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8 **MONTANA TWENTY-SECOND JUDICIAL DISTRICT COURT, CARBON COUNTY**

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10 CARBON CONSERVATION DISTRICT, )

11 )  
12 Plaintiff, )

13 vs. )

14 STILLWATER CONSERVATION )  
15 DISTRICT, )

16 Defendant. )

Cause No. **DV 25-40**

Judge: **Matthew J. Wald**

**ORDER DENYING  
MOTION TO DISMISS**

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18 Before the Court is a *Motion to Dismiss* filed by Defendant Stillwater Conservation  
19 District (“SCD”), requesting dismissal of the *Complaint for Declaratory and Injunctive Relief*  
20 filed by Plaintiff Conservation District (“CCD”). CCD is represented by Jacqueline Papez. SCD  
21 is represented by Shane Coleman, Emily Cross, and Daniel Beierwaltes. Neither party requested a  
22 hearing on the *Motion to Dismiss* and the Court does not find a hearing necessary to rule on the  
23 *Motion*. Having reviewed the parties’ briefing, as well as the applicable law, the Court finds that  
24 the *Motion to Dismiss* must be denied.  
25

26 **BACKGROUND**

27 The complete background of this litigation is set forth in this Court’s recent Order  
28 Granting Preliminary Injunction and will not be repeated in its entirety here. This matter involves

1 restoration of Armstrong Creek under the Good Neighbor Agreement (the “Agreement”). The  
2 Project required a local sponsor or “cooperator” to proceed. The local sponsor can be a public or  
3 private organization that meets the requirements for processing federal grant funds. SCD agreed  
4 to be the local sponsor, although the project area lies outside of the geographic boundaries of  
5 SCD and within the geographic boundaries of CCD. SCD entered into the Agreement with the  
6 U.S. Forest Service (“USFS”). CCD learned of SCD’s involvement and ultimately sent to SCD a  
7 letter asking it to cease and desist undertaking actions under the Agreement without the consent  
8 of CCD. After SCD failed to address the cease and desist letter, CCD initiated this litigation,  
9 filing its *Complaint for Declaratory and Injunctive Relief*. The USFS was aware of the dispute,  
10 but the only position provided from the USFS is a letter to CCD from the local USFS ranger in  
11 April 2025 in which it stated that “transferring the agreement to another entity is not practical,”  
12 and that it “remains committed to working within the terms of the agreement with SCD to  
13 advance the project...” The USFS further stated in its letter that “[t]his appears to be a dispute  
14 between the two conservation districts” and recommended that the entities seek assistance from  
15 the DNRC to resolve the dispute. No additional information from USFS has been forthcoming  
16 despite efforts of counsel to establish a clearer understanding of USFS’s position, and clear notice  
17 to USFS of the *Temporary Restraining Order* issued by this Court temporarily prohibiting SCD  
18 from further administration of the Project.

23 CCD filed its *Complaint* against SCD on May 21, 2025, seeking a declaration that SCD  
24 was acting beyond its statutory authority in undertaking to manage and administer the Project on  
25 federal and private property lying within CCD’s boundaries. On June 19, 2025, SCD filed its  
26 *Motion to Dismiss* under Mont. R. Civ. P. 12(b)(7) for failure to join an indispensable party, the  
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1 USFS; CCD filed a *Response* in opposition on July 7, 2025. SCD filed a *Reply Brief in Support of*  
2 *Motion to Dismiss* on July 21, 2025. The *Motion* is ripe for decision.

### 3 **STANDARD OF REVIEW**

4 A declaratory judgment action serves the purpose of settling and affording “relief from  
5 uncertainty and insecurity with respect to rights, status, and other legal relations.” § 27-8-102,  
6 MCA. In a declaratory judgment action, persons “who have or claim any interest which would be  
7 affected by the declaration” must be made parties, and the declaration shall not “prejudice the  
8 rights of persons not parties to the proceeding.” § 27-8-301, MCA.  
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10 Rule 12(b)(7) provides courts with authority to dismiss a complaint for “failure to join a  
11 party under Rule 19.” Mont. R. Civ. P. 12(b)(7). “When considering a motion to dismiss based on  
12 the assertion that an indispensable party is absent, the court is given discretion to determine  
13 whether the action will proceed or must be dismissed.” *Behlmer v. Crum Real Props., LLC*, 2024  
14 MT 237, ¶ 6, 418 Mont. 346, 557 P.3d 930 (internal citation omitted).  
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16 Under Rule 19, “a court must first determine under Rule 19(a) whether the absent party is  
17 necessary to the action . . . and, second, if the absent party is necessary but joinder is not possible,  
18 whether the absent party is indispensable under Rule 19(b), that is, whether in ‘equity and good  
19 conscience the action should proceed . . . or should be dismissed . . . .’” *Blaze Constr., Inc. v.*  
20 *Glacier Elec. Co-op, Inc.*, 280 Mont. 7, 10, 928 P.2d 224, 226 (1996). The Montana Supreme  
21 Court has made clear that, “in the interests of judicial economy, all parties claiming an interest in  
22 the subject of the suit should be joined,” under Rule 19. *Id.*  
23

### 24 **DISCUSSION**

25 Rule 19(a)(1) defines a necessary party as follows:  
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27 “(1) Required Party. A person who is subject to service of process must be joined as a  
28 party if:

1 (A) in that person's absence, the court cannot accord complete relief among existing  
2 parties; or  
3 (B) that person claims an interest relating to the subject of the action and is so situated that  
4 disposing of the action in the person's absence may:  
5 (i) as a practical matter impair or impede the person's ability to protect the interest;  
6 or  
7 (ii) leave an existing party subject to a substantial risk of incurring double,  
8 multiple, or otherwise inconsistent obligations because of the interest.” Mont. R.  
9 Civ. P. 19(a)(1).

10 SCD argues that the USFS claims an interest here as CCD’s *Complaint* fundamentally  
11 seeks to halt work on the Project for which USFS and SCD have a contract and which is situated  
12 on federal land, and that disposing of the action in USFS’s absence would both impair or impede  
13 the USFS’s ability to protect its legal interest and leave SFC subject to substantial risk of  
14 incurring multiple or inconsistent obligations because of the interest. CCD responds that USFS  
15 has not claimed or asserted an interest in this litigation.

16 Although the issue does not appear to have arisen in Montana, Federal Courts interpreting  
17 the nearly-identical provision of F.R.C.P. Rule 19(a) have found that a defendant cannot assert  
18 the interest of the absent third party as a basis to militate joinder; instead, the absent third party  
19 must claim an interest before joinder is required. See, e.g. *Northrop Corp. v. McDonnell Douglas*  
20 *Corp.*, 705 F.2d 1030, 1043 (9th Cir. 1983) (“Joinder is ‘contingent . . . upon an initial  
21 requirement that the absent party claim a legally protected interest relating to the subject matter of  
22 the action.’”); *Peregrine Myanmar Ltd. v. Segal*, 89 F.3d 41, 49 (2d Cir. 1996) (absent party must  
23 claim interest for Rule 19 to apply); *Conntech Dev’pt Co. v. University of Connecticut Educ.*  
24 *Props., Inc.*, 102 F.3d 677, 682 (2d Cir.1996) (holding that “because it does not claim ‘an interest  
25 relating to the subject of the action,’ [the third party] is not required to be joined under either  
26 prong of Rule 19(a)(2).”); *Powers v. City of Seattle*, 242 F.R.D. 566, 567-68 (W.D.Wa. 2007)

1 (Rule 19(a)(2) F.R.C.P. does not apply if third party does not claim an interest relating to the  
2 subject of the action).

3         Here, SCD has provided no evidence that the USFS has claimed an interest in this action,  
4 despite the USFS having notice of the dispute between CCD and SCD and of the TRO issued by  
5 the Court. The only position of the USFS provided in this suit is the USFS ranger's letter to CCD  
6 dated April 2025, stating that it "remains committed to working within the terms of the agreement  
7 with SCD to advance the project." (*Flemetis Dec.* (doc. 11), Ex. 103). Instead of asserting harm –  
8 or any interest in the matter – the USFS chose to instruct CCD and SCD that this dispute is a  
9 dispute between the districts and advised the districts to involve the Montana Department of  
10 Natural Resources and Conservation ("DNRC") in the resolution. *Id.* The USFS' "commitment"  
11 does not rise to the level of claiming an interest sufficient to mandate joinder under Rule  
12 19(a)(1)(B), especially where the USFS has had ample opportunity to voice more specific  
13 concerns or claims since the April 2025 letter and has apparently chosen not to do so. As the  
14 USFS has not claimed an interest in this action, it need not be joined as a party. *Blaze*, 280 Mont.  
15 at 10.

16         SCD additionally argues that the USFS clearly claims an interest here because CCD's  
17 *Complaint* seeks to effectively terminate the parties Agreement and that federal case law has  
18 made clear that all parties to a contract are "indispensable" parties to any action that seeks to void  
19 a contract. See *Lomayaktewa v. Hathaway*, 520 F.2d 1324, 1325 (9th Cir. 1975). "[I]n actions to  
20 "set aside" or "decimate" a contract, parties to that contract are required parties to the action.  
21 *Dawavendewa v. Salt River Project Agric. Improvement & Power Dist.* 276 F.3d 1150, 1157 (9th  
22 Cir. 2002). (citing *Lomayaktewa v. Hathaway*, 520 F.2d 1324, 1325 (9th Cir. 1975)). SCD further  
23 argues that this action threatens the USFS's right to use the Congressionally approved funding for  
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1 this Project. Returning to the language of the *Complaint*, this is a matter seeking a declaration as  
2 to SCD's authority to administer projects within CCD's boundaries, absent CCD's agreement.  
3 The *Complaint* is not against the Agreement itself, nor the Project. CCD points out that the  
4 Agreement contains a term allowing modification by agreement of the parties. If the Court  
5 ultimately finds for CCD, nothing in the language of the Agreement's modification section would  
6 preclude SCD and the USFS from modifying to name a successor sponsor/cooperator who has  
7 statutory authority to act in Carbon County and the USFS would not lose funding for the Project.  
8 The Agreement also contains a term setting the period of performance from July 2023 to  
9 September 2028. (*Complaint*, Ex. B, p. 15). Under these terms, the Court does not find that this is  
10 an action to "set aside" or "decimate" a contract. The Court recognizes that modifying the  
11 agreement to change the sponsor at this point certainly could cause impacts on the Project, but it  
12 is an option written into the Agreement that would allow the purposes of the Agreement to be  
13 accomplished and the Project to continue. In the filings before the Court, nowhere does the USFS  
14 state that the Project will be terminated or the funding for the Project lost if SCD does not  
15 continue as the sponsor. Due to a lack of information and communication by USFS since the  
16 lawsuit was initiated, the only information as to the view of USFS on modification is the April  
17 2025 letter stating that "transferring the agreement to another entity is not practical" but also that  
18 as far as USFS is concerned, the dispute is between the two local government entities. (*Flemetis*  
19 *Dec.* (doc. 11), Ex. 103).

20       Recent Montana precedent supports the conclusion that the USFS is not a required party.  
21 In *Behlmer v. Crum Real Props., LLC*, the Montana Supreme Court reviewed a district court's  
22 decision to dismiss a case based on its determination that the federal government was a required  
23 party to the action under Mont. R. Civ. P. 19 because of its interests in BLM land adjacent to the  
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1 property at issue, and the existence of a lease between Behlmer and the BLM. 2024 MT 237.  
2 There, Behlmer owned property north of Helena that was accessible by traveling on Treasure  
3 Canyon Drive, then crossing BLM land. *Id.*, ¶ 3. He filed for a declaratory judgment seeking a  
4 declaration of his rights relative to a portion of Treasure Canyon Drive that traversed the  
5 respondents' land, but not the BLM land for which Behlmer had leased a right of way. *Id.* ¶¶ 3-4.  
6 The Court overturned the dismissal, determining that the BLM lease with Behlmer had no bearing  
7 on the dispute between Behlmer and the respondents, as the litigation only pertained to the  
8 respondents' interests and did not affect any adjacent property holders, including the federal  
9 government. *Id.*, ¶ 11.  
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12 Like the petitioner in *Behlmer*, CCD is seeking a declaratory judgment. In *Behlmer*, the  
13 District Court found that the federal government's interest in its land could be prejudiced by a  
14 determination of Behlmer's rights to the road; however, the Court found that Behlmer was not  
15 seeking a declaration of his rights to access and use the United States' property on the road but  
16 rather only his rights as to the respondents' property. Similarly, CCD is not seeking to decimate  
17 the Agreement or threaten the USFS's right to complete the Project or use the funding but rather  
18 is seeking a declaratory judgment as to SCD's authority to administer projects located within  
19 CCD's boundaries absent agreement from CCD. From its finding in *Behlmer*, clearly the Montana  
20 Supreme Court deems that an entity of the United States must have an expressed and non-  
21 peripheral interest before joinder of the United States would be required.  
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24 SCD also argues that the USFS is a necessary party under Rule 19(a)(B)(2)(ii) because  
25 directing SCD not to perform its contractual duties to USFS under the Agreement impairs the  
26 USFS's interests as well as leaves SCD in the position of incurring inconsistent obligations – its  
27 contractual obligations to the USFS and the relief requested by CCD that it stop that contractual  
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1 performance. One of the Agreement’s terms notes that SCD has the authority to enter into the  
2 Agreement. (*Complaint*, Ex. B, p. 3). If compliance with the potential injunction would cause  
3 SCD “to be unable to fulfill their contractual obligations to the United States, then they will be  
4 subject to the consequences of breaching” the Agreement. *Physics, Materials, & Applied*  
5 *Mathematics Rsch. LLC v. Yeak*, U.S. Dist. LEXIS 143738, at \*12 (D. Ariz. Aug. 11, 2022).

7 In *Yeak*, the plaintiff brought suit against the defendants, Yeak and his company, alleging  
8 misappropriation of trade secrets and related claims. *Id.* at 1. While Yeak was employed with the  
9 plaintiff, a company specializing in applied research involving lasers, the plaintiff was awarded a  
10 federal research grant from the U.S. Department of Energy. *Id.* at 3. While still employed by the  
11 plaintiff, Yeak later created his own LLC and applied for and was awarded similar government  
12 contracts, three of which were still active during the lawsuit. *Id.* at 4. Yeak made similar  
13 arguments under Rule 19(a), contending that the United States was an indispensable party  
14 because the action threatened the defendants’ contracts with the federal government and that  
15 national security interests were implicated. *Id.* at 5. The federal district court found that the  
16 United States was not a required party as the defendants’ contractual obligations to the United  
17 States did not prevent the plaintiff from obtaining relief and because the United States had not  
18 claimed an interest or participated in the action in any way. *Id.* at 13, 19. Obviously *Yeak* has no  
19 precedential value for this Court, but it is instructive. Just as the plaintiff raised claims that could  
20 impact Yeak’s ability to continue to perform under the government contracts, here, CCD’s claims  
21 would impact SCD’s ability to perform its obligations under the Agreement with the USFS. The  
22 Court in *Yeak* found that the plaintiff was not directly attacking the government contracts  
23 provisions or validity; thus, the United States was not a party to a contract challenged in this  
24 action and was required to claim an interest under Rule 19(a). *Id.* at 15. Just as in *Yeak*, here the



1 United States, represented by the USFS, has not claimed an interest or otherwise participated in  
2 this action in any way.


3 SCD did not argue that Rule 19(a)(1)(A) applies here to mandate joinder, but the Court  
4 will briefly address that part of the Rule as it further supports the conclusion that the USFS is not  
5 a necessary party. Under Rule 19(a)(1)(A), “the court must join an absent party if the court cannot  
6 accord complete relief without the participation of that person as a party.” *Behlmer*, ¶ 7.  
7 “[C]omplete relief refers to relief as between the persons already parties, and not as between the  
8 party and the absent person whose joinder is sought.” *Id.* at ¶ 8 (citing *Mohl v. Johnson*, 275 Mont  
9 167, 171 (1996)). Here, a “complete disposition” of CCD’s claims could be made without the  
10 USFS’s participation as the USFS has not claimed an interest in the action and CCD seeks  
11 “nothing” from the USFS. *Id.* at 172.  
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14 The Court thus finds that the USFS is not a necessary party under either Rule 19(a)(1)(A)  
15 or 19(a)(1)(B)(ii). As joinder of the USFS is not required under Rule 19(a), the Court need not  
16 reach a decision on whether the case should proceed under Rule 19(b).  
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18 For the forgoing reasons,

19 **IT IS HEREBY ORDERED** that SCD’s *Motion to Dismiss* is DENIED.

20 **DATED** this 26<sup>th</sup> day of September, 2025.

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23   
24 **MATTHEW J. WALD, District Judge**

25 cc: Jacqueline R. Papez  
26 Shane P. Coleman  
27 Emily Cross  
Daniel Beierwaltes

28 **CERTIFICATE OF SERVICE**

The foregoing was duly served by Email upon the parties or  
their attorneys of record at their last known email address on  
September 26, 2025. By A.V. Left Hand