

The background of the cover is a landscape photograph. The foreground is a dirt road or path. The middle ground features rolling hills with tall grasses. In the distance, there are dark, silhouetted mountains under a dramatic, cloudy sky with a mix of purple, blue, and orange tones, suggesting a sunset or sunrise.

**BLACKFOOT
CHALLENGE**

2007

ANNUAL REPORT

letter from the chair



Our Mission:

The Blackfoot Challenge is a private non-profit organization whose mission is to coordinate efforts to enhance, conserve, and protect the natural resources and rural lifestyle of the Blackfoot River Valley for present and future generations.

We are organized and directed through committees and supporting work groups guided by community leaders. This volunteer effort is the connection to people living in the watershed, and is essential to responding with programs that benefit the Blackfoot. We deeply appreciate the long hours of service these people contributed in 2007 through the following committees:

- Conservation Strategies
- Drought
- Education and Outreach
- Habitat and Water Quality Restoration
- Weeds
- Wildlife
- Executive

BRUCE ANDRE

Cover Photo, and Background Photos on Pages 10 and 11. Bruce Andre is an advertising photographer based in Liberty Lake, Washington. He loves Montana, and especially fly fishing in the Blackfoot Valley. Bruce has generously donated his photographs for this annual report. Please view his work at www.bruceandre.com.

People all across this great country are immersed in the process of electing a new leader, and to many, it seems a daunting task to cut through the politics and trust that anyone has a clear vision. Rural communities are fortunate to have a vision centered by open skies, fabulous views and working landscapes. I believe we all fall into some political posturing from time to time, yet we work to maintain our connection to the land and the people tasked with making decisions that may help our rural way of life. For generations, the Blackfoot Valley has successfully brought communities into the political arena, but the trick is always to emerge on the other side with a solution we all can live with. The system does work, you just need community leadership to guide the way.

I have been extremely fortunate to have a great leadership team working with the Blackfoot Challenge. Coordinating the resources, communities and personalities is a dynamic process. We find ourselves drifting off course at times, and it takes the people of this valley to bring us back to the center and focus on finding consensus. This is what makes the Blackfoot Challenge

unique, and we continue to value the trust you have in us. For me, the trust comes from getting the job done on the ground in the most efficient way possible. We have eleven people who coordinate a range of activities from budgets to wildlife programs—from Lincoln to Bonner—who have no time clock, but who make sure programs benefit everyone in the Blackfoot. They are committed to the mission of the Blackfoot Challenge. They are part of this valley, and we are all fortunate to have them and keep this a diverse, working landscape. If you see Allen, Ali, Alicia, Brad, Brian, Debbie, Gary, Hank, Ryen, Seth or Traci, please let them know what a difference they are making in our watershed. They are an inspiration to me and the other members of our Board of Directors.

Thanks to those who made the Blackfoot Challenge part of your life. We appreciate your support and look forward to new opportunities for the Blackfoot in 2008.

A handwritten signature in black ink that reads "Jim Egan".

conservation strategies

Over the last seven years, a public-private partnership between federal and state agencies, land trusts, county planning departments and landowners has met quarterly to share information, identify priority areas for conservation and stewardship and sustain the diversity of natural resources across the Blackfoot watershed. Key strategies include partnering in conservation easements and fee title acquisition opportunities (see Blackfoot Community Project). At the heart of the committee is a shared commitment to work together to pool and leverage technical and funding resources. 2007 proved to be another successful year for cooperative conservation with 3,920 acres of conservation easements acquired by land trust and agency partners (Five Valleys Land Trust, 1,006; Montana Land Reliance, 2,177; The Nature Conservancy, 420; USFWS, 317). A total of 95,110 acres have been conserved by conservation easements since 1975 in the Blackfoot watershed, thanks to over 100 private landowners and land trust/agency partners.

Perpetual Protection of Key Wetlands

In December, the Challenge completed implementation of a \$1 million multi-year grant funded by the North American Wetlands Conservation Act and administered by the US Fish and Wildlife Service. The grant was matched with nearly \$5 million from private landowners, conservation groups and state and federal agencies in the Blackfoot Valley. The grant resulted in protection, management and restoration of over 3,000 acres of glaciated wetlands and riparian habitat and over 13,000 upland grassland acres through the use of conservation

easements, grazing management and wetland restoration. Coordinated by the Conservation Strategies Committee, the grant allowed private landowners to work with the land trust or agency of their choice.

Restoring Native Grassland Communities

A majority of the Ovando/Helmville Valley is comprised of native prairie grasslands and sagebrush steppe which benefits local working ranches and wildlife. Due to years of fire suppression, conifers like Douglas fir have encroached upon many of these grasslands, altering habitat and forage values. During the winter of 2007, we initiated a range restoration project on private land near the confluence of the Blackfoot River and the North Fork. Conifer encroachment was removed on 285 acres of native rangeland and a prescribed burn plan was developed for 2008. The project goal is to maintain grazing resources, conserve the native sagebrush/grassland community, and gain a better understanding of using prescribed burns as a management tool.

Setting the Stage for Future Conservation and Restoration

In 2007, the Challenge built on our history of landowner-led conservation and the need to be proactive about resource challenges and issues by entering into a partnership with Trout Unlimited and the Clearwater Resources Council. The partnership will develop a Sub-Basin Plan for the Watershed to coordinate existing plans and strengthen conservation and restoration partnerships at the landscape scale. This two-year project will engage the community and agency partners in work groups that focus on issues like forestry, range and native grasslands, riparian areas, wetlands, wildlife and the rural lifestyle

Greg Neudecker, Chair
Ali Duvall, Coordinator



BRAD WELTZIEN

Above: Conifer Encroachment Removal Project

JIM BERKEY

Background Photo: Conservation easements are important tools that keep working ranches, like this one, intact in the Blackfoot Valley

blackfoot community project

Hank Goetz, Lands Director

Alicia Vanderheiden, BCP Coordinator

Ali Duvall, BCCA Coordinator

The partnership between the Blackfoot Challenge and The Nature Conservancy reached two significant milestones in 2007. The partnership completed the land purchase phase of the five-year project with the acquisition of the final 20,000 acres in December and reached the \$10 million private fundraising goal in September.

The project's goal, to acquire 89,215 acres of Plum Creek Timber Company land in the Blackfoot and re-sell it to a mix of private and public buyers, came closer to realization in 2007. A total of 5,840 acres were re-sold in 2007, 5,200 acres in the Horseshoe Hills area to the US Forest Service and 640 acres on Marcum Mountain to the Bureau of Land Management. Negotiations continued with ranch families in the Lincoln and Helmville areas, with sales expected in early 2008. In June, the Missoula County Commissioners approved \$200,000 of Open Space Bond funds—the first such allocation under this program—for the purchase of conservation easements on lands designated for private acquisition near Greenough. The Disposition Working Group also finalized disposition plans for the Douglas Creek and Little Doney Lake portions of the project. The total project acres re-sold to date is 32,972 for both public (32,784) and private (188). The project took advantage of a favorable federal funding climate these past four years, emphasizing public agency sales. In 2008 and beyond, the emphasis will be on private landowner sales.

In addition to the private fundraising achievement, the project received \$3.9 million of Habitat Conservation Plan funds in 2007 that together with the \$2.7 million acquired in 2006

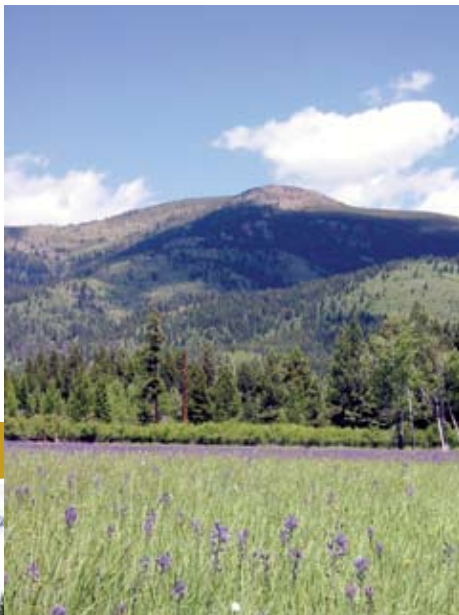
will provide conservation easements on project and private lands in the Lincoln area. Additionally, \$3 million was received in Land and Water Conservation Funds that supported public land acquisitions.

In December, project leaders and the Powell County Commissioners reached agreement on the sum that will be donated to the County to compensate for tax revenue foregone on lands sold to the Forest Service and Bureau of Land Management. Funds will be transferred in January of 2008.

Blackfoot Community Conservation Area

The Blackfoot Community Conservation Area (BCCA) is an innovative effort involving community-based ownership of 5,609 acres of former Plum Creek Timber Company lands (known as “the Core”) and cooperative management of 41,000 acres of public and private lands surrounding Ovando Mountain. In August 2005, a 15 member community-based Council was established to develop policies and management plans for the BCCA.

This year, the Council set the course for long-term management of the BCCA. Based on the Baseline Inventory conducted in February and other assessments, the Council drafted a Management Plan for the Core to define a vision for the property, the natural and cultural landscape, the public involvement process and establish management goals and objectives. In a very open community dialogue, the Council developed a compromise to the contentious wheeled motorized use issue on the Core. The cooperative management agreement for the larger 41,000 acre BCCA was also completed and will be signed by partners in early 2008.



STEVE KLOETZEL

Above: View of Ovando Mountain in the spring

STEVE KLOETZEL

Background Photo: The Horseshoe Hills parcel was purchased by the US Forest Service from The Nature Conservancy

education

Dating back to the beginning of the Challenge, the Education Committee has expanded to include a comprehensive watershed education program that promotes resource education, land stewardship, and builds a watershed-wide partnership around the resources. The committee reaches teachers, students, private landowners, community members, recreationists, and visitors to the watershed.

Teacher Support

The Teacher Steering Committee, comprised of representatives from all eight schools in the watershed, met in April and October to advise the Challenge on resource education needs and discuss issues of importance to local schools. The Education Committee hosts continuing education opportunities for watershed educators. The Challenge was fortunate enough to utilize the talents of Elaine Caton in planning and hosting the 2007 MEA workshop. Eighteen educators from across the watershed earned OPI credits as they learned about various aspects of mining, including geology remediation, restoration and redevelopment. By participating in outdoor discovery and group discussions, investigating topics and practicing inquiry-based ways to apply curricula, teachers learned information to incorporate into their classrooms.

Youth Support

Over 112 students in grades four through six participated in the 7th Annual Youth Field Day, held September 12 at Garnet Ghost Town. Through a cooperative effort which included the Clark Fork Watershed Education Program, the Bureau of Land Management, and Watershed Education Network (WEN), students learned about various aspects of

mining while exploring an authentic ghost town. In addition to tours of the ghost town and Sierra Mining Complex, students learned about basic geology, the effects of mining on stream ecology, learned about the Milltown Dam removal process, and even panning for gold!

Community Education

The Challenge sponsored two events in the summer Blackfoot Watershed Series. The first event was a bird walk through the Blackfoot Community Conservation Area. Participants learned to recognize bird calls and identify several species common to the watershed. The second event was the release of seven new trumpeter swans to the watershed. Participants learned about why the swans are being released, their habitat, how the birds are tracked, and had an opportunity to hold the swans prior to their release.

Community Outreach

The Board moved to distinguish between education and outreach in 2007 and formed a separate Outreach Work Group overseen by the Executive Committee. This group encourages participation, fosters cooperation through communication, and interprets the importance of conserving natural resources and the rural lifestyle. In 2007, 1,226 people attended presentations, 362 people attended field tours, and 355 people attended panel presentations. The number of participants includes 17 landowners from across the state who participated in the Partners for Conservation conference in June. This collaboration brings together landowners, state and federal agencies, and conservation groups from across the state—and eventually from an eight-state region—to solve problems, pool resources, and effectively participate in conservation programs benefiting the rural way of life.



Racene Friede, Chair
Megan Gale, Coordinator



MEGAN GALE

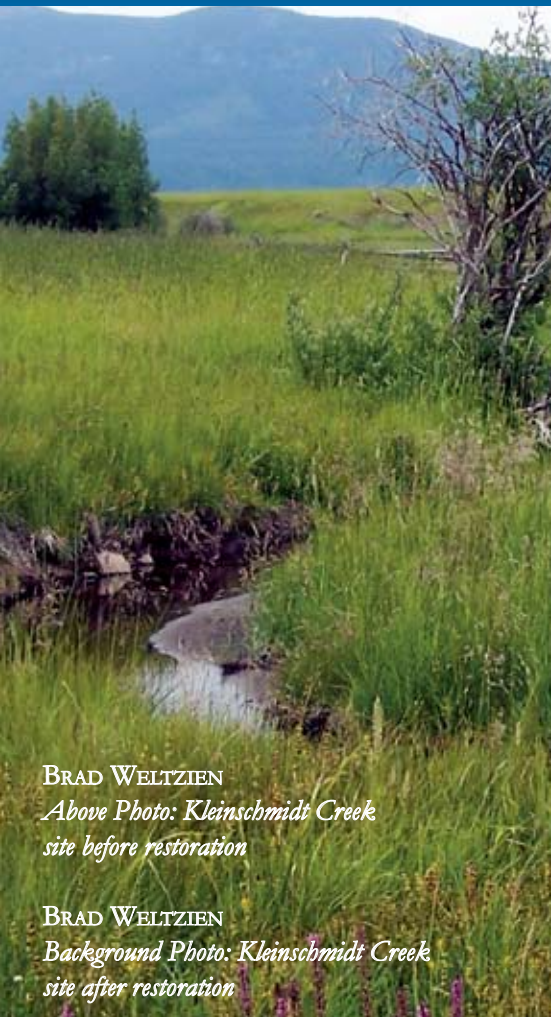
Above: Ralph Smith demonstrates gold panning to a participant of the 2007 Youth Field Day

ELAINE CATON

Background Photo: Teachers dig into geology during a Challenge-sponsored workshop

habitat and water quality

David Mannix, Chair
Brian McDonald, Coordinator



BRAD WELTZIEN
*Above Photo: Kleinschmidt Creek
site before restoration*

BRAD WELTZIEN
*Background Photo: Kleinschmidt Creek
site after restoration*

The Habitat & Water Quality Restoration Program reached a major milestone this year as the Middle Blackfoot and Nevada Creek TMDLs and water quality restoration plan were released for public review in December. This document is the result of over four years of study and analysis of water quality conditions in these planning areas, and is a significant achievement. The Middle Blackfoot and Nevada Creek water quality restoration plan identifies water quality issues and outlines a strategy to improve, maintain, and restore water quality, and will be a useful tool for ongoing watershed restoration efforts. The completion of this plan leaves only the Lower Blackfoot Planning Area in need of the required TMDLs and restoration plan. With the experience from other planning efforts, the Lower Blackfoot plan should progress quickly with completion planned for the end of 2008.

While water quality restoration planning has been the focus of this program for the past several years, getting work done on the ground with our partners is our ultimate goal. In 2007, we partnered with the Big Blackfoot Chapter of Trout Unlimited and North Powell Conservation District to implement a restoration project on upper Nevada Creek. The site experienced an avulsion in 2005 that shortened the stream channel by over 300 feet, resulting in excessive sedimentation, head-cutting, and an unstable confluence with Halfway Creek. This project reconstructed approximately 630 ft of Nevada Creek and 80 ft of Halfway Creek with proper stream channel dimensions, reshaped stream banks, placement of in-stream habitat structures, and riparian revegetation. The result is a longer, more sinuous channel with improved in-stream habitat and a recovering riparian area protected by

fencing constructed by the landowner. Over time, improvements to identified water quality impairments in this reach of Nevada Creek are expected, and a monitoring plan has been implemented to assess the project outcomes.

We were also proud to support a project on Cottonwood Creek by BBCTU and the Lolo National Forest. This project, which involved the replacement of an undersized culvert with a bridge, finally became a reality in 2007. While the primary purpose of the project was to improve passage for fish and other aquatic organisms, addressing several water quality concerns was an added benefit. The removal of the culvert also removed several tons of sediment used as fill at this crossing and reduced the risk of failure. The newly installed bridge will allow for a more natural flow pattern in the stream improving sediment conveyance and channel morphology.

In addition to the Nevada Creek and Cottonwood Creek projects, the Challenge is monitoring eight other completed restoration projects to assess the effects of restoration on water quality. In 2007, follow up monitoring was conducted on the Hoyt Creek, Ward Creek, and Warren Creek projects. The Challenge also conducted follow up monitoring on the Kleinschmidt Creek project, shown in page photos, which was completed in 2006 through a partnership between BBCTU, MT FWP, NRCS, and the landowners.

Thanks to our partners, 2007 was a great year for the program. To the landowners, BBCTU, the Montana Department of Environmental Quality, the Natural Resources Conservation Service, the Lolo National Forest, North Powell Conservation District, KC Harvey, Applied Geomorphology, Hydrometrics, we thank you for all your hard work!

drought

For the Blackfoot watershed, 2007 was a year for the record books. Unfortunately, record high snow pack was not included in this eventful year. In January, snow pack was approximately 79% of average and would be the most snow we had all year. Snow pack in 2007 tied levels from 2000 as the seventh lowest on record. What little snow pack accumulated in 2007 was mostly gone by the end of March as unusually warm temperatures melted low and mid-elevation snow.

Spring runoff occurred early once again as flows in the Blackfoot River peaked on May 3rd at approximately 5,730 cfs. These peak flows are only about 63% of average. The summer flow outlook was grim but hope came in late May and early June as heavy rains provided some recharge for the basin's water resources. What followed these rains however was one of the hottest, driest summers in recent memory. Temperatures exceeded 90 and 100 degrees for most of the summer and we wouldn't have rain again until late August.

With these conditions it was only a matter of time before flows fell, water temperature rose and the Blackfoot Drought Response was necessary. On July 19th, due to high water temperatures, Morrell Creek, Gold Creek, Belmont Creek, Cottonwood Creek, Copper Creek, Monture Creek, the North Fork, and Landers Fork were completely closed to fishing while afternoon fishing was prohibited on the Blackfoot River. A few days later, flows fell below the 700 cfs drought trigger and irrigators and water users were asked to implement their individual drought response plans. Flows continued to decline rapidly throughout the remainder of the summer falling to a seasonal low

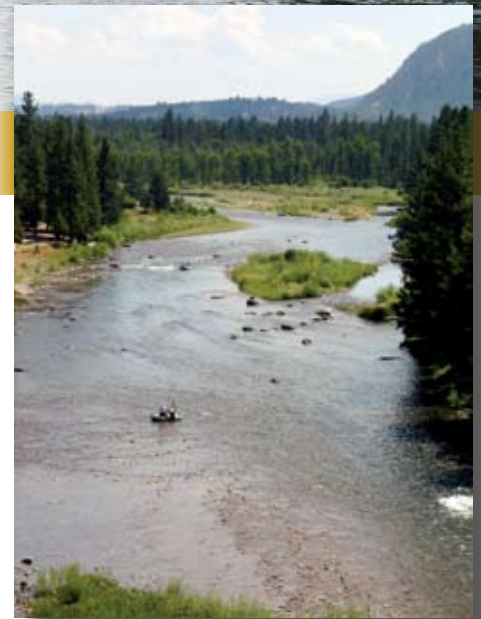
of 410 cfs. This is the first time since the Blackfoot Drought Response was created that flows fell below the 450 cfs mark during the summer.

Despite these severe conditions, fire, and this being the seventh time in eight years that the Blackfoot Drought Response was implemented, participation in the Drought Response remained steady. Sixty-one irrigators and water users pledged their participation in the 2007 Drought Response and while it is difficult to quantify, stress to fish during critical periods was undoubtedly reduced by the outfitters and anglers who followed the mandatory fishing regulations. This sustained effort just goes to show the deep commitment to the protection of the Blackfoot's water resources by water users during difficult times.

It would be easy to just throw in the towel after facing eight years of consecutive drought but our commitment to minimizing the effects of drought and establishing a long-term water conservation program in the Blackfoot are stronger than ever. In 2008, the Drought and Water Conservation Committee will be partnering with the North Powell Conservation District to implement drought and water conservation related projects through a grant from Montana DNRC. This grant will allow us to do many of the things we've talked about for a long time including revitalizing the soil moisture monitoring program, revising drought response plans, identifying potential long-term water conservation projects, and working with pivot users on maintaining and improving system efficiency. It will be a busy year taking this program to a new level but all very worthwhile work that will benefit the Blackfoot's water resources and those who depend on it.



Harry Poett, Chair
Brian McDonald, Coordinator



BRIAN McDONALD
Above: Russell Gates Fishing Access flows at Bonner below 700 cfs

ERIC CHASE
Background Photo: Blackfoot River at Sunset Bridge in August

weeds

Jim Stone, Chair
Ali Duvall, Coordinator



Noxious weeds present a major threat to the ecological and economic productivity of the natural resources and rural communities in the Blackfoot watershed. While species like spotted knapweed are now widespread with land managers working to contain infestation levels, newer invaders like Dalmatian toadflax, yellow-flag iris, and meadow and orange hawkweed are becoming more difficult to prevent and eradicate.

The Blackfoot Weeds Steering Committee works to bring private and public partners together to cooperate on integrated weed management. In February 2007, we cohosted the Annual Blackfoot Weed Meeting with Powell and Missoula County Weed Districts; approximately 50 private and public partners participated by sharing information, coordinating activities and discussing new invaders, biocontrol and cooperative management projects. In December, weed management leaders agreed to develop a watershed-wide plan to target and control key species beginning with leafy spurge.

Weed Management Areas

Cooperators work together across ownership lines through participating in locally-led Weed Management Areas (WMAs). The Blackfoot watershed is comprised of 12 WMAs, the newest being established in June when 30 landowners from the Garnet Mountain Property Owners Association met in Chimney Creek to learn about integrated weed management. In 2007, 110 private and public landowners implemented weed management activities on over 10,300 acres.

Biocontrol/Multi-Species Grazing

The biocontrol project, now in its fourth year, facilitated the release and monitoring of various insects and their effects on spotted knapweed, leafy spurge, and yellow toadflax. Multi-species grazing field trials continued on the Mannix Brothers Ranch and Paws Up Ranch where private landowners, researchers from Montana State University, the Sheep Institute, Joe Skeen Institute for Rangeland Research, and Sieben Live Stock are studying sheep utilization of spotted knapweed and sequential cattle and sheep grazing. While spotted knapweed continues to expand, it is believed that sheep and cattle are able to put enough pressure on the plant to reduce seed viability and production, especially if grazed in July or August.

Education, Awareness and Outreach

In 2007, the Challenge worked with Powell and Missoula County Weed Districts to promote noxious weed education and awareness through field tours, newsletters, WMA meetings and other events. Two signature events were cohosted with the weed districts including the Rangeland Management of Noxious Weeds Tour and BBQ in August, featuring information on sheep grazing, biological control, herbicides and revegetation on a range of species, and the Lower Blackfoot Landowner BBQ in September featuring natural resource booths focused on noxious weeds, fire and fuels reduction, wildlife and more. The Blackfoot Challenge and the Big Blackfoot Chapter of Trout Unlimited also continued to sponsor two Anglers Against Weeds-Weed Pull/River Cleanup Days at Russell Gates Fishing Access in June and August to decrease spotted knapweed and leafy spurge populations in the river corridor.

ALI DUVALL

Above: Dalmatian Toadflax

JASON SMITH

Background Photo: Rangeland Management of Noxious Weeds Tour at the Mannix Brothers Ranch

wildlife

Since 2002, the Wildlife Committee has worked to solve human-wildlife conflicts in the Blackfoot watershed. Strong partnerships have built innovative programs and implemented dozens of on-the-ground projects that help people and wildlife share the land. Through meetings, workshops, field-tours, projects, one-on-one visits, and applied research, the Wildlife Committee and work groups focus on solving problems that matter to local residents.

Reducing Human-Wildlife Conflicts

Through partnerships with MT Fish, Wildlife and Parks (FWP), MT Dept. of Transportation (MDT), US Fish and Wildlife Service (FWS), Allied Waste, Natural Resources Conservation Service (NRCS), Keystone Conservation, and Blackfoot area ranchers, the work of the Wildlife Committee continues to pay off.

In 2007, no grizzly bears were trapped for management purposes, and less than 5 human-grizzly bear conflicts were documented, compared with 7 verified conflicts in 2006. In fact, documented conflicts on low-elevation private lands have been reduced by more than 90% since 2003.

This reduction is due in part to the efforts of partnerships and ranchers, such as the carcass pick-up and composting programs. 224 livestock carcasses that would otherwise attract grizzlies and other scavengers into possible conflict situations were removed from nearly 40 ranches in 2007. In collaboration with MDT, more than 70 livestock carcasses were successfully composted as a pilot test at the MDT Clearwater facility.

The continued success of electric

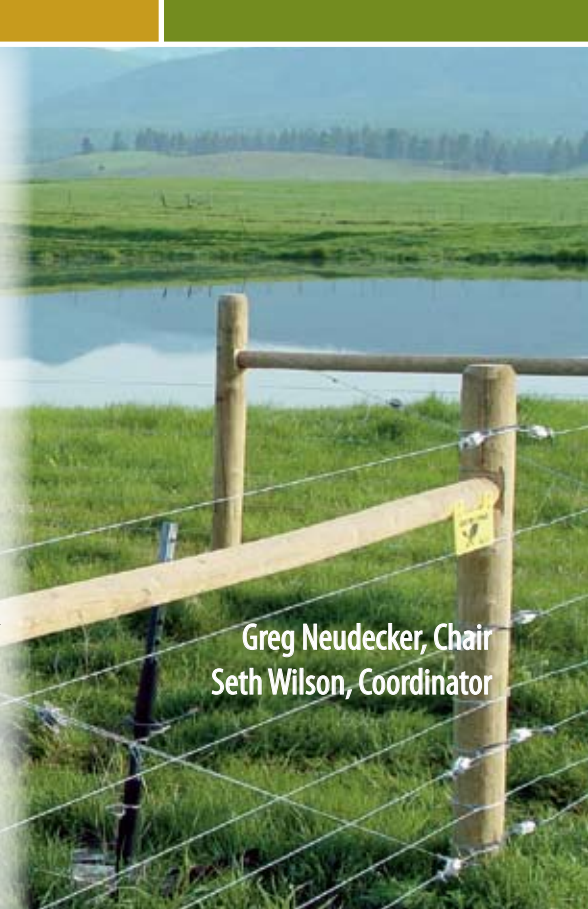
fencing is another factor in reduction of human-wildlife conflicts. Eight new electric fences were constructed in 2007 around apiaries to help beekeepers avoid conflicts with bears. Since 2003, 40,000 linear feet of electric fence has been installed to non-lethally deter predators.

These efforts have been bolstered by a formal information exchange network of more than 100 residents. Organized by nine "neighborhood clusters," each with local volunteer coordinators, the program allows residents to help monitor grizzly and wolf activity, and check-out a variety of devices including bear resistant trash cans, free-of-charge, to avoid problems.

The information exchange network will prove to be an invaluable tool as wolves move into the Blackfoot. According to 2007 estimates, the Elevation Mountain Pack has 2 adults and 6 pups. The Challenge and FWP are partnering to reduce the risk of livestock losses from wolves and address other related issues in 2008.

Trumpeter Swan Activity in 2007

Fourteen trumpeter swans were released on two separate ranches in the Blackfoot Valley in 2007, bringing the total number of swans released in the Blackfoot Valley to 41. All released swans have red neck-collars with white numbers, making them easily distinguished from non-marked migratory swans from Canada. In the last three years, over 220 collared swan observations have been reported in Montana and Idaho. As of December 31, 2007, at least 9 Blackfoot swans were wintering along the Snake River in southeast Idaho. Biologists anticipate releasing approximately 40 swans in 2008 and will continue releases until 7 active breeding pairs are established in the Valley.



Greg Neudecker, Chair
Seth Wilson, Coordinator



LIZ BRADLEY
Above: Female wolf from the Elevation Mountain pack

SETH WILSON
Background Photo: Electric fence surrounding beehives

contributors

We are grateful to the following individuals, organizations, businesses and foundations that truly care about the Blackfoot and its future. Their support in 2007 made our work possible.

Charles & Sydne Abernathy, Allied Waste Services, Moira Ambrose, Robert & Nancy Anderson, Anonymous (4), Anonymous in memory of Roscoe Haines & his daughter Barbara Haines Tokmakian, Christin Archambault in honor of John & Jan Farrar, Patrick & Bernadette Bannister, Jim & Norma Bauer, Eldon & Helen Beck, Jim Berkey, Gunnar Carnwath in honor of Carlie Fleischmann, Dave Smith & Tina Bernd-Cohen, Michael Czerwinski in honor of John & Jan Farrar, Big Blackfoot Chapter of Trout Unlimited, Traci Bignell, Blackfoot Horseshoeing, Blackfoot Valley Log Homes, Helen Bolle, Jennifer Boyer, Sara & Becky Boyett, Bryan & Meg Bradshaw, Stan & Glenda Bradshaw, Scott & Anne Breum, Pat & Nina Brock, Tom Browder, James & Beverly Brown, William Brumder, Cooper & Anne Burchenal, Gary & Wanda Burnett, L.C. Burns, Caroline Byrd, Camas Creek Enterprises, John Cardwell, Lynn Carey, John & Betty Jo Carter, Helen Bolle in memory of Arnold Bolle, Virginia Causey, The Chutney Foundation, Cinnabar Foundation, Circle Bar Ranch, Richard Clough, David Cochran, Alexander Colboun & Selina Rossiter-Baltimore Community Foundation, Gilbert Cook, Margaret Copenhaver, John Corkeran, Janet Coughlin, Creekside Electric, Inc., Richard Crisler, Pat & Kathy Curran, John & Cheryl Dale, Robert & Delores Curry in memory of Floyd Christensen, Fred Danforth & Carlene Larsson, Paul & Kathy Daniels, Ty & Alyssa Daniels, John Delano, Frank & Pat DeLeo, Tom & Sandra Dellvo, Deutsche Bank Americas Foundation, Will & Jean Dickey, Don & Sandi Doucett in memory of Don Hebert, Margery Drescher, Betty DuPont, Ali Duvall, Mike & Sue Duvall, E/L Ranch, Tim Edwards & Gayle Hudgins-Edwards, Victoria Edwards, Jennifer Ellis & Seth Wilson in honor of Walter Pray & Hardy Ellis, Jon & Linda Ender, Andy & Connie Erickson, Zella Erickson, John & Jan Farrar, John & Jan Farrar in memory of Vera Heller, David Fawcett in honor of Bill & Betty Potter, First Interstate BancSystem, Bruce Fleming, Howard & Peggy Fly, William & Patricia Fogarty in honor of Bill

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Thank you to those who have contributed through The Nature Conservancy for the Blackfoot Community Project. We also acknowledge the many photographs and in kind donations we received throughout the year. Although we strive to list each and every donor accurately, errors and omissions do sometimes occur and we apologize if we have missed you. If your name has been incorrectly listed or does not appear, please contact the Ovando Office at (406) 793-3900.

We would also like to acknowledge the outstanding efforts of the Celebration Committee, a group of volunteers that organized a watershed-wide community gathering in June at the Helmsville Community Center. "Celebrate the Blackfoot" was an event

to commemorate the importance of the Blackfoot River, its tributaries and the rural way of life in the watershed. Thank you to the many individuals who contributed items to the event, and joined in the celebration!

Sydne Abernathy, Albertsons Eastgate, Annie Allen, Angela Bennett, Big Blackfoot Chapter of Trout Unlimited, Traci Bignell, Blackfoot Angler & Supplies, Blackfoot Valley Cattlewomen, Brandon & Katie Boedecker, Sara Boyett, Richard Briskin and J.R. Eason, Culligan Water

Conditioning, Pat & Kathy Curran, D&D Food Town, Deer Country Quilts, Digits Nail Salon, Double Arrow Golf Course, Red Eschenbacher, John & Jan Farrar, Racene Friede, Scott Frost, Megan Gale, Earl & Annette Gardner, Daniel Geary, Hank Goetz, Scott Gordon, Tressa Graveley, Helmville Community Center, Janice Hicks, Charlotte Iverson, Todd Johnson, Laverne Jorgenson, Diane Krutar, Kurt's Polaris, Lake Upsata Guest Ranch, Lambkins of Lincoln Restaurant, Jeanne Leonard, Lincoln Auto Tech, Rene Lyons, Bert Mannix, Eloise McNally, Jeff & Wendy McNally-Big Bear Signs, PRO Outfitters/North Fork Crossing, Monty &

Betty Miller, Mount Orando 4-H, Phyllis Niemeir, Nevada Creek 4-H, Cindy Poett, Rocky Mountain Elk Foundation, Rocky Mountain Eye Center, Sandra Roe, Rolling Stone Ranch, Roper Apparel & Footwear, Dawn Rowland, T.A. Rue, Salisbury Images, Sanitation Solutions, Seeley Lake Trailblazers 4-H, Mike Shelton, Brian Sippy, Randy Smith, Sportsman's Warehouse, Louis Stoker, Colleen Stone, Stonewall Steak House, Swan Woods LLC, Roy & Maxine Taylor, Triple W Equipment, The Kingfisher, The Stray Bullet, Trixi's Bar, Deanne Violich, Suzanne Voss, Wheel Inn, Steve & Martha Wolfinger.

executive

The Executive Committee provides financial and administrative oversight for the Blackfoot Challenge, overseeing the budget, expenditures, and fundraising, as well as the work of our new Executive Director. Residing in the lower Blackfoot, Gary Burnett and his wife, Wanda enjoy being involved in conserving our rural way of life, and are thankful to live in a watershed that benefits from our work.

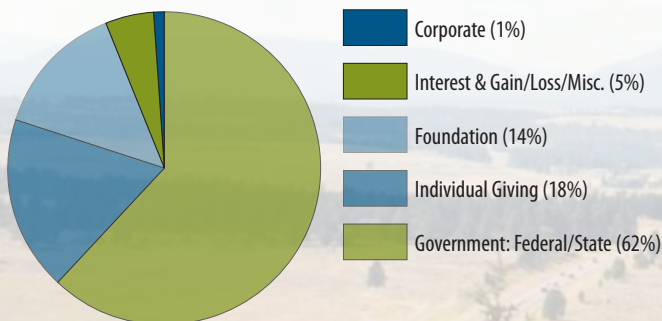
Organized locally and known nationally as a model for preserving the rural character and natural beauty of a watershed, the Challenge is kept strong by a Board of Directors represented by private landowners, federal and state land managers, local government officials, and corporate landowners. All share a common vision of how we operate in the Blackfoot watershed and believe that we can achieve success by building trust, partnerships, and working together. We hope you'll enjoy

the Blackfoot River Valley in 2008. Please stop by.

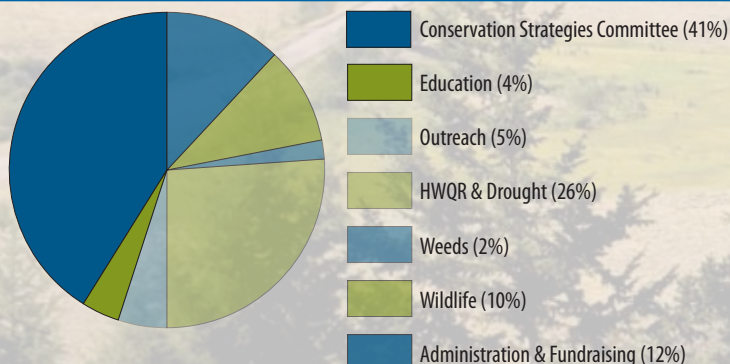
Financials

The year 2007 leaves the Challenge with good program capacity to continue our efforts to coordinate and leverage partner cooperation to conserve the Blackfoot watershed. We look forward to next year when we assume ownership of the core 5,609 acres of the 41,000 acre Blackfoot Community Conservation Area. With broad support from people and partners, we will build on our lessons learned and continue to deliver programs responsive to the communities of the Blackfoot.

SOURCE OF FUNDS—\$996,906



USE OF FUNDS—\$818,149



STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2007

ASSETS

Current Assets

Cash	\$581,686
BCP Fund	207,122
Total Cash Equivalents	788,808
Endowment	7,559
TOTAL ASSETS	\$796,367

NET ASSETS

Unrestricted	\$171,936
Temporary Restricted	
Program Carryover	345,750
Program Reserve	64,000
BCP Fund	207,122
Permanently Restricted	7,559
TOTAL NET ASSETS	\$796,367

2007 BOARD OF DIRECTORS OFFICERS:

Jim Stone, Chair

Rolling Stone Ranch, Orando

Greg Neudecker, Vice Chair

USFWS Partners for Fish & Wildlife Program

Denny Iverson, Treasurer

Iverson Ranch, Potomac

Nancy Anderson, Secretary

Bureau of Land Management

2007 DIRECTORS:

Brent Anderson

Conifer Logging, Lincoln

Caroline Byrd

The Nature Conservancy

Dave Cochran,

Landonner, Helmville

Andy Erickson

E Bar L Guest Ranch, Greenough

Racene Friede

Landonner, Orando

Todd Johnson,

Pyramid Mountain Lumber, Seeley Lake

Amber Kamps

US Forest Service, Lincoln

Tony Liane

Montana DNRC

Mack Long

Montana FWP

Tim Love

US Forest Service, Seeley Lake

David Mannix

Mannix Brothers Ranch, Helmville

Jeff McNally

Landonner, Orando

Harry Poett

Landonner, Orando

Denny Sigars

Plum Creek Timber Company

STAFF:

Gary Burnett, Executive Director

Traci Bignell, Administrator



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Phone: (406) 793-3900

info@blackfootchallenge.org

www.blackfootchallenge.org



Jim Stone and George Hirschenberger.

The 2006 Darrell Sall Memorial Award was presented to George Hirschenberger. George worked for the Bureau of Land Management (BLM) as a range conservationist in Malta and Butte before being hired by Darrell. Since then, George has been an active and respected member of the Blackfoot Challenge. His most notable contributions have been in integrated weed management. Through George's innovative thinking and hard work, he helped to secure significant funding for the valley's weed programs through BLM's weed demonstration project.