



Forest Service

Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers
Valuation Services

1617 Cole Boulevard, Building 17
Lakewood, CO 80401
Mobile (720) 614-4037

File Code: 5430

Date: January 18, 2023

Route To: 5410

Subject: Proposed Mt. Emmons Land Exchange – non-Federal Parcels (non-Federal Parcels A, B, C, and D)
Real Estate Appraisal Review

To: Forest Supervisor, Grand Mesa, Uncompahgre and Gunnison National Forests

In response to your request for valuation services dated July 28, 2022, please find enclosed the Technical Appraisal Review Report of the Kevin A. Chandler, MAI appraisal dated November 30, 2022, of the non-Federal property involved in the proposed Mt. Emmons land exchange. It is presented in four sections: 1) Appraisal Report Summary, 2) Appraisal Review Process, 3) Review Appraiser’s Analysis, Comments, and Conclusions, and 4) Review Appraiser Certification.

One extraordinary assumption was instructed in the statement of work I authored specific for the assignment and was employed in the appraisal. The extraordinary assumption involved the non-Federal Parcels being unaffected by recognized environmental conditions.

The appraisal complied with the statement of work relative to larger parcel determination. The analysis concluded there are four larger parcels as summarized in the chart below. Since the larger parcel determination did not include additional non-Federal lands, the before-and-after appraisal methodology was not applicable nor employed. The appraisal was limited to the area encumbered by the interest proposed for the voluntary exchange. Since the appraiser concluded there are multiple larger parcels, a value analyses for each larger parcel were presented, then the appraiser further analyzed and concluded the value to a single entity rather than simply the sum of the individual larger parcel values.

Property Name	Size (acres)	County	Forest	District	Ownership
Non-Federal Parcel A – Three Peaks Ranch	160.00	Gunnison	GMUG	Gunnison	Mt. Emmons Mining Company
Non-Federal Parcel B – Monchego Creek	159.69	Saguache	GMUG	Gunnison	Mt. Emmons Mining Company
Non-Federal Parcel C – Sheep Creek	147.50	Saguache	Rio Grande	Saguache	Mt. Emmons Mining Company
Non-Federal Parcel D – Spanish Creek	157.99	Saguache	Rio Grande	Saguache	Mt. Emmons Mining Company
Federal Property: maximum of 625.18 acres					

Drawing upon the data available in the marketplace, the appraiser employed the Sales Comparison Approach which the Federal courts recognize as the approach to value being normally the best evidence of market value. Analysis based upon a “per acre” unit of measure was employed. Consistent with my delegation of authority granted July 6, 2021, I approve the appraisal for agency use. Market value of the Federal property on November 21, 2022, was concluded to be:

ONE MILLION NINE HUNDRED FORTY THOUSAND DOLLARS
\$1,940,000



Furthermore, a unit price of \$3,103 per acre is applicable to the Non-Federal property as a whole at a size range of 80.00 to 640.00 acres.

The approved appraisal is valid for the intended use – basis for the potential, voluntary land exchange between Mt. Emmons Mining Company as represented by Western Land Group, Inc., and the USA, as represented by USDA Forest Service.

In accordance with FSM 5410, the appraisal report will be made available when requested; however, copies are not to be retained in Regional, Forest, or District landownership adjustment files. The Valuation Services staff, in accordance with the Appraisal and Records Management handbooks, will maintain them.

I am pleased to have been of service to you. Should you have questions, I can be reached by phone at 720-614-4037, by email at charles.brown@usda.gov, or by mail in care of the USDA Forest Service, Rocky Mountain Region, RLMV, at 1617 Cole Boulevard, Building 17, Lakewood, Colorado, 80401.

A handwritten signature in black ink, consisting of a large, loopy 'C' with a '7' written inside it.

Charles Brown, MAI
Regional Appraiser

Enc.
cc (electronic only):

Chad Stewart, Forest Supervisor
Jason Robertson, Recreation, Lands, Minerals, & Volunteers Director
Lew Sovocool, Regional Landownership Adjustment Program Manager
Nicholas Szuch, Lands Program Manager
Amy Sutton, RO Realty Specialist

TECHNICAL APPRAISAL REVIEW REPORT

OF

The Kevin A. Chandler, MAI Appraisal of the 625.18 Acre, non-Federal Property Involved in the Mt. Emmons Land Exchange, Located in Gunnison and in Saguache Counties, Colorado

Reviewed By: Charles Brown, MAI, Regional Appraiser

Date of Appraisal Report Under Review: November 30, 2022

Effective Date of Appraisal Under Review: November 21, 2022

Date of Review: January 18, 2023

Review Conclusion: Approved for Agency Use

Opinion of Market Value Concluded in Appraisal Report: \$1,940,000

Presented in four sections:

- **Section One – Appraisal Report Summary**
- **Section Two – Appraisal Review Process**
- **Section Three – Review Appraiser’s Analysis, Comments, and Conclusions**
- **Section Four – Review Appraiser’s Certification**



**USDA FOREST SERVICE – ROCKY MOUNTAIN REGION
VALUATION SERVICES**

Appraiser: Kevin A. Chandler, MAI of Chandler Consulting, 979 Kite Court, Grand Junction, Colorado 81505

Client and Intended Users of the Appraisal: As documented on page 16 of the report, the appraiser's client is the "Forest Supervisor for the Grand Mesa, Uncompahgre, and Gunnison National Forests" and, in addition to the client, the intended users of the appraisal are "Charles Brown as Regional Appraiser for the Rocky Mountain Region, Lands/Realty personnel attached to the Grand Mesa, Uncompahgre, and Gunnison National Forests, Lands/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Council personnel, representatives of the Western Land Group, Inc., and representatives of Mt. Emmons Mining Company." This is consistent with written instruction provided by a USDA Forest Service review appraiser.

Intended Use of the Appraisal: Also documented on page 16 of the report, the intended use of the appraisal is to "provide a value basis for the potential and voluntary land exchange between Mt. Emmons Mining Company, as represented by Western Land Group, Inc., and the USA, as represented by USDA Forest Service, of the property identified in Exhibits A and B of the Agreement to Initiate, "as if" the federal lands were in private ownership, zoned consistent with other non-federal properties in the area, and available for sale in the open market." This language is consistent with written instruction provided by a USDA Forest Service review appraiser.

Type and Definition of Value: As instructed, the type of opinion of value provided was Market Value as defined at 36 CFR 254, Subpart A, 254.2. That definition appears on page 16 of the report:

"Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." (36 CFR 254.2)"

Effective Date of the Appraisal: The effective date of appraisal was November 21, 2022. The last date the appraiser inspected the subject property was September 12 and 13, 2022, and the appraiser confirmed on November 21, 2022, with knowledgeable parties that the physical condition had not materially changed since the previous inspection.

Date of the Appraisal Report: The appraisal was presented in a report dated November 30, 2022.

Estate Appraised: The estate appraised consisted of all rights, title, and interests subject to any outstanding rights and reservations, identified in Exhibits A and B of the Agreement to Initiate. The outstanding rights are listed on page 18-20 of the report. The report indicates on page 14:

"Although there are no proposed reservations for the Non-Federal Parcels, legal descriptions and outstanding rights from Exhibit A are presented on the following pages. Thus, the Non-Federal Parcels are appraised subject to permitted exceptions listed in title insurance commitments that were prepared during December 2021 (copy in addenda). As discussed in the Property Data section of this report, most of these outstanding rights are typical for rural properties, and do not have an adverse impact on market value. However, Parcel D requires a new driveway (with legal authorization) from nearby roads to have physical access for rural residential homesites. Moreover, Parcel C only has pedestrian ingress/egress, which limits the potential uses to recreation and/or grazing. The analysis considers the adverse impact on market value due to existing access."

Legal Description: Land description verification (LDV) forms prepared by a USDA Forest Service surveyor and dated March 9, 2022 are on pages 30 - 33 of the report. Additionally, the subject property legal descriptions begin on page 18 of the report.

Owner of Record: As noted on page 6 of the report, the subject property is owned by Mt. Emmons Mining Company.

Scope of Work Summary: On September 12 and 13, 2022, Kevin A. Chandler, MAI inspected the subject property with Chris Franks and Todd Robertson (representatives of the proponent), Corey Wong, me, and Nicholas Szuch (representative of U.S. Forest Service).

Information on the subject parcel and the marketing area was provided by representatives of the property owner, representatives of the Federal government, and me. Between September 8, 2022, and November 30, 2022, the appraiser completed independent research for additional due diligence materials, conducted verification interviews, and completed various analyses. The appraisal results were presented in a report transmitted to me electronically on November 30, 2022.

The appraiser considered all three traditional approaches to value but concluded that only the Sales Comparison Approach was applicable in the valuation of the subject property. Numerous land sales, listings, etc. from the subjects' market areas were investigated and those deemed most similar with respect to location, use, and time – among other factors – were analyzed.

Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions: One extraordinary assumption was instructed and employed. It was cited on page 3:

The appraisal is pursuant to an extraordinary assumption that the subject parcels are unaffected by recognized environmental conditions (the use of which may have affected the assignment results).

No hypothetical conditions were instructed or employed in the appraisal.

One jurisdictional exception was instructed and employed. It is cited on page 16 of the report.

The Uniform Appraisal Standards for Federal Land Acquisitions provide that the appraiser shall not link an opinion of market value to a specific exposure time. This is contrary to Standards Rule 1-2(c) of the most current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), and thus is considered a Jurisdictional Exception (which has been invoked regarding the development of an opinion of reasonable exposure time for the subject property).

Property Characteristics Summary: The 625.18-acre subject property consists of four parcels of land located in Gunnison and in Saguache Counties. Parcel A contains 160.00 acres and is an inholding surrounded by public lands on the Gunnison National Forest. Parcel B includes 159.69 acres. Parcel C is a 147.50-acre parcel and Parcel D includes 157.99 acres. The property is appraised as vacant land.

The natural features and access conditions for each of the parcels are discussed starting on page 25 of the report:

Parcel A

Parcel A (Three Peaks Ranch) is located 24 road miles northwest of the City of Gunnison, as well as 24 miles south of Crested Butte, near the Ohio Creek Valley of northwest Gunnison County.

According to a Land Description Verification that was prepared in March 2022 by a Forest Service Surveyor, Parcel A comprises 160.00 acres within Sections 28 and 29, of Township 14 South and Range 86 West, Sixth P.M. This true inholding is surrounded by public domain on the Gunnison National Forest, and is situated between the West Elk Mountains and State Highway 135 corridor. It has vehicular access from Forest System Road 737 as it terminates at the south central boundary, which connects with County Roads 727 and 730. However, there is no public winter maintenance for the final three miles (past a trailhead), and Parcel A has seasonal use access from public roads. This scenic property within the Carbon Creek Valley has rolling to moderately sloping topography at an elevation of about 9,200 to 9,600 feet above sea level, and situated between natural landmarks of Carbon Peak, Whetstone Mountain, and Mt. Axtell. Carbon Creek is a tributary of Ohio Creek that traverses the southeast portion for about one-quarter mile, and fed by two drainages from the north that also fill several ponds. Thus, Parcel A has a live water amenity that offers some fishing for smaller native trout, and also provides prime wildlife habitat with very good big-game hunting. Vegetation includes mountain meadows with grasses and shrubs, lush riparian areas, aspen stands, and conifer forest. Parcel A offers very good views of the surrounding valley and mountain peaks.

Parcel B

Parcel B (Monchego Creek Ranch) is located forty road miles southeast of the City of Gunnison, and 45 miles west of the Town of Saguache, near Cochetopa Dome in northwest Saguache County. It is situated ten miles south of State Highway 114, and 2.5 miles west of the Continental Divide. According to a Land Description Verification that was prepared in March 2022 by a Forest Service Surveyor, Parcel B comprises 159.69 acres in Section 19, of Township 45 North and Range 3 East, N.M.P.M. It mostly borders federal domain on the Gunnison National Forest, with a public BLM tract to the southwest, and private property at the northeast boundary (owned by Strid or Coleman). Forest System Road 787 originates at County Road 17-FF one-half mile north, and provides direct vehicular access as it traverses the site from north to south. However, these roadways are seasonal use in the vicinity, as the closest winter maintenance is three miles north at County Road NN-14. An unauthorized trail road crosses the eastern portion, which leads to a cabin on the national forest. Parcel B is situated at the edge of Cochetopa Park, with rolling terrain and some moderate slopes at an elevation of about 9,300 to 9,600 feet above sea level. Monchego Creek is a minor stream that bisects center of the tract, but has low flows and does not offer a live water amenity or fishing. Vegetation is primarily grasses and shrubs, with riparian areas and some aspen along the creek, as well as dense conifer forest at the western edge. Parcel B offers prime wildlife habitat with good big-game hunting, and offers good views of the surrounding valley and distant mountain ranges.

Parcel C

Parcel C (Sheep Creek Ranch) is located fifty road miles southeast of the City of Gunnison, and forty miles northwest of Town of Saguache, near Cochetopa Pass in northwest Saguache County. According to a Land Description Verification that was prepared in March 2022 by a Forest Service Surveyor, Parcel C comprises 147.50 acres in Sections 12 and 13, of Township 46 North and Range 4 East, N.M.P.M. This inholding is surrounded by public lands on the Rio Grande National Forest, and situated three air miles north of State Highway 114. Forest System Road 810 travels north from the highway as it winds through the national forest, connects with Forest System Road 999 as it forms a loop further east, and both two-track roads are within one mile of

Parcel C. However, a roadway segment that formerly accessed the property has been decommissioned, and the subject currently has pedestrian ingress/egress only via Forest System Trail 769 to the northwest boundary. Sheep Creek is a major stream that traverses the center of Parcel C for about one mile, while Spruce Creek flows across the east central portion for one-quarter mile to its confluence with Sheep Creek. Terrain is rolling at the bottomland, with moderate to steep slopes on hillsides above to the east or west, at an elevation of about 9,100 to 9,600 feet above sea level. Both creeks offer a live water amenity and some fishing for smaller native trout, and the subject has very good big-game hunting. Vegetation is primarily grasses and shrubs, with lush riparian areas along the creeks, and scattered conifer forest. Parcel C is very secluded, with good views of the valley and distant mountains.

Parcel D

Parcel D (Spanish Creek Ranch) is one mile southwest of Parcel C, in northwest Saguache County. According to a Land Description Verification that was prepared in March 2022 by a Forest Service Surveyor, Parcel D comprises 157.99 acres in Sections 23, 24, 25, and 26, of Township 46 North and Range 4 East, N.M.P.M. (a/k/a Homestead Entry Survey No. 63). It is surrounded by public domain on the Rio Grande National Forest, and situated two air miles north of State Highway 114. Forest System Road 810 travels west of Parcel D, and connects with Forest System Road 999 at the northwest corner, which continues east along the north boundary. However, these public roads do not touch the subject, and former access road to the southwest corner has been decommissioned. Thus, Parcel D would require legal authorization to install new driveway from these nearby roads. Spanish Creek traverses the center of Parcel D for about three-quarter mile, which offers a live water amenity but reportedly nominal fishing for smaller native trout. This bottomland property has rolling terrain with gradual slopes at an elevation of about 9,050 to 9,200 feet above sea level. Vegetation is primarily grasses and shrubs, with lush riparian areas along the creek, and conifer forest above. Parcel D has good views of the area, and also offers very good big-game hunting.

Utilities and drainage features of the property are also summarized on page 26 of the report:

The subject parcels are outside of municipal water or sewer service areas, but rural homesites often utilize domestic wells for potable water, and individual septic disposal systems for sanitary sewer. Parcel A has an existing well and septic system, which could be installed at Parcels B, C, and D. Public dry utilities include electric and telephone service by local providers, which are available to Parcel A. Because distribution lines would have to be extended to Parcels B, C, and D for some distance at considerable cost, a more viable alternative is “off-the-grid” power by solar panels with batteries, or generators. Propane gas is typically stored in tanks for heating and cooking purposes. These high-elevation parcels receive substantial snowfall, with heavy runoff experienced during spring, but surface drainage appears to be adequate. Floodplain and/or wetlands in riparian areas are not likely buildable, but each subject parcel has ample uplands for rural residential homesites.

Water rights are summarized on page 27 of the report.

Although the proponent owns water rights at Parcel A, the U.S. Forest Service has elected to not acquire them. There are also no adjudicated water rights at Parcels B, C, and D. Thus, each

subject parcel is appraised without any water rights, although they are eligible for domestic well permits.

In terms of mineral rights, all mineral rights held by the surface owner will be conveyed, with no reservations in title noted. The appraisal concludes there is no commercial value of mineral resources at the property if sold in the open market.

I reviewed a draft Mineral Potential Report that includes all parcels in the proposed land exchange, which was prepared by Rare Earth Science, LLC, and is being reviewed by the U.S. Forest Service. According to this document, the Non-Federal Parcels have low development potential for metallic minerals, critical and strategic minerals, oil and gas, geothermal, sodium and potassium, as well as mineral materials (i.e. sand, gravel, stone, etc.). Although otherwise rated as low at the subject, development potential is considered to be moderate at Parcel A for coal, as well as for industrial minerals (namely pumice and perlite) at Parcel B, due to presence of known reserves in the vicinity. Thus, the analysis assumes there are no known mineral resources at the property with commercial value, and mineral rights would be given negligible contributory value if sold on the open market.



Parcel A Looking North from Forest System Road 737 at South Boundary



Southern Portion of Parcel A Looking Southwest (towards Carbon Creek)



West Portion of Parcel B Looking Southwest from Forest System Road 787



Eastern Portion of Parcel B Looking East from Forest System Road 787



Forest System Trail 769 Looking East towards Parcel C (in background)



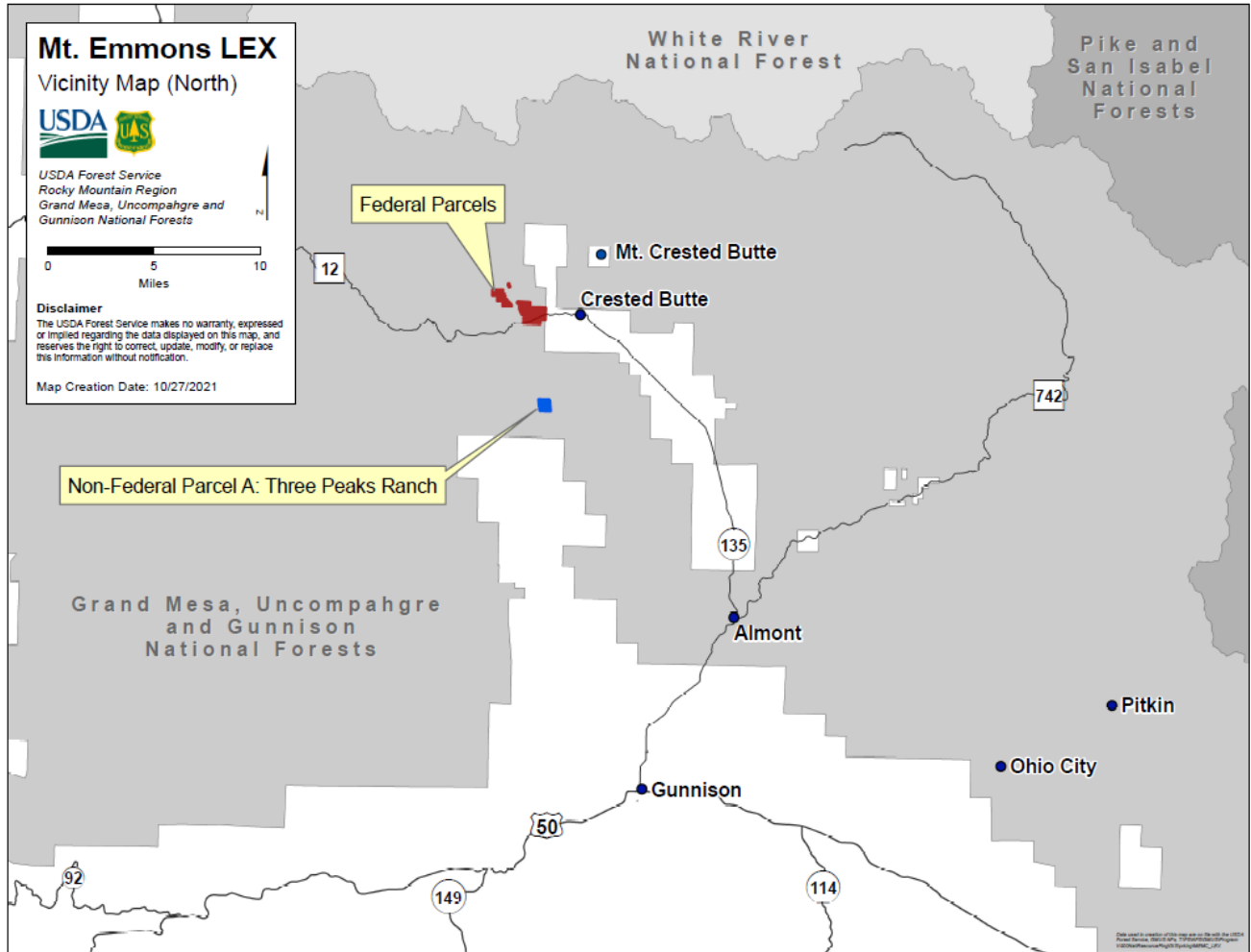
Parcel C (along bottomland) Looking Southeast from Northwest Boundary

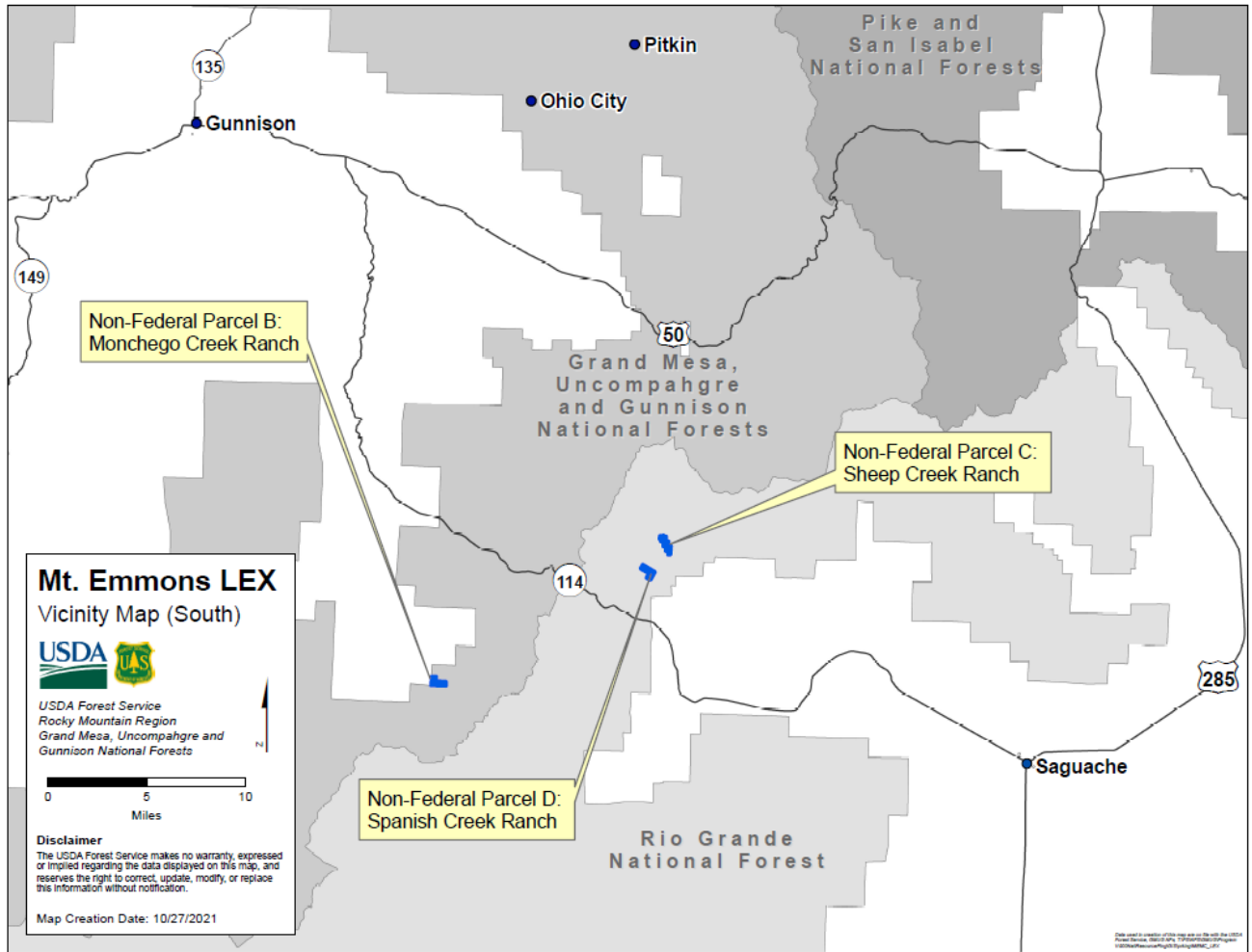


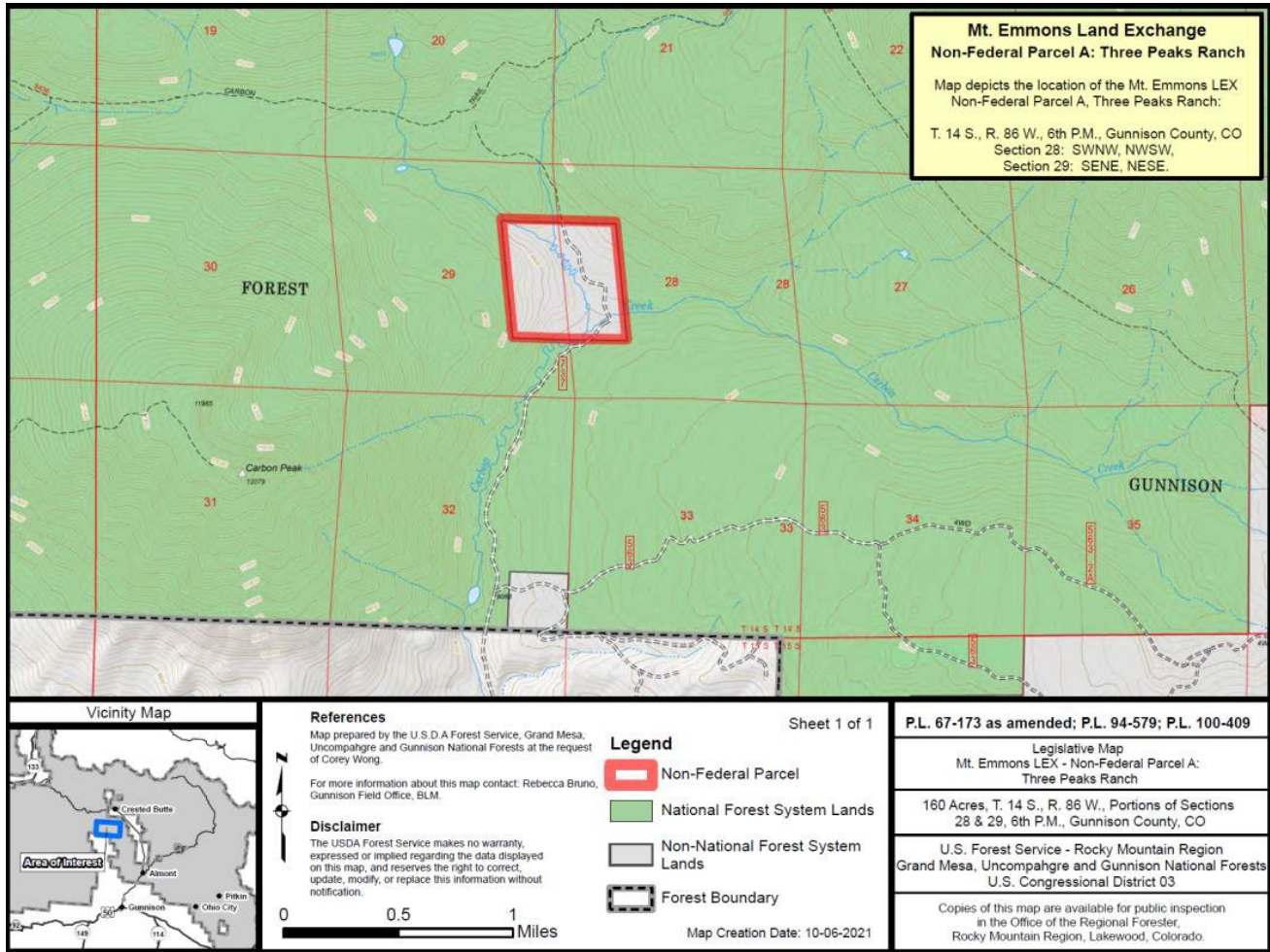
Parcel D (at center right) Looking Northeast from Forest System Road 810



Eastern Portion of Parcel D Looking South from near the Northeast Corner



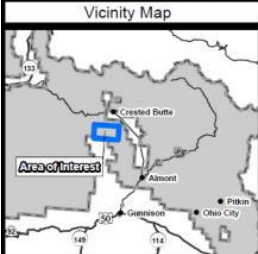




**Mt. Emmons Land Exchange
Non-Federal Parcel A: Three Peaks Ranch**

Map depicts the location of the Mt. Emmons LEX
Non-Federal Parcel A, Three Peaks Ranch:

T. 14 S., R. 86 W., 6th P.M., Gunnison County, CO
Section 28: SWNW, NWSW,
Section 29: SENE, NESE.



References
Map prepared by the U.S.D.A Forest Service, Grand Mesa, Uncompahgre and Gunnison National Forests at the request of Corey Wong.
For more information about this map contact: Rebecca Bruno, Gunnison Field Office, BLM.

Disclaimer
The USDA Forest Service makes no warranty, expressed or implied regarding the data displayed on this map, and reserves the right to correct, update, modify, or replace this information without notification.

Legend

- Non-Federal Parcel
- National Forest System Lands
- Non-National Forest System Lands
- Forest Boundary

Sheet 1 of 1

Map Creation Date: 10-06-2021

0 0.5 1 Miles

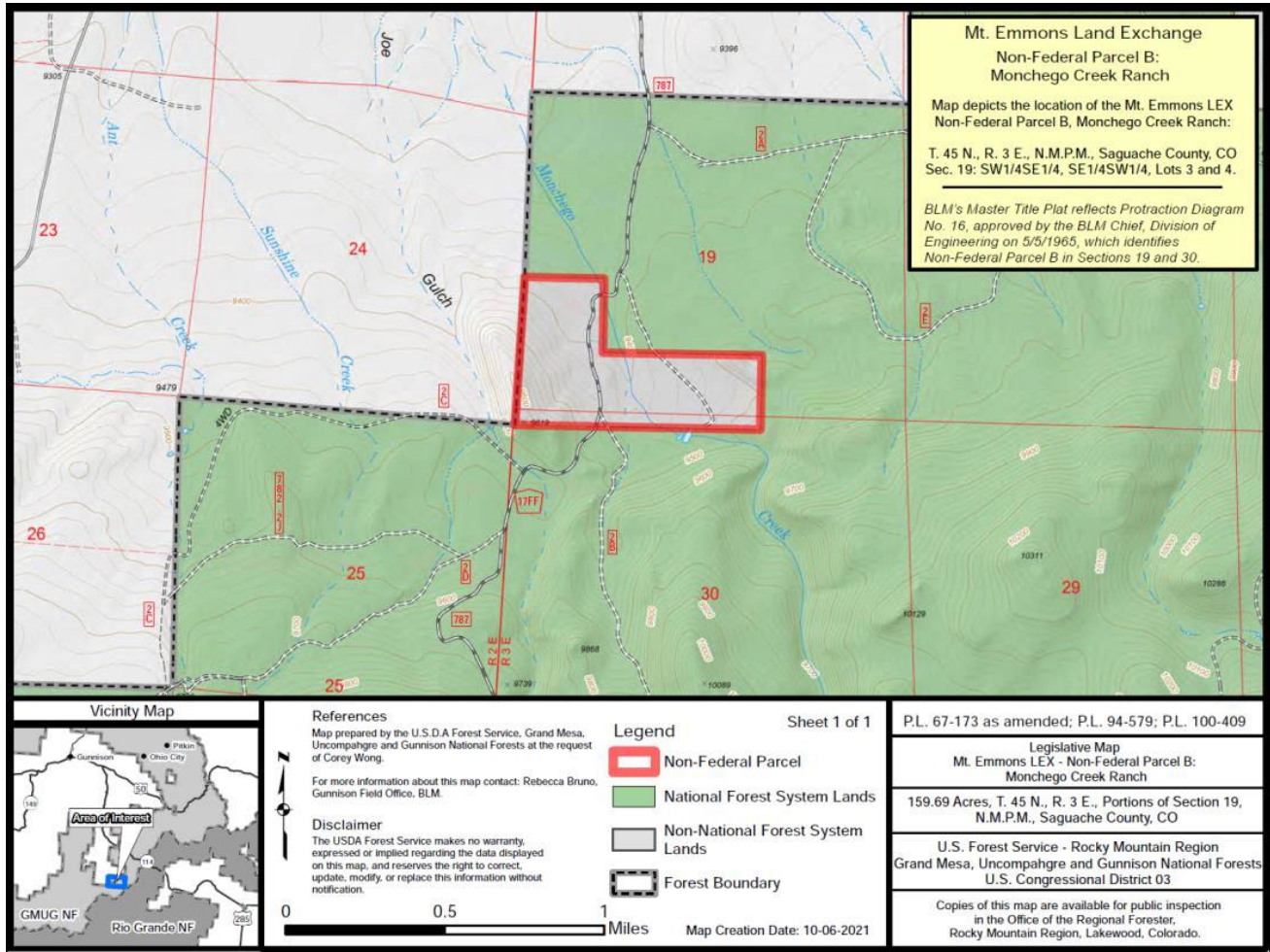
P.L. 67-173 as amended; P.L. 94-579; P.L. 100-409

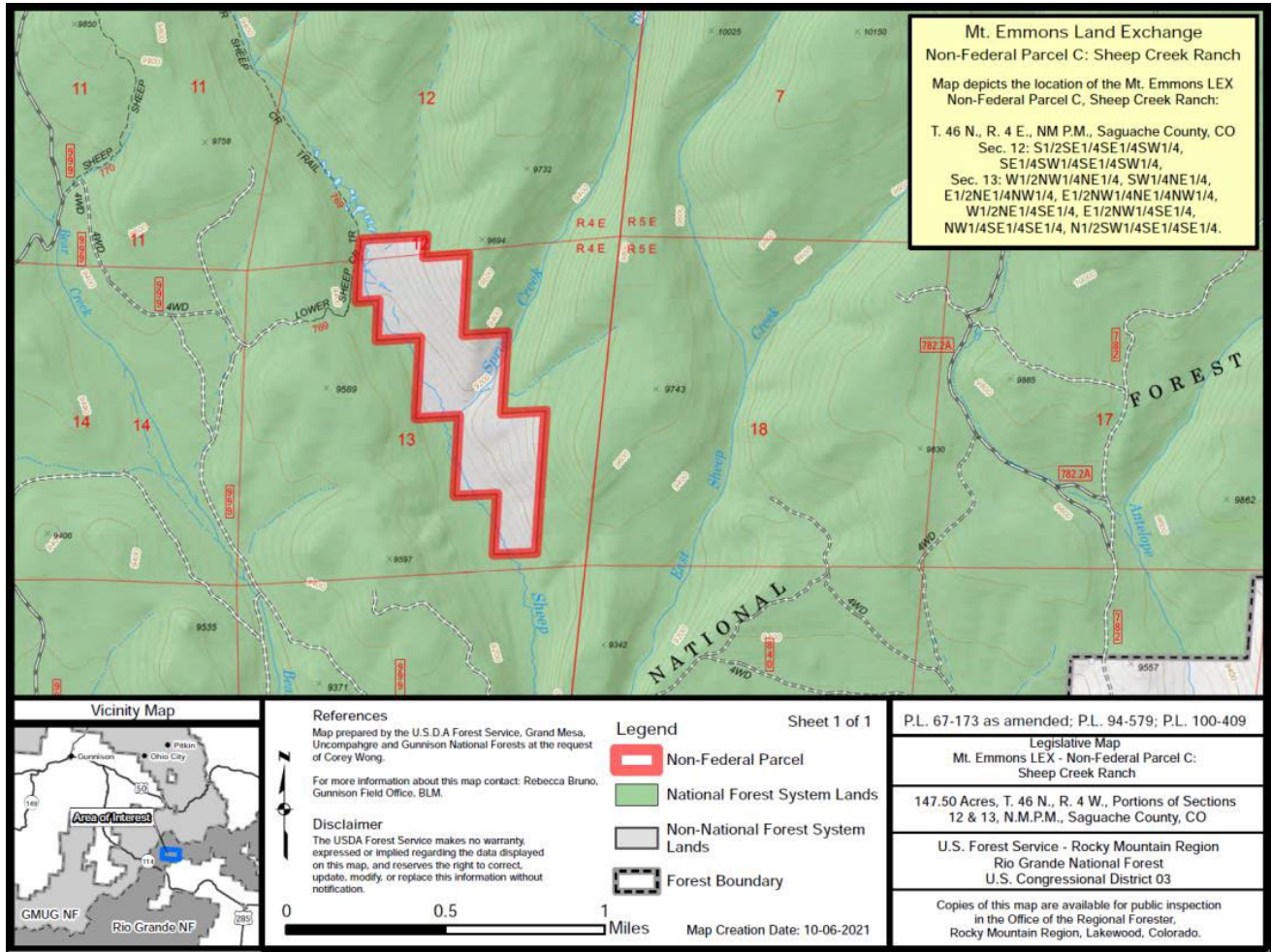
Legislative Map
Mt. Emmons LEX - Non-Federal Parcel A:
Three Peaks Ranch

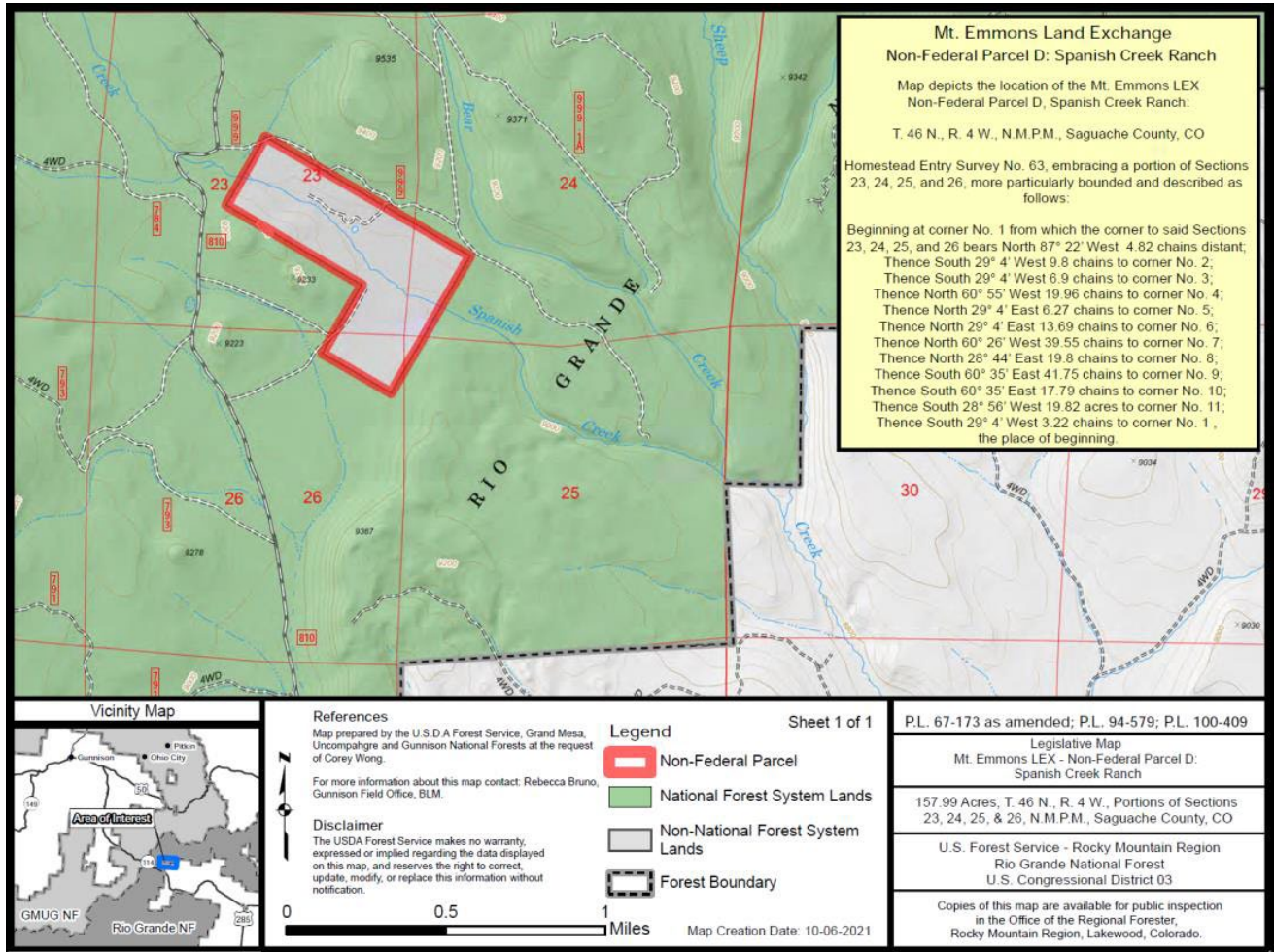
160 Acres, T. 14 S., R. 86 W., Portions of Sections
28 & 29, 6th P.M., Gunnison County, CO

U.S. Forest Service - Rocky Mountain Region
Grand Mesa, Uncompahgre and Gunnison National Forests
U.S. Congressional District 03

Copies of this map are available for public inspection
in the Office of the Regional Forester,
Rocky Mountain Region, Lakewood, Colorado.







Larger Parcel and Highest and Best Use Summary: After considering ownership, contiguity, and use, the appraiser concluded that each of the four non-Federal parcels consist of a separate larger parcel.

After analyzing the following:

- Gunnison and Saguache County zoning and land development requirements
- physical attributes of the property including access, topography, and utilities availability; and
- analyses of past, present and future surrounding land uses and demand trends

the appraisal concluded the following Highest and Best Uses of the subject property appraised as four separate larger parcels:

Rural residential homesites with seasonal vehicular access at Parcels A and B, as well as Parcel D (requires new driveway)

Parcel C is limited to grazing/recreation due to trail access

Valuation Summary:

The subject property consists of four separate larger parcels, identified as Parcel A (160.00 acres), Parcel B (159.69 acres), Parcel C (147.50 acres), and Parcel D (157.99 acres). The parcels were each valued using the Sales Comparison Approach. The analysis relied on the direct comparison of six sales for Parcel A, four sales for Parcel B, three sales for Parcel C, and four sales for Parcel D that were deemed to be reliable indicators of value based upon the time they were sold, location, and their respective physical attributes. A single market value conclusion was then derived for the entire non-Federal property, which reflects any impact on value if all four larger parcels were conveyed to one buyer in a single transaction. The comparable sales are briefly summarized below:

Parcel A

Comparable Sales						
Sale	Date of Sale	Seller	Buyer	Total Acres	Sales Price (land)	Price Per Acre
1	10/27/22	Eagle Bluff Ranch, LLC	White Sky, LLC	660.00	\$2,600,000	\$ 3,939
2	7/14/21	Redden Ranches, Inc.	D-Bow Ranch, LLC	280.12	\$ 1,351,000	\$ 4,823
3	11/24/20	Estates of Velma Ann Rhoades	Thomas M. Turnbull	320.00	\$ 1,350,000	\$ 4,219
4	8/17/20	Richard P. Churchley	D-Bow Ranch, LLC	923.55	\$2,250,000	\$2,436
5	Pending contract	D-Bow Ranch, LLC	Confidential	1,243.67	\$ 7,975,000	\$ 6,412
6	5/12/21	Joseph Sekula, Sr.	Harry A. Miller, IV	160.00	\$ 900,000	\$ 5,625

The unit of comparison used by the market was determined to be sales price per acre of land. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, adjacent land uses, natural features, size, and zoning/land use.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a “bracketing technique” was applied, using qualified (>, <, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following values were indicated:

- Sale 1: somewhat greater than \$3,939 per acre
- Sale 2: slightly greater than \$4,823 per acre
- Sale 3: somewhat greater than \$4,219 per acre
- Sale 4: substantially greater than \$2,436 per acre
- Sale 5: slightly less than \$6,412 per acre
- Sale 6: similar to \$5,625 per acre

The appraisal gave equal consideration to all six sales. Secondary support was also given to six other inholding sales in the regional market area. The analysis derived a unit rate conclusion for Parcel A of \$5,625 per acre for 160.00 acres, or an overall market value of \$900,000, effective November 21, 2022.

Parcel B

Comparable Sales						
Sale	Date of Sale	Seller	Buyer	Total Acres	Sales Price (land)	Price Per Acre
7	2/2/22	Carl E. Wood	Lynn Family Living Trust	160.00	\$740,000	\$ 4,625
8	11/8/21	The Estate of R. Gregg Sease	Armadillo Land LLC	320.00	\$550,000	\$ 1,719
9	9/17/21	Lucky Joseph Ford and Donna E. Ford	Rick David Jauer and Susan Menn Jauer	497.16	\$1,240,000	\$ 2,494
10	6/21/21	The Lucky 3, Inc.	Dan Strid	53.49	\$175,000	\$ 3,272

The unit of comparison used by the market was determined to be sales price per acre of land. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, adjacent land uses, natural features, size, and zoning/land use.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a “bracketing technique” was applied, using qualified (>, <, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following values were indicated:

- Sale 7: somewhat less than \$4,625 per acre
- Sale 8: slightly greater than \$1,719 per acre
- Sale 9: similar to \$2,494 per acre
- Sale 10: slightly less than to \$3,272 per acre

The appraisal gave equal consideration to all four sales. Secondary support was also given to six other inholding sales in the regional market area. The analysis derived a unit rate conclusion for Parcel B of \$2,500 per acre for 159.69 acres, or an overall market value of \$399,225, rounded to \$400,000, effective November 21, 2022.

Parcel C

Comparable Sales						
Sale	Date of Sale	Seller	Buyer	Total Acres	Sales Price (land)	Price Per Acre
11	11/4/21	Black Hills Energy Services Company	Deadman’s Gulch, LLC	170.33	\$270,000	\$ 1,585
12	7/1/21	Camron Cole	Off the Grid at Fossil Ridge, LLC	160.00	\$390,000	\$ 2,438
13	4/24/19	The Wilderness Land Trust	United States of America	80.00	\$80,000	\$ 1,000

The unit of comparison used by the market was determined to be sales price per acre of land. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, adjacent land uses, natural features, size, and zoning/land use.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a “bracketing technique” was applied, using qualified (>, <, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following values were indicated:

- Sale 11: similar to \$1,585 per acre
- Sale 12: somewhat less than \$2,438 per acre
- Sale 13: somewhat greater than \$1,000 per acre

The appraisal gave equal consideration to all three sales. Secondary support was also given to limited matched sales data involving rural parcels lacking vehicular access in the market area. The analysis derived a unit rate conclusion for Parcel C of \$1,675 per acre for 147.50 acres, or an overall market value of \$247,063, rounded to \$245,000, effective November 21, 2022.

Parcel D

Comparable Sales						
Sale	Date of Sale	Seller	Buyer	Total Acres	Sales Price (land)	Price Per Acre
7	2/2/22	Carl E. Wood	Lynn Family Living Trust	160.00	\$740,000	\$ 4,625
8	11/8/21	The Estate of R. Gregg Sease	Armadillo Land LLC	320.00	\$550,000	\$ 1,719
9	9/17/21	Lucky Joseph Ford and Donna E. Ford	Rick David Jauer and Susan Menn Jauer	497.16	\$1,240,000	\$ 2,494
10	6/21/21	The Lucky 3, Inc.	Dan Strid	53.49	\$175,000	\$ 3,272

The unit of comparison used by the market was determined to be sales price per acre of land. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, adjacent land uses, natural features, size, and zoning/land use.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a “bracketing technique” was applied, using qualified (>, <, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following values were indicated:

- Sale 7: somewhat less than \$4,625 per acre
- Sale 8: slightly greater than \$1,719 per acre
- Sale 9: similar to \$2,494 per acre
- Sale 10: slightly less than to \$3,272 per acre

The appraisal gave equal consideration to all four sales. Secondary support was also given to six other inholding sales in the regional market area. The analysis derived a unit rate conclusion for Parcel D of \$2,500 per acre for 157.99 acres, or an overall market value of \$394,975, rounded to \$395,000, effective November 21, 2022.

Finally, as requested in the statement of work, the appraisal provided unit pricing applicable to the non-Federal property as a whole and acreage ranges in which those unit values remain valid for use. “The total value of \$3,103 per acre is applicable to potential configurations of the entire holding, as well as each larger parcel, at a size range of 80.00 to 640.00 acres.”

Client: The review appraiser's client is the Forest Supervisor for the Grand Mesa, Uncompahgre, and Gunnison National Forests.

Intended Users: Intended users of this technical review report are, in addition to the client, Lands/Realty personnel attached to the Grand Mesa, Uncompahgre, and Gunnison National Forests, Lands/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Council personnel, representatives of the Western Land Group, Inc., and representatives of Mt. Emmons Mining Company.

Intended Use: The intended use of this review is in connection with the qualification of the appraisal as a basis for the proposed Mt. Emmons land exchange.

This review report documents:

1. a summary of the appraisal report and the corresponding value conclusion,
2. the results of the technical appraisal review of the Kevin A. Chandler, MAI appraisal dated November 30, 2022, with an effective date of value of November 21, 2022 of the four non-Federal parcels totaling 625.18 acres.

This report does not set forth independent opinions of value by the review appraiser, nor is it intended to.

Type of Opinion: The purpose of this review report is to develop an opinion of the appraiser's compliance with the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of value, as well as the statement of work developed specifically for the assignment. It was also prepared to develop an opinion as to the completeness of the appraisal report under review within the scope of work applicable to the appraisal assignment, to develop an opinion of the adequacy and relevance of the data compiled by the appraiser and the adequacy of market support for any adjustments to the data, to develop an opinion as to the appropriateness of the appraisal methods and techniques used, to develop an opinion as to whether the analyses, opinions, and conclusions in the appraisal report under review are appropriate, reasonable, and adequately supported by market data, and, finally, to describe the reasons for any disagreement.

Appraisal Review Report Date: The date of this appraisal review report January 18, 2023.

Subject of the Assignment: An appraisal of 625.18 acres located in Gunnison and in Saguache Counties, Colorado, prepared by Kevin A. Chandler, MAI, with an effective date of value of November 21, 2022 and a report date of November 30, 2022.

Assignment Conditions:

1. This Technical Appraisal Review Report is based on information and data contained in the appraisal report that is the subject of the review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. I assume that such data and information are factual and accurate.
3. I reserve the right to consider any new or additional data or information that may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report that is the subject of this appraisal review are also assumptions and conditions of this review. This includes one extraordinary assumption regarding the non-Federal parcels being unaffected by hazardous materials. One jurisdictional exception is also involved regarding development of a specific exposure time.

Scope of Work: Upon receipt of a Request for Appraisal Services dated July 28, 2022, I developed a draft statement of work specifically for an appraisal with an intended use of supporting the proposed Mt. Emmons land exchange in accordance with ATI, regulations, and appraisal standards. On or about September 8, 2022, Kevin A. Chandler, MAI was awarded the appraisal assignment by Western Land Group, Inc. On September 12, 2022, I conducted a pre-work meeting that included Todd Robertson representing Western Land Group, Inc., Kevin Chandler, Corey Wong, Chris Franks representing Mt. Emmons Mining Company, and Agency personnel including Nick Szuch, Lew Sovocool, Jason Robertson, and myself. The draft statement of work I prepared specifically for the appraisal assignment was utilized to guide the pre-work discussion and was finalized on September 28, 2022, once the parties involved had a chance to provide input regarding factual accuracy. On September 12, 2022, I participated in the site inspection of the subject property, but did not inspect all of the comparable sales.

An appraisal report was provided to me electronically on November 30, 2022, and that report, with an effective date of value of November 21, 2022, and a report date of November 30, 2022, is the subject of this review.

My review of the appraisal is based upon the material submitted, discussions with the appraiser, discussions with knowledgeable Forest Service personnel and other parties, and my personal knowledge of the real estate market. I checked the report for completeness and mathematical accuracy. I also considered consistency between the appraisal and the legal description and title work prepared specifically for this case.

I performed a partial field review, having only inspected the subject property but not the comparable sales utilized in the Sales Comparison Approach to value. Furthermore, I did not independently verify the accuracy of all the data presented.

No information pertinent to the appraisal of the subject properties was available to me as the review appraiser that was not available to the appraiser. Furthermore, it was not necessary to expand the scope of work to make corrections or to cure a deficiency that would have resulted in the development of my own opinion of value. However, I did interact on behalf of my client with the appraiser that prepared the work to obtain clarification on any questions I had.

The development and reporting of this review complies with the editions of the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of review.

Review Appraiser Competence: Implementing regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 require an appraisal review process that begins with a qualified review appraiser. Furthermore, Standard 3-1(a) of the 2020-2021 edition of the *Uniform Standards of Professional Appraisal Practice* provides that the review appraiser must be aware of, understand, and correctly employ those methods and techniques that are necessary to produce a credible appraisal review. I, Charles Brown, have been employed by the USDA Forest Service since September of 2018, first as a Senior Review Appraiser (September 2018 – July 2021) and as Regional Appraiser (since July 2021). I was directly involved with appraisals and review appraisals as an employee of the US Army Corp of Engineers from April 2015 through September 2018. Furthermore, I have been involved with both appraisals and reviewing appraisals of various property types beginning in 1989. In addition, I am familiar with area around the subject property and the larger region and am familiar with the local real estate market and its drivers. Therefore, I am qualified and possess the appraisal and review related knowledge and experience – including familiarity with the specific type of property, market, and geographic area, analytic methods, and applicable laws, regulations, and guidelines – to competently perform this review assignment. (See attached qualifications)

FSM 5410.6 cites the Office of Management and Budget Bulletin No. 92.06 regarding guidance to Federal agencies on standards and practices for real estate appraisals and real estate appraisal training. “The Bulletin provides that Federal staff appraisers need only be licensed or certified in one State or territory to perform real estate appraisal duties as Federal employees in all States and territories. Therefore, Forest Service staff appraisers only need to be certified in one State or territory to perform their duties as staff appraisers in all States or territories.” Because I am recognized by the State of Maryland as a Certified General Appraiser, I meet certification guidance to perform this review as a Federal employee.

Review Appraiser’s Analysis and Comments:

- 1) The appraiser complied with instructions regarding the definition of market value to be used, the appropriate level of verification of market information including comparable sales, the correct use and analysis of the estate to appraise and legal description, and the statement of work prepared specifically for this assignment.
- 2) Consistent with the *Uniform Standards of Federal Land Acquisitions*, larger parcel analysis considered unity of ownership, contiguity, and use. The conclusion that there are four separate larger parcels is supported and reasonable.
- 3) The highest and best use analysis covered the four standard tests – physically possible, legally permissible, financially feasible, and maximally productive. As it is an economic use and is based on the market evidence presented in the report, the final highest and best use conclusion is adequate and reasonable: “Rural residential homesites with seasonal vehicular access at Parcels A and B, as well as Parcel D (requires new driveway). Parcel C is limited to grazing/recreation due to trail access”.
- 4) The sale, use, and rental history of the subject parcels was reported. “The subject parcels are currently owned by Mt. Emmons Mining Company (Delaware corporation) with mailing address of 333 North Central Avenue, Phoenix, Arizona, 85004. This entity acquired title to Parcel A from U.S. Energy Corp. on February 11, 2016 for no consideration (as recorded via Special Warranty Deed at Reception #637940). The previous owner purchased Parcel A from Covada Highlands 1, LLC on January 6, 2009 for a sale price of \$4,000,000 (Reception #588422). Parcels B, C, and D were acquired together by the current owner from Coleman Ranches, Inc. on August 4, 1981 for a sale price of \$437,800 (recorded at Reception #243037 of Saguache County). There have been no arms-length ownership transfers during the past ten years, and the parcels are not currently listed for sale or under purchase contract. The subject has been used for grazing and private recreation during the past ten years, but has not been leased for the previous three years.”.
- 5) All three approaches to value – cost, income, and sales comparison – were considered in the appraisal. The Cost Approach was not applied since the property was valued as vacant land with no improvements. Land in the area was reportedly not typically considered income producing, and the Income Approach was not applied. The appraiser appropriately chose only to employ the relevant Sales Comparison Approach when concluding an overall final opinion of value.

It is apparent by reading the appraisal report that the appraiser did a thorough job of researching the marketplace for comparable sales. Consideration was made for possible adjustments for financing of the sales, property rights conveyed, conditions of sale, market conditions (i.e., time), location, size, access, adjacent land uses, utility availability, natural features, and zoning/land use. I analyzed sale data stratification, the accurateness of the sale analyses, the bracketing of the subject with the sales, and the value indications obtained from the sales, and find that the sales comparison approach as reported was completed accurately and adequately.

- 6) The mineral estate was appropriately considered in the analysis. No separate contributory value could be isolated in the marketplace specifically allocable to the presence or absence of minerals, particularly given the property’s highest and best use.
- 7) The presentation of the Introduction, Factual Data, and Analysis and Conclusions was, overall, well done. The Sales Comparison Approach was technically correct and as well supported as the available data made possible. Overall, the valuation analysis is reasonable and convincing. Finally, the information contained in the Addenda was pertinent and supported the report.
- 8) The *Uniform Standards for Federal Land Acquisitions* direct that value opinions must not be linked to a specific exposure time contrary to direction in the *Uniform Appraisal Standards of Professional Appraisal Practice* (USPAP). The appraiser appropriately invoked the Jurisdictional Exception Rule of USPAP for Standards Rule 1-2(c).
- 9) Kevin A. Chandler, MAI is a State Certified General Appraiser in the State of Colorado, License Number CG40022860. A copy of the certification is included in his qualifications at the end of the appraisal report. He is competent to complete an appraisal of this complexity and has had the seminar on the *Uniform Appraisal Standards for Federal Land Acquisitions*.

Review Conclusions:

In my opinion, the appraisal analyses are appropriate given the requirements applicable to the appraisal assignment. Furthermore, the appraisal presents relevant evidence in a logical manner to support its opinions, and conclusions.

The appraisal was prepared in compliance with 1) the 2020-2021 edition of the *Uniform Standards of Professional Appraisal Practice*, 2) the 2016 edition of the *Uniform Appraisal Standards for Federal Land Acquisitions*, and 3) a statement of work written specifically for the assignment. Furthermore, the appraisal report documents credible support for the value conclusion. In my opinion, the appraisal report is appropriate and is not misleading.

Review Appraiser Certification: I certify that, to the best of my knowledge and belief:

- the facts and data reported by the review appraiser and used in the review process are true and correct.
- the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment with the exception of a consultation I prepared on March 28, 2022, for use in a feasibility analysis in connection with the proposed exchange.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- the appraisal review was made, and the review report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*. Furthermore, it conforms to the requirements of the U.S. Forest Service's Appraisal Handbook, specifically Chapter 7 - Appraisal Review. It also conforms to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- my analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the *Uniform Standards for Federal Land Acquisitions* (UASFLA) required invocation of the Jurisdictional Exception Rule of the USPAP as described in Sections 1.2.4 and 4.2.1.2 of the UASFLA.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I personally inspected the subject property of the appraisal under review.
- I have not personally inspected, verified, or analyzed all the market data presented in the Cost, Sales Comparison, and Income approaches contained in the appraisal report under review unless stated otherwise.

SECTION FOUR – REVIEW APPRAISER CERTIFICATION

- no one provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.
- the appraisal is adequately documented with market evidence supporting the conclusion of value, as defined, and as presented.



Charles Brown, MAI
Regional Appraiser, Rocky Mountain Region

January 18, 2023

State of Maryland, Certified General Real Property Appraiser
Certificate No. 10158 – Expires May, 2025

Professional Qualifications

Charles Brown, MAI

Regional Appraiser, USDA Forest Service

charles.brown@usda.gov

Professional Experience

September 2018 – Present

Regional Appraiser (July 2021 – Present)
Senior Review Appraiser (September 2018 – July 2021)
USDA – Forest Service
Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers

April 2015 – September 2018

Appraiser
U.S. Army Corps of Engineers
North Atlantic Division, Baltimore District
Real Estate Division, Technical Services Branch

November 1995 – April 2015

President - Appraiser
Brown Appraisal Company
Wilmington, Delaware

August 1989 – November 1995

Appraiser/Vice President
Advisory and Appraisal Company
Wilmington, Delaware

August 1983 – November 1989

Sales Agent/Broker
B. Gary Scott Realtors
Wilmington, Delaware

Professional Designation, Certification

MAI, Appraisal Institute
Certified General Real Property Appraiser, Maryland

Education

University of Delaware, BA

Property Type Appraisal Experience

Commercial
Industrial
Office
Institutional
Undeveloped land
Subdivision development
Multi-unit residential
Single-unit residential
Agricultural
Recreational
Special purpose
Going concern (Business valuation)
Partial interest