Contract No. 008-097
“Grasslands Enhancement Pilot Project”
Submitted by Ducks Unlimited, Inc. & ND Natural Resources Trust
Primary Contact: Dane Buysse
Directives A & C

PARTICIPANTS

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Cost Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ducks Unlimited (cash)</td>
<td>$  6,000.00</td>
</tr>
<tr>
<td>ND Natural Resources Trust (cash)</td>
<td>$15,000.00</td>
</tr>
<tr>
<td>Dakota Missouri Valley Western Railroad (cash)</td>
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</tr>
<tr>
<td>ND Department of Trust Lands (cash in the form of a rent credit)</td>
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</tr>
<tr>
<td>U.S. Fish and Wildlife Service (cash in the form of a rent credit)</td>
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<tr>
<td>Landowners (cash)</td>
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</tr>
<tr>
<td>Unknown (cash)</td>
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<tr>
<td><strong>Subtotal Cash Cost Share</strong></td>
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</tr>
<tr>
<td>Ducks Unlimited (in-kind)</td>
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<tr>
<td>ND Natural Resources Trust (in-kind)</td>
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<td>North Dakota Grazing Coalition (in-kind)</td>
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<tr>
<td>Landowners (in-kind)</td>
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<tr>
<td><strong>Subtotal In-kind Cost Share</strong></td>
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<tr>
<td>North Dakota Industrial Commission</td>
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<td><strong>Subtotal OHF funding</strong></td>
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</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>$438,681.40</strong></td>
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Project Schedule – 3 years
Contract Date – 4/12/2017 Status Report: December 31, 2017 ✓
Start Date – 5/1/2017 Status Report: June 30, 2018 ✓
Completion Date – 6/30/2020 Status Report: December 31, 2018 ✓
Status Report: June 30, 2019 ✓
Status Report: December 31, 2019
Final Report: June 30, 2020

OBJECTIVE/STATEMENT OF WORK:
The intent of this project is to provide necessary infrastructure to improve grazing systems (rotational grazing systems) on school trust and public lands -- projected to enhance 4,000 acres -- while providing private lands with necessary rest recovery time. The Industrial Commission accepted the recommendations of the Outdoor Heritage Fund Advisory Board which included stipulations on the application and a reduction in the amount requested from $241,529.40 to $230,000. The stipulations were that the State Land Trust must take ownership of the cross fencing (no boundary fencing) that is funded with Outdoor Heritage Fund dollars; the producer will receive an amortization credit for their portion of the fencing costs (same as what is done for the water infrastructure projects); and no Outdoor Heritage Fund dollars are to be expended on salaries.

STATUS:
Contract has been fully executed. Ducks Unlimited and the Natural Resources Trust are working with the Department of Trust Lands on identified pilot project site regarding the ownership of the fence on those specific tracts of land. It is not being proposed as a policy change regarding ownership of fencing.
on Trust lands but an exception for the pilot project so this program can be tested. It is anticipated that
the Department of Trust Lands Board will be acting on this matter in the near future.

**12/21/2017 Status Report - The report states in part:**
The Grasslands Enhancement Pilot Project (GEPP) continues to move forward as the Department of
Trust Lands Board agreed to take ownership of cross fence for the pilot project. The Department of
Trust Lands Board also agreed to depreciate the lessees 40% of the cross fence.

The first project is nearly complete with only a couple outstanding items for the well pump system. The
project was completed this summer on the Koenig Waterfowl Production Area in McLean County near
Turtle Lake, ND. The project will directly benefit 747 acres of public land by providing quality water to
promote rotational grazing practices. The property will be subdivided into 13 pastures and the two
wells will provide critical clean water for the upcoming grazing season.

Six additional projects are in the planning stages to be implemented on Department of Trust Lands
property. The counties currently planning projects include Divide, McLean, Mountrail, and Sheridan.

Outreach for the Grasslands Enhancement Pilot Project includes program flyers in local Soil Conservation
District Offices, outreach at local Soil Conservation District board meetings (Bottineau, Burke, McHenry
North, McLean South, Mclean West, Mountrail Sheridan, Ward), an article in Agweek's print and online
versions, Bottineau Co. Newsletter and also on the North Dakota Ducks Unlimited website and twitter
page.

(Photos of the project along with copies of the articles and flyers are posted on the Outdoor Heritage
Fund website along with the status report.)

**6/28/2018 Status Report - The report states in part:**
The Grasslands Enhancement Pilot Project (GEPP) has been active in Western and Eastern portions of
the Bakken shale formation. Activity during the period of this report involved additional outreach with
partners and site visits with lessees. Four agreements with lessees enrolled 2,107 acres of public and
state school trust land. In addition to the agreement acres there are an additional 1,343 acres directly
adjacent to one of the tracts of state school trust land which will benefit from the installation of water
and cross fencing. At the time of this reporting period, approximately 50% of the funds have been
allocated to projects. Another five agreements on state school trust lands are also in the process.

Two 640 acre tracts of state school trust land were enrolled and will be provided critical water resources
and cross-fencing infrastructure to allow for enhanced grazing management. Drought was an issue this
past year in much of the state and the option to implement reliable water resources this upcoming year
was greatly appreciated by lessees. Well drillers seem to be very busy in the state, which increased the
wait time on getting wells drilled. Two Waterfowl Production area projects have also been completed.
This includes a 747 acre grazing system on the Koenig WPA and a 36 acre grass seeding on the Regstad
WPA. These systems provide lessees with additional grazing opportunities and provide additional
recovery time on private lands. A bird survey completed in July 2017 on one of the State School Trust
Land tracts revealed 58 different bird species.

Photos of the project are posted on the Outdoor Heritage Fund website along with the status report.

**12/27/2018 Status Report - The report states in part:**
One 597.5 acre project was completed, and one additional agreement signed. To date, 2,648 acres of public or state school trust land have been enrolled into an agreement for the implementation of a rotational grazing system or grass planting.

Water infiltration tests were performed on project sites in 2018 to provide baseline data for the grazing systems prior to full implementation of the project. These tests were performed with the lessees present so that knowledge can be shared. Materials were provided to those present so that the tests can be applied to other pastures. Water infiltration tests are replicated three times on the soil type that is most common to the property. Performing three tests provides an average water infiltration rate. It will be exciting to see how infiltration rates respond to increased rest recovery periods on grazing paddocks.

Photos of the project are posted on the Outdoor Heritage Fund website along with the status report.

**6/25/2019 Status Report** - The report states in part:
Two new agreements were signed in 2019 to date, which include 1,571 acres of State school trust and adjacent private land. The projects will include water wells, pipeline, water tanks, cross fencing, solary and power hookups. Water infiltration testing has been completed on one project site, which had an average steady infiltration rate of 4 minutes and 51 seconds. Water infiltration testing will be performed on the remaining projects in the coming weeks.

Currently, approximately 80% of the funds have been allocated to projects. Additional projects are in the process of establishing an agreement to allocate the remaining funds. Infrastructure installation in process, waiting on contractors or completed and waiting for invoices from contractors. We are expecting a good portion of the projects to be completed over the summer months.

Outreach included many of the counties in the area. Significant coordination was done with soil conservation district offices including: flyers, newsletters, social media, and a speaking opportunity at the “Renville County SCD Shop Talk”. Ducks Unlimited magazine, which reaches over 575,000 subscribers, included an article about the water infiltration testing being performed and the benefits provided to downstream citizens.

Dated 6/25/2019