

**APPRAISAL OF THE
A & E ETHANOL PLANT SITE
GALLATIN COUNTY, STATE OF MONTANA**

Prepared for
Gallatin County Commissioners
Gallatin County Courthouse
311 W. Main Street
Bozeman, Montana

By
Dennis C. Hoeger, ARA, MAI

Date of Value - July 9, 2002
Date of Inspection - July 9, 2002
Date of Report - August 12, 2002

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August 12, 2002

Gallatin County Commissioners
Gallatin County Courthouse
311 W. Main Street
Bozeman, MT 59715

Dear Commissioners:

At the request of Christopher B. Gary, Chief Deputy County Attorney, I have prepared an appraisal of the A & E Ethanol Plant site south of Amsterdam.

The purpose of the appraisal is to estimate the market value of the appraised property as of July 29, 2002.

The opinions stated in the accompanying report are based on my inspection of the appraised property, the comparable sales and assembly of all pertinent data. The property was inspected on July 9, 29 and August 8, 2002.

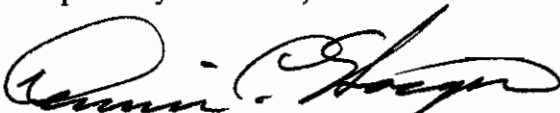
It is my opinion, after weighing all the data gathered during the preparation of the report, that the estimated market value of the subject property, as of July 29, 2002 in its present condition was:

\$58,000

While I report my conclusion of market value for this property, there is the element of stigma that many accompany this site. While the Montana Department of Environmental Quality has indicated that the property may have a potential environmental liability from ground water nitrate contamination, they further say that, "Considering the short duration of operations at the plant ad the time since last operation, more extensive problems posing a public health threat are unlikely."

If the public perceives that this site is an environmental liability and/or that the time and effort to get the remnants of the plant removed are too great, then the actual value realized by a sale could be less than my conclusion of value. The element of public perception is a factor that cannot be measured.

Respectfully submitted,



Dennis C. Hoeger, MAI, ARA

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SUMMARY OF FACTS AND CONCLUSION

OWNER OF RECORD: Gallatin County, Montana

TYPE OF PROPERTY: Abandoned Commercial

LOCATION: One mile southwest of
Amsterdam, MT

LEGAL DESCRIPTION: Tract A Certificate of Survey No. 998,
Section 23, T1S-R3E, P.M.M.

SIZE 10.02 acres

HIGHEST AND BEST USE: Rural Residential

DATE OF VALUE ESTIMATE: July 29, 2002

DATE OF APPRAISAL August 12, 2002

FINAL ESTIMATE OF VALUE: \$58,000

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report, the letter of transmittal and certification are subject to the following assumptions and limiting conditions; and also, any special qualifying conditions which may be contained elsewhere in the report are incorporated by reference.

ASSUMPTIONS

That the legal description, as furnished, is correct; and that the title to the property is good and marketable. All existing liens and encumbrances, if any, have been disregarded. The property is appraised as though free and clear of other burdens, under responsible ownership and competent management.

That the land dimensions taken from available maps, plats, and/or surveys are correct. It has been assumed that those boundaries that are apparent are correct..

That no adverse water table or soil conditions exist, and no representation regarding such conditions is made in this report unless specifically stated; and, that the value estimated is predicted on the absence of any such conditions occurring.

That opinions, estimates, data and statistics supplied by others in the course of this study, are correct; the assumption has been made that the sources are reliable, but no responsibility has been inferred for their accuracy.

This report does not contemplate any court action, nor does it obligate the appraiser to give any testimony or make any appearance in court, before commission, arbitrator or any other individual, body or agency. If court action or appearance later becomes necessary in the interest of the client, the terms of the additional service shall be negotiated at that time.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. I have no knowledge of the existence of such materials on or in the property. I am not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. This extends to any leaks from underground fuel storage tanks. The value estimate is predicated on the assumption that there is no such material on or in the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. Any such environmental risk discovered at a later date may require a revised estimate of value that may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may also carry a stigma in the market place that may or may not effect the value. If future soil tests should reveal the existence of

any such soil conditions or hazardous waste, we reserve the right to review and adjust this appraisal accordingly.

A field investigation report was prepared by the Montana Department of Environmental Quality after a February 20, 1997 inspection of the plant site. The report indicates that there is a potential environmental liability due to ground water contamination from nitrates, although the report says that "nitrate concentrations could be elevated by surrounding agricultural land use." The report concludes, "Considering the short duration of operations at the plant and the time since last operation, more extensive problems posing a public health threat are unlikely."

LIMITING CONDITIONS

The appraiser is not responsible for any matter legal in character, nor is any opinion rendered as to title, which is assumed to be marketable.

The value reflected in the analysis applies only to the program of utilization considered in this report. The use of the value in conjunction with any other appraisal or under other influences invalidates the conclusions developed.

This analysis and estimate of value is made for the exclusive use and benefit of the clients to whom it is addressed; and, possession of this report or a copy, does not carry with it the right of publication, nor may it be used for any purpose other than that intended without the previous consent of the appraiser. In any event only the entire report may be used and no part shall be taken or used out of context.

Included as an integral part of this report are maps and photographs of the appraised property and land sales. The maps and photographs were prepared and taken by the appraiser, and although they do not purport to represent survey accuracy, they are substantially correct and adequately serve as visual reference to the property.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers. Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraisers or the firm with which they are connected or any reference to the MAI or ARA designations) shall be disseminated to the public through advertising media, public relations, news media, sales media, or any other public means of communication without the prior written consent and approval of the author.

The Appraisal Institute and the American Society of Farm Managers and Rural Appraisers conducts a voluntary program of continuing education for its members. ARA's and MAI's who meet the minimum standards of this program are awarded periodic educational certification. Dennis C. Hoeger is currently certified under the AI and ASFMRA voluntary continuing education programs.

DENNIS C. HOEGER

Employment

- First National Bank of Denver: Employed June 1973 to July 1975 in Denver, Colorado appraising residential, commercial, industrial, rural, special purpose and development properties.
- The appraisals were for estate and inheritance tax purposes, estate planning and investment analysis.
- Western Farm Management Company: Employed July 1975 to September 1977 In Denver, Colorado office appraising and managing rural property.
- Hoeger Appraisal Company: Self employed September 1977 to April 1983 in Bozeman, Montana appraising all types of property.
- Doane Western Company: From April 1983 to September 1985 as office manager for the Montana area office. This firm is a service company dedicated to rural properties. The main concentration is on appraising, mortgage loans, brokerage, management and consulting services.
- Hoeger-Jackson and Associates: Self employed September 1985 in Bozeman, Montana appraising all types of properties, providing management and consulting services, throughout the State of Montana.
- U. S. Dept. of Justice Appointed bankruptcy trustee November, 1988 in District of Montana for Chapter 12 cases in the Billings District.

TYPES OF ASSIGNMENTS

- Appraisals: Mountain and Great Plains ranches, irrigated and dryland farms, recreational land, commercial industrial, residential and special purpose properties. Scenic and conservation easements, easements for rights-of-way.
- Management: Direct management of irrigated and dryland farms and development of land for irrigation.
- Consultation: Property purchases and sales. Negotiate leases between landowner and operators. Management plans for farming operations. Depreciation schedules for income properties.
- Trustee: Acts as trustee in Chapter 12 bankruptcies in the District of Montana.
- Qualified as expert witness in Federal and State Court.

INSTRUCTOR

Community College of
Denver, Red Rocks Campus:

Residential Property
Income Property

American Society of
Farm Managers & Rural
Appraisers:

A-10 Fundamentals of Appraising
A-12 Standards and Ethics
A-20 Principles of Rural Appraising
A-30 Advanced Rural Appraisal
Conservation Easement Seminar
Sales Analysis Seminar

PROFESSIONAL AFFILIATIONS

Member:

ARA (Accredited Rural Appraiser)
American Society of Farm Managers and Rural Appraisers.

Montana Chapter - American Society of Farm Managers and
Rural Appraisers.

MAI Member of the Appraisal Institute

State of Montana:

Certified General Appraiser - Certificate No. 75

SPECIAL SCHOOLS

Successfully completed the following courses sponsored by:

American Society of Farm Managers and Rural Appraisers

Ranch Appraisal
Ranch Management
Farm Appraisal

American Institute of Real Estate Appraisers

Basic Principles, Methods, Techniques
Capitalization Theory and Techniques
Urban Properties
Litigation Valuation

Numerous seminars sponsored by the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers.

PART II
FACTUAL DATA

OBJECTIVE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property in its present condition, as of July 29, 2002.. The property was inspected on July 9, 29 and August 8, 2002. The report is dated August 12, 2002. I understand the appraisal will be used by the County Commissioners for internal purposes and possible disposal of the property.

Market value can be defined as: the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents normal consideration for the property sold unaffected by special or creative financing or sales concessions granted to anyone associated with the sale.¹

The condition I am appraising for cash, or in market terms equivalent to cash.

I have estimated the normal exposure time in the area of the appraised property to be one year or less, under the existing market conditions as of the appraisal date of July 29, 2002. This estimated marketing time frame applies to properties such as the appraised property, based on days on market for similar properties.

In this appraisal, the unencumbered fee simple estate is appraised subject to normal easements. No encroachments or other easements that would adversely affect the property were noted. The property is appraised as though free and clear of any liens or indebtedness, and all taxes and assessments due are paid unless specifically stated otherwise in this report.

To estimate the market value of the appraised property, I have investigated the market in which the subject is situated, and have attempted to identify and analyze all relevant data that

¹Appraisal Institute, The Appraisal of Real Estate, 12th Edition, (2001) p. 21-24

may affect or indicate property value. This market data includes economic and demographic trends, comparable sales data, and significant rates and ratios relating to value. Market data was collected from Court House records, Realtors, appraisers, and buyers and sellers.

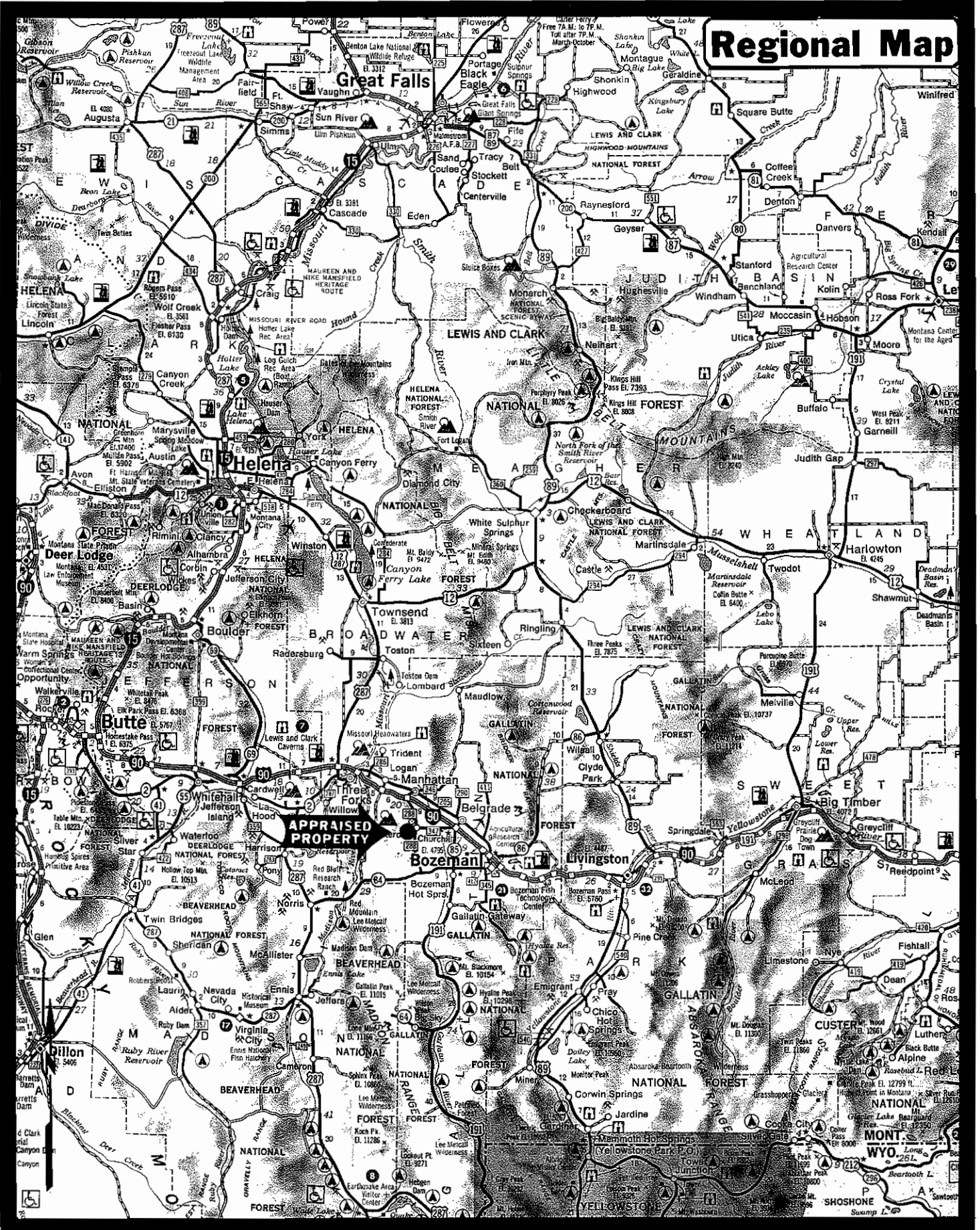
This is a complete summary appraisal report as set forth in the Uniform Standards of Professional Appraisal Practice.

The intended users of this report are the Gallatin County Commissioners. I understand that this report will be a public document.

LEGAL DESCRIPTION

Tract A, Certificate of Survey No. 998 located in the NW1/4NW1/4 Section 23, Township 1 south, Range 3 East, Montana Principle Meridian.

Regional Map



REGIONAL DATA

The value of real property is influenced by the interaction of basic forces that motivate human activity. These forces can be divided into four major categories: social trends, economic circumstances, governmental controls and regulations, and environmental conditions. The regional data will be discussed subject to these four forces.

Social Trends

Gallatin County had an estimated 67,831 residents in 2000, an increase of 34 percent over the 1990 figures. Considering the county's area of 2,510 square miles, this translates into 27 people per square mile. Most of the population is centered in the Gallatin Valley between Bozeman, the county's most populous city at 27,509, to Three Forks on the west edge of the county. The Gallatin Development Corporation, a local private development council dedicated to economic growth, estimates that over 90% of Gallatin County's population lives in Bozeman or within a ½ hour's drive.

A substantial percentage of the county population have been attracted to Gallatin County by the scenic amenities and so called quality of life. Educational resources, recreational opportunities, cultural activities, and a comparatively low cost of living combine to bring new residents to the county every year.

There are elementary, junior high and high schools located in Bozeman, Belgrade, Manhattan, Three Forks, and West Yellowstone, as well as several rural schools. Montana State University is a four year public, comprehensive, land-grant university with undergraduate and graduate programs in liberal arts, sciences, professional areas, agriculture, architecture, business, nursing, education, and engineering. Montana State University is located in Bozeman. Community Adult Education programs are also offered to county residents in Bozeman.

The Museum of the Rockies, located in Bozeman, is a university/community/state supported regional museum dedicated to the interpretation of the physical and cultural heritage of the northern Rocky Mountain region.

Gallatin County has one daily newspaper, the Bozeman Daily Chronicle, established in 1883, with a daily circulation of over 13,500. The U.S. Postal service, Federal Express, and UPS provide a full range of shipping and freight options to Gallatin County.

The Bozeman Deaconess Hospital and an adjacent 34,000 square foot medical office building provides the county's only extensive medical facilities, with 86 acute care beds and 8 ICU beds.

Outdoor recreational opportunities in the county are nearly boundless. The year-round diversions include alpine and cross country skiing, fishing, hunting, rafting, kayaking, golf, tennis, hiking, mountain biking, etc.. In addition to outdoor opportunities, there are extensive facilities available at Montana State University in Bozeman, as well as city and county recreational facilities.

Gallatin County also has several unique cultural events and organizations available to county residents, including arts festivals, fairs (both winter and summer), community theater, rodeos, and air shows to offer a few examples.

Economic Circumstances

Gallatin County appears to have an ample, educated work force. Contributing factors include the presence of Montana State University, and the attractiveness of the area which brings educated people to the area seeking the way of life offered in Gallatin County.

Like most of Montana in general, agriculture is an important element of Gallatin County's economy. Nearly 835 farms constitute a significant part of the county economic base. The county's agricultural commodities include livestock, dairy products, small grains, hay, and potatoes. The most recent statistics indicate that Gallatin County generated \$28.2 million from livestock and \$34.7 million from crops; government payments added another \$4.4 million.

The Valley's primary trade area extends over a five-county region containing a population of more than 104,000. Retail sales in Gallatin County increased by approximately 94% in the period from 1982 to 1992, with an estimated retail sales volume in 1992 of \$522.5 million. Gallatin County is the second fastest growing major trade center county in Montana.

Per capita personal income in Gallatin County in 1998 stood at \$22,820. This figure reflects the high proportion of part-time and/or student workers concentrated in the Bozeman area, near the Montana State University campus.

Approximately 2,200 licensed businesses operated in Gallatin County as of 1994. Included in this total are businesses operating in services, retail trade, construction, finance/insurance/real estate, wholesale trade, manufacturing, transportation/public utilities, agriculture/forestry/fishing, and mining. These individual business sectors are listed in descending order of numerical dominance, and **not** in the order of total cash receipts.

A comparison between commercial/industrial permits for new construction and for improvement construction in the county show the value of new construction permits peaked in the early 1980's, with relative stability until the early 1990's when it began to rise again.

Gallatin County's rise in residential construction in the early to mid-1980's slowed towards the late 1980's, and is now rising again. The recent strong residential real estate market reflects a stable to growing area economy.

The Bozeman City Engineers office provided the following information on building permits in the Bozeman area.

<u>Year</u>	<u>Type Construction</u>	<u>No. Permits</u>	<u>\$ Value</u>
2001	New Residential	288	\$36,523,253
	New Commercial	<u>18</u>	<u>\$18,280,936</u>
		321	\$54,804,189
2000	New residential	353	\$30,468,115
	New commercial	<u>18</u>	<u>\$21,462,759</u>
		371	\$51,930,874
1999	New residential	310	\$42,150,917
	New commercial	<u>45</u>	<u>29,171,374</u>
		355	\$71,322,291
1998	New residential	344	\$29,587,835
	New commercial	<u>17</u>	<u>9,993,000</u>
	Total	361	\$39,580,835
1997	New residential	236	\$26,844,292
	New commercial	23	19,705,651
	Other	<u>4</u>	<u>521,762</u>
	Total	263	\$47,071,705
1996	New residential	292	\$33,116,199
	New commercial	23	3,734,521
	Other	<u>3</u>	<u>1,365,400</u>
	Total	318	\$38,216,120
1995	New residential	230	\$28,645,474
	New commercial	30	8,626,172
	Other	<u>11</u>	<u>16,313,144</u>
	Total	271	\$53,584,790
1994	New residential	245	\$25,052,562
	New commercial	28	21,173,483
	Other	<u>269</u>	<u>46,332,435</u>
	Total	542	\$92,548,489

Similar growth has occurred in the rural areas surrounding the communities of Gallatin Gateway, Belgrade, Manhattan and Three Forks.

Another indicator of total economic growth in Gallatin County pertains to annual airline boardings. Boardings at Gallatin Field grew from 80,735 in 1980 to 128,675 in 1990; 1998 boardings were 218,117.

Governmental Controls

Gallatin County assesses an ad valorem property tax to fund public schools and other State and County agencies. The State of Montana levies an income tax. There is no sales tax in Montana at present.

Police protection to the county's outlying area is provided by the Gallatin County Sheriff's Office, which is headquartered in Bozeman. In the Belgrade city limits the Belgrade Police Department provides police protection.

Environmental Conditions

Gallatin County contains 2,510 square miles in the southwest portion of Montana; it is bordered on the west by Madison and Jefferson Counties, on the north by Broadwater County, on the east by Park County, and on the south by Wyoming and Yellowstone National Park.

Bozeman is the Gallatin County seat.

The average annual number of frost free days is 107, with the last freeze usually coming around the end of May, and the first freeze in the fall normally around the first part of September. At the reporting station in Belgrade, the average annual precipitation is 13.91". The average daily temperatures in Belgrade are as follows for these respective months of the year:

January: 16.4 degrees F.
March: 28.0 degrees F.
May: 50.7 degrees F.
July: 66.5 degrees F.
September: 54.3 degrees F.
November: 30.7 degrees F.

Conclusion

Gallatin County is a growing, attractive area as the data suggests. Bozeman and many other areas of western Montana have seen many new residents moving to the area from other parts of the country. This trend is expected to continue in the foreseeable future.

NEIGHBORHOOD DATA

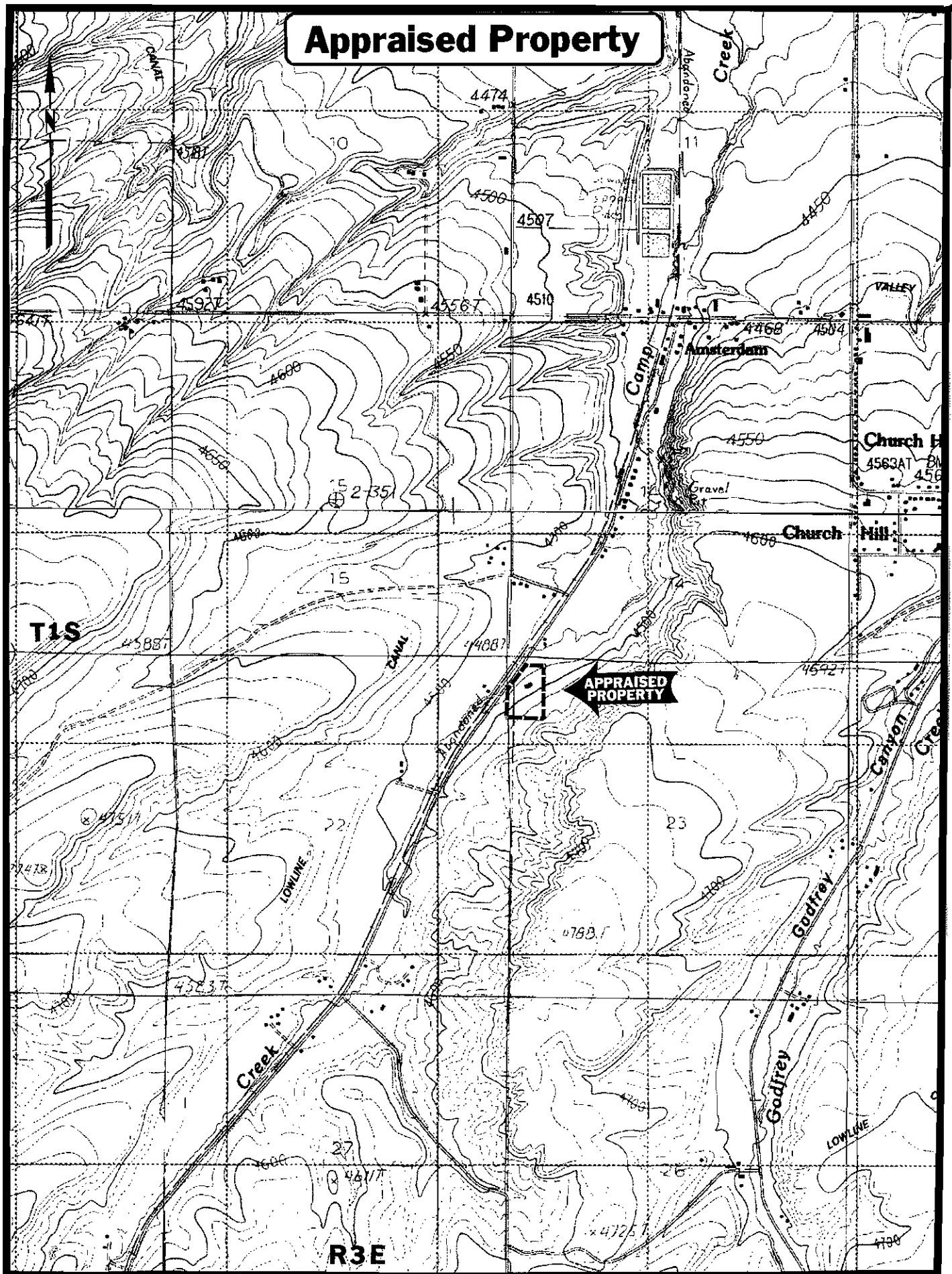
The general neighborhood of the appraised property is the rural residential areas of Gallatin County. The more immediate neighborhood is the rural Amsterdam - Church Hill area.

The appraised property is located on Camp Creek Road, approximately 1 mile south of Amsterdam. Rural residences line the east side of Camp Creek Road from Amsterdam to the appraised property. There are scattered rural residences and farmsteads south of the appraised property, along Camp Creek Road, to Highway 84 at Anceney.

There are a limited number of commercial enterprises in Amsterdam and Church Hill, most services and suppliers are located in Bozeman and Belgrade.

This is primarily an agricultural area and will remain so in the foreseeable future. While rural residential subdivisions are growing in Gallatin County, this immediate area has seen slower rural residential growth than most other areas.

Appraised Property



PROPERTY DATA

The appraised property is the site of the former A & E Ethanol Plant. It is a 10.02 acre site that is located approximately 1 mile southwest of Amsterdam on the Camp Creek Road.

Access to the property is from Camp Creek Road which forms a part of the northwest side of the property. Camp Creek Road is paved from Amsterdam to the north side of the appraised property; from the property south, the road is gravel to its intersection with Highway 84 at Anceney.

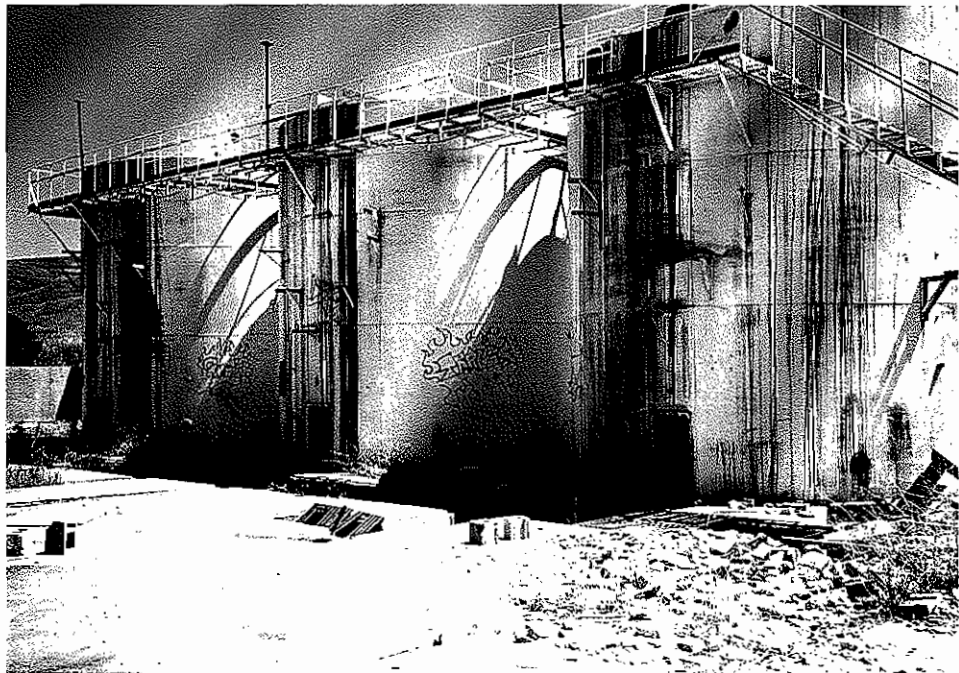
The property is gently to moderately sloping from south to north and has a cover of native grasses and weeds. The remnants of the A & E Ethanol plant remain on the site. These include concrete slabs, walls, pits and three steel tanks with assorted piping. There is also scrap metal littered around the site. The plant apparently operated only a short time in the early 1980's. What remains on site does not add to the value of the property, but is a detriment and will have to be removed to make the site useful for any purpose. These remnants of the plant can best be visualized by referring to the photos that are included in this report. Mr. Greg Poncelet, Montana Ready Mix, Ltd., has prepared an estimated cost of demolition and disposal of the plant remnants. Along with the cost estimate, he has prepared a scale drawing of the remaining plant that must be removed. His cost estimate and the drawing are in the Addendum.

The Montana Department of Environmental Quality made a field investigative report after a February 20, 1997 inspection of the site. They conclude that there may be a potential environmental liability from ground water nitrate contamination, but conclude that, "nitrate concentration could be elevated by surrounding agricultural land use." They conclude, "Considering the short duration of operations at the plant and the time since last operation, more extensive problems posing a public health threat are unlikely."

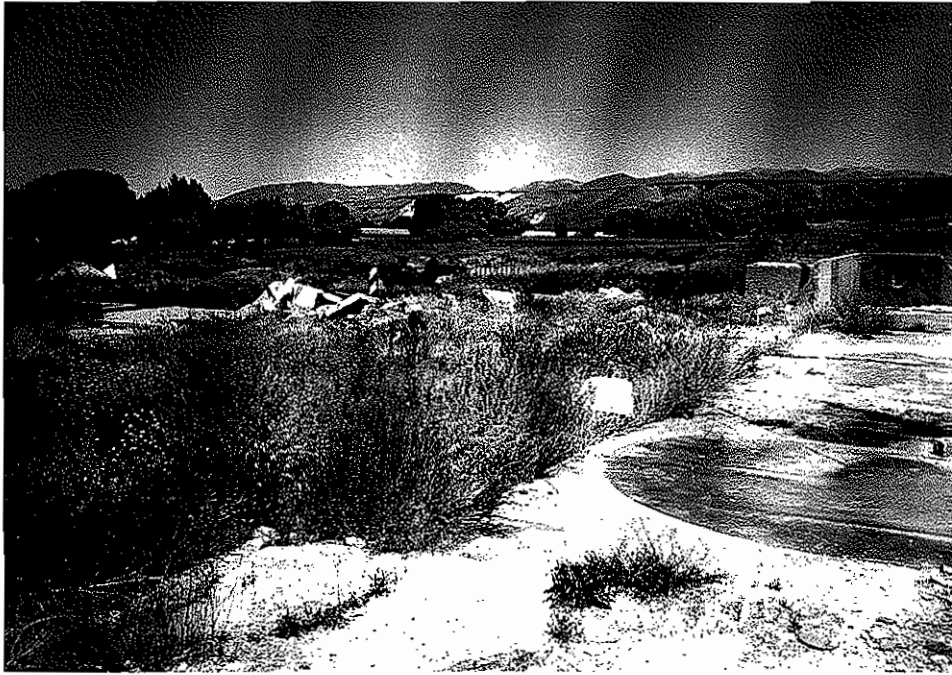
The County acquired the property by tax deed July 19, 1987.



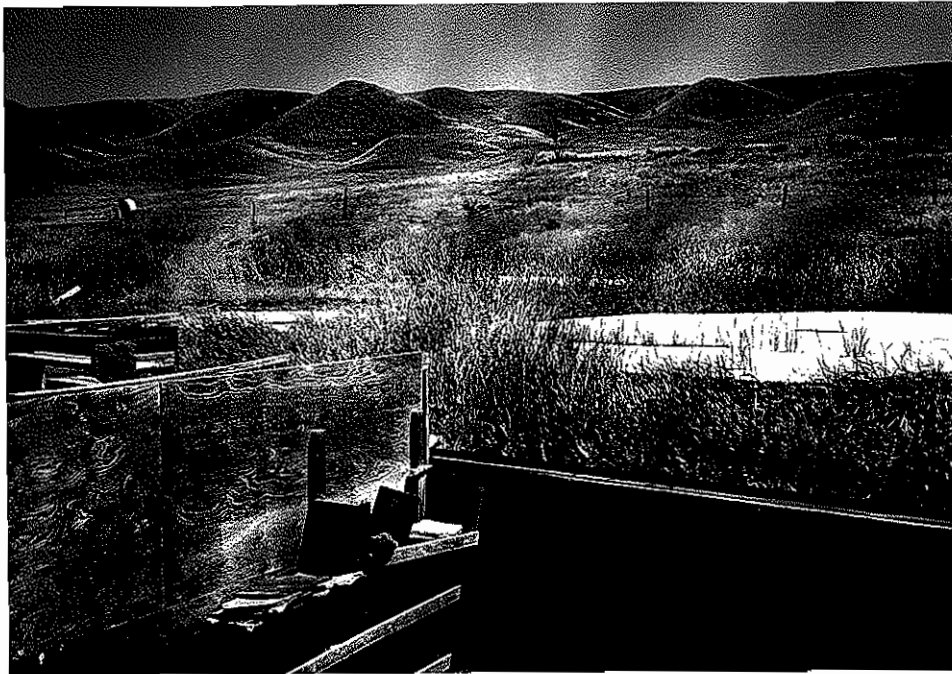
View south at abandoned improvements from access road.
7-09-02. B.Lea



Looking southeast at tanks, 7-09-02. B.Lea



Looking northeast from near tanks, 07-09-02. B.Lea



Looking east from near tanks, property boundary at fence,
7-09-02. B.Lea



Looking northwest. Property boundary is Camp Creek Road at power pole, 7-09-02. B.Lea



Looking southwest from near tanks, 7-09-02. B.Lea

PART III
ANALYSIS AND CONCLUSIONS

THE APPRAISAL PROCESS

The appraisal process is an orderly procedure of gathering information from the market which will lead to an estimate of value.

There are three approaches to value which should be considered when arriving at an estimate of value for real estate. These are: 1) The cost approach; 2) the sales comparison approach; 3) the income approach.

In the cost approach, the value of the land portion of the property is estimated from comparable market data. Next, the replacement cost of the building and improvements is estimated; accrued depreciation is estimated and subtracted from the replacement cost estimate, for an indication of the contributing value of the buildings. The estimated value of the land added to the contributing value of the buildings, results in an estimate of value by the cost approach.

The sales comparison approach estimates market value by comparing the appraised property with recently sold comparable properties. The comparable sales are analyzed, and compared to the subject property using the appropriate units of comparison to derive an indication of market value for the appraised property.

The income capitalization approach to value consists of methods and techniques that an appraiser uses to analyze a property's capacity to generate future benefits (i.e. usually the monetary benefits of income and/or reversion). These future benefits are converted into an indication of present value in the income capitalization approach to value.

Whenever possible, all three approaches should be used. One approach, however, will often be given greater weight than the others depending on the type of property, the most convincing factual data, and the objective of the appraisal.

In this appraisal, only the sales comparison approach is used. The abandoned improvements create a negative value and the cost of their removal was made by Greg Poncelet. The cost approach was not used because there are no improvements that add value to the property. The income approach is not used because sites such as this are typically not leased.

ANALYSIS OF HIGHEST AND BEST USE

The highest and best use of a specific parcel of land does not depend on subjective analysis by the property owner, the appraiser, or a property developer. Rather, highest and best use is shaped by the competitive forces within the market where the property is located.

In all valuation assignments, value estimates are based on use. Consequently, highest and best use is the foundation of any property value estimate.

Highest and best use may be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.¹

When a site contains improvements, the concluded highest and best use may be different from the existing use. The existing use will continue unless and until the vacant land value, at its highest and best, exceeds the sum of the value of the entire property in its existing use, plus the cost to remove the improvements.

In order to ascertain the highest and best use of the appraised site, a number of factors were taken into consideration. These include the physical characteristics of the property such as location, access, size, topography and utilities. Legal factors considered in this analysis include the zoning ordinance which may restrict use of the appraised property. The present use of surrounding land as well as the demand for properties for different types of development in the area were also considered.

An analysis must test for the highest and best use as though vacant, and as if improved.

The following discussion will test for the four basic criteria. The highest and best use must be:

1. Physically possible
2. Legal permissible
3. Financially feasible
4. Maximally productive

¹ Appraisal Institute, The Appraisal of Real Estate, 12th Edition, (2001), p.305-307.

Physically Possible

From a hypothetical standpoint, many uses are possible on the appraised property. The property is an abandoned industrial site. The site is littered with the remnants of the A & E Ethanol plant, which includes steel tanks, concrete foundations, walls, slabs and scrap metal. In its present condition, it isn't of much use for any purpose. If it were cleared of the remnants of the ethanol plant, the site could be used for native rangeland, another industrial use or as a rural residential site. There is no other commercial or industrial use except in Amsterdam and Church Hill. There is residential use north and south of the appraised property along Camp Creek Road.

Legally Permissible

The appraised property is not zoned. The former industrial use was apparently legally permissible and probably any use that would qualify for a septic permit would be legally permissible. There is an existing well on site, but it is not known whether or not there is a septic system.

Financially Feasible

Use of any given property is financially feasible if the return will cover all costs and provide an adequate return to the property owner. The ethanol plant was not a successful venture, but the reasons are not known. There does not appear to be demand for an industrial or commercial use of the property at this time. There are rural residences in the area, some of which are relatively new.

Maximally Productive

The maximally productive use is the one that creates the greatest amount of return. Considering the location, the surrounding land uses and apparent demand in the area, use as a rural residential site is the maximally productive use of the appraised property.

Conclusion

Having considered all of the uses mentioned above, and having investigated sales in the surrounding area, it is my conclusion that the highest and best use of the appraised property, as of July 29, 2002, was as a rural residential site. This use, however, can only be realized after the remnants of the ethanol plant are demolished and the site is clean up.

SALES COMPARISON APPROACH

To process the sales comparison approach, the appraiser uses the following procedure:

- 1) Research the market to obtain information on sales and offers to purchase properties similar to the appraised property.
- 2) Select the relevant unit(s) of comparison (dollars per square foot, per acre, whole property, etc.)
- 3) Compare the appraised property and the sale properties using the unit(s) of comparison and conclude an estimate of value of the appraised property.

Sales research was conducted around the Gallatin Valley for sales similar to the appraised property. The following table summarizes the sales; a complete sales data sheet can be found in the Addendum.

Sale	Grantor	Grantee	Date	Ac. Size	Sale Price Per Ac.	Adj. Price/Ac
1	Pastorino	Jesse	06-04-22	20.03	\$ 8,337	\$ 12,047
2	Cameron	Ruefer	03-22-02	11.31	\$ 18,558	\$ 12,990
3	Banning	Kachadurian	11-30-01	30.16	\$ 4,638	\$ 11,131
4	Burnside	Fox	11-07-01	20.00	\$ 7,495	\$ 12,742
5	MT Dream	DeHaan	10-17-01	11.56	\$ 19,896	\$ 13,927
6	Olmstead	Little	07-09-01	10.28	\$ 14,586	\$ 12,398
		County	07-29-02	10.26		

Sale 1 sold in June, 2002, is a 20.03 acre parcel located just west of Anceney in Ruby Mountain Estates; this parcel sold for \$8,337 per acre. This sale required an upward adjustment for size and a downward adjustment for location and access, indicating a price of \$12,047 per acre.

Sale 2 sold in March, 2002, is an 11.31 acre parcel located in Cameron Bridge Estates; this parcel sold for \$18,558 per acre. This sale required no adjustment for size, but a downward adjustment for location and access, indicating a price of \$12,990 per acre

Sale 3 sold in November, 2001, is a 30.16 acre parcel located on Yankee Creek Road south of Gallatin Gateway; this parcel sold for \$4,638 per acre. This sale required an upward adjustment for size, but is similar in location and access, indicating a price of \$11,131 per acre.

Sale 4 sold in November, 2001, is a 20 acre parcel located southwest of Gallatin Gateway on the Gateway South Road; this parcel sold for \$7,495 per acre. This sale required an upward adjustment for size, but is similar in location and access, indicating a price of \$12,742 per acre.

Sale 5 sold in October, 2001, is an 11.56 acres parcel located in Cameron Bridge Estates; this parcel sold for \$19,896 per acre. This sale is similar in size, but required a downward adjustment for location and access, indicating \$13,927 per acre.

Sale 6 sold in July, 2001, is a 10.28 acre parcel located in Bear Creek Properties south of Gallatin Gateway; this parcel sold for \$14,586 per acre. This sale is similar in size, but requires a downward adjustment for location and access, indicating a price of \$12,398 per acre.

These six sales indicate a conclusion in the \$11,131 to \$13,927 per acre price range. Because the site has the remnants of the A & E plant, a conclusion at the low end of the range is appropriate.

None of the six sales used in this report had any debris on the site when they sold.

After considering all of the data gathered during the preparation of this report, the concluded market value of the appraised property, as a clean site, ready for development to its highest and best use is \$11,500 per acre.

$$10.02 \text{ acres @ } \$11,500 \text{ per acre} = \$115,230$$

For anyone interested in buying the property, it would be necessary to clean up the concrete, steel tanks and scrap that's on the property before the site could be usable for any purpose. Mr. Greg Poncelet of Montana Ready-Mix Ltd. has prepared a cost estimate to remove all of the remnants of the old plant. A copy of his estimate is included in the Addendum.

Estimated Market Value As A Usable Site	\$115,230
Estimated Cost of Clean Up	\$ 57,318
Estimated Market Value - Present Condition	\$ 57,912
Rounded to	\$ 58,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Reconciliation is the final step in the valuation process. In this step, the indications of value are reconciled into a final indication of value.

In this appraisal, only the sales comparison approach to value was used. The income approach was not used because similar sites are not leased for income producing purposes. The cost approach was not used because there are no structures on site that contribute value. In fact the remnants of the A & E plant that are located on the appraised property create a negative value because of the necessity of removing them to make the site usable.

Good data was available to process the sales comparison approach; while there were not a large number of sales in the immediate area, there was adequate data and the conclusion, as if it were a clean site, is considered highly reliable. The cost estimate, prepared by Greg Poncelet, to remove and clean up the site appears to be reasonable.

After considering all of the data gathered during the preparation of this report, it is the appraiser's opinion that the estimated market value of the old A& E plant site in its present condition, as of July 29, 2002, was:

\$58,000

While I report my conclusion of market value for this property, there is the element of stigma that may accompany this site. While the Montana Department of Environmental Quality has indicated that the property may have a potential environmental liability from ground water nitrate contamination, they further say that, "Considering the short duration of operations at the plant and the time since last operation, more extensive problems posing a public health threat are unlikely."

If the public perceives that this site is an environmental liability and/or that the time and effort to get the remnants of the plant removed are too great, then the actual value realized by a sale could be less than my conclusion of value. The element of public perception is a factor that cannot be measured.

CERTIFICATION

The undersigned does certify that, except as otherwise noted in this report:

Employment and compensation is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event, directly related to the intended use of this appraisal.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties

I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.

To the best of my knowledge and belief, statements of fact contained in this report, on which the analyses, opinions, and conclusions expressed are based are true and correct, and no important facts have been withheld.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.

The report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of the Professional Practice of the Appraisal Institute, and of American Society of Farm Managers and Rural Appraisers. The American Society and Appraisal Institute have the legal right to review this report.

My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

No one other than the undersigned provided significant professional assistance in the analysis, conclusions and opinions concerning the real estate that are set forth in this report. I acknowledge the assistance of Bernard Lea for market research.

The appraisal assignment was not contingent on developing or reporting predetermined results, a requested minimum valuation, a specific valuation, or approval of any proposed financing.

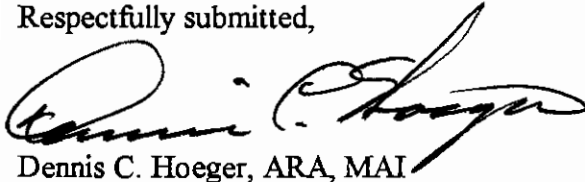
I certify, understand and agree that this report shall be subject to review in conformity with the Uniform Standards of Professional Appraisal Practice, as published by the Appraisal Foundation; and any documented finding of inadequacy shall be discussed and corrected as needed at no cost.

As of the date of this report, I Dennis C. Hoeger, MAI, have completed the requirements under the continuing education program of the Appraisal Institute. Dennis C. Hoeger is currently certified under the voluntary continuing education program of the American Society of Farm Managers and Rural Appraisers.

Dennis C. Hoeger is currently certified as a Certified General Real Estate Appraiser pursuant to the provisions of Title 37, Chapter 54, Montana Codes Annotated; Certificate #75.

This is a complete summary appraisal report as set forth in the Uniform Standards of Professional Appraisal Practice.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis C. Hoeger", written in a cursive style.

Dennis C. Hoeger, ARA, MAI
Certified General Appraiser #75
State of Montana

PART IV
ADDENDUM

Sale No. 1



Grantor: Pete and Sandra E. Pastorino

Grantee: Steven W. & Debora J. Jesse

County: Gallatin

Document: WD

Document No. 2071509

Date of Sale: 6-04-02

Total Sale Price: \$167,000

Terms: Cash

Description: T2S-R3E, P.M.M Section 21: Lot 13, COS No. 1722

Size: 20.03 acres

SALES ANALYSIS

Location: Approximately 9 miles west of Four corners, MT

Access: Montana State Highway No. 84 and gravel subdivision roads

Zoning: Restrictive covenants

Topography: Gently rolling

Improvements: None

Other Factors: 20.03 acres @ \$8,337 per acre = \$166,990

Sale No. 2



Grantor: Cameron Bridge Estates

Grantee: Rebecca Ruefer

County: Gallatin

Document: WD

Document No. 2064091

Date of Sale: 3-22-02

Total Sale Price: \$209,900

Terms: Cash

Description: T1S-R4E, P.M.M. Section 16: Lot 2, COS No. 299

Size: 11.31 acres

SALES ANALYSIS

Location: Approximately 5 miles southwest of Belgrade, MT

Access: Paved Linney road and Rocking Horse Road

Zoning: Restrictive covenants

Topography: Nearly level

Improvements: None

Other Factors: 11.31 acres at \$18,558 per acre = \$209,890

Sale No. 3



Grantor: Michael T. Banning

Grantee: Margaret M. Kachadurian

County: Gallatin

Document: WD

Document No. 2054269

Date of Sale: 11-30-02

Total Sale Price: \$139,900

Terms: Cash

Description: T3S-R4E, P.M.M. Section 34: Tract 8A, COS No. 1115A

Size: 30.16 acres

SALES ANALYSIS

Location: Approximately 5 miles south of Gallatin Gateway, MT

Access: Gravel Yankee Creek Road

Zoning: Restrictive covenants

Topography: Gently rolling

Improvements: None

Other Factors: 30.16 acres @ \$4,638 per acre = \$139,882

Sale No. 4



Grantor: Jimmie L. & Polly A. Burnside

Grantee: Alex T. & Christine R. Fox

County: Gallatin

Document: WD

Document No. 2053185

Date of Sale: 11-07-02

Total Sale Price: \$149,900

Terms: Cash

Description: T3S-R3E, P.M.M. Section 10: Tract 7, COS No. 1554

Size: 20.00 acres

SALES ANALYSIS

Location: Approximately 2 miles southwest of Gallatin Gateway, MT

Access: Paved Gateway South Road

Zoning: Restrictive covenants

Topography: Nearly level

Improvements: None at time of sale

Other Factors: 20.00 acres at \$7,495 per acre = \$149,900

Sale No. 5



Grantor: Montana Dream and Land, L.L.C.

Grantee: Darrel W. & Judith K. DeHaan

County: Gallatin

Document: WD

Document No. 2050747

Date of Sale: 10-17-01

Total Sale Price: \$230,000

Terms: Cash

Description: T1S-R4E, P.M.M. Section 16: Tract 3A, COS No. 2219A

Size: 11.56 acres

SALES ANALYSIS

Location: Approximately 5 miles southwest of Belgrade, MT

Access: Paved Linney and Rockinghorse Roads

Zoning: Restrictive covenants

Topography: Gently sloping

Improvements: None

Other Factors: 11.56 acres at \$19,896 per acre = \$229,997

Sale No. 6



Grantor: Corey D. Olmstead

Grantee: Little Bear House, L.L.C.

County: Gallatin

Document: WD

Document No. 2041749

Date of Sale: 7-09-01

Total Sale Price: \$149,950

Terms: Cash

Description: T3S-R4E, P.M.M. Section 26: Lot 32, Plat No. J-84

Size: 10.28 acres

SALES ANALYSIS

Location: Approximately 3 miles south of Gallatin Gateway, MT

Access: Gravel Wilson Creek and Upper Tom Burke Roads

Zoning: Restrictive covenants

Topography: Gently sloping from east to west

Improvements: None at time of sale

Other Factors: 10.28 acres at \$14,586 per acre = \$149,944

Montana Ready-Mix Ltd.

Greg Poncelet, President
209 East Cedar • Bozeman, MT 59715
Phone: (406) 586-1234
Fax: (406) 586-3836

August 06, 2002

Via Fax Transmission @ (406) 587-5203 and Regular Mail Delivery

Hoeger-Jackson & Associates
Attention: Dennis Hoeger
P.O. Box 3301
Bozeman, MT 59772

RE: Quote: Alcohol Plant, Demolition and Disposal

Dear Dennis,

Please review the following quote and associated drawing. Read all of the conditions and special notes, they may significantly effect the work listed. I phoned Dan Kuchinsky, Gallatin County Bridge superintendent, and alerted him of the two life threatening 14' deep concrete pits. It is my suggestion that you inform whoever it is at the County that your doing this appraisal for of this very dangerous situation. We will cover these holes with heavy steel plates for \$500.00 if requested to do so. If you have any questions please phone our office. Thank you.

Mobilization of equipment to and from job site \$1,680.00

Weld cap on well \$ 75.00

Equipment time to excavate out walls and footings \$ 4,650.00

Demolition, Haul and Dispose Concrete Off Site \$ 43,852.80

Includes the following:

- 2,194 square feet, 8"X16" Footing
- 1,120 square feet, 8" X 14' wall
- 3,208 square feet, 8"X4' wall
- 664 square feet, 6"X4' wall
- 840 square feet, 8"X6' wall
- 3,056 square feet, 8"X8' wall
- 12 square feet, 2'X6' foundation, 24"

Page 1 of 4

READY MIX CONCRETE

- EXCAVATION
- SAND AND GRAVEL
- ROADS AND PARKING
- SEWER AND WATER
- BIO-REMEDIATION
- SITE DEVELOPMENT
- DEMOLITION
- FORMING MATERIALS
- TILT-UP CONCRETE
- UST REMOVAL & INSTALLATION

CRANE SERVICE

- TRACK LOADER
- WHEEL LOADER
- GRADER
- DUMP TRUCK
- CONCRETE BREAKER
- BACK HOE
- EXCAVATOR
- COMPACTOR
- SCRAPER
- DOZER

72 square feet, 6'X12' foundation, 18"
 520 square feet, block wall, 8"
 2,104 square feet, 6" exterior slab on grade
 11,880 square feet, 6" interior slab on grade
 4,166 square feet, 8" interior slab on grade
 Existing broken concrete piles

Dispose broken concrete onsite	DEDUCT \$10,963.20
Cover and seed	
Equipment time to backfill and grade disturbed areas	\$ 2,190.00
Equipment time to compact all backfill	ADD \$ 2,950.00
Remove and dispose tanks and all scrap	\$ 1,670.00
Seed disturbed area to dry land grass	\$ 250.00
TOTAL (without ADDS or DEDUCTS)	\$ 54,367.80

SPECIAL NOTES:

1. At the time of pricing this project, the type of scrap metal located on this project has a negative value.
2. It has been assumed that all 6" and 8" walls were placed on 8"X16" footings.
3. The septic system was not located for this quote and it is very possible that it could be destroyed during demolition. No cost has been included to remove it or repair it if damaged.
4. The site will be graded after demolition so that all cut banks are sloped.
5. Current rules and regulations allow for the disposal of broken concrete as fill, providing no pieces are larger than 1 ½ cubic feet and no rebar protrudes from any piece. If the onsite disposal option is chosen, the concrete will be reduced to the proper size, used as fill, within 300LF of its origin, covered with dirt from onsite and seeded.
6. All Concrete hauled off site will be legally disposed of.

SPECIAL CONDITIONS: (Read carefully before signing)

* Topsoil to be placed for final grade and/or site work is only for topsoil stripped from the building and paved areas. No imported topsoil is included in this quote unless specifically listed.

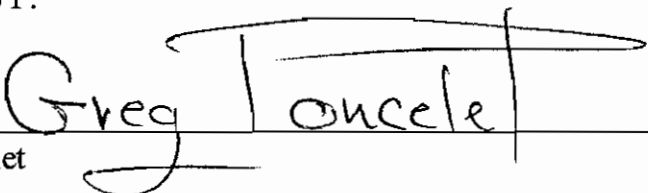
- * The owner or general contractor is required to furnish surveyed corner stakes and finished grade elevations for all structures to be excavated, including driveways and parking.
- * Ripping, excavating, and replacement of frozen materials are not included and will be charged for at an hourly rate. See our standard price list for rates.
- * Montana Ready Mix, Ltd. assumes liability for legibly marked utilities. Montana Ready Mix, Ltd. will not pay for non-located, missmarked, or illegibly marked utilities.
- * Montana Ready Mix, Ltd. will not be responsible for the settling of non-compacted materials.
- * Montana Ready Mix, Ltd. has not included any dollar amount for compacted backfill unless specifically listed.
- * Montana Ready Mix, Ltd. will not be responsible for the settling of compacted materials that are not tested for compaction rates. Montana Ready Mix has not included any dollar amount for any testing in this quote unless specifically listed. Montana Ready Mix will pay to retest, after retesting of the initial test, for any failed compaction test at normal industry rates. Montana Ready Mix guarantees to compact placed materials at the following average rates if so included in quote (weather permitting):

Over-dig along foundation walls with on-site materials under sidewalks, entrances, or paving adjacent to the building (average)	95%
Over-dig along foundation grade walls under landscaping (average)	90%
Sub-base below asphalt paving and curbs with on-site material (average)	95%
Imported granular fill base under paving, curbs, and walks (average)	98%

- * These compaction rates are standard industry accepted rates and will not vary from the above rates listed unless specifically listed in the quote. All compaction rates are for standard proctor of materials used
- * Montana Ready Mix is not responsible for any damage caused to any structures from placement of compacted or not compacted backfill. The general contractor and/or owner is responsible for any foundation bracing that may be required to properly backfill any structures.
- * If rocky or extremely hard ground conditions are encountered that can not be reasonably excavated by normal daily means, there will be an additional charge. This includes ripping, sawing, jackhammering, or shooting with explosives, unless otherwise specifically specified. See our standard price list for rates.
- * All items not specifically listed are not included.
- * De-watering of the site because of ground or surface water is not included unless specifically listed.

- * Our mobilization price includes the cost to transport all of the equipment necessary to complete this project as priced. If it becomes necessary to transport additional equipment or the quoted equipment extra times because of circumstances out of our control, we will charge extra. See enclosed general price list for rates.
- * Unforeseen circumstances which affect cost to complete a priced item will be billed on time and material basis.
- * If hazardous materials are encountered, or if Montana Ready Mix deems it necessary to consult an environmental engineer, these expenses will be billed on a cost plus basis.
- * Warranty items will be replaced on a cost plus basis less any manufacturer's warranty credit given.
- * Note: All items and conditions listed in our quote supersedes any specifications listed in any bid documents, unless otherwise listed by Montana Ready Mix, Ltd. in our quote.
- * Customer agrees to pay full attorney fees and collection costs if payment is not received on a timely basis. Customer also agrees to pay periodic service charges on past due balances. Notice is hereby give of intent to file a lien if payment is not made when due. Service Charge is 1% monthly, 12% annually; minimum charge is \$1.00/month.

QUOTED BY:


8-6-02

Greg Poncellet
Date

ACCEPTED BY:

Signature

Date



209 East Cedar • Bozeman, Montana 59715

Phone (406) 586-0909 or 1-800-406-LIFT
Fax (406) 586-3836 • Mobile (406) 580-LIFT

Effective 05/08/02
h:\wpdocs\lists\price\mcs\bozeman

2002 Price List

Cranes priced by the hour with licensed operator.
Bare rental rates available. All cranes available in each location.

1-800-406-LIFT

(406) 586-0909 Office

Bozeman

06 14 Ton RO Single Axle Boom Truck	73' height	\$ 70.00
03 14 Ton National Tandem Axle Boom Truck	101' height	\$ 75.00
05 22 Ton National Tandem Axle Boom Truck	148' height	\$ 85.00
08 23 Ton National Tandem Axle Boom Truck	148' height	\$ 85.00
July 30 Ton National Tandem Axle Boom Truck	157' height	\$90.00
22 22 Ton Linkbelt 4WD Rough Terrain Crane ²	122' height	\$ 90.00
25 28 Ton Linkbelt 4WD Rough Terrain Crane ^{1,2}	122' height	\$ 95.00
26 28 Ton Linkbelt 4WD Rough Terrain Crane	122' height	\$ 95.00
21 30 Ton Linkbelt 4WD Rough Terrain Crane ^{1,2}	161' height	\$105.00
24 50 Ton Linkbelt 4WD Rough Terrain Crane ^{1,2,3}	172' height	\$125.00
43 100 Ton Linkbelt Hyd Truck Crane ^{1,5}	208' height	\$175.00
90 140 Ton Linkbelt Conventional Truck Crane ^{1,2,3,4}	260' height	\$240.00
60 TH63 Cat Extended Reach 4WD Forklift ²	42' height (6000 lb)	\$ 70.00
62 TH103 Cat Extended Reach 4WD Forklift ²	44 height (10,000 lb)	\$75.00

(406) 443-4337 Office

Helena

(406) 439-LIFT Mgr's Mobile

07 14 Ton RO Single Axle Boom Truck	73' height	\$ 70.00
02 22 Ton JLG Tandem Axle Boom Truck	120' height/remote	\$ 85.00
August 30 Ton National Tandem Axle Boom Truck	157' height	\$90.00
23 22 Ton Linkbelt 4WD Rough Terrain Crane ²	122' height	\$ 90.00
42 65 Ton Grove Hyd Truck Crane ^{1,3}	152' height	\$160.00
61 TH63 Cat Extended Reach 4WD Forklift ²	42' height (6000 lb)	\$ 70.00

(406) 771-8588 Office

Great Falls

(406) 799-LIFT Mgr's Mobile

01 15 Ton JLG Tandem Axle Boom Truck	102' height/remote	\$ 75.00
41 35 Ton Grove Hyd Truck Crane ¹	142' height	\$110.00
20 22 Ton Linkbelt 4WD Rough Terrain Crane ²	122' height	\$ 90.00

¹ Requires oversize and overweight permits at an additional cost.

³ Requires pilot car on some two lane roads.

Operator travel to and from job site in pickup	\$38.00/hour
Rigger	\$38.00/hour
Regular Labor	\$28.00/hour
Overtime	\$14.00/hour
Davis-Bacon, prevailing wage	\$10.00/hour
Per diem	\$70.00/night
Service Truck	\$15.00/hour

² Requires lowboy transport to and from most job sites.

⁴ Requires additional equipment for assembly and transport.

Pilot car and driver	\$38.00/hour
OSHA 40 trained personnel	\$20.00/hour
Transport Charges, 40-ton lowboy (plus permits)	\$75.00/hour
Transport Charges, 50-ton lowboy (plus permits)	\$80.00/hour
Transport Charges, 65-ton lowboy (plus permits)	\$90.00-115.00/hr
Add for Manbasket or work platform	\$10.00/hour
Hillman Rollers - \$50.00/day, Portapower	\$100.00/day

All heights are maximum boom tip heights, including jibs.

We provide most spreader bars and rigging required at no additional charge.

Please call for quotes, special rigging, scheduling and additional pricing not listed above.

CAT EXTENDED REACH 4WD FORKLIFTS ARE AVAILABLE FOR LEASING.

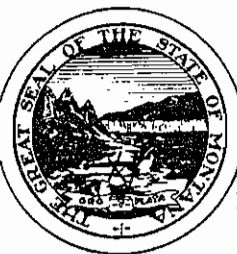
Customer is responsible for the equipment until the equipment is off site, this includes a safe adequate tow back to dry ground if the equipment is required to leave paved or graveled roadway. All tows will be paid by the customer.

RECEIVED MAR 18 1997

DEPARTMENT OF ENVIRONMENTAL QUALITY
PERMITTING & COMPLIANCE DIVISION

Metcalf Building
1520 East Sixth Ave.

MARC RACICOT, GOVERNOR



STATE OF MONTANA

Phone: (406)444-2406
Fax: (406)444-1374

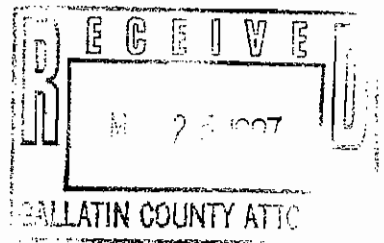
PO Box 200901
Helena, MT 59620-0901

March 17, 1997

Ethyl Alcohol Plant

*Susan,
F&I
Phil*

Mr. Phil Olsen
Gallatin County Commissioners
311 West Main, Room 301
Bozeman, MT 59715



RE: Amsterdam ethanol plant

Dear Mr. Olsen:

Enclosed is a copy of my report of the 02-20-97 inspection of the abandoned ethanol plant near Amsterdam. If you have any questions, I can be reached at 444-1454.

Sincerely,

Timothy Byron
Permitting & Compliance Division

Enc.:

*wm
J. pe*

Department of Environmental Quality
Permitting & Compliance Division
Helena, Montana 59620
Phone (406) 444-2406

FIELD INVESTIGATION REPORT

ID NO: 1013
SITE NAME: Amsterdam Ethanol Plant
COUNTY: Gallatin
INSPECTION DATE & TIME: 02-20-97: 09:30
INSPECTION TYPE: Spill Investigation
INSPECTOR(S): Tim Byron
NAME OF CONTACT: Phil Olsen
ADDRESS: Gallatin County Commissioner's Office
Gallatin County Courthouse
311 West Main St.
Bozeman, MT 59715
PHONE: 582-3000
SAMPLES COLLECTED: No

BACKGROUND:

The Department of Environmental Quality was contacted by phone on 02-0-10-97 by Mr. Phil Olsen of the Gallatin County Commissioner's Office. Mr. Olsen described property within Gallatin County near the town of Amsterdam that the county was interested in obtaining. The 10-acre property is occupied by an abandoned ethanol plant that operated for a short time in the early 1980s. Gallatin County officials were interested to learn of any potential environmental liability that would be their responsibility should they own the property. The purpose of the inspection was to determine the potential for ground water contamination from facilities associated with the abandoned plant.

INSPECTION RESULTS:

I met Mr. Olsen and several other Gallatin County staff at the property located one mile south of Amsterdam on the east side of the county road between Amsterdam and Anceney. The facilities consisted of above-ground steel tanks, concrete building foundations, subsurface concrete cisterns and associated piping, a cinder block coal storage silo and an outdoor privy. The steel tanks have capacities ranging from about 10 to 20 thousand gallons each. Three of the tanks appear to have been used for grain storage. They are open at the base and allowed inspection of the interior. All grain storage tanks are empty. The contents of the remaining tanks could not be determined.

Subsurface concrete cisterns are located along the eastern and western sides of the facility. Their location can be determined from connective piping at the surface. Access to the interior of the concrete cisterns was blocked by steel plates or earthen cover material.

I asked Mr. Olsen if he had any knowledge of the facility being used for anything other than ethanol production. He replied that, to his knowledge, ethanol production was the only use for the plant. We discussed possible contaminants generated by the plant and concluded that ground water nitrate contamination was a possibility and a downgradient well to the west and north of the property could be installed to monitor possible effects of the plant on ground water quality. Samples from the well could be compared to local well water sampled and analyzed for nitrate and ammonia. Mr. Olsen stated that Gallatin County would consider installing the monitoring well and doing the sample comparison. I stated that the ambient nitrate concentration could be elevated by surrounding agricultural landuse.

We located two production wells toward the southern end of the property. I was able to remove the cap from the well near the southwestern corner of the property and observed a static water level of 11 feet below ground surface. The county staff had copies of the drilling logs that recorded interbedded sand, gravel and clay. Ground water flow is probably to the west and north toward the channel of Camp Creek.

I summarized my assessment of the property as a potential environmental liability. Ground water nitrate contamination was a possibility that could be investigated by downgradient well installation and testing. Considering the short duration of operations at the plant and the time since last operation, more extensive problems posing a public health threat are unlikely.

RECOMMENDATIONS:

1. Provide Mr. Olsen with a copy of the inspection report.

N

15
22 23

found 1/2" iron file

N. 89° 13' 36" W. 5313.79

S 89° 13' 36" E - 303.84

REMAINDER

S 0° 32' 34" W
446.19

N 36° 28' 34" E
86.21

Comp. Creek
N 32° 20' 43" E
371.10

496.39

N 0° 32' 34" E
2656.55

MC 3400

N. 89° 13' 36" W. - 550.00

892.57

S. 0° 32' 34" W

TRACT A
10.026 acres

STATE OF
MONTANA

REMAINDER

Appraised Property

Appraised Property

