The history of Spotted Eagle Recreation Area can be broken into three distinct pieces. The first was when it served as the camp for Spotted Eagle, a fierce Sioux chief who lead a band of warriors during the Battle of the Little Big Horn. He fled with Sitting Bull to Canada but came back to the United States. He surrendered to Nelson Miles on October 31, 1880, with his band of 400 followers. They camped at this spot while waiting assignment to the Cheyenne River Agency. A famous photo was taken of the camp by L. A. Huffman, who also photographed a distinctive portrait of Spotted Eagle. The photo of the camp is distinctive because it was one of the last camps before canvas was given to the Native American for their teepees. The teepees in Spotted Eagles camp are still made from hide.

For many years after, this spot was nothing more than a pleasant bit of wilderness. It fell within the borders of the old Fort Keogh military reservation but was never used during the military or the remount years. The land later was transferred to the Bureau of Land Management when Fort Keogh was transferred to the Department of Interior as a livestock and range research station. In the Depression years of the 1930s, the Civilian Conservation Corps was created to provide work for single young men. The camps were set up in rural areas and the corps built walls and trails and worked on conversation projects. In the late 1930s, the Spotted Eagle Conservation Corps Camp was created at the site where the Native Americans had camped. The CCC camp was named after the famous warrior. A few temporary buildings were constructed, as well as tents for the men to sleep in, and the camp provided shelter for workers between projects. Although the camp was not easily reached from town-the only road into the camp started at the base of Camelback - efforts were made to regularly invite townspeople out for sing-a-long and dances and other entertainment. With the coming of World War II, the CCC camps were no longer needed and the site was abandoned to nature.

About twenty years later, the Interstate Highway System was created and one of the earliest sections was constructed near Miles City. In order to create a stable base in what was rather swampy country, a large gravel pit was dug behind the fish hatchery. The hole was left behind and forgotten. Almost. One rainy summer, the former gravel pit filled up with water and provided a popular swimming hole for daring young Miles Citians. In 1966, word got out about the swimming hole and the idea came to several people that it could be made into a recreation area for community. A new road was created so the "lake" could be more easily accessed. The outflow of the fish hatchery was directed to flow through the lake before it entered the Tongue River so that the lake would last year round. From the very beginning, the lake and its surrounds was called "Spotted Eagle," more in memory of the old CCC camp, which was, after all, less than thirty years in the past, of when the project started, than Spotted Eagle himself.