Ranchland Dynamics in the Greater Yellowstone Ecosystem: Stillwater County, Montana

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A Report to Yellowstone Heritage
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Introduction and Geographic Overview

Stillwater County extends from the high ground of the Beartooth Plateau northeast to the rolling high plains north of the Yellowstone River, encompassing a mix of landscape types common to many of Montana’s GYE counties. Primarily a rural place, the county has a population of about 8,500.\footnote{Table CO-EST2001-07-30, Time Series of Montana Population Estimates by County: April 1, 2000 to July 1, 2001, Population Division, U.S. Census Bureau, April 29, 2002.} Roughly one-third of the county residents live in the small towns of Columbus and Absarokee. Other county residents are spread out on the nearly one million acres of private land in the county, taking their mail or perhaps only a Friday night beer in the even smaller, one-store towns of Reed Point, Rapelje, Molt, Park City, Nye, and Fishtail. Several of the county’s small towns support cohesive agricultural communities—Columbus has one of the GYE’s only gas stations run by the Farmer’s Union. Though tourists flock to Red Lodge in neighboring Carbon County, and the Stillwater and Yellowstone Rivers attract plenty of boaters and fishermen, the county retains a quiet, rural feel. The Stillwater area appears to have experienced less than its share of the tourist- and resort-oriented development that has shaped so many other GYE locations in the past few decades.

The county has two predominant landscapes, separated by the Yellowstone River, which bisects the county. Rolling, semi-arid plains prevail on high elevation bluffs above the riverbeds north of the Yellowstone, where dryland farms, large cattle ranches, and gas wells constitute the primary economic activities. Northern Stillwater County is home to several wildlife and waterfowl refuges and is popular among bird, deer, and antelope hunters.

If the dominant motifs in the north are big sky and open range, the nearer one gets to the Beartooth Front, where the Stillwater River emerges from the mountains, the more the landscape has a sheltered quality. Here, greener valleys predominate along the Stillwater River and its tributaries, including Rosebud, Fishtail, and Spring Creeks. Above the creek valleys, open rangelands, benefiting from a few more inches of precipitation per year than those north of the Yellowstone, roll toward the Absaroka-Beartooth Front. The terrain is a mix of rugged foothills leading up to the Beartooth Plateau, and modest valleys along small streams and creeks tumbling down toward the Stillwater. The view from the top of a knoll can be deceptive, revealing a seemingly pristine landscape of grassy hills and forested knolls separated by delicate creek-side pockets of willow and cottonwood trees. Yet on the lower ground between the hills, around turns in the winding roads, signs of community and industry sit out-of-view, almost as if guarded: a head gate above a small hay meadow, a small herd of purebred bulls, a carefully-tended ranch homestead, even an active hard-rock mine. The majority of residential subdivisions and small parcels are located south of the Yellowstone River, in the Columbus area, with a few on the Stillwater.

Together the physical and the cultural combine to make the southwestern block of Stillwater County flush with amenities that have proven to have enduring appeal to human inhabitants. As Wallace Stegner observed in a profile of the Stillwater area...
called “Crow Country,” the Absaroka-Beartooth Front was once the heart of the huge area that the Crow Indians traveled on a seasonal basis in search of forage for their horse herds and good hunting ground. The area was so attractive to Anglo settlers that the Crow Agency in Absarokee was relocated to the plains south of Billings in 1884. With the area “cleared” for white settlement, many of Stillwater County’s original homesteaders—the county had over 1,200 working farms in 1920—chose home sites along the Stillwater and its perennial tributaries. By the 1950s, the creek valleys were dotted top to bottom with small farms that typically practiced a mix of subsistence agriculture, milking cows, raising livestock, and growing some crops.

Much of the county south of the Yellowstone River has obvious appeal to amenity seekers as well as ranchers and farmers. The Stillwater has excellent fishing and whitewater rafting, while the vast wilderness of the Beartooth Plateau is accessible from popular trailheads at the head of the Stillwater and the West Rosebud. Billings and its large airport, within a two- or two-and-a-half hour drive from most points in the area, make access relatively easy. Recreational interest in the area manifested itself in local land use patterns as early as the 1950s, with the construction of a handful of summer cabins and second homes on the Stillwater. Recreation-oriented demands for land expanded significantly in the 1990s, a decade when demand for second homes and recreational ranch properties were powerful forces shaping land values south of the Yellowstone River. Nonetheless, locally-owned, family-run ranches are visible throughout Stillwater County and their owners were an important force in the ranchland market during the 1990s. This suggests to us that Stillwater County has yet to experience the widespread ranch ownership transition that is underway in full force in some places like the Upper Green River Valley and even close to complete in others, like the South and North Forks of the Shoshone River and the Paradise Valley.

**Socioeconomic Profile**

Stillwater County grew in population by twenty-five percent between 1990 and 2000 (from 6,536 to 8,195 permanent residents). Stillwater has stayed relatively young, with its older population over 65 years of age growing only nine percent in this same period.

Like its neighbor Carbon, Stillwater shows stronger employment in agriculture and agricultural services than many other GYE counties. Except for the surge in mining jobs associated with the Stillwater Mine and smelter in the late-1990s, agriculture has generally held the number two spot among employment sectors (Figure 1). Mining jobs and employment obviously dominate the economic picture since about 1997, and we discuss more about this below. Otherwise, Stillwater emulates many other GYE counties in its large share of services jobs (Figure 1), and its large share of non-earnings income (Figure 2) derived from retirement, rents, investments and government payments. Average earnings per job in Stillwater have increased since the mid-1980s, unlike many other counties strong on services and agriculture. Mining jobs obviously pushed up this ratio, but it may also be enhanced by job opportunities in nearby Billings, one of the largest cities in or near the GYE and a regional economic hub.

A major component of the Stillwater landscape—from physical, economic, and social perspectives—is the Stillwater Mine and its smelter operation in Columbus. The Stillwater Mining Company owns approximately 2,300 acres in the county and employs
The mine is located on the upper reaches of West Rosebud Creek, five miles west of Nye, and produces platinum and palladium from the J-M Reef, a twenty-eight-mile long ore body underneath the foothills of the Beartooth Mountains. Lots of uncertainty surrounds any mining venture today, and Western history suggests that big employment run-ups associated with mineral or energy extraction may come in booms and busts. Stillwater Mining Company recently opened another mine operation at the other end of the ore, on the East Boulder River in neighboring Sweet Grass County; however production there has been on hold because of low metals prices (palladium and platinum prices are closely linked to technology markets, which experienced a down-turn starting in 2001) and higher production-related expenses. Company press releases express optimism that the added costs of opening and operating the East Boulder mine will soon be outweighed by increased productivity, and the company made large investments in mechanized extraction in the late 1990s.

Many people in Stillwater County count the mine as a net benefit to the community; despite the heavy bus traffic it puts on routes 419 and 420, the main roads up the Stillwater Valley. Environmental and community groups were able to negotiate with Stillwater Mining Company when they expanded their operations in the late 1990s. Most significantly, they achieved a “good neighbor” agreement with the company that included a plan to place 4,000 acres adjacent to the Stillwater and East Boulder mine sites into a conservation easement to prevent subdivision after the mines are closed. Moreover, the mine has benefited some ranch families whose sons would otherwise have to leave the ranch to find work. Mine work schedules, often seven days on/seven days off, are amenable to sharing in ranch work activities.

Roughly thirty-seven percent of agricultural operators in Stillwater County report that their primary occupation was something “other” than farming. This is well below the national average, which is fifty percent, but closer to the GYE average, which is forty percent. Yet these figures surely under-represent the many other family members (other than the proprietor) who work off the ranch and contribute to its viability. In fact, when we asked what explained the longevity of traditional agriculture in the area, the answer we most often heard was that decent off-farm and part-time employment existed in the area, associated with the mine, and in both Columbus and Billings.

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**Figure 1. Employment by Industry**
Stillwater County, MT, 1970 to 2000

![Employment by Industry Chart]

Source: Sonoran Institute's Economic Profile System, based on U.S. Bureau of Economic Analysis data.

**Figure 2. Personal Income**
Stillwater County, MT, 1970 to 2000

![Personal Income Chart]

Source: Sonoran Institute's Economic Profile System, based on U.S. Bureau of Economic Analysis data.
Agricultural Trends

The agricultural landscape in Stillwater County reflects a mix of farming and ranching. As Table 1 shows, roughly two-thirds of the agricultural operators in Stillwater County are involved in livestock production. The county has a long and proud agricultural history and has been home to a number of leading agricultural organizations, including the National Swine Producers Association, National Midland Bull Test, and the National Woolgrowers Association. The current environment for agriculture in Stillwater County is difficult, however, and has been aggravated in recent years by a severe drought.

Table 2 gives an overview, based on federal agricultural census figures, of agricultural land use by operators based in Stillwater County. About seventy-six percent of the land used by Stillwater County operators is grazing land, while a significant twenty-eight percent is cropland. Producers irrigated just 25,806 acres in 1997, a fractional percent of all of the land in farms.⁴ Table 2 also reveals that land use trends have been relatively stable over the past decade.

There is a significant enclave of dryland grain producers north of the Yellowstone River where a four-month growing season makes farming attractive. (There are few irrigation resources and with just fourteen to sixteen inches of annual precipitation on average, dryland farming is the preferred approach.) According to the Stillwater County Agricultural Extension Agent, some of these producers mix cash grain and livestock production, leasing land or buying feeder calves in the winter to make use of crop aftermath. North of the river, ranch sizes are likely to be greater than 1,000 acres and

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⁴ Table 6, “Land in Farms,...” of the Federal Agricultural Census presents county figures based on where operators claim their “base” operation. Thus, the figures here can include land in farms in other counties that is used by Stillwater County-based farmers. See Table 5 of this report for accurate figures on land in farms within the county limits. These figures only give a very general picture of the types of land uses practiced by local operators.
herd sizes start in the 350-head range and go into the thousands. In the Columbus area, where there are irrigation resources, a few more inches of average annual precipitation, and a manageable growing season, there are some farms devoted primarily to crop production as well as a number of small “hobby farms” whose owners have part-time or full-time occupation elsewhere.

South of the Yellowstone, the Stillwater River dominates the landscape and makes it possible for operators to develop an irrigated hay base. In the upper reaches of the valley, landowners can count on average annual precipitation of twenty-two to thirty inches. Where there is water, though, there is also elevation gain and a more severe climate. According to the Western Regional Climate Center, producers in the Columbus area have an excellent chance—better than eighty percent—of enjoying four months without a hard frost. In Nye, by contrast, a better gamble would be on three and a half frost-free months (109 days). Proceeding up the Stillwater Valley above Columbus, the mixed farming landscape gives way to one dominated by livestock ranches. Some ranches in the area are enormous—10,000 acres or more—but there are also a number of smaller ranches that may own only a section or two.

The open rangelands rolling above and between the creek and river drainages in southwestern Stillwater County provide many ranches with critical pasture base. In some cases, ranches own large parcels of grassland that are contiguous with their base ranch, but most ranches own pieces of grassland high in the hills that are some distance from their base ranch. In many ways, the open grassland in the area serves a function similar to that of BLM land in other Rocky Mountain areas, though the land here is privately-owned, a critical distinction. Overall, leased private ground plays an important role in Stillwater County ranch operations. One in every four acres in farms in Stillwater County is part of an operation that mixes deeded land with leased private land. Of the 896,739 acres in farms used by Stillwater County agricultural operators in 1997, 198,107 acres were controlled by full owners, while tenants—operators with no deeded acreage of their own—worked 95,401 acres. Part-owners controlled the bulk of the land in farms, 603,231 acres. They owned 404,494 of those acres and leased 198,737.

One of the most common complaints we heard about the status of ranching in Stillwater County was the difficulty of expansion. Federal grazing resources are scarce, and thus play a small role in the overall forage capacity of the area, so access to private land is critical. Table 3 shows that more than half of the grazing permits held by Stillwater County agricultural operators are classified as other, a category that includes state lands as well as other non-BLM or Forest Service sources. The fact that there are twice as many permits for state lands—of which there are just 45,000 acres in the county—than for federal lands, speaks to the relative scarcity of public land available for grazing leases. High land values, particularly on the Stillwater, make it impossible for most traditional operators to consider acquiring more base property. Leasing, a typical strategy for expanding in a tight land market, is also very difficult. Several informants felt that opportunities to lease additional ground had diminished with changes in ownership over the past ten to fifteen years. One complaint was that managers of well-capitalized, absentee-owned ranches could afford to outbid their neighbors for private leases.

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4 Informal estimate, Stillwater County Agricultural Extension Service.
5 N.A.S.S. USDA. 1997 Census of Agriculture-County Data, Table 11.
With limited irrigation infrastructure, the recent drought in Stillwater County (and beyond) has had a significant impact, adding to the struggles of members of the agricultural community already saddled with the chronic dilemma of declining profits and rising production costs. Operators north of the Yellowstone with extensive holdings of semi-arid lands are particularly vulnerable to drought since they count on the remnants of a productive growing season for winter cattle feed. When the growing season disappoints, a crisis in winter feed arises. Most are not in a position to purchase supplemental feed. Since the onset of the drought in 1998, cattle numbers in the county have dropped from 64,000 animals in 1997 to 49,000 in 2002.6

These troubles—the difficulties of expansion and the drought—may contribute to the aging trends that can be observed in the Agricultural Census. Age data, shown in Table 4, demonstrate a distinct aging trend among agricultural operators in Stillwater County. The average age of an agricultural proprietor in 1997 exceeded that of 1969 by nearly four years and was one and a half years older than the national average. In addition, roughly one-quarter of agricultural proprietors are now over sixty-five years of age. In 1997, the recruitment of new proprietors in the under twenty-five and twenty-five to thirty-four age groups also showed declines from historical averages. This suggests a major and critical transition away from intergenerational transfer of agricultural operations.

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6 N.A.S.S. County Estimates, All Cattle and Calves.
Table 4. Age of Agricultural Proprietors
Stillwater County, MT

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<tbody>
<tr>
<td>under 25</td>
<td>11</td>
<td>9</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>25 to 34</td>
<td>40</td>
<td>41</td>
<td>50</td>
<td>28</td>
</tr>
<tr>
<td>35 to 44</td>
<td>115</td>
<td>75</td>
<td>84</td>
<td>98</td>
</tr>
<tr>
<td>45 to 54</td>
<td>124</td>
<td>112</td>
<td>89</td>
<td>122</td>
</tr>
<tr>
<td>55 to 64</td>
<td>105</td>
<td>127</td>
<td>115</td>
<td>96</td>
</tr>
<tr>
<td>65 and over</td>
<td>58</td>
<td>71</td>
<td>101</td>
<td>129</td>
</tr>
<tr>
<td>Average</td>
<td>49.6</td>
<td>51.6</td>
<td>53</td>
<td>55.1</td>
</tr>
</tbody>
</table>

| % of proprietors >65 years of age | 13% | 16% | 23% | 27% |


Public Land Use Trends

Overall, federal grazing permits play a much smaller role in the ranching economy on the Absaroka-Beartooth Front than they do elsewhere in the GYE. Many of Montana’s ranchers exist solely on private land, or on private land mixed with state lands, and Stillwater County is no exception. Nonetheless, National Forest and BLM permits are vital in certain localities. Some of the ranches located in valleys adjacent to Custer National Forest—high on the East and West Rosebud, the Boulder, the Stillwater Creeks, for example—have a long history of using summer pasture in the Forest.

The Beartooth Ranger District, located in Red Lodge, administers roughly 600,000 acres of Custer National Forest, located mostly in the Absaroka-Beartooth Mountains with about 75,000 acres in the Pryor Mountains. In the District, there are just twenty-eight permittees on twenty allotments on the Absaroka-Beartooth Plateau and in the Pryor Mountains. The majority of permittees are based in Carbon and Stillwater Counties, though some Pryor Mountain permit-holders are based in Wyoming.

Forest employees have observed a noticeable shift in the composition of permittees, estimating that perhaps one in five permit-holders is now an absentee owner who depends on a ranch manager for day-to-day operations. From the perspective of Forest management, ownership change has its “upsides and downsides.” On one hand, absentee owners are often more flexible about their operations—and the bottom line—so they may offer less resistance to efforts to reduce Animal Unit Months (AUMs) on their allotments. On the other hand, the “whole flavor of dealing with the rancher changes,” noted the District Ranger, when working with an absentee owner. The Ranger went on to say that the loss of the heritage and local knowledge associated with multi-generation ranches is palpable. When dealing with absentee owners, the Forest
Service often hears from lawyers, rather than the ranch owner him- or herself, signifying that a meaningful cultural shift is underway in agency-permittee interactions.

There is a distinct trend toward reduction of total AUMs on the Custer National Forest. The majority of the Forest is designated as Wilderness and the Absaroka-Beartooth Plateau is one of the country’s most popular destinations for hiking and recreation. The District reports frequent conflict between grazing and recreational interests, with ranchers often complaining of gates left open by hikers or hikers complaining that cows do not belong in Wilderness areas. However, the Forest Service relies more on scientific assessment of range resources to determine management plans than on public opinion. The District Ranger we interviewed told us that current range conservation assessment efforts were confirming his sense that many of the allotments in the area had been overstocked historically, leading to degradation of the resource base. He observed that as each allotment comes up for reissue and goes through NEPA review, reduction in AUMs is almost inevitable, assuming that analysis of range conditions confirms the agency’s suspicion that stocking rates are too high. Permit reductions are unlikely to have widespread effects on ranch real estate dynamics in Stillwater County, though they may be serious for one or two operators.

BLM land plays a far less important role in the composition of ranches in south-central Montana than in other parts of the GYE. The Billings Field Office administers roughly 400,000 acres in six counties: Wheatland, Musselshell, Sweet Grass, Stillwater, Big Horn, and Yellowstone. For the most part, BLM lands in these counties tend to be small, discrete parcels dispersed on the landscape (See Map 2). In Stillwater County, the BLM owns 5,381 acres. As discrete entities surrounded by private lands, Montana BLM parcels present unique management challenges, with ranch owners having more practical discretion over use of the BLM lands they lease than in areas with large contiguous BLM holdings.
Current Ownership Dynamics

With nearly eighty percent of its 1,154,134 acres in private ownership, Stillwater is somewhat unusual among western counties. The largest public land presence in the county is Custer National Forest, which accounts for only 191,924 acres, or seventeen percent of the county. The BLM’s presence is negligible, with only 5,381 acres, as is the U.S. Fish and Wildlife Service (4,064 acres)—each account for less than one percent of county land (Figure 3).

In the summer of 2002 there were 895,462 privately owned acres in Stillwater, constituting seventy-eight percent of the county. The tax assessor designates most of the private land in Stillwater, like other GYE counties, as “agricultural land”: 872,985 acres, or seventy-six percent (Table 5). In Montana, the term “agricultural” for property tax purposes refers to “the production of food, feed, and fiber commodities, livestock and poultry, bees, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes.” The term also refers to the raising of domestic animals and wildlife in domestication or a captive environment. In terms of income and acreage requirements, anyone owning at least 160 acres is automatically granted agricultural status, regardless of whether any agricultural activities occur on his or her land. Montanans owning between twenty and 159 acres are eligible for agricultural status if they can show at least $1,500 annual gross income from the raising of agricultural products; otherwise, their land is considered “non-qual ag” and is assessed as if it were grazing land at seven times the taxable rate for grazing land, which, in 2002, came out to a little less than $40 per acre. When there is a home on the land, a one acre home site is assessed and taxed using a uniform value. (In 2002, one acre home sites in the Paradise Valley in Park County were assessed at $15,000, regardless of the size or quality of the structure. We were told that in 2003 the number will probably increase to $30,000, still well below fair market value). Parcels smaller than twenty acres may qualify for agricultural status if the $1,500

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7 This number differs from the previously cited “Land in Farms” figure (896,739 acres) derived from the USDA NASS 1997 Agricultural Census. While the USDA number is derived from a survey of proprietors based in the county and includes leased lands as well as lands in other counties, this figure - land in farms calculated by the county assessor - is limited to all deeded parcels actively engaged in agricultural production of some sort within the county boundaries.

8 Section 15-1-101(a), MCA. For a comparison between states of the definition of agricultural land, see http://leg.state.mt.us/Interim_Committees/Revenue_Transportation/AssignedStudies/RTIC%20sjr21statecomparisonchart.pdf
threshold is met or would have been met if not for production failure, which is out of the producer’s control, or for marketing delay. Otherwise, these smaller acreages are taxed at residential rates.9

<table>
<thead>
<tr>
<th>Table 5. Agricultural Land Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stillwater County, MT, 2002</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent of Total Acres</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Acres in County</td>
<td>1,154,134</td>
</tr>
<tr>
<td>Total Private Acres</td>
<td>895,462</td>
</tr>
<tr>
<td>Total Acres in Ag</td>
<td>872,985</td>
</tr>
<tr>
<td>Percent of Private Land Taxed as Ag</td>
<td>97%</td>
</tr>
<tr>
<td>Percent of Ag Acreage in Large Operations</td>
<td>91%</td>
</tr>
<tr>
<td>Total Acres in Ag Operations &gt; 400 ac</td>
<td>792,088</td>
</tr>
<tr>
<td>Number of Ag Operations &gt; 400 ac</td>
<td>377</td>
</tr>
</tbody>
</table>

Source: Montana Natural Resource Information Service, Montana Department of Revenue

We looked at all of the land in agriculture and weeded out ownerships smaller than 400 acres to get a feel for the numbers involved in large agricultural ownership in Stillwater (Table 5, Map 1). We found 792,088 acres, or ninety-one percent of the land in agriculture, to be part of large (greater than 400 acres) ownerships. There were approximately 377 such owners in the county in 2002.

Of the 377 large landowners, 226, or sixty percent, reported a local, in-county mailing address, while 111 owners, or twenty-nine percent, reported a Montana address in a different county (Figure 4). Only forty owners, or eleven percent, reported out-of-state mailing addresses, a percentage much lower than in other GYE counties we have studied so far.

To get a feel for who controls the biggest pieces of land in each county, we “typed” the top twenty largest owners with the help of local informants (see Table 6 for our typology). In 2002, the twenty largest Stillwater owners controlled 208,389 acres, or twenty-three percent of the private land. The majority of these owners (sixteen) were “traditional ranchers,” controlling 155,669 acres, or seventeen percent of the private land in the county. Two “investors” with a total of 25,586 acres, one “corporate owner” (actor

9 Section 15-7-202, MCA
Mel Gibson’s ranch—the third largest ranch in the county—operated by his corporation) with 17,013 acres, and one “unknown” owner with 10,121 acres made up the rest of the top twenty largest owners.

Table 6. Working Typology for Large Agricultural Landowners

<table>
<thead>
<tr>
<th>Typology</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional rancher</td>
<td>generally a full time owner-operator raising livestock for profit without the aid of a ranch manager; may engage in some off-ranch work (or on-ranch work unrelated to livestock, e.g., outfitting) but derives the majority (or at least in many years a significant portion) of his or her income from the ranch</td>
</tr>
<tr>
<td>Part-time rancher</td>
<td>does his/her own ranching but often has a full-time job off the ranch; ranch income is generally less than the off-ranch income; usually smaller operations</td>
</tr>
<tr>
<td>Amenity buyer</td>
<td>purchases a ranch for ambience, recreation, and other amenities, not primarily for agricultural production; often an absentee owner; may have some interest in ranching but generally hires a ranch manager who makes most day-to-day decisions and does the majority of the work; or, he or she might lease the majority of his/her land and/or cattle to a “real rancher”; majority of AB’s personal income is by definition from off-ranch sources; economic viability of the ranch is usually not an issue</td>
</tr>
<tr>
<td>Investor</td>
<td>buys primarily for investment, often with intent to resell in the short term</td>
</tr>
<tr>
<td>Corporation</td>
<td>typically purchases ranch to function as one unit in a large network of related operations and holdings elsewhere; ranch is operated by a manager</td>
</tr>
<tr>
<td>Developer</td>
<td>buys the land with intention to subdivide and sell off to others, with profits from that sale the main objective</td>
</tr>
<tr>
<td>Conservation Organization</td>
<td>buys ranch with intent to manage for habitat, wildlife, etc.</td>
</tr>
<tr>
<td>Other</td>
<td>includes state and federal land management agencies, churches, independent loggers, etc.</td>
</tr>
</tbody>
</table>

Source: Center of the American West

Compared to other GYE counties we have studied so far, Stillwater is much like Carbon, in that the twenty largest owners control a much smaller percentage of the county here than in, say, Sublette and Lincoln Counties, where a few large landowners dominate the landscape.

Real Estate Trends, 1990-2001

We gathered data on ranch sales from private appraisers in the area. In the interest of data manageability, and because our main interest has been in what is happening with large intact parcels, our analysis focuses on large ranch sales (sales greater than 400 acres). Between January 1, 1990 and December 31, 2001, there were fifty-two large ranch sales in Stillwater County, though this database may not be complete. Although we worked with two separate appraisers, we have no record of any sales in 1990, 1991, or 2001, which seems unlikely. We suspect there were probably at least a few more sales during this time period, and are in the process of trying to obtain data from a third
The sales we know about involved 112,726 acres (Table 7). The median sale size was approximately 1,585 acres, while the average was 2,168 acres, with the largest sale, an 11,225 acre dryland farm and livestock operation north of the Yellowstone, going from a local rancher to a rancher from elsewhere in Montana moving into the area in 1992. When compared to the current number of large agricultural operations (377), the total number of sales indicates that less than fifteen percent of the operations have changed hands in the past decade, though since some of the sales were repeat sales of the same property, the number is probably even lower. In terms of acreage, we tentatively conclude that about fourteen percent of the land in large agricultural holdings has changed hands since 1990.10 These figures put Stillwater on the low end in terms of ownership change, compared to other GYE counties we have studied.

Table 7. Large Ranch Sales (> 400 Acres)
Stillwater County, MT, 1990-2001

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Number of Sales &gt; 400 acres, 1990-2001</td>
<td>5</td>
<td>39</td>
<td>8</td>
<td>52</td>
</tr>
<tr>
<td>Acreage in Sales &gt; 400 acres</td>
<td>18,635</td>
<td>75,741</td>
<td>18,350</td>
<td>112,726</td>
</tr>
<tr>
<td>Average Sale Size</td>
<td>3,727</td>
<td>1,942</td>
<td>2,294</td>
<td>2,168</td>
</tr>
<tr>
<td>Median Sale Size</td>
<td>1,925</td>
<td>1,591</td>
<td>1,154</td>
<td>1,585</td>
</tr>
<tr>
<td>Average Price Per Acre</td>
<td>$345</td>
<td>$619</td>
<td>$900</td>
<td>$636</td>
</tr>
<tr>
<td>Median Price Per Acre</td>
<td>$283</td>
<td>$261</td>
<td>$602</td>
<td>$281</td>
</tr>
</tbody>
</table>

Source: Center of the American West, Stillwater County Sales Database

Interestingly, with the exception of the late nineties, the median sale price throughout the past decade has remained within the range of what are considered to be agricultural values. Of course, if we were to look at sales north and south of the Yellowstone independently, we would likely find median sale prices were consistently higher in the south than in the north. In an attempt to identify some of these sales trends, we looked at the median price per acre and at significant sales in the early 1990s (1990-1993), the mid-1990s (1994-1997) and the latter part of the decade and first part of the twenty-first century (1998-2001) (Table 7). It must be noted, however, that generalizing about price per acre can be deceiving, given the “apples and oranges” nature of different sales (e.g.,

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10 Data on the number of acres in large agricultural operations in 1990 was not available, so we used current acreage in large agricultural operations as an approximation. It is important to note, however, that there were likely more acres in large agricultural operations in 1990 than there are today as a result of subdivision during the 1990s, thus, the rate of ownership change, were it derived using 1990 baseline data, would likely be slightly lower. At the same time, it is possible that the number of acres in large agricultural operations has remained the same or even increased due to more ranch agglomeration than subdivision; but this is a calculation we did not undertake.
it is not really accurate to derive medians and averages from sales as diverse as, say 1,000 acres of sagebrush in the northeastern part of the county with 500 acres abutting the National Forest along the West Rosebud in the southern part of the county, with a 10,000 square foot house on the property. Still, we present these numbers with the hope that they will be at least somewhat telling about general trends, but caution the reader not to read too much into them.

The sales that we have in our database—only five—that took place in the early 1990s totaled 18,635 acres, with one of them (the 11,000 acre sale mentioned earlier) the largest sale of the decade. Median sale size was 1,925 acres and median price per acre was $283, close to agricultural values, in spite of the fact that only one of the five buyers was typed as “traditional rancher.” The others were amenity buyers and investors, perhaps presciently taking advantage of the opportunity to buy amenity-rich land for agricultural prices. One amenity buyer took over a 2,800-acre ranch near Dean in 1992, after selling a 320-acre inholding in the National Forest along the Boulder River in neighboring Sweet Grass County for $2,500,000 ($7,813 per acre). Another amenity buyer purchased 1,925 acres in 1993 near Reed Point adjacent to property (two other sections) he had previously purchased from the same seller—an example of new owners tending towards agglomeration of ranch properties for one reason or another.

Sale prices in the mid-1990s exhibited an amazing spread from approximately $35 to $7,273 per acre, with a median of $261 and an average of $619 per acre. Thirteen of the thirty-nine sales between 1993 and 1997 were connected to the breakup of the Lazy KT Ranch, a 20,000-acre dryland farm and livestock operation northwest of Molt that had remained in family ownership for several generations. Due to the scattered configuration of the property and its location most of the sales were made to neighbors (traditional ranchers) buying add-on units, rather than to one new owner seeking an empire. The Lazy KT went in chunks as small as 400 (or fewer) acres and as large as 3,900 acres, at prices ranging from $35 per acre to $234 per acre. (The very low $35 per acre sale was a function of the flooding of the property by a neighboring Waterfowl Management Area). In each of these sales, the appraiser notes that the buyer “considered purchase to be reflective of realistic agricultural value.” There were several other sales to area ranchers adding on to existing operations, also at or near agricultural values (all north of the Yellowstone).

In contrast, there were several sales of interest to amenity buyers during this same time period. One involved a buyer from Greenwich, Connecticut who purchased a 3,300 acre ranch southwest of Absarokee for $24,000,000 ($7,273 per acre). The buyer intended to operate the property as a working ranch. Another out-of-state amenity buyer purchased 1,225 acres near Nye for about $1,000 per acre for family members after purchasing several other ranches in the area. Another sale in this area (900+ acres) went for $1,624 per acre in 1995, which the appraiser notes was a “rural/recreational home site” value at that time. Another amenity buyer near Dean who purchased 525 acres adjoining Custer National Forest for 1.5 miles at $1,238 per acre planned to develop fish and waterfowl habitat. The fact that the property shared a border with a paved highway was deemed a plus in this case—a combination of privacy, remote wilderness and easy access. Another sale to an amenity buyer from Florida involved a multi-generation ranch family selling out—but not in the typical way. In this case, the owners (siblings who had inherited the ranch from their parents) had decided at an early age not to be ranchers, but hung on to the property and leased it out while pursuing professional careers in
Billings. In their 60s, wondering what to do with the property, they reluctantly decided to sell in spite of strong sentimental attachments to the family ranch.

One area that stands out in Stillwater is a large triangular block of private land lying on the county’s southwest border between the Stillwater and the Yellowstone. This area, which one local described as “squeezed between the Boulder Valley to the West and Red Lodge and the Rosebud to the East,” remains largely in traditional ownership, though it has some of the amenities—scenery, proximity to the National Forest boundary, large parcels—that make the rest of the Beartooth Front so appealing to amenity buyers. We have learned of at least one recent sale here (too recent to be in our database) that suggests that this area is attractive to buyers seeking large parcels on the Absaroka-Beartooth Front who cannot afford Red Lodge area prices.

Several real estate professionals suggested to us that a significant dynamic here involves ranch owners cashing out on amenity-rich land and relocating elsewhere, to other parts of the West or even within the county. One of the area’s most prominent traditional ranch owners in the area recently relocated to South Dakota, while another long-time traditional rancher moved out of the foothills of the county onto land north of the Yellowstone. In both cases, the sellers were motivated by the ability to expand their livestock operations through lucrative sales. These kinds of moves—and some of our informants—suggest that skyrocketing land values on prime real estate are likely to have a spill-over effect, raising the overall range of agricultural land values.

This trend speaks to an observation by one of our appraiser informants, that it is the so-called traditional ranchers that are subdividing and selling off chunks of land. The amenity buyers, often from out of state, are the ones doing the agglomerating and trying to keep the landscape intact. This turns the stereotype of the outsider subdivider pillaging the local landscape on its head.

Investors and speculators played a significant role in the Stillwater ranch real estate market in the nineties. The following is an excerpt from the appraiser’s notes on a sale between two such types (names have been replaced with anonymous identifiers):

Owner A sold to Owner B in November 1992 for $232/acre; Owner B sold to Owner C in 1993 for the same price because of Owner B’s financial problems; Owner C sold 1,852 acres to Owner D in August 1994, and has sold or optioned two eighty acre parcels separate from the original purchase. These transactions indicate a total property value increase from November 1992 to August 1994 of 2.9% per month. The last two transactions were motivated by speculation, and Owner D reportedly has the property for sale at $475/acre; which indicates a 2.7% per month increase in value from the purchase date. The property has less scenic character than other properties closer to the Stillwater River Valley. The sale included some CRP and improved pasture, but overall the acreage is considered grazing land with average productive capability for the area.

The property does not show up again in our sales database, which goes through 2001, so it may be that Owner D was not able to sell the property at the higher price and hung on to it instead; or he may have decided to sell smaller parcels, transactions which would not show up in our “large sales” database. In another series of sales, a local
investor/speculator bought 4,200 acres in November of 1995 for $229 per acre, then turned around and sold it for $277 per acre five months later, an increase of 21 percent.

The latter part of the decade saw prices go up significantly. Price per acre in our database (which only contains eight sales for this time period) ranged from approximately $300 per acre to nearly $2,300 per acre, with an average price per acre of $900 and a median of $602. Not surprisingly, with few exceptions, amenity buyers paid higher prices per acre (for land in high amenity areas south of the Yellowstone), while traditional ranchers involved in sales generally paid less than $500 per acre. In one sale of interest, an elderly local rancher in financial difficulty was offered $800,000 for his 520-acre ranch in a high amenity area near Fishtail ($1,538 per acre), but opted to sell to his absentee neighbor for $500,000 ($962 per acre) because “they had a very good relationship.” The rancher had been managing his neighbor’s ranch for years, and negotiated an arrangement wherein he was able to stay on the land, lease it back, and manage both properties for the absentee owner.

The mine does not appear to play a major role in ranch sales dynamics. It borders the Forest boundary and much of the ranchland in its immediate vicinity has already been subdivided. The mine buildings are hidden from most of the properties downstream of the mine in the Stillwater Valley and it has a reputation as a “clean” and “modern” mine.

Typing the Buyers

To get a better feel for who is buying ranchland in each county we study, we developed a working typology to characterize grantees that includes “traditional ranchers,” “part time ranchers,” “amenity buyers” “developers,” “investors,” “corporations,” “conservation organizations,” and “others” (Table 6). In a significant departure from other GYE counties we have studied so far, almost half of the sales in our database (twenty-two out of fifty-two) went to what we call traditional ranchers (Figure 6). A quarter of the sales went to investors, and only seven (thirteen percent) went to amenity buyers. Nine sales (seventeen percent) went to part time ranchers (many of these are actually dryland farmers), and only one sale went to a developer. The biggest share of the acreage sold—43,193 acres, or thirty-eight percent—also went to traditional ranchers, while 30,033 acres, or twenty-seven percent, went to investors. Part time ranchers took control of 25,880 acres, or twenty-three percent of the land sold; while amenity buyers bought only 12,862 acres (eleven percent).

In Stillwater County we were able to determine mailing addresses for grantees in the sales we studied, and found the following: of the fifty-two buyers, twenty-one, or forty percent, reported local (in-county) addresses and took control of 31,969 acres, twenty-eight percent of the land sold (Figure 6). Fifteen of the buyers (twenty-nine percent) reported Montana mailing addresses in different counties but bought 40,820 acres, or thirty-seven percent of the land sold—the largest share, and fourteen (twenty-seven percent) reported out of state mailing addresses. 11 This group bought 37,390 acres collectively, or thirty-three percent of the land sold—more than what local buyers bought. We were unable to determine mailing addresses for two of the buyers, who purchased 2,546 acres, or two percent of the land sold during this time period.

11 Given that many out-of-state owners maintain local mailing addresses, this number is probably higher in actuality.
Figure 6. Typing the Buyers in Large Ranch Sales
Stillwater County, MT, 1990-2001

Number of Sales

- Traditional Rancher: 43%
- Investor: 25%
- Part Time Rancher: 17%
- Amenity Buyer: 13%
- Developer: 2%

Acres in Sales

- Traditional Rancher: 38%
- Investor: 27%
- Part Time Rancher: 23%
- Amenity Buyer: 11%
- Developer: 1%

Source: Center of the American West, Stillwater County Sales Database

Figure 7. Mailing Addresses for Large Ranch Buyers
Stillwater County, MT, 1990-2001

Number of Sales

- Local: 40%
- In-State (different county): 29%
- Out of State: 27%
- Unknown: 4%

Acres in Sales

- Local: 28%
- In-State (different county): 37%
- Out of State: 33%
- Unknown: 2%

Source: Center of the American West, Stillwater County Sales Database
Ranchland dynamics in Stillwater County in the 1990s stand out among the counties we have studied so far for several reasons: traditional agricultural operators were more active as buyers of ranch property here than in other areas, speculators and investors were involved in more sales here than in other counties, and overall, a relatively small volume of land changed hands during the 1990s relative to other counties. Together, we take these trends as evidence that leads us to agree with one of our informants who called Stillwater County a “sleeper” in the GYE ranch real estate market.

The strong influence of traditional ranch buyers in the database certainly speaks to the fact that much of the private land in Stillwater County does not meet the requirements of most amenity buyers. High, dry and distant from mountain vistas, this is plains country, and remains within the domain of full-time farmers and ranchers engaged in traditional agricultural operations. At least one or two buyers in the area were “equity refugees” from more expensive areas of the GYE. In addition, Stillwater County appears to have an intact agricultural community and we heard of several ranch sales between neighbors or friends that deliberately eschewed the lucrative potential of sales to non-local amenity buyers. It must be noted, however, that traditional ranch owners were not active buyers in the Upper Stillwater area.

The strong presence of investors in this area should be concern for conservation organizations interested in protecting intact landscapes, as the proximity of Billings and the summertime appeal of the Upper Stillwater surely make it an attractive area for rural subdivision. Certainly the triangle of land between the West Rosebud, Nye and Absarokee, with its spectacular scenery and high quality fishing on the scenic Upper Stillwater, witnessed a number of notable amenity-based ranch sales during the 1990s.

Some buyers were able to agglomerate ranchlands during the 1990s, some acquiring adjacent properties as proactive defense against subdivisions and others buying in the interest of expanding an “empire.” Nonetheless, throughout the county, many ranches are bordered on all sides by traditional, full-time ranchers who still dominate the local culture and community. The apparent integrity of the agricultural communities in the area may mean that Stillwater County is a place where targeted efforts to keep family ranches viable have a chance for success.

Stegner’s essay on the Stillwater area was written in 1980, and focuses on Jack and Susan Heyneman’s Bench Ranch on the West Rosebud near the small town of Fishtail. Stegner’s interviews with the Heynemans and Bill Mackay, owner of the Lazy EL further up on the Rosebud in Carbon County, uncover two primary concerns: the reopening of the mine at Nye; and the failure of small, family-owned and operated ranches and the related absorption of ranch properties into large corporate operations. The essay could be called anachronistic—neither Stegner nor his subjects appear to have any idea of the boom in the ranchland real estate market that lay—and appears to lie still—just around the corner. He wrote, “Ranch life in the foothills of the Beartooths is as vulnerable as the old hunting life of the Crows. Eternal vigilance is the price of its continuity.” This study of ranchland dynamics in the 1990s suggests that vigilance will continue to be useful in the immediate future.