigation efforts ameliorate or prevent threats to sage grouse and sagebrush habitats.

Another purpose and need for the proposed action to enter a grant agreement with TNC is implement Montana's mitigation framework. Mitigation addresses direct, indirect, and residual impacts of development. In Montana, implementation of the mitigation hierarchy is called for in Executive Order 12-2015 and by the Greater Sage Grouse Stewardship Act. Montana implements mitigation in the following sequential order: avoidance, minimization, restoration or reclamation, and lastly compensation or replacement. Compensatory mitigation is required only if impacts remain after measures are taken to avoid, minimize, and restore disturbed habitats. MSGOT reviews proposed compensatory mitigation plans. MSGOT reviews proposed compensatory mitigation plans.

The Act sets forth that Montana can implement compensatory mitigation either through establishment of habitat exchange⁵³ and/or a conservation bank.⁵⁴ Either way, the common thread for compensatory mitigation is that developers can offset impacts of activities that eliminate or fragment habitat through a free-market where parties conduct transactions. For example, conservation credits are created through efforts to conserve habitat and ameliorate or remove threats to sage grouse or sagebrush habitat.

Development debits are created if a project that is implemented in designated sage grouse habitat incurs permanent impacts. Developers can offset impacts by purchasing credits.

A key purpose of the Stewardship Fund grant program is to begin creating a pool of conservation credits, in anticipation of future demand. The Act requires MSGOT to prioritize projects that maximize the amount of credits generated per dollars of funds awarded from the Stewardship Fund.⁵⁵ Further, MSGOT is required to calculate and make available credits for leases and conservation easements purchased with funds disbursed after May 7, 2015.⁵⁶

All compensatory mitigation (framework and habitat quantification tool) is statutorily required to consider the USFWS's Service's 2014 Greater Sage Grouse Range-wide Mitigation Framework.⁵⁷ By entering this grant agreement and executing a conservation

https://www.fws.gov/greatersagegrouse/documents/Landowners/USFWS GRSG%20RangeWide Mitigat ion Framework20140903.pdf.

⁵⁰ 80 Fed. Reg. 59858 (Oct. 2, 2015).

⁵¹ See MCA § 76-22-111(1) ("After complying with the sequencing provisions required of this Conservation Strategy (avoid, minimize, reclaim), a project developer may proceed with a proposed project which will cause adverse impacts to sage grouse if the developer provides compensatory mitigation for the debits of a project.").

⁵² MCA §§ 76-22-105(1)(g), 111(1)(b).

⁵³ MCA § 76-22-103(8) defines habitat exchange as "a market-based system that facilitates the exchange of credits and debits between interested parties."

⁵⁴ MCA § 76-22-103(2) defines conservation bank as "a site or group of sites established through an agreement with the U.S. Fish and Wildlife Service to provide ecological functions and services expressed as credits that are conserved and managed for sage grouse habitat and populations and used to offset debits occurring elsewhere."

⁵⁵ MCA § 76-22-109(4).

⁵⁶ MCA §§ 76-22-104(2), 105(3).

⁵⁷ Available at

easement, this project will generate conservation credits that will be calculated and made available, in compliance with the Act.

VII. Public Involvement During the Grant Application Process and During Preparation of this Environmental Assessment

The Act directed MSGOT to promulgate administrative rules to administer a grant program. MSGOT adopted final rules and Procedures 01-2016 on February 19, 2016, consistent with the Montana Administrative Procedures Act. Three hearings were held and public comment was solicited on the proposed rules. All MSGOT meetings are publically-noticed and comment sought. The final rules took effect March 5, 2016. Additional formal rulemaking related to the Habitat Quantification Tool and Stewardship grants was completed in 2018-2019. Final administrative rules took effect in January, 2019.

Also, on May 13, 2019, MSGOT offered the second grant cycle opportunity. This enabled the Program to begin soliciting applications. Public involvement opportunities were offered during the actual application process. The timeline is as follows:

- March 5: the Program issued a media release announcing the second grant cycle and the pre-application deadline of March 30, 2019 at 5:00 p.m.;
- March 30: eight total pre-applications were received (five proposals for permanent conservation easements and three proposals for term leases, two of which include restoration).;
- April 21: grant pre-applicants were notified of preliminary results for use in deciding whether to submit a complete application and continue in the selection process. The Program established an application deadline of May 13, 2019 at 5:00 p.m.;
- May 13: six total complete applications were received (three proposals for permanent conservation easements and three proposals for term leases, two of which include restoration);
- June 6: a scoping notice summarizing each grant application was published to the Program's website and made available for public review; and
- June 7: the Program issued a media release announcing a public scoping comment opportunity to review all applications; comment period closed June 24, 2019 at 8:00 a.m.

All applications will be reviewed by the Program and an independent peer review committee. Independent peer reviewers have expertise and unique knowledge of the proposed project areas, sage grouse and sagebrush habitats, mitigation, and/or land conservation.

The Program also compiled independent statistics on variables such as number of leks, number of displaying males on leks, amount of existing disturbance using the Density and Disturbance Calculation Tool (DDCT), breeding habitat potential, conservation status of

⁵⁸ MCA §76-22-104(1)-(7).

nearby lands, risk of cultivation, and lek vulnerability. The statistics were compiled for the proposed project area, the project area buffered by four miles, and the project area buffered by twelve miles. Four and twelve-mile buffers have biological relevance for nesting distances from leks and response distance to cultivation (see Section VI Purpose and Need for the Proposed Action for a detailed explanation of distance buffers).

These statistics allowed comparison of consistent metrics for sage grouse resource values across all applications to identify those with the greatest benefit and to assist in prioritization and ranking. See Appendix 1.

The Program solicited public scoping comments to initiate this EA, beginning on June 6, 2019 and ending on June 24, 2019. A specific project scoping notice was sent to individuals and organizations likely to have an interest in the proposal and project area (the Program's electronic "interested parties" list). Scoping notices were also available on the Program's website. Accommodations were also made for the public to submit comments electronically through the public comment web application tool located on the Grants webpage at https://sagegrouse.mt.gov/Grants.html. Interested parties could submit comments electronically or via postal mail.

No electronic or written public scoping comments were received specific to the proposed Willow Basin Ranch Conservation Easement Project.

In accordance with the Montana Environmental Policy Act, public concerns about the project and potential environmental impacts must be considered and analyzed prior to making the decision of whether to grant the funding to TNC.

VIII. Other Cooperators, Partners and/or Agencies with Jurisdiction

Partners involved in this project include the private landowners, TNC, NRCS, and MSGOT. BLM also manages lands near the proposed project area boundary. There are also large blocks of Montana State Trust Lands near the proposed project area boundary. Montana's core area approach underlying the Conservation Strategy calls for approaching conservation using an "all hands, all lands, all threats" approach that engages all landowners—both private and public land managing agencies. Executive Order 12-2015 seeks alignment between the state's efforts and those of federal land managing agencies, particularly because of Montana's checkboard ownership patterns.

IX. Description of Reasonable Alternatives Considered

During development of this project two distinct alternatives were considered, which were the Proposed Action Alternative and the No Action Alternative.

Proposed Action Alternative – Under the Action Alternative, MSGOT would authorize disbursal of funds from the Stewardship Fund Account to facilitate acquisition of the Willow Basin Ranch Conservation Easement, for the purpose of sage grouse conservation in Montana. This easement by TNC would generate credits available at a later time to be used as compensatory mitigation for other projects that impact sage grouse and sagebrush habitats. The Willow Basin Ranch Conservation Easement analyzed in this EA was one

proposal from six total applications for conservation-related projects seeking Stewardship Grant funding through a peer review process. As described in detail in Description of the Proposed Action section above, measures and terms would be required under the conservation easement that would provide measurable contributions for sage grouse conservation in perpetuity. Various easement terms are still being negotiated between the private landowner, TNC, and the state. They will be made available in the future. Preliminary terms are known and referenced in this Draft EA.

No Action Alternative – Under the No Action Alternative, MSGOT would not authorize disbursal of funds in the Stewardship Fund Account to facilitate acquisition of the Willow Basin Ranch Conservation Easement by TNC for the purpose of sage grouse conservation in Montana. Project mitigation credits generated under the easement would not be realized and would not be available at a later time to be used as compensatory mitigation for other projects around the state involving energy or agricultural development etc., which incurred permanent adverse impacts to designated sage grouse habitats. Land use restrictions that would be required under the conservation easement providing measurable contributions for sage grouse habitat conservation in perpetuity would not be required or implemented.

V. Evaluation of Impacts on the Physical Environment and Mitigation A. Land and Soil Resources

1. Proposed Action – Under the Proposed Action no direct effects to land and soil resources would occur in association with authorizing the grant funds for the purchase of the 3,977-acre conservation easement. The easement itself would contain prohibitions on soil-impacting activities over the long term such as, limits on construction of human developments.

The production, processing and marketing of livestock compatible with restoration and conservation of sage brush and other grassland, grazing uses, and related conservation values are allowed provided such activities are conducted in a manner consistent with the terms of this easement. Temporary non-native cover crops are permitted in native prairie and rangeland restoration activities. Farming, irrigation, cultivating and "sodbusting" outside of the existing disturbance areas, are prohibited, except to restore native species. Sodbusting is defined as any cultivation, discing, plowing, or disturbance of native soils and vegetation by mechanical means, including without limitation engine powered machinery and horse- or mule-drawn plows and discs. Intentional conversion of native vegetation to exotic species or the introduction of non-native plant species through farming, plowing or any type of cultivation is prohibited.

Buildings and structures are permitted within the two Building Envelopes. See maps in Appendix 1. Other surface-disturbing activities are prohibited, including surface mining, commercial gravel operations, wind and solar development, and conversion of rangeland to cropland.

Thus, lower risk of adverse indirect and cumulative effects to soil and land resources would be expected under this alternative.

A mineral remoteness test completed in March 2019 concluded that "the probability of surface of subsurface mining, coal or oil, and gas development [...] is so remote to be negligible."

In Montana, it is possible for surface lands and the mineral estate to be owned by two separate entities (i.e. split estate). While the law is well settled that the mineral estate is the dominant right and reasonable use of the surface is allowed, split estate does not automatically disqualify a conservation easement from becoming a credit site for mitigation. In other words, the presence of a credit site is not mutually exclusive of mineral development and the two uses can coexist.⁵⁹

In the instance of split estate situations, the mineral estate has the prior existing legal right to reasonable use of the surface lands of a credit site, pursuant to laws governing split estates in Montana. Based on Executive Order 12-2015 guidance, establishing a conservation easement for mitigation credit generation and development of mineral rights are not mutually exclusive, and can be conducted in such a way as to be consistent with the terms of the conservation easement.

No residential dwelling units would be constructed within a two-mile radius of active sage grouse leks. No building will be constructed outside of the approximately 15 acre building envelopes. Both are located in the northeast portion of the project area, near the main ranch access road. o buildings may be constructed within a 0.6-mile radius of an active sage grouse lek. Other surface-disturbing activities are prohibited, including surface mining, commercial gravel operations, wind and solar development, and conversion of rangeland to cropland. Thus, lower risk of adverse indirect and cumulative effects to soil and land resources would be expected under this alternative.

 No Action – Under the No Action Alternative, funding support for the Willow Basin Ranch Conservation Easement Project would not be provided. Restrictions on potential soil and land-disturbing activities would not be implemented under the easement terms, and greater risk of indirect and cumulative impacts to soil and land resources over time would be present.

B. Air Resources

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⁵⁹ The Internal Revenue Service Code Title 26 Subtitle A Chapter 1 Subchapter B Part VI Section 170 and Montana laws for guidance as to development of mineral resources, preservation of conservation values, and the tax implications.

- 1. Proposed Action Under the Proposed Action no direct, indirect or cumulative effects to air quality or other resources would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement.
- 2. No Action Under this alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. However, no direct, indirect or cumulative effects to air quality or other air-related resources would be anticipated.

C. Water Resources

- 1. Proposed Action The property is located in the Sage Creek watershed within Beaverhead County, Montana. The higher elevation habitat includes wet meadows fed by snowmelt, seeps and springs, and perennial springs. The Willow Basin Ranch may restore, enhance, and develop water resources, including ponds, for permitted agricultural uses, livestock uses, fish and wildlife uses, domestic needs, and private recreation. No exploration or extraction may take place in a water body, nor may any water quality be degraded by actions undertaken on the property. Under the Proposed Action no direct, indirect or cumulative effects to water quality, streams or other aquatic resources would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement.
- 2. No Action Under this alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. However, no direct, indirect or cumulative effects to water quality, streams or other aquatic resources would be anticipated.

D. Vegetation Resources

1. Proposed Action – A data query of endangered, threatened and sensitive plants for the conservation easement area with one-mile buffer was conducted by the Program. No records for such plants were located. Under the Proposed Action no direct effects to existing vegetation on the project area would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement. However, over the long term, appreciable indirect and cumulative beneficial effects associated with protection and conservation of native vegetation communities would be realized by authorizing funding to secure the conservation easement.

Farming, irrigation, or cultivation outside of the existing disturbance are prohibited, except to restore native species. Intentional conversion of native vegetation to exotic species or the introduction of non-native plant species through farming, plowing or any type of cultivation is prohibited.

Specific measures addressed in the easement that would provide protections for vegetation communities include:

- limits on the location of allowable additional residential dwelling units and associated outbuildings;
- easement terms to protect the Conservation Values and private rangeland stewardship;
- prohibition on commercial timber operations, while allowing for the personal use of timber resources, including removal of conifers to restore sage grouse nesting habitat;
- prohibition of any cultivation, plowing, or disturbance of native soils and vegetation by mechanical or chemical means;
- prohibition of surface mining;
- prohibition of commercial gravel operations;
- prohibition of rangeland conversion to cropland;
- prohibition of new road construction other than a single road for Building Envelope access;
- the construction of new utilities and granting of utility line rights-of-way except as permitted in the terms of the easement, are prohibited; and
- prohibition of commercial wind and solar development.

This suite of measures would minimize the potential for destruction, disturbance, removal, and conversion of sagebrush and grassland vegetation communities in perpetuity, which would provide considerable protection and certainty.

2. No Action – Under this alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. Thus, no protective restrictions would be established under the easement at this time. Over time, greater risk of adverse indirect and cumulative effects to existing vegetation communities would be present due to numerous land uses and choices made by the present and future landowners and public land managers.

E. Fish and Wildlife Resources

1. Proposed Action -- A data query of endangered, threatened and sensitive species for the conservation easement area with one-mile buffer was conducted by the Program. Records for federally listed endangered or threatened species were located for this area. These species include Canada Lynx (*Lynx canadensis*), Grizzly Bear (*Ursus arctos horribilis*), and Northern American Wolverine (*Gulo gulo luscus*). Records were also obtained for five sensitive species associated with sagebrush, grassland-prairie habitats, and mountain streams, rivers, and lakes, as described in Table 1 below.

Willow Basin Ranch Species of Concern Report										
MAMMALS (MAMMALIA)										
	Family (Scientific) Family (Common) Leporidae Rabbits	Global Rank G4	State Rank S3	USFWS	USFS Sensitive - Known on Forests (BD)	BLM Sensitive	FWP Swap SGCN3	% of Global Breeding Range in MT 2%	% of MT that's in Breeding Range 4%	Habitat Sagebrush
BIRDS (AVES)										
Scientific Name Common Name	Family (Scientific) Family (Common)	Global Rank	State Rank	USFWS	USFS	BLM	FWP Swap	% of Global Breeding Range in MT	% of MT that's in Breeding Range	Habitat
Centrocercus urophasianus Greater Sage - Grouse	Phasianidae Upland Game Bird	G3G4	S2		Sensitive - Known on Forests(BD) Sensitive - Suspected on Forests(CG,HLC)	Sensitive	SGCN2	17%	75%	Sagebrush
Aquila chrysaetos Golden Eagle	Accipitridae Hawks / Kites / Eagles	G5	\$3	BGEPA; MBTA; BCC17		Sensitive	SGCN3	3%	100%	Grasslands
Buteo regalis Ferruginous Hawk	Accipitridae Hawks /Kites /Eagles	G4	S3B	MBTA; BCC10; BCC17		Sensitive	SGCN3	11%	95%	Sagebrush Grassland
FISH (ACTINOPTERYO	FISH (ACTINOPTERYGII)									
Common Name	Family (Scientific) Family (Common)	Global Rank	State Rank	USFWS	USFS	BLM	FWP Swap	% of Global Breeding Range in MT	% of MT that's in Breeding Range	Habitat
Oncorhynchus clarkii lewisi West Slope Cutthroat Trout	Salmonidae Trout	G5T4	S2		Sensitive - Known on Forests (BD, BRT, CG, HLC,	Sensitive	SGCN2		34%	Mountain streams, rivers, lakes

Table 1: Results of the Montana Species of Concern record search for the Willow Basin Ranch (June 2019).

The easement area also provides habitat for numerous other terrestrial and avian species endemic to Southwestern Montana. The project is located the Sage Creek Watershed, with multiple nearby wet meadows. Under the Proposed Action, no direct effects to existing habitats on the project area would occur in association with authorizing the grant funds for the purchase of the 3,977-acre conservation easement.

However, over the long term, appreciable indirect and cumulative beneficial effects associated with protection and conservation of native sagebrush/grassland habitat would be realized by authorizing funding to secure the conservation easement.

Specific measures addressed in the easement that would provide protections for fish and wildlife, and sage grouse in particular include:

- limits on the number of allowable additional residential dwelling units and associated outbuildings;
- easement terms to protect the Conservation Values and Purposes for private rangeland stewardship and sage grouse;
- prohibition on commercial timber operations, while allowing for the personal use of timber resources including management actions for natural occurrences such as disease, and selective harvest and removal of conifers to restore sage grouse nesting habitat;
- intentional conversion of native vegetation to exotic species or the introduction of non-native plant species; farming, plowing or any type of cultivation is prohibited;
- prohibition of surface mining;
- prohibition of surface mining;
- prohibition of commercial gravel operations;
- prohibition of rangeland conversion to cropland;
- prohibition of new road construction other than for Building Envelope access;
- prohibition of the construction of new utilities and granting of utility line rights-of-way except as permitted in the terms of the easement; and
- prohibition of commercial wind and solar development.

This suite of measures would minimize the potential for destruction, disturbance, removal, and conversion of sagebrush and grassland vegetation communities in perpetuity, which would provide considerable protection and certainty for sage grouse and other associated sagebrush/rangeland species into the future.

2. No Action -- Under the No Action Alternative, grant fund authorization for

the purchase of the 3,997-acre conservation easement would not occur. Thus, no protective restrictions would be established under the easement at this time. Over time, greater risk of adverse indirect and cumulative effects to existing sagebrush and grassland-prairie habitats would be present due to numerous land uses and choices made by present and future landowners and public land managers.

F. Adjacent Lands

1. Proposed Action –In general, land uses outside of the proposed conservation easement area would not be affected. Lands adjacent to the project area are comprised primarily of other private lands, as well as state trust lands and lands managed by the BLM. The Willow Basin Ranch retains leases on the nearby federally-managed (about 4,000 acres) lands and implements the same grazing management plan as is practiced on the

ranch. This landscape-scale land stewardship approach is advantageous for overall range health and sage grouse conservation efforts. Under the Proposed Action no direct effects to management of neighboring lands within, or in the nearby vicinity of the project area, would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement on private land.

However, in the future, land uses may be indirectly influenced on some neighboring lands due to conservation restrictions in the proposed easement area, such as limitations on new road construction through the easement parcels themselves. The extent that restrictions would limit or influence other land uses on nearby non-easement lands is uncertain and would depend on the resource development potential of each parcel and management objectives of each individual land owner over time.

As with cumulative conservation benefits obtained by funding and granting the conservation easement, some indirect cumulative restrictions on future resource development would occur on the parcel itself and to some extent the neighboring lands. Alternatively, in the future, neighboring lands may be viewed as having greater conservation opportunity potential, and become a priority for combining additional conservation lands, given the presence of this easement and investment in this block of habitat.

2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. Thus, no protective restrictions would be established under the easement at this time, and no direct, indirect or cumulative effects associated with adjacent or nearby lands would occur.

VI. Evaluation of Impacts on the Human Environment

A. Noise

- 1. Proposed Action -- Under the Proposed Action no direct, indirect or cumulative effects associated with noise or similar disturbance would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement.
- 2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. No direct, indirect or cumulative effects associated with noise or similar disturbance would occur.

B. Land Use

1. Proposed Action – Under the Proposed Action the easement terms would allow and promote traditional agricultural and ranching uses of the project area. The production, processing and marketing of livestock

compatible with restoration and conservation of sage brush and other grassland, grazing uses, and related conservation values are allowed provided such activities are conducted in a manner consistent with the terms of this easement.

Restrictions on construction of new roads, sagebrush reduction or eradication, no surface occupancy, prohibition of mining etc. are aimed at providing high quality sagebrush/grassland habitat for wildlife into the future. However, several other land uses such as wind development, commercial gravel mining, oil and gas development to the extent the surface owner owns the mineral estate, range conversion, and real estate subdivision would be prohibited on these lands. Impacts related to implementation of these restrictions on the easement-covered lands would be cumulative at the local and statewide level. At the statewide level cumulative increases in easement lands and indirect reductions in other potential land uses would be offset through implementation of a conservation credit/banking program as envisioned under Executive Order 12-2015. In this manner, conservation protections would be afforded the sage grouse while allowing important land uses and resource development in Montana in a regulated, responsible manner.

2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. Thus, no direct, indirect or cumulative effects associated with current or future land uses would occur.

C. Human Health and Safety

- 1. Proposed Action -- Under the Proposed Action no foreseeable direct, indirect or cumulative effects associated with human health or safety would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement.
- 2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. No direct, indirect or cumulative effects associated with health and human safety would occur.

D. Community - Social

 Proposed Action -- Under the Proposed Action no foreseeable direct, indirect or cumulative effects involving the disruption of native or traditional lifestyles or communities would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement. Ultimate approval and acquisition of the conservation easement would, over time, be expected to foster the maintenance of traditional ranching land uses and lifestyles in the local area. 2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. Thus, no direct, indirect or cumulative effects associated with the alteration of native or traditional lifestyles or communities would occur.

E. Taxes and Local Services

- 1. Proposed Action Under the Proposed Action no foreseeable direct, indirect or cumulative effects involving changes in state and federal taxes are anticipated on the easement property. Future tax rates would be assessed based on market land values for the land use terms required by the easement agreement.
- 2. No Action -- Under the No Action Alternative, state and federal taxes for the 3,997-acre parcel would continue to be assessed at the present value without the easement. Thus, no direct, indirect or cumulative effects would occur.

F. Aesthetics and Recreation

- 1. Proposed Action -- Under the Proposed Action there would be no foreseeable direct, indirect or cumulative effects in aesthetics or recreational opportunities would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement. Ultimate approval and acquisition of the conservation easement would over time, be expected to foster the maintenance of existing open space views and aesthetics in the local area, and potentially contribute to hunting and wildlife watching activities on adjacent properties.
- 2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. Thus, no direct, indirect or cumulative effects involving changes in aesthetics or recreational opportunities would occur.

G. Cultural / Historic Resources

1. Proposed Action – Under the Proposed Action no foreseeable direct, indirect or cumulative effects involving changes in cultural or historic resources would occur in association with authorizing the grant funds for the purchase of the 3,997-acre conservation easement. A cultural resource evaluation was not conducted for this easement. Considering the non-ground disturbing nature of this project, no additional archaeological investigative work will be required. The easement will not modify current land use, and therefore will have no potential to physically or visually impact any kind of cultural or paleontological resources that may be present within the Area of Potential Effects (APE).

2. No Action -- Under the No Action Alternative, grant fund authorization for the purchase of the 3,997-acre conservation easement would not occur. The project area is largely semi-arid, sagebrush covered steppe/foothills, and the topography is characteristically gentle to moderately steep, therefore the cultural and paleontological resources will continue to persist in the rather dry and stable environment. No direct, indirect or cumulative effects involving cultural resources would be anticipated.

X. Summary Evaluation of Significance and Mitigation

Under the proposed action, none of the impacts are severe, enduring, geographically widespread, or frequent. The quantity and quality of the natural resources, including any that may be considered unique or fragile, will not be adversely affected to a significant degree. There would be no precedent for the actions that would cause significant impacts, and there are no conflicts with local, State, or federal laws, requirements, or formal plans. Adverse impacts would be avoided, controlled, or mitigated by the design and implementation of the project to an extent that they are not significant.

XI. Evaluation of Need for an EIS

Based on the above assessment, which has not identified any significant negative impacts from the proposed action, an EIS is not required and an EA is the appropriate level of review. The overall impact from the successful completion of the proposed action would provide substantial long-term benefits to both the physical and human environment.

XII. Name, Contact Information of Preparers

Anna Christman, Carolyn Sime
 Sage Grouse Habitat Conservation Program Manager, Department of Natural
 Resources and Conservation. PO Box 201601, 1539 11th Ave, Helena, MT 59620.
 E-mail: csime2@mt.gov; Work: (406) 444-0554.

XIII. Public Involvement

The public comment period will run July 8, 2019 through July 29, 2019.

Submit comments electronically and attach documents through the public comment web application tool located on the MSGOT webpage at https://sagegrouse.mt.gov/Grants. Electronic comments must be received by 11:59 p.m. on July 29, 2019.

Mail written comments to:

Montana Department of Natural Resources and Conservation Montana Sage Grouse Habitat Conservation Program Attn: Proposed Willow Basin Ranch Conservation Easement 1539 11th Ave.
Box 201601
Helena, MT 59620

Written comments must be postmarked and mailed on or before July 29, 2019.

XIV. Next Steps

After the close of the public comment period, the Program will take the following next steps:

- Public comments on the Draft EA will be reviewed;
- The Program will incorporate public comments and then prepare a final EA;
- At the September 18, 2019 MSGOT meeting, MSGOT will review:
 - Final Willow Basin Ranch Conservation Easement Proposal Environmental Assessment;

MSGOT is expected to make a final decision during their meeting on September 18, 2019. If approved by MSGOT, MSGOT would execute a grant agreement with TNC. Stewardship funds in the award amount of \$242,500 would be placed into escrow with a neutral, independent closing agent. The parties would provide closing instructions to the closing agent. The actual conservation easement closing is expected to occur by December 31, 2019.

Appendix 1

List of Maps

- Location
- Aerial Imagery
- Surrounding Public Lands
- Conserved Lands within 4 Miles
- Lek Proximity
- Existing Disturbance
- HQT Results Map: Local and Regional Scales

List of Tables

- HQT Metrics
- Overall Project Statistics

Willow Basin Ranch Conservation Easement Location



Project Area

Township, Range

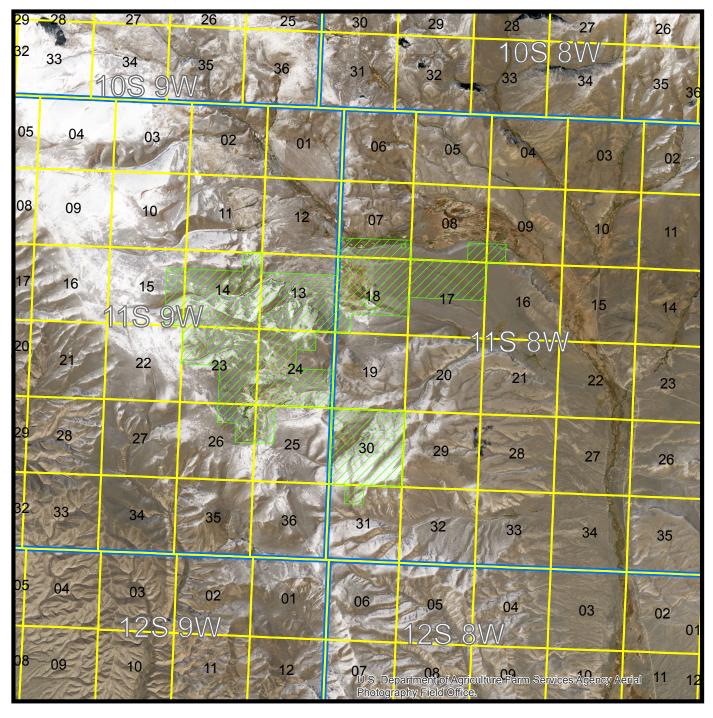
Section





Project Information:

Map Date: 28 May 2019
Path File: G:\CARD\10 Sage Grouse HCP\
Grant Program\Second Cycle 2019\Complete
Applications due May 13\ArcMapFiles



0 2 4 Miles

Service Layer Credits: U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office.

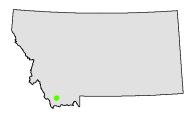
Willow Basin Ranch LLC Conservation Easement - Aerial Imagery of Project Area





US Bureau of Land Management

Montana State Trust Lands

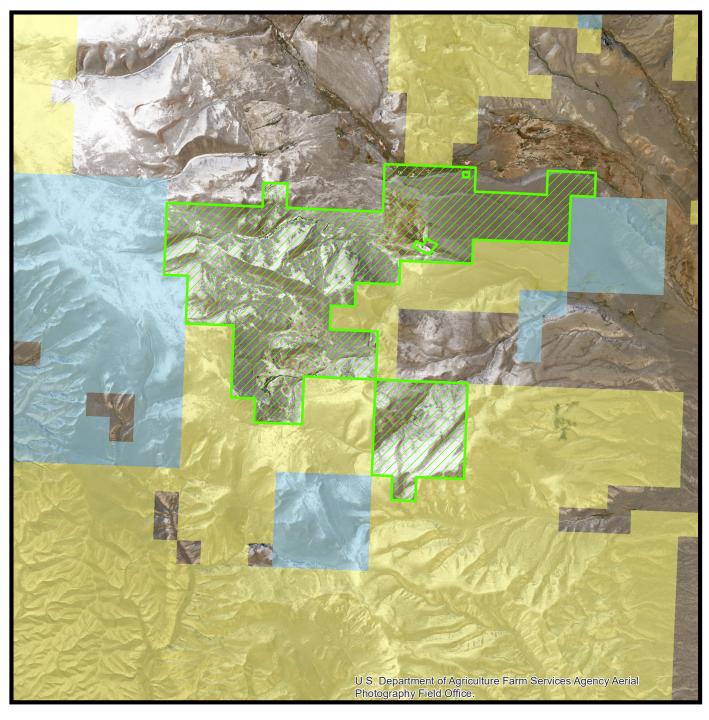




Project Information: Map Date: 28 May 2019

Map Date: 28 May 2019
Path File: G:\CARD\10 Sage Grouse HCP\
Grant Program\Second Cycle 2019\Complete
Applications due May 13\ArcMapFiles

0 1.5 3 Miles

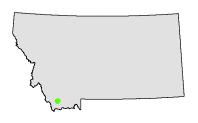


Service Layer Credits: U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office.

Willow Basin Ranch LLC Conservation Easement - Surrounding Public Lands









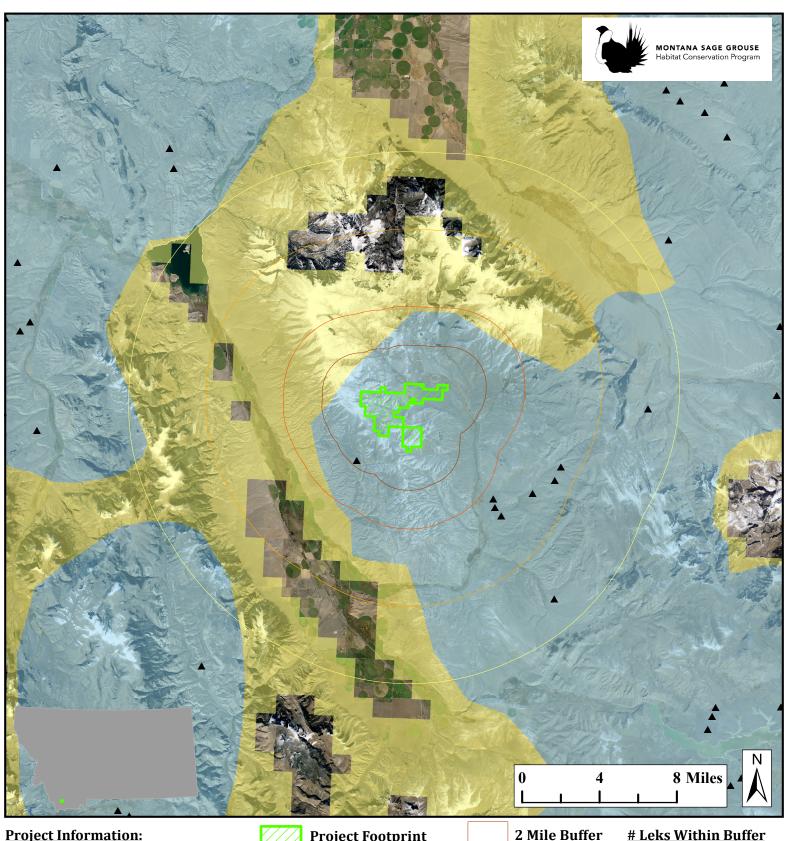
Project Information: Map Date: 28 May 2019

Map Date: 28 May 2019
Path File: G:\CARD\10 Sage Grouse HCP\
Grant Program\Second Cycle 2019\Complete
Applications due May 13\ArcMapFiles

U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office. 20 Miles

Service Layer Credits: U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office.

Willow Basin Ranch LLC Conservation Easement - Lek Proximity



Project Information:

Map Date: 06 June 2019 PathFile: G:\CARD\10 Sage Grouse HCP\Grant Program\Second Cycle 2019\Complete Applications due May 13\ArcMapFiles\ProximityToSGLeks

Service Layer Credits: U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office.

Project Footprint Core Area

> **General Habitat Connectivity Area**

2 Mile Buffer

2 Mile: 1 4 Mile Buffer 4 Mile: 1 8 Mile Buffer 8 Mile: 7 12 Mile Buffer 12 Mile: 9

Sage Grouse Leks

Percentage Conserved Lands within 4 Miles of the Willow Basin Ranch Conservation Easement (The Nature Conservancy)



Project Information

Direct Project Footprint

Conserved Lands

Percent of Conseved Lands within 4 Miles of Project Area

0% - 10%

10.1% - 20%

20.1% - 30%

30.1% - 40%

40.1% - 50%

50.1% - 60%

60.1% - 70%

70.1% - 80%

80.1% - 90%

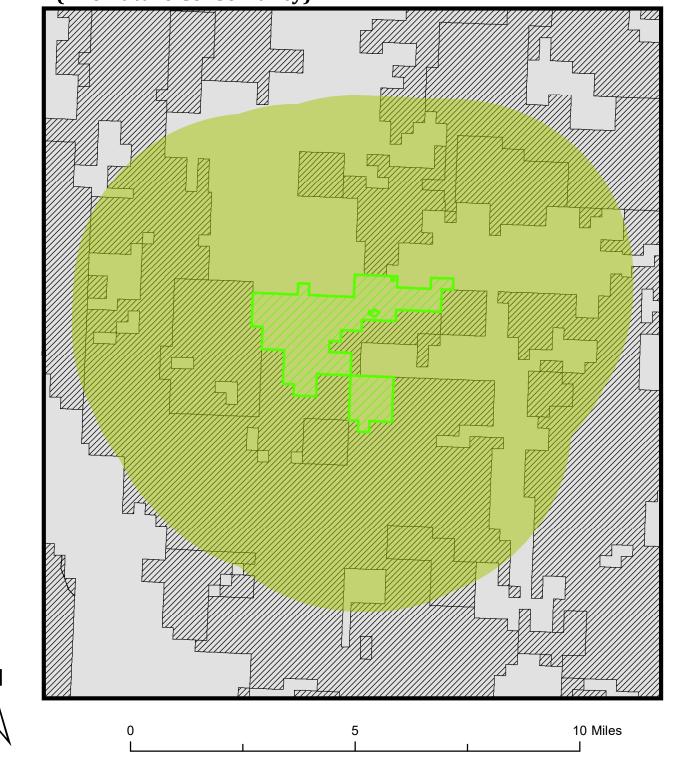
90.1% - 100%



Map Information:

Map Date: 5 June 2019

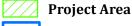
File Path: G:\CARD\10 Sage Grouse HCP\
Grant Program\Second Cycle 2019\Complete
Applications due May13\ArcMap
_Scratch_Folder\4MileConservedLands
Land Management Dataset from:http://mtnhp.org/stew.asp



Willow Basin Conservation Easement - Surrounding Existing Disturbance



Project Information



12 Mile Buffer

Disturbance Type



Communication

Crop

Gravel Road

Livestock

Other

Power Line

Railroad

Stock Pond

Storage

Subdivision

Recreation

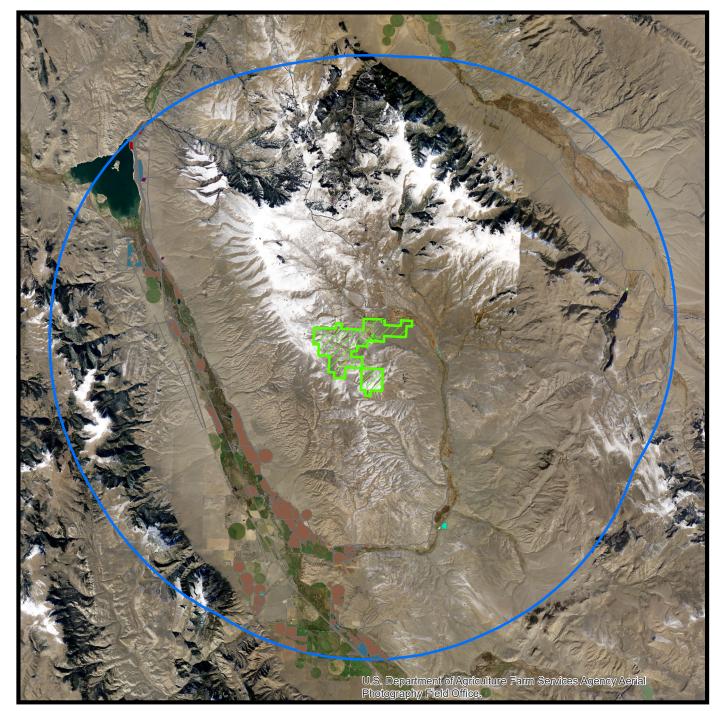




Project Information: Map Date: 5 June 2019

Map Date: 5 June 2019
Path File: G:\CARD\10 Sage Grouse HCP\
Grant Program\Second Cycle 2019\Complete
Applications due May 13\ArcMap_Scratch_Folder

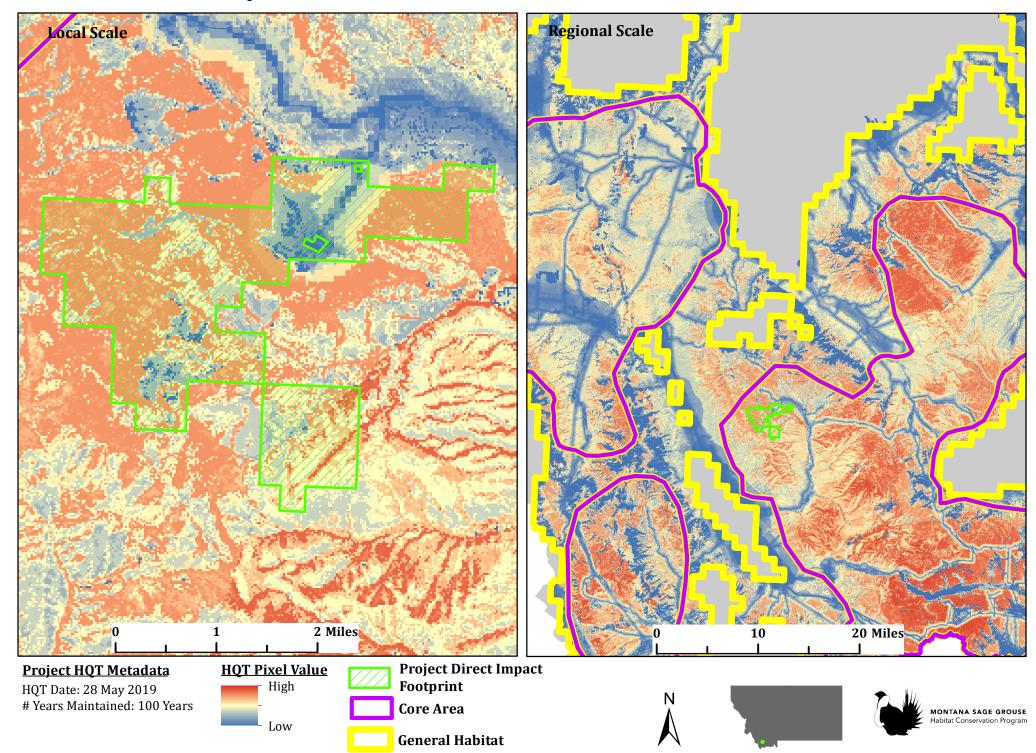
Service Layer Credits: U.S. Department of Agriculture Farm Services Agency Aerial Photography Field Office.



7.5

15 Miles

HQT Results: Willow Basin Ranch LLC Conservation Easement



Project Information				Raw HQT Score		Applicable Policy			Metrics					
Duoicat	Ducinet			Price per	tice per edit for Physical Lease Acres 1 Year Total (all years) For newly created Core Area (10%)			# of Credits awarded for newly created Fx-A			Total	D 4 (D4 (0 lii (Damast
Project Name	Project Type	Service Area	# of Years	Lease Duration		General Habitat (5%)	Baseline at 40% Available / Generated	Yr	Credits / PA / Yr	Request Amount				
Willow Basin Ranch LLC Conservation Easement	Presevation (Perpetual)	Southweste rn Service Area	100	NA	3,997.34	2,275.74	227,573.83	N/A	N/A	91,029.53	91,029.53	0.569	0.228	\$242,500

Credit results do not include non-deeded lands withn the perimeter of the project area (i.e. State Trust Lands other public lands not included).

6/4/2019

Willow Basin Conservation Easement Project Analysis							
	Project Area	Project + 4 Mile Buffer	Project + 12 Mile Buffer				
Total Acres included in Lease	3,997	72,155	396,072				
Core Acres	3,997	56,556	163,788				
General Acres	0	15,599	190,751				
Connectivity Acres	0	0	0				
Outside Habitat	0	0	41,533				
Percent Core	100%	78%	41%				
FWP Lek Count (May be other Leks present)	0	1	9				
FWP Total Male Count (Most Recent)	0	11	123				
FWP Avg. Male Count	0	11	14				
Project Cost/Acre	\$60.67	NA	NA				
Reverse Project DDCT	1.89%	NA	NA				

Conservation Status	Project Area	4 Mile Buffer (%)	12 Mile Buffer (%)	
Percent Public (MT FWP, STL, BLM, US	0%	63.64%	66.05%	
Bureau of Reclamation, USFS)	0%	03.0470		
Percent Private Conservation	0%	0%	0%	
Percent Managed Areas (Beaverhead -	0%	0%	18.56%	
Deerlodge National Forest, BLM, MT FWP)	0%	U%0	16.30%	
Percent Conservation Easement (MLR)	0%	0%	1.23%	
Total in Conservation	0%	63.64%	85.68%	
Not in Conservation	100%	36.36%	14.32%	

Some Managed Areas are also Public Lands.

Lek Vulnerability	Project Area	4 Mile Buffer	12 Mile Buffer
No Data	0	0	1
0 - 10%	0	1	7
10.1 - 25%	0	0	0
25.1 - 50%	0	0	0
50.1 - 75%	0	0	0
75.1 - 100%	0	0	0