Valuation of Real Property
Conveyed in an Appraisal Report

PROPOSED MT. EMMONS LAND EXCHANGE
FEDERAL PROPERTY - PARCELS 1, 2, AND 3

550.48 Total Acres of Land that is Federally Owned by the United States of America Public Domain on the Gunnison National Forest which adjoins the Mt. Emmons Mine Parcel 1 comprises 465.84 Acres with Direct Vehicular Access from County Road 12 Parcel 2 comprises 81.49 Acres with Pedestrian Access from Forest System Road 585 Parcel 3 comprises 3.15 Acres with Pedestrian Access from Forest System Road 585 Located Two Miles West of the Town of Crested Butte, in Gunnison County, Colorado

As of
November 21, 2022

Prepared For
Charles Brown, MAI, Regional Appraiser
USDA Forest Service, Rocky Mountain Region
1617 Cole Boulevard
Lakewood, Colorado 80401

Prepared By
Kevin A. Chandler, MAI
Chandler Consulting, Inc.
979 Kite Court
Grand Junction, Colorado 81505
November 30, 2022

Charles Brown, MAI, Regional Appraiser
USDA Forest Service, Rocky Mountain Region
1617 Cole Boulevard, Lakewood, Colorado 80401

Re: Appraisal of Federal Parcels for Proposed Mt. Emmons Land Exchange

Mr. Brown:

The subject property is identified as Federal Parcels 1, 2 and 3 for the Mt. Emmons Land Exchange, which comprise 550.48 acres on the Gunnison National Forest within Gunnison County, Colorado. They are federally owned by the United States of America (USA), and proposed for conveyance to the proponent (Mt. Emmons Mining Company) in exchange for Non-Federal Parcels A, B, C, and D, which comprise 625.18 total acres of land in Gunnison and Saguache Counties, Colorado. The Federal Parcels are situated two miles west of the Town of Crested Butte on Mt. Emmons, are appraised as if vacant land, and border patented mining claims owned by the proponent. Parcel 1 comprises 465.84 acres that has direct frontage on County Road 12 along its southern boundary, and is traversed by Forest System Road 732 as it ascends the county road at the southeast corner. However, a private owner has no legal rights to use Forest System Road 732 for vehicular access, and new driveway would have to be installed to provide ingress/egress to the interior of Parcel 1. Parcel 2 comprises 81.49 acres of vacant land that is situated one-quarter mile above Parcel 1, and borders Forest System Road 732 but also has no legal right for access from this road. However, a new driveway could potentially be installed from nearby Forest System Road 585 (140 feet away), which would require authorization to provide seasonal access to Parcel 2. Parcel 3 is 3.15 acres of vacant land situated three-quarter mile above Parcel 1, which has pedestrian ingress/egress only from Forest System Road 585 (630 feet away), with no practical means to create vehicular access. The subject property is mostly steep terrain with timber but no live water, and was determined to comprise three larger parcels for analysis that are appraised as separate units (Parcels 1, 2, and 3).

The purpose of this appraisal is to provide an opinion of market value for the fee simple estate in the appraised property, subject to outstanding rights and reservations. No adjudicated water rights will be included, but any portion of the mineral estate owned by the proponent will be conveyed. Moreover, the valuation of Parcel A excludes any water rights as well as existing improvements. The client is identified as the Forest Supervisor for the Grand Mesa, Uncompaghre, and Gunnison National Forests. The only intended users of this appraisal report are the client, Charles Brown as Regional Appraiser for the Rocky Mountain Region, Lands/Realty personnel attached to the Grand Mesa, Uncompaghre, 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. The intended use of this appraisal report 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 the 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.
I personally inspected the subject property with some of the intended users on September 12, 2022, and a representative of the landowner (U.S. Forest Service) was given ten days advance notice to join us. However, the appraisal report must be delivered to the client for review within thirty days of inspection, and all appraisals must be effective as of the same date of value. Thus, I confirmed on November 21, 2022 with knowledgeable parties that the physical condition of the Federal Parcels had not materially changed since my inspections, which is the effective date of value.

The valuation analysis and conclusion is contingent upon certain definitions, assumptions, limiting conditions, appraisal instructions, as well as certification, which are set forth in the attached report. As instructed in writing by the client, and clearly identified in the Statement of Work, this appraisal was made pursuant to one extraordinary assumption that is stated below (which presume as fact otherwise uncertain information about the subject property that could alter the appraiser’s opinions or conclusions if found to be false), and three hypothetical conditions (which are contrary to what existed as of the effective date of the appraisal, but supposed for the purpose of analysis). It is also subject to a Jurisdictional Exception regarding development of a reasonable exposure time opinion.

**Extraordinary Assumption**

The appraisal is pursuant to an extraordinary assumption that Parcels 2 and 3 are unaffected by recognized environmental conditions (the use of which may have affected the assignment results).

**Hypothetical Conditions**

1. In analyzing the value of the federal property, the appraiser has assumed that the lands and interests are in private ownership, zoned consistent with similar non-federal properties in the area, and are available for sale on the open market in accordance with 36 CFR 354, Subpart A, 254.9(b)(1)(ii).

2. Since in this proposed land exchange, Federal Parcel 1 would be conveyed to the Potentially Responsible Party (PRP), Federal Parcel 1 is appraised under the hypothetical condition that the land is unaffected by recognized environmental conditions.

3. In analyzing the value of the federal property, the appraiser has assumed that non-federal party owned improvements, including water treatment plant, storage buildings, and tailing storage facility, do not exist.
The Sales Comparison Approach was the only technique employed to value the subject property, as the Cost Approach and Income Capitalization Approach were not appropriate in this instance. Based on my inspection of the subject as well as surrounding environs, analysis of relevant data, and preparation of the following analyses, it is my opinion that the market value of the fee simple interest in all three Federal Parcels, which is effective as of November 21, 2022, is $2,540,000. This total value is the sum of Parcel 1 ($2,250,000 at $4,825 per acre), Parcel 2 ($285,000 at $3,500 per acre), and Parcel 3 ($5,000 at $1,600 per acre). It was determined there is no impact on value (i.e. discount or premium) for all Federal Parcels if acquired as one package in a single transaction. The total value of $4,614 per acre is applicable to potential configurations of the entire holding at a size range of 80.00 to 640.00 acres.

This appraisal report complies with the General Exchange Act of March 20, 1992, the Federal Land Policy and Management Act of October 21, 1976 as amended by the Federal Exchange Facilitation Act of August 20, 1988, 36 CFR 24 (Subpart A), the current edition of the Uniform Appraisal Standards for Federal Land Acquisitions (a/k/a UASFLA or “Yellow Book”), and the current edition of the Uniform Standards of Professional Appraisal Practice (a/k/a “USPAP”). The report has also been prepared in compliance with written instructions or Statement of Work that was provided by the client, with a copy found in the addenda.

Respectfully submitted,

[Signature]

Kevin A. Chandler, MAI
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I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser.
- the appraiser has no present or prospective interest in the property appraised, and no personal interest or bias with respect to the parties involved.
- the compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, and conclusions reached or reported.
- the appraisal was developed, and the appraisal report was prepared in conformity with, the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).
- the appraisal was developed, and the appraisal report was prepared in conformance with, the Appraisal Standards Board’s Uniform Standards of Professional Appraisal Practice (USPAP), and complies with USPAP’s Jurisdictional Exception Rule when invoked by Section 1.2.7.2 of the Uniform Appraisal Standards for Federal Land Acquisitions.
- the appraiser has made a physical inspection of the property appraised, and the property owner, or their designated representative, was given an opportunity to accompany the appraiser on the property inspection. I inspected all of the parcels on September 12, 2022 with Todd Robertson (representative of the proponent), as well as Charles Brown, Corey Wong, and Nicholas Szuch (representatives of U.S. Forest Service). I confirmed on November 21, 2022 that the physical condition was materially unchanged since my inspection, which is the effective date of value.
- no one provided significant professional assistance to the appraiser signing this report.
- 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 of the Appraisal Institute, and have never been charged with any ethics violations.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.

In my opinion, and effective as of November 21, 2022, the market value of the subject property (i.e., Federal Parcels 1, 2, and 3 for the Mt. Emmons Land Exchange) is $2,540,000.

Certified by,

Kevin A. Chandler, MAI
Certified General Appraiser
State of Colorado, #CG40022860
EXECUTIVE SUMMARY

Property Ownership: United States of America (managed by U.S. Forest Service)

Location and Access: The subject is currently federal land (public domain) on the Gunnison National Forest, which is located two miles west of the Town of Crested Butte in Gunnison County, Colorado. While Parcel 1 has direct frontage on County Road 12, a new driveway is required to provide physical, year-round access. Parcels 2 and 3 are within 140 feet or 630 feet, respectively, of Forest System Road 585, which is open to seasonal travel. While they currently have pedestrian ingress/egress, a new driveway could be installed to provide seasonal access from Forest System Road 585 to Parcel 2 (with USFS approval). However, vehicular access to Parcel 3 is not a viable option.

Property Description: Parcels 1 and 2 are high-elevation tracts with some subalpine meadows, mostly dense timber, no live water amenity, and very good views. Parcel 3 is scree slopes above timberline. Parcels 1 and 2 have rolling terrain but mostly steep slopes at an elevation of about 9,200 to 12,100 feet above sea level, while Parcel 3 has very steep slopes at 11,600 to 12,800 feet.

Improvements/Utilities: The subject is appraised as vacant land (since improvements for mining reclamation operations on Parcel 1 are excluded), with electric/telephone service only available to Parcel 1.

Estate Appraised: Fee simple title, subject to reservations and encumbrances as referenced in the Statement of Work (copy in the addenda)

Zoning/Land Use: Gunnison County does not have formal zoning, but land use regulations allow one homesite per 35 acres as use by right

Highest and Best Use: Rural residential homesites with seasonal vehicular access at Parcels 1 and 2 (with required approvals and new driveways) Parcel 3 is limited to recreation or assemblage by trail access

Larger Parcel: Each subject is a separate larger parcel (i.e., 1, 2, and 3)

Effective Date of Value: November 21, 2022 (no material changes to site confirmed since my physical inspections on September 12, 2022)

Date of Appraisal Report: November 30, 2022 (preparation and transmittal to client)

Opinion of Market Value: $2,540,000 for all three parcels (average of $4,614 per acre) Parcel 1 = $2,250,000 (based on $4,825 per acre as rounded) Parcel 2 = $285,000 (based on $3,500 per acre as rounded) Parcel 3 = $5,000 (based on $1,600 per acre as rounded)
PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on September 12, 2022

County Road 12 (left) and FSR 732 (right) Looking West towards Parcel 1

Forest System Road 732 Looking East from Southeast Corner of Parcel 1
PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on September 12, 2022

Winter Trailhead along County Road 12 Looking Southwest from Parcel 1

County Road 12 Looking East from Southwest Corner of Parcel 1 (on left)
PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on September 12, 2022

Parcel 1 Looking North from Water Treatment Plant (FSR 732 at center)

Parcel 1 (in foreground) Looking Southeast from Upper Portion (at FSR 732)
PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on September 12, 2022

Forest System Road 732 Looking East from Parcel 2 (towards FSR 585)

Parcel 2 (in foreground) Looking Southwest from Forest System Road 732
PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by James C. Armstrong with Rare Earth Science on July 25, 2022

Parcel 3 (foreground) Looking Northwest towards Forest System Road 585

Parcel 3 (at center left) Looking Northeast from Forest System Road 585
STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is made pursuant to the following assumptions and limiting conditions:

1. The valuation is subject to an extraordinary assumption that Federal Parcels 2 and 3 are unaffected by recognized environmental conditions, as well as hypothetical conditions that (1) the federal property is in private ownership, zoned consistent with similar non-federal properties in the area, and available for sale on the open market, (2) Parcel 1 is unaffected by recognized environmental conditions because it would be conveyed to the Potentially Responsible Party, and (3) improvements owned by the non-federal party on Parcel 1 do not exist, including water treatment plant, storage buildings, and tailing storage facility.

2. The appraiser assumes no responsibility for legal matters affecting title to the property, which is assumed to be good and marketable, and held by the United States of America. The property is appraised subject to any outstanding rights and/or proposed reservations that have been identified by the intended users in Exhibit B of the Agreement to Initiate.

3. The legal descriptions and parcel sizes provided to the appraiser by the intended users are assumed to be accurate, with the subject parcels comprising 550.48 total acres of land area. The appraiser has made no boundary survey of the subject property, and is not responsible for questions in regards to title, survey, easements, encroachments, and/or boundaries.

4. The maps and sketches included in this report are meant to assist the reader in visualizing the property, with no responsibility assumed for their accuracy. This information was provided by the intended users, local governmental entities, and my personal inspection.

5. Opinions, estimates and other data furnished by third parties are assumed to be correct, and the appraiser professes no legal expertise in regards to access to the subject property.

6. Possession of this report or any copy does not carry with it the right of publication, nor may it be used for any other purpose than the stated intended use. I acknowledge that all appraisal reports submitted to the U.S. Forest Service for review become the property of the United States of America, and may be used for any legal and proper purpose.

7. During the inspections of the appraised property, the appraiser has noted no indications of hazardous material and/or wastes, pollutants, leaking underground storage tanks, or other toxic and hazardous conditions. The detection of hazardous material is not part of the scope of this appraisal, and the appraiser is not qualified to detect such substances or conditions. The presence of hazardous substances and/or other potentially hazardous materials may adversely affect market value of the subject property. The value opinions reported herein are predicated on the assumption that there are no such materials, substances, or conditions on the subject property, or in proximity thereto, that would cause a loss in market value.

8. The appraiser reserves the right to alter statements, analysis, conclusions, or any value opinion in the appraisal if facts become known to the undersigned that are pertinent to the appraisal process, and were unknown at the time of report preparation.

9. Upon the request of the United States Attorney or the Department of Justice, the contract appraiser agrees to testify regarding the appraisal. However, a supplemental contract will be negotiated as necessary, with no liability assumed by the appraiser for legal matters.
THE DESCRIPTION OF SCOPE OF WORK

The **scope of work** identifies the appraisal problem to be solved, determines the necessary work to develop a credible assignment result, and discloses this process adequately in a written report.

The **subject property** is identified as Federal Parcels 1, 2 and 3 for Mt. Emmons Land Exchange, which comprise 550.48 acres on the Gunnison National Forest within Gunnison County, Colorado. They are federally owned by the United States of America (USA), and proposed for conveyance to the proponent (Mt. Emmons Mining Company) in exchange for Non-Federal Parcels A, B, C, and D, which comprise 625.18 total acres of land in Gunnison and Saguache Counties, Colorado.

The **purpose** of this appraisal is to provide an opinion of market value for the fee simple estate in the appraised property, subject to outstanding rights and reservations. No adjudicated water rights will be included, but any unpatented mining claims owned by the proponent will be relinquished. The valuation of Parcel 1 also excludes existing improvements for mining reclamation operations. 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.

The **client** is identified as the Forest Supervisor for the Grand Mesa, Uncompahgre, and Gunnison National Forests. The only **intended users** of this appraisal report are the client, 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.

The **date of value** is November 21, 2022, which must be the same for all parcels in the exchange. Although I personally inspected or viewed the subject Federal Parcels on September 12, 2022 with some of the intended users, the report must be delivered to the client for review within thirty days of inspection. Thus, I confirmed on November 21, 2022 with knowledgeable parties that the physical condition of the subject parcels had not materially changed since my previous inspection.

The Statement of Work directs the appraiser to use the following **definition of market value**:

“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, Subpart A, 254.2)

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).

In regards to **assignment conditions**, the valuation analysis and concluded opinion of market value is made pursuant to the extraordinary assumption that Parcels 2 and 3 are unaffected by recognized environmental conditions, and hypothetical conditions that parcels are in private ownership, zoned consistent with similar lands, and available for sale on the market, as well as Parcel 1 is unaffected by recognized environmental conditions and improvements owned by the proponent do not exist.

MT. EMMONS LAND EXCHANGE FEDERAL PARCELS

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DESCRIPTION OF SCOPE OF WORK

The **property rights appraised** is the fee simple interest in each subject parcel, which is defined as:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

*[The Dictionary of Real Estate Appraisal, Fifth Edition (Chicago: Appraisal Institute, 2010)]*

Per the Statement of Work, the estate to be appraised consists of all rights, title, and interests subject to any outstanding rights and reservations, which are identified in Exhibits A and B of the Agreement to Initiate. The Federal Land Status Report Summary (copy in addenda) states there are no encumbrances, with road easements at Parcel 1 for Trappers Crossing or Gunnison County. **Legal descriptions and outstanding rights** from Exhibit B are presented on the following pages. Proposed reservations include right-of-way for ditches and canals constructed by authority of the United States, easements along forest system roads and trails, as well as various items related to unpatented mining claims, County Road 12, Forest System Road 966, special use permits held by various outfitters for winter trailhead activities, grazing permit, and deed of conservation easement. These outstanding rights and proposed reservations are discussed and analyzed in the Property Data section of this report, but only a lack of road access has an adverse impact on market value.

The appraisal process reflects the concluded **highest and best use** for Parcel 1 of rural residential homesites with year-round access (requires new driveway) and complementary recreation/grazing. Parcel 2 is a candidate for seasonal use homesites if approvals are obtained to install new driveway, while Parcel 3 is limited to recreation by its trail access. They can also be assembled with adjacent land. Each subject was determined to comprise a separate **larger parcel** for valuation purposes.

The **appraisal process** reflects the highest and best use conclusion for each subject larger parcel, and considered application of the Cost, Sales Comparison, and Income Capitalization Approaches. The Cost Approach is not relevant for the assignment since the subject is appraised as vacant land. The Income Capitalization Approach is unnecessary for this analysis since the subject property does not generate major income from just agricultural and/or recreational uses, and it is impossible to extract capitalization rates from current sales of rural properties in the local market (since the prices paid reflect much more than agricultural production value). The Subdivision Development Approach was not employed since parceling the subject property into smaller tracts is inconsistent with the highest and best use conclusion. This technique is also rather speculative due to the many required variables, and typically only relied upon if adequate comparable sales are not available.

The **Sales Comparison Approach** was the only valuation method employed, and thus was given all weight in the final reconciliation. This technique entailed a search for listings, contracts, and closed sales of comparable properties in the local market. Each is inspected to the extent possible, with details confirmed by knowledgeable parties to the sale and public records. The most relevant transactions were compared to each larger parcel on a price per acre basis, and one value is reported for all of the Federal Parcels as a whole (with overall unit value per acre and applicable size range).

This **Appraisal Report** has been prepared in accordance and compliance with the most current versions of the *Uniform Appraisal Standards for Federal Land Acquisitions* (the “Yellow Book”) and the *Uniform Standards of Professional Appraisal Practice* (“USPAP”), as well as the written appraisal instructions or Statement of Work that were prepared by the client (copy in the addenda). No limitations restricted the use of applicable appraisal methodology, and I meet the competency requirements as defined by USPAP for this type of valuation assignment (federal land exchange). The **date of report** preparation and transmittal to the client is November 30, 2022.
EXHIBIT B

Federal Lands

Property that the U.S.D.A. Forest Service will consider exchanging:

Note: The legal descriptions and acreage figures below are preliminary. They are derived from Land Description Verification forms prepared by Forest Surveyor Gene Dollarhide on March 4, 2022 and reviewed by Regional Surveyor David Tomaschow on March 9, 2022.

A survey to establish the boundary and create a legal description for the Federal Parcels is required. The survey will require Special Instructions from the BLM.

Sixth Principal Meridian, Gunnison County, Colorado

Federal Parcel 1: Lands east of MEMC patented mineral surveys

Township 13 South, Range 86 West
Section 31 and 32:

Beginning at the intersection of the township line between sections 31 and 6 and line 1-2, M.S. No. 20825, Park City No. 20 Lode, described above, thence N. 64° 28’ E., on line 1-2, M.S. No. 20825, Park City No. 20 Lode to Cor. No. 1, M.S. No. 20825, Park City No. 20, thence N. 45° 00’ W., on line 4-1, M.S. No. 20825, Park City No. 20 Lode to Cor. No. 4, M.S. No. 20825, Park City No. 20, on line 1-2, M.S. No. 20825, Park City No. 30, thence N. 64° 28’ E., 262 12 ft. dist. on line 1-2, M.S. No. 20825, Park City No. 30 Lode to Cor. No. 1, M.S. No. 20825, Park City No. 30, thence on a bearing easterly to the S 1/16 section corner of Sections 31 and 32, thence easterly to the SW 1/16 corner of section 32, thence southerly to the W 1/16 section corner on the township line between sections 32 and 5, thence N. 89° 24’ W., along the township line to the section corner of sections 5, 6, 31 and 32, thence N. 86° 16’ W., to the intersection of line 1-2, M. S. No. 20825, Park City No. 30 and point of beginning;

and

Township 14 South, Range 86 West
Section 5 and 6:

Beginning at a point on the centerline of Kebler Pass Road (NFSR 606, County Road 12) and the section line between sections 4 and 5, thence S. 0° 58’ W., along the section line between 4 and 5 approximately 75 ft., thence southwesterly paralleling said road 75 ft. on the southerly side for approximately 1077 ft., thence perpendicular to the centerline of Kebler Pass Road southeasterly 40 ft. distance, thence southwesterly paralleling said road 115 ft. on the southerly side for approximately 590 ft. distance, thence perpendicular to the centerline of Kebler Pass Road northwesterly 40 ft. distance,
thence southwesterly paralleling said road 75 ft. on the southerly side for approx. 3596 ft., to a point of intersection with a southeasterly extended line 1-2, M.S. No. 20749, Jimmy Lode, thence along the extended line northwesterly to the centerline of said Kebler Pass Road, thence along the said extended line northwesterly to Cor. No. 1, M.S. No. 20749, Jimmy Lode, thence N. 25° 21’ W., 250 ft. dist. to Cor. No. 1, M.S. No. 20750, Contact Mill Site, thence N. 64° 39’ E., 450 ft. dist. to Cor. No. 2, M.S. No. 20750, Contact Mill Site, thence N. 25° 21’ W., 475 ft. dist. to Cor. No. 3, M.S. No. 20750, Contact Mill Site, identical with Cor. No. 2, M.S. No. 20750, Keystone Mill Site, thence N. 25° 21’ W., 475 ft. dist. to Cor. No. 3, M.S. No. 20750, Keystone Mill Site, thence S. 64° 39’ W., 450 ft. dist. to Cor. No. 4, M.S. No. 20750, Keystone Mill Site, on line 1-2, M.S. No. 20749, Jimmy Lode, thence N. 25° 21’ W., 300 ft. dist. to Cor. No. 2, M.S. No. 20749, Jimmy Lode, identical with Cor. No. 1, M.S. No. 6523, Keystone Lode, thence N. 24° 45’ W., 1500 ft. dist. to Cor. No. 2, M.S. No. 6523, Keystone Lode, on line 13-16, M.S. No. 6523, My Boys Lode, thence N. 64° 28’ E., 18.94 ft. dist. to Cor. No. 2, M.S. No. 20825, Park City No. 20 Lode, identical with Cor. No. 13, M.S. No. 6523, My Boys Lode, thence N. 64° 28’ E., on line 1-2, M.S. No. 20825, Park City No. 20 Lode to the intersection of the township line between sections 31 and 6, thence S. 86° 16’ E., along the township line to the section corner of sections 5, 6, 31 and 32, thence S. 89° 24’ E., along the township line to the section corner of sections 4, 5, 32 and 33, thence S. 0° 58’ W., along the section line between 4 and 5 to the point of beginning.

Totaling approximately 465.84 acres, more or less.

**Federal Parcel 2: Lands west of MEMC patented mineral surveys**

**Township 13 South, Range 86 West**

**Section 31:**

Portions of Government lots 16-18, by extending line 3-4 of M.S. No. 20825, Park City No. 1 southwesterly 600.00 feet distance from corner no. 2, M.S. No. 20825, Park City No. 11, on said line 3-4 of M.S. No. 20825, Park City No. 1 to intersect a line parallel to line 2-3, M.S. No. 20825, Park City No. 11, thence along the said parallel line northwesterly to the intersection of the section line between section 31 and 36, and portions of Government lots 14 and 16, being the portion of M.S. No. 20926, Park City No. 15 lying east of the section line between section 31 and 36.Excepting there from all lands conveyed as Mineral Survey No. 20825, Patent No. 1226111, and Mineral Survey No. 20926, Patent No. 05-2004-0003;

and

**Township 13 South, Range 87 West**

**Section 36 (unsurveyed):**
All portions of M.S. No. 20926, Park City No. 15 in Section 36 (unsurveyed), and by extending line 2-3, M.S. No. 20926, Park City No. 15 southwesterly 600 feet +/ to intersect a line described above from the intersection of sections 31 and 36 paralleling line 2-3, M.S. No. 20825, Park City No. 11.

Totaling approximately 81.49 acres, more or less.

**Federal Parcel 3: Mineral Survey Fraction north of MEMC patented mineral surveys**

**Township 13 South, Range 86 West**

**Section 30:** Government lot 21,

**Section 31:** Portion of Government lot 12 north of line 2-3 M.S. No. 20926, Park City 19,

A Mineral Fraction bounded on the NE by Line 7-8, M.S. No. 4767, Germania Lode, bounded on the South by line 2-3, M.S. No. 20926, Park City 19 and bounded on the West by the East line of Government Lot 12.

Totaling approximately 3.15 acres, more or less.

Aggregate of Federal Parcels 1, 2 and 3 totals approximately 550.48 acres, more or less.

**Land reservations of the U.S.D.A. Forest Service, exceptions to title and uses to be recognized:**

**Reservations:**

Note: other than as specified below, the United States shall convey all right, title and interest to the lands described above.

1. Reserving to the United States a right-of-way thereon for ditches or canals constructed by the authority of the United States Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

2. Excepting and reserving to the United States a 33 foot wide perpetual administrative use easement along the existing NFSR 732 between the Forest boundary and the intersection of NFSR 732.A1. Specific reservation language will be developed in the course of the analysis. The easement area shall be surveyed prior to closing of this transaction and the legal descriptions incorporated into the Patent issued by the USDI-Bureau of Land Management. (Affects Parcel 1)

3. Excepting and reserving to the United States a 20 foot wide perpetual full public easement along the existing NFST 436 (Carbon Trail) between the southern boundary of Federal Parcel 1 and the centerline of Kebler Pass Road/County Road 12. Specific reservation language will be developed in the course of the analysis. The easement area shall be surveyed prior to closing of this transaction and the legal descriptions incorporated into the Patent issued by the USDI-Bureau of Land Management. (Affects Parcel 1)
4. Excepting and reserving to the United States a 20 foot wide perpetual full non-motorized public easement along the existing NFST 585 (Gunsight Pass Trail) as it traverses Federal Parcel 2. Specific reservation language will be developed in the course of the analysis. The easement area shall be surveyed prior to closing of this transaction and the legal descriptions incorporated into the Patent issued by the USDI-Bureau of Land Management. (Affects Parcel 2)

Outstanding Rights:

1. Public road and highway easement conveyed to Gunnison County Board of Commissioners for Kebler Pass Road/County Road 12, recorded at Reception No. 367481 on June 15, 1982 in the Gunnison County Records. (Affects Federal Parcel 1)

Other:

1. Active unpatented mining claims owned by the Non-Federal Party that lay within the Federal Parcels will be relinquished by the Non-Federal Party at the exchange closing.

2. At closing, the Non-Federal Party will convey a parcel of land to the County of Gunnison for the continued operations and maintenance of (1) County Road 12, for which the County holds a Forest Roads and Trails Act (FRTA) easement, and (2) the Kebler Pass winter trailhead, for which the County holds a special-use permit, at 6th P.M., T. 14 S., R.86 W., section 5. The size of this parcel is approximately 25 acres. (Affects Federal Parcel 1)

3. At closing, the County of Gunnison shall convey a road easement to Trappers Crossing, Ltd., a Delaware limited partnership, by and through FAR CORP., a Colorado corporation to replace the FLPMA private road easement recorded at Reception No. 447105 on November 18, 1993 in the Gunnison County Records for the approximately 200-foot long portion of NFSR #966 that lies on Federal Parcel 1. (Affects Parcel 1)

4. At closing, the R2 Regional Forester shall secure an amendment to the FLPMA private road easement recorded at Reception No. 447105 on November 18, 1993 in the Gunnison County Records to remove the approximately 200-foot long portion of NFSR #966 that lies on Federal Parcel 1. (Affects Parcel 1)

5. At closing, the Forest Supervisor shall secure a termination of the Special Use Permit for operation, maintenance, and administration of the Kebler Pass winter trailhead issued to the County of Gunnison on 4/20/2007, GUN612. (Affects Parcel 1)

6. At closing, the County of Gunnison shall issue equivalent permits to replace the Special Use Permits shown in Table B1 issued by the U.S. Forest Service associated with activities at the Kebler Pass winter trailhead. (Affects Federal Parcel 1)

Table B1: USFS Permits to be replaced by permits issued by Gunnison County
### Legal Descriptions with Rights and Reservations

<table>
<thead>
<tr>
<th>Permit Number</th>
<th>Permit Holder</th>
<th>Activity</th>
<th>Date of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GUN1313</td>
<td>CB Motor Sports Inc.</td>
<td>Snowmobile trailhead delivery</td>
<td>12/8/2017</td>
</tr>
<tr>
<td>GUN1336</td>
<td>Action Adventures, LLC</td>
<td>Assigned site at Kebler Winter TH</td>
<td>5/25/2018</td>
</tr>
<tr>
<td>GUN1337</td>
<td>Burt Rentals, LLC</td>
<td>Assigned site at Kebler Winter TH</td>
<td>5/25/2018</td>
</tr>
<tr>
<td>GUN1391</td>
<td>Colorado Backcountry, LLC</td>
<td>Backcountry skiing, hiking</td>
<td>7/22/2019</td>
</tr>
<tr>
<td>GUN1396</td>
<td>Irwin Backcountry Guides, LLC</td>
<td>Assigned site at Kebler Winter TH, backcountry skiing, avalanche training, hiking, mountaineering</td>
<td>6/4/2019</td>
</tr>
<tr>
<td>GUN1512</td>
<td>Gunnison County Sno Trackers Snowmobile Club, Inc.</td>
<td>Winter trail grooming &amp; maintenance</td>
<td>1/11/2021</td>
</tr>
<tr>
<td>GUN1522</td>
<td>Colorado Adventure Rentals, LLC</td>
<td>Trailhead delivery</td>
<td>1/20/2021</td>
</tr>
</tbody>
</table>

7. At closing, the Gunnison District Ranger shall secure permit amendments to the Special Use Permits shown in Table B2 issued by the U.S. Forest Service associated with activities at the Kebler Pass winter trailhead upon execution of replacement permits/easements by Gunnison County. (Affects Federal Parcel 1)

#### Table B2: USFS Permits to be amended by Gunnison District Ranger

<table>
<thead>
<tr>
<th>Permit Number</th>
<th>Permit Holder</th>
<th>Activity</th>
<th>Date of Issuance</th>
</tr>
</thead>
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<tr>
<td>GUN1313</td>
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<tr>
<td>GUN1522</td>
<td>Colorado Adventure Rentals, LLC</td>
<td>Trailhead delivery</td>
<td>1/20/2021</td>
</tr>
</tbody>
</table>

8. At closing, the Forest Supervisor shall secure a permit amendment to the Special Use Permit for winter trail grooming and maintenance issued to Gunnison County Sno Trackers Snowmobile Club, Inc., GUN1512, upon execution of a replacement permit/easement by Gunnison County. (Affects Federal Parcel 1)
9. The Forest Supervisor shall obtain a waiver of the two-year notification from the grazing permittees on the Slate River C&H Allotment. If a waiver cannot be obtained, the patent shall be issued subject to the remainder of the two-year notification period, following the date of initial notification to the grazing permittees by the Forest Supervisor. (Affects Federal Parcel 3)

10. Following closing, the Non-Federal Party intends to grant a Deed of Conservation Easement to Crested Butte Land Trust. It will include both lands to be conveyed by the United States and others currently owned by the Non-Federal Party.
AREA AND NEIGHBORHOOD DATA

The subject parcels are situated in Gunnison County, but the surveyed area also includes adjacent Saguache County to the south, which are located on the Western Slope of the Continental Divide within Central Colorado. The City of Gunnison is located on the U.S. Highway 50 corridor, about 200 miles southwest of Denver metro area, and 130 miles east of Grand Junction. The Gunnison National Forest comprises 1.67 million acres in five counties that is administratively combined with the Grand Mesa as well as Uncompahgre National Forests (the “GMUG”). It borders the Rio Grande National Forest to the south, which encompasses 1.8 million acres around the San Luis Valley, near the Town of Saguache at intersection of U.S. Highway 285 and State Highway 114.

Demographic Profile

According to the U.S. Census, Gunnison County reports a 2020 population of 16,918 residents, which is a 10% increase from the 2010 population of 15,324 people. Saguache County reports a 2020 population of 6,368 residents, which is 4% higher than the 2010 census of 6,108 people. Both counties grew at a slower rate during this time period than 15% for the State of Colorado. While the only incorporated city is Gunnison (6,560 residents as of 2020), towns include Center (1,869), Crested Butte (1,787), Mount Crested Butte (890), Saguache (464), and Marble (140). Gunnison County reports 6,824 total households during 2020, with an average size of 2.38 people and owner-occupancy rate of 65.4%. Saguache County reports 2,803 total households as of 2020, with an average size of 2.39 people, owner-occupancy rate of 72.8%, and median age of 44.9 years. As of 2020, the per capita personal income of $51,025 for Gunnison County, as well as $40,032 for Saguache County, is 20% and 37% less (respectively) than the statewide average of $63,776.

Economic Conditions

The local economy remains heavily dependent upon agriculture (farming and ranching), with the communities of Gunnison and Saguache being the centers of commerce. While timber and mineral extraction were historically dominant uses in mountain areas, they are much less prevalent now. However, tourism and recreation have emerged as important industries since most land is publicly owned, and the area offers many amenities and natural attractions. Crested Butte is the only major ski area on the Gunnison National Forest, with some of the steepest lift-served terrain in the state. As of September 2022, the unemployment rate was 2.0% for Gunnison County, as well as 3.6% for Saguache County, which bracket the statewide average 3.4%. Most businesses are dependent upon both visitors and local residents, with significant employment in various government sectors.

Transportation and Services

The major east/west arterial in the area is U.S. Highway 50, which originates in Grand Junction, travels east through Delta, Montrose, and Gunnison, summits Continental Divide at Monarch Pass on its way to Salida and Canon City, and connects with I-25 at Pueblo. State Highway 135 travels north from Gunnison for about 28 miles to its terminus at Crested Butte. State Highways 114 and 149 originate at U.S. Highway 50, a few miles west and east of the City of Gunnison, respectively. The former travels south to Lake City, while the latter heads southeast to the Town of Saguache. State Highway 133 just traverses the northwest portion as it connects Carbondale with Hotchkiss. A network of county and/or forest system roads provides secondary access to outlying areas. The City of Gunnison offers variety of medical, educational, cultural, religious, and shopping facilities, and is also the home of Western Colorado University (four-year college) as well as regional airport. Crested Butte is an eclectic mountain resort town that caters to visitors and second homeowners, while Saguache and Center are agricultural communities that only offer neighborhood services.
Land Uses and Recreation

Most land uses are rural in nature, with typical homesites of at least 35 acres within unincorporated areas. Platted lots in residential subdivisions are common within the city or town limits, while the highest density of housing is represented by condominium projects at the Crested Butte Ski Resort. The region offers four seasons of recreational opportunities for both locals and tourists, including hiking, cycling, riding, camping, hunting, fishing, boating, jeeping, skiing, golfing, and winter sports. It has cold winters and a diverse landscape, as elevations range from 8,000 to 12,000 feet. The Gunnison and Rio Grande National Forests are very popular for public recreation, and include several designated wilderness areas. There is also ample public lands managed by BLM or CPW. The Taylor River (and reservoir) is located northeast of Gunnison, and this excellent trout fishery is a tributary of the Gunnison River. It flows west within a basin along U.S. Highway 50, and fills Blue Mesa Reservoir before it enters the Curecanti National Recreation Area closer to Montrose. Crested Butte Mountain Resort is world-famous for alpine skiing and snowboarding, with 1,547 acres of terrain served by fifteen lifts, while a smaller ski area is also available on Monarch Pass. The western portion of Saguache County encompasses the Continental Divide, with the headwaters for many creeks, numerous high-altitude parks, and the natural landmark of Cochetopa Dome.

Real Estate Market Conditions

According to the local MLS, Gunnison County reports 374 single-family home sales during 2021 at an average price of $1,144,876, with 380 transactions of this type in 2020 at an average price of $892,358. As of October 31, 2022, there have been 162 single-family home sales year-to-date at an average price of $1,247,919. Thus, average home prices in Gunnison County have increased by 40% since 2020 (with fewer sales), as the area benefited from impacts of the global pandemic. Saguache County reports 39 single-family home sales during 2021 at an average price of $247,321, with 24 transactions of this type in 2020 at an average price of $230,440. As of October 31, 2022, there have been 87 single-family home sales at average price of $312,487, or 36% more than 2020. Although the Crested Butte submarket reports an average sale price of $1,500,000 to $2,500,000 due to the ski resort, rural areas of Gunnison and Saguache Counties offer more affordable housing.

Neighborhood Description

The subject neighborhood is an area of northwest Gunnison County situated between the Town of Crested Butte and Ohio Creek Valley, including public lands and backcountry near Kebler Pass. Primary access is via County Road 12, which connects the State Highway 135 corridor to the east (along the Slate and East Rivers) with County Road 730 to the southwest as it follows Ohio Creek. Private land includes working ranches and rural homesites (with some upscale homes in platted subdivisions) that is surrounded by public domain on the Gunnison National Forest. This includes the Irwin Townsite that is situated a few miles west of town with seasonal vehicular access from County Road 12, which features numerous cabins and mountain retreats on private mining claims. The neighborhood is close to Crested Butte Mountain Resort in the Town of Mount Crested Butte, and popular for winter activities (i.e., skiing, snowboarding, snowshoeing, snowmobiling, etc.).

Area and Neighborhood Summary

In conclusion, the Federal Parcels are located west of Crested Butte and within Gunnison County. This rural area mostly comprises public domain on the Gunnison or Rio Grande National Forests that are popular for recreation, with most housing in the City of Gunnison and Town of Saguache.
The subject property is identified as Federal Parcels 1, 2, and 3 for the proposed Mt. Emmons Land Exchange, which comprise 550.48 total acres of public lands within Gunnison County, Colorado. They are located two miles west of the Town of Crested Butte, on north side of County Road 12 (a/k/a Kebler Pass Road), and are currently federal domain on the Gunnison National Forest. The subject is appraised as if vacant land, and borders mining claims that are owned by the proponent.

Size and Description

According to Land Description Verifications that were prepared in March 2022 by a Forest Service Surveyor, the Federal Parcels comprises 550.48 total acres of government lots or mineral surveys. Parcel 1 contains 465.84 acres in Sections 31 and 32 of Township 13 South and Range 86 West, as well as in Sections 5 and 6 of Township 14 South and Range 86 West. Parcel 2 comprises 81.49 acres within Section 31 of Township 13 South and Range 86 West, as well as within Section 36 of Township 13 South and Range 87 West. Parcel 3 is a 3.15-acre mineral fraction in Sections 30 and 31 of Township 13 South and Range 86 West. All parcels are located within the Sixth P.M. The subject property either borders public domain on the Gunnison National Forest, or 370 acres of patented mining claims at the historic Keystone Mine owned by Mt. Emmons Mining Company, with 76 acres of private mining claims under different ownership adjacent to the north of Parcel 3.

Natural Features

The subject parcels are located within the Coal Creek and Oh-be-Joyful drainages on the west side of the Continental Divide, between the Slate River to the east and the Irwin Townsite to the west. Parcel 1 is situated above Coal Creek on the southeast flank of Mt. Emmons at elevation of about 9,200 to 11,100 feet above sea level, with rolling terrain at lower portions but mostly steep slopes. Parcel 2 is within the Upper Evans Basin on the southwest slope of Mt. Emmons at Gunsight Pass, at an elevation of about 10,800 to 12,100 feet above sea level, with moderate to very steep slopes. Parcel 3 is situated in the Upper Redwell Basin on the northwest slope of Mt. Emmons (just below the summit), at an elevation of about 11,600 to 12,800 feet above sea level, with very steep slopes. Parcels 2 and 3 are about one-quarter mile and three-quarter mile upslope of Parcel 1, respectively. They have mostly rugged terrain with very good views of valley below and surrounding mountain ranges, including Mount Crested Butte looking east. Vegetation includes grasses and shrubs with aspen and conifer forest, although portions above timberline are mostly scree fields on talus slopes. The subject offers valuable wildlife habitat, with very good big-game hunting on the property and surrounding national forest, but lacks a live water amenity, creeks, ponds, or fishing opportunities.

Utilities and Drainage

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. Although these private wet utilities could be installed at Parcel 1 for rural residential development, very steep slopes and rocky soils likely preclude wells or septic systems at Parcels 2 and 3. Public dry utilities include electric and telephone service by local providers, which are currently available to just Parcel 1. Because distribution lines would have to be extended to Parcels 2 and 3 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 tremendous snowfall, with heavy runoff experienced during spring, but surface drainage appears to be adequate. Parcel 1 has ample uplands available for rural homesites, but development of Parcels 2 and 3 would be more difficult due to very steep terrain.
Access and Roadways

Federal Parcel 1 is located along and on the north side of County Road 12 (a/k/a Kebler Pass Road), which originates at State Highway 135 in the Town of Crested Butte, and travels west for thirty miles to its terminus at State Highway 133 near Paonia Reservoir. This gravel surface road is only open to seasonal vehicular travel during snow-free months as it mostly traverses the national forest. However, it is maintained during winter from Crested Butte to a public parking area and trailhead near the southeast corner of Parcel 1 (with groomed access for snowmachines over Kebler Pass). Forest System Road 996 travels southeast from County Road 12 at the southern boundary to access the Trappers Crossing rural subdivision, which is snowplowed by their homeowner’s association. Forest System Road 732 originates at County Road 12 just east of the southeast corner of Parcel 1 and crosses private land for 350 feet to the boundary. Although an improved gravel driveway has been installed for access to the mine, there is no public record of any legal authorization to use this segment for public travel. Thus, it has been determined that the existing driveway cannot be used by a landowner of Parcel 1 to access the site, with just administrative use by the U.S Forest Service. Forest System Road 732 continues west across the lower portion of Parcel 1 for ingress/egress to improvements owned by the proponent, and then ascends their adjacent private property via series of switchbacks to junction with Forest System Road 585, near the northeast boundary of Parcel 2. Forest System Road 585 is a jeep trail that travels within 140 feet of Parcel 2, summits Gunsight Pass before descending along the back side of Mt. Emmons, and travels 630 feet west of Parcel 3. It continues for another two miles to its terminus at County Road 734, and is open to all vehicles.

Based on the foregoing, Parcel 1 has legal access from County Road 12 due to its direct frontage, but not Forest System Road 732 since there is no express easement. Thus, a new driveway would have to be constructed to provide vehicular ingress/egress to the interior for future rural homesites. Parcel 2 also lacks legal access from Forest System Road 732 as it follows the northeast boundary. While Parcels 2 and 3 are 140 feet and 630 feet, respectively, away from Forest System Road 585, a private landowner would have to obtain a special use authorization from the U.S. Forest Service to construct an access driveway across intervening public domain in order to develop a residence. Parcel 2 does have pedestrian ingress/egress from Forest System Trail 585 which originates nearby at Forest System Road 585, traverses the northwest corner, and continues west and then south to its terminus at County Road 12. It is open to travel by foot, horse, and/or bicycle, but not vehicle.

Soil Conditions

I was not provided with a soil or geotechnical report for the subject property, but assume that soils are typical for the surrounding area. There are some steep slopes that may be prone to erosion, but the parcels have presumably not been disturbed by mining activity, with no major issues observed. My analysis assumes the subject soils are suitable for rural residential development if professional guidelines are followed, but I am not an expert in this field and further certification is advised.

Environmental Hazards

I was not provided with an environmental site assessment (i.e., Phase I) for the subject property, which is currently being prepared for the proposed land exchange, but has not yet been completed. However, initial findings conveyed by letter on September 30, 2022 do not identify any recognized environmental conditions at Parcels 2 and 3 or adjacent public lands. Parcel 1 has a history of past mining with ongoing remediation activities, but the proponent is a “potentially responsible party” who would acquire it with any legal liability. Thus, the valuation is contingent upon a hypothetical condition as well as extraordinary assumption that the subject is unaffected by any such conditions.
**PROPERTY DATA**

**Water Rights**

There are no adjudicated water rights at the subject property to be conveyed or appraised. Parcels 1 and 2 are eligible for domestic well permits if privately owned, since each is larger than 35 acres.

**Mineral Rights**

The proponent owns various unpatented mining claims that cover the entirety of Parcels 1 and 2, which will be relinquished at closing, with none on Parcel 3. There are 28 mining claims that lay entirely within Parcel 1, as well as portions of 23 mining claims that lay partially within this tract. Parcel 2 has four mining claims that lay entirely within it, as well as part of one other mining claim. 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 Federal Parcels have low development potential for non-metallic or industrial minerals, oil and gas, geothermal, sodium and potassium, as well as mineral materials (i.e. sand, gravel, stone, etc.). However, the development potential is considered high for metallic minerals as well as critical and strategic minerals, with moderate development potential for coal, due to presence of known reserves. Specifically, an estimated 155 million tons of molybdenum exists in the area, as well as deposits of gold, silver, lead, zinc, niobium, rubidium, tin, or tungsten. Moreover, precious ore mining occurred at the Keystone Mine (on adjacent private land owned by the proponent) from 1880 until 1974, with exploration for molybdenum between 1974 and 2008. The surrounding area has also witnessed significant mining of coal resources from 1884 until 1992. However, there are no active mining claims or mill sites on the Federal Parcels, and mining activity in the area ceased thirty to fifty years ago. Although known reserves exist at the subject property, there are no approved permits or authorizations for mining, which would require a lengthy process to obtain that certainly will encounter major opposition from local residents and other stakeholders. 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.

**Rights and Reservations**

The property is appraised subject to reservations and outstanding rights that were discussed in a preceding section of this report, which are listed in the Federal Land Status Report Summary and Agreement to Initiate. Each parcel will be conveyed with reservation to USA for ditches or canals constructed by their authority, and any unpatented mining claims will be relinquished at closing. A perpetual administrative use easement (33 feet wide) along Forest System Road 732 between forest boundary and intersection of Forest System Road 732.A.1, as well as perpetual full public easement (20 feet wide) along Forest System Trail 436 between the southern boundary and County Road 12, will be reserved at Parcel 1 by the USA at closing. Parcel 1 has an existing public road and highway easement along County Road 12, which was conveyed to Gunnison County in 1982. At closing, the proponent will convey approximately 25 acres of land along the southern boundary of Parcel 1 to Gunnison County for use of County Road 12 and the Kebler Pass winter trailhead. At closing, Gunnison County will convey a road easement to Trappers Crossing, Ltd. to replace a USFS private road easement for a 200-foot segment of Forest System Road 966 at the southeast corner of Federal Parcel 1. Several special use permits held by various outfitters/guides for use of the winter trailhead will be replaced by Gunnison County with equivalent authorizations, and also terminated or amended by the U.S. Forest Service. Parcel 3 is part of larger grazing allotment on the national forest. The foregoing rights and reservations do not have an adverse impact on market value, which will facilitate more efficient ownership and/or management after the exchange closes.
Gunnison County Land Use

The subject property is appraised under the hypothetical condition that it is in private ownership, and therefore must comply with land use regulations for similar non-federal properties in the area. Federal Parcels 1, 2, and 3 are in the jurisdiction of Gunnison County, which does not have official zoning districts or designations. Instead, land uses are dictated by a public review process, with performance standards per the Gunnison County Land Use Resolution that was adopted in 1978. Any changes to a private parcel in an unincorporated area must obtain a Land Use Change Permit, which approves a specific use based on its ability to mitigate the impacts it may create (based on location, design, infrastructure, and resource protection standards). Projects are classified as either Administrative Review, Minor Impact, Major Impact, or Special Development, depending on the level of impact the proposed use will have on its neighbors and the overall community. The project application is reviewed by the Planning Commission, with the Board of County Commissioners making the final decision, but uses that only require Administrative Review are approved by staff. Consistent with state statute, a parcel of land 35 acres or larger in size can legally be created by recordation of a deed with the County Clerk, but smaller homesites require subdivision approval. Effective as of September 22, 2021, one residence plus outbuildings is allowed per each legal lot with Administrative Review, at maximum size of 7,000 square feet (home is limited to 5,000 SF). This is a change from prior regulations that allowed one residence and outbuildings of up to 12,500 square feet (the home was limited to 10,000 SF), which is now reviewed as a Minor Impact Project.

Development Standards

Construction of new residential housing must provide adequate water supply, sewage disposal, fire protection, vehicular access, as well as utilities, with consideration given to physical constraints (i.e., steep slopes, geology, soils, wildlife habitat, wetlands, floodplain, avalanche hazards, etc.). At least one acre of land is required for installation of an individual septic disposal system, and the minimum separation between the leach field and water supply (usually domestic well) is 100 feet. Minimum building setbacks are typically ten feet from property lines or 25 feet from public roads. Vehicular ingress/egress to the rural homesite must meet County Road and Bridge standards, with a driveway allowed for one residence, but an improved road typically required for more homesites. However, the type of housing permitted (i.e., seasonal use versus year-round) is heavily influenced by U.S. Forest Service policy or recommendations in regards to access along forest system roads, which often require special authorization for winter maintenance with no guarantee of approval.

Existing Improvements

There are no existing building improvements at Parcels 2 and 3, which are vacant undeveloped land in a generally natural and native state. Parcel 1 has existing site and building improvements for reclamation operations, including a water treatment plant with ponds, storage buildings, tailing storage facility, internal roads, and security fencing. However, they are owned by the proponent, and have been excluded from analysis. Thus, the subject parcels are appraised as if vacant land.
PROPERTY DATA

Assessment and Taxes

Private property in Colorado is re-appraised every odd year, with values changing after May 1. Real estate taxes are assessed at 29% of actual value for vacant land and non-residential properties, and 7.15% of actual for residential use. By the end of each year, the County Assessor determines actual values, and the County Commissioners set the mill levy (by district) to calculate the tax bill. The County Treasurer acts as the tax collector, with current taxes paid in the following year in two equal payments that are due by February 28 and June 15, or via one full payment due by April 30. The subject is a very small portion of an approximate 40,000-acre holding of U.S. Forest Service lands, which is identified by the county assessor as Account #R012531, #R012866, and #R013085. While it is classified as exempt federal land (with zero actual value and taxes), the Federal Parcels would likely be assessed as vacant land with limited access and a designated use of mining claims. Similar non-federal properties in the local taxing district report 2022 actual land values in the range of $1,100 to $2,300 per acre, and I conclude to $1,700 per acre for the Federal Parcels. Applying this amount to the 550.48-acre subject property results in 2022 estimated actual value of $935,800, with corresponding assessed value of $271,380 at 29% of actual value. The 2021 mill levy for the neighborhood is 58.617, which results in estimated 2022 real estate taxes of $15,907 for the subject property (assuming it is in private ownership and therefore no longer exempt from local taxation).

Sales, Rental, and Use History

The subject has been federally owned by the United States of America since it was reserved from the public domain via Proclamation 553 on May 12, 1935. There have been no ownership transfers during the past ten years, and the property is not currently listed for sale or under purchase contract. Mt. Emmons Mining Company plans to acquire title to Federal Parcels 1, 2, and 3 via the proposed land exchange, with any difference between appraised market values equalized by cash payment. After closing, they will convey a deed of conservation easement to Crested Butte Land Trust over the Federal Parcels, as well as adjacent lands for the Mt. Emmons Mine, which will restrict future mining and milling activities while allowing for some public recreation. Known as the Red Lady, the Crested Butte community has been opposed to new mining activity on this prominent mountain above town since a significant molybdenum deposit was discovered by a prior owner in the 1970’s. The subject property has historically been used during the past ten years for mining reclamation activities (in accordance with a submitted Plan of Operation), with no public access allowed except for trail at the northwest corner of Parcel 2. It has not been leased during the previous three years.

Property Data Summary

The subject property is three identified Federal Parcels for the Mt. Emmons Land Exchange, which comprise 550.48 total acres of vacant land located west of Crested Butte within Gunnison County. They are currently public domain on the Gunnison National Forest, with vehicular or pedestrian access. Please refer to various maps and exhibits on the following pages for visual edification.
LAND DESCRIPTION VERIFICATION FOR PARCEL 1 (page one)

USDA - Forest Service
5400 Landownership
5500 Landownership Title Management

LAND DESCRIPTION VERIFICATION
FEDERAL LAND

Purchase/Exchange Name: Mt. Emmons LEX (Fed Parcel 1)

Forest Name: Gunnison National Forest

Assessor's Parcel Number: 

County, Town, or Borough: Gunnison State: Colorado

1. Legal Description: (Include subdivision part, Section, Township, Range, Meridian; or lot, block, warrant, parcel, grant, etc., as appropriate.)

Township 14 South, Range 86 West, Sixth Principal Meridian, Section 5 and 6, Gunnison County, Colorado, beginning at a point on the centerline of Kebler Pass Road (NFSR 606, County Road 12) and the section line between sections 4 and 5, thence S. 0° 58' W., along the section line between 4 and 5 approximately 75 ft., thence southwesterly paralleling said road 75 ft. on the southerly side for approximately 1077 ft., thence perpendicular to the centerline of Kebler Pass Road southeasterly 40 ft. distance, thence southwesterly paralleling said road 115 ft. on the southerly side for approximately 590 ft. distance, thence perpendicular to the centerline of Kebler Pass Road northeasterly 40 ft. distance, thence southwesterly paralleling said road 75 ft. on the southerly side for approx. 3596 ft., to a point of intersection with a southeasterly extended line 1-2, M.S. No. 20749, Jimmy Lode, thence along the extended line northeasterly to the centerline of said Kebler Pass Road, thence along the said extended line northeasterly to Cor. No. 1, M.S. No. 20749, Jimmy Lode, thence N. 25° 21' W., 250 ft. dist. to Cor. No. 1, M.S. No. 20750, Contact Mill Site, thence N. 64° 39' E., 450 ft. dist. to Cor. No. 2, M.S. No. 20750, Contact Mill Site, thence N. 25° 21' W., 475 ft. dist. to Cor. No. 3, M.S. No. 20750, Contact Mill Site, identical with Cor. No. 2, M.S. No. 20750, Keystone Mill Site, thence N. 25° 21' W., 475 ft. dist. to Cor. No. 3, M.S. No. 20750, Keystone Mill Site, thence S. 64° 39' W., 450 ft. dist. to Cor. No. 4, M.S. No. 20750, Keystone Mill Site, on line 12, M.S. No. 20749, Jimmy Lode, thence N. 25° 21' W., 300 ft. dist. to Cor. No. 2, M.S. No. 20749, Jimmy Lode, identical with Cor. No. 1, M.S. No. 6523, Keystone Lode, thence N. 24° 45' W., 1500 ft. dist. to Cor. No. 2, M.S. No. 6523, Keystone Lode, on line 13-16, M.S. No. 6523, My Boys Lode, thence N. 64° 28' E., 18.94 ft. dist. to Cor. No. 2, M.S. No. 20825, Park City No. 20 Lode, identical with Cor. No. 13, M.S. No. 6523, My Boys Lode, thence N. 64° 28' E., on line 1-2, M.S. No. 20825, Park City No. 20 Lode to the intersection of the township line between sections 31 and 6, thence S. 86° 16' E., along the township line to the section corner of sections 5, 6, 31 and 32, thence S. 89° 24' E., along the township line to the section corner of sections 4, 5, 32 and 33, thence S. 0° 58' W., along the section line between 4 and 5 to the point of beginning.

Township 13 South, Range 86 West, Section 31 and 32, beginning at the intersection of the township line between sections 31 and 6 and line 1-2, M.S. No. 20825, Park City No. 20 Lode, described above, thence N. 64° 28' E., on line 1-2, M.S. No. 20825, Park City No. 20 Lode to Cor. No. 1, M.S. No. 20825, Park City No. 20 Lode, thence N. 45° 00' W., on line 4-1, M.S. No. 20825, Park City No. 20 Lode to Cor. No. 4, M.S. No. 20825, Park City No. 20, on line 1-2, M.S. No. 20825, Park City No. 30, thence N. 64° 28' E., 262.12 ft. dist. on line 1-2, M.S. No. 20825, Park City No. 30 Lode to Cor. No. 1, M.S. No. 20825, Park City No. 30, thence on a bearing easterly to the S 1/16 section corner of Sections 31 and 32, thence easterly to the SW 1/16 corner of section 32, thence southerly to the W 1/16 section corner on the township line between sections 32 and 5, thence N. 89° 24' W., along the township line to the section corner of sections 5, 6, 31 and 32, thence N. 86° 16' W., to the intersection of line 1-2, M. S. No. 20825, Park City No. 30 and point of beginning.
<table>
<thead>
<tr>
<th>2. Area:</th>
<th>Official (Public Land Survey)</th>
<th>Record (title/deed/county)</th>
<th>Actual (land survey, infor.)</th>
<th>Tax Assessor's (taxing authority)</th>
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</thead>
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<tr>
<td></td>
<td>465.84 (GIS)</td>
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</tr>
</tbody>
</table>


| 4. Comments: | This parcel will require a federal authority survey by BLM at which time the legal description and acreage will be updated on this form and available for appraisal purposes. The legal description for the above described lands, proposed for conveyance by the UNITED STATES OF AMERICA, has been reviewed for technical sufficiency and acceptability for patent or deed purposes and practicability for locating boundary lines. For purposes of acquisition, the acreage is 465.84 acres. |

Preparation Land Surveyor signature: GENE DOLLARHIDE Digitally signed by GENE DOLLARHIDE Date: 2022.03.04 15:44:56 -07'00'

Reviewing Land Surveyor signature: DAVID TOMASCHOW Digitally signed by DAVID TOMASCHOW Date: 2022.03.09 13:10:09 -07'00'

(attach additional pages as necessary for items 1 thru 4) Page _____ of _____
LAND DESCRIPTION VERIFICATION FOR PARCEL 2

USDA - Forest Service
5400 Landownership
5500 Landownership Title Management

FS-5400-41

LAND DESCRIPTION VERIFICATION
FEDERAL LAND

Purchase/Exchange Name: Mt. Emmons LEX (Fed Parcel 2)

Forest Name: Gunnison National Forest

Assessor's Parcel Number: ____________________________

County, Town, or Borough: Gunnison State: Colorado

1. Legal Description: (Include subdivision part, Section, Township, Range, Meridian; or lot, block, warrant, parcel, grant, etc., as appropriate.)

   Township 13 South, Range 86 West, Section 31, Sixth Principal Meridian, Gunnison County, Colorado, portions of Government lots 16-18, by extending line 3-4 of M.S. No. 20825, Park City No. 1 southwesterly 600.00 feet distance from corner no. 2, M.S. 20825, Park City No. 11, on said line 3-4 of M.S. No. 20825, Park City No. 1 to intersect a line parallel to line 2-3, M.S. No. 20825, Park City No. 11, thence along the said parallel line northwesterly to the intersection of the section line between section 31 and 36, and portions of Government lots 14 and 16, being the portion of M.S. No. 20926, Park City No. 15 lying east of the section line between section 31 and 36.

   Township 13 South, Range 87 West, Section 36 (unsurveyed), all portions of M.S. No. 20926, Park City No. 15 in Section 36 (unsurveyed), and by extending line 2-3, M.S. No. 20926, Park City No. 15 southwesterly 600 feet +/- to intersect a line described above from the intersection of sections 31 and 36 paralleling line 2-3, M.S. No. 20825, Park City No. 11.

2. Area: Official Record Actual Tax Assessor's
   (Public Land Survey) (title/deed/county) (land survey, infor.) (taxing authority)
   81.49 (GIS)


4. Comments: This parcel will require a federal authority survey by BLM at which time the legal description and acreage will be updated on this form and available for appraisal purposes.

   The legal description for the above described lands, proposed for conveyance by the UNITED STATES OF AMERICA, has been reviewed for technical sufficiency and acceptability for patent or deed purposes and practicability for locating boundary lines.

   For purposes of acquisition, the acreage is 81.49 acres.

Preparation Land Surveyor signature: 

Name: GENE DOLLARHIDE Digitally signed by GENE DOLLARHIDE Date: 2022.03.04 15:57:51 -07'00"

Reviewing Land Surveyor signature: 

Name: DAVID TOMASCHOW Digitally signed by DAVID TOMASCHOW Date: 2022.03.09 13:11:03 -07'00"
# Land Description Verification for Parcel 3

**USDA - Forest Service**
5400 Landownership
5500 Landownership Title Management

**LAND DESCRIPTION VERIFICATION**
**FEDERAL LAND**

- **Purchase/Exchange Name:** Mt. Emmons LEX (Fed Parcel 3)
- **Forest Name:** Gunnison National Forest
- **Assessor's Parcel Number:**
- **County, Town, or Borough:** Gunnison  
**State:** Colorado

### 1. Legal Description:
(Include subdivision part, Section, Township, Range, Meridian; or lot, block, warrant, parcel, grant, etc., as appropriate.)

Township 13 South, Range 86 West, 6th Principal Meridian, Gunnison County, Colorado, Section 30: Government Lot 21, Section 31: Portion of Government Lot 12 North of line 2-3 M.S. No. 20926, Park City 19, A Mineral Fraction bounded on the NE by Line 7-8, M.S. No. 4767, Germania Lode, bounded on the South by line 2-3, M.S. No. 20926, Park City 19 and bounded on the West by the East line of Government Lot 12.

### 2. Area:

<table>
<thead>
<tr>
<th>Official (Public Land Survey)</th>
<th>Record (title/deed/courtry)</th>
<th>Actual (land survey, infor.)</th>
<th>Tax Assessor's (taxing authority)</th>
</tr>
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<tbody>
<tr>
<td>3.15 (GIS)</td>
<td></td>
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</tbody>
</table>

### 3. Record Documents:

### 4. Comments:
This parcel will require a BLM supplemental plat at which time the legal description and acreage will be updated on this form and available for appraisal purposes.

The legal description for the above described lands, proposed for conveyance by the UNITED STATES OF AMERICA, has been reviewed for technical sufficiency and acceptability for patent or deed purposes and practicability for locating boundary lines.

For purposes of acquisition, the acreage is **3.15** acres.

**Preparing Land Surveyor signature:**

- **Name:** GENE DOLLARHIDE
- **Date:** 2022.03.04 16:28:37

**Reviewing Land Surveyor signature:**

- **Name:** DAVID TOMASCHOW
- **Date:** 2022.03.09 13:12:07
MAP OF EXISTING IMPROVEMENTS AT PARCEL 1
Highest and best use is defined for this assignment in the Statement of Work as “An appraiser’s supported opinion of the most probable and legal use of the property, based on market evidence, as of the date of valuation” (per 36 CFR 254, Subpart A, 254.2). The Dictionary of Real Estate Appraisal defines highest and best use as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”. Moreover, the concluded highest and best use must be clearly supported by market evidence, with the burden of proof on the appraiser if this differs from the existing use of the property. Sale or exchange to the USA or a public entity is not acceptable, and a “non-economic” highest and best use (such as conservation, natural lands, or preservation) is also invalid. Current market conditions and zoning are analyzed, and reasonable probability for any change in land use must have a factual foundation. Thus, market value cannot be predicated upon potential uses that are speculative or conjectural. Since the subjects are valued as if unimproved, only the highest and best use as vacant is relevant.

Legally Permissible

Legally permissible uses depend on zoning requirements, encumbrances, and other restrictions. As discussed in the Property Data section of this report, the subject parcels are not officially zoned by Gunnison County. However, land use regulations allow one single-family residence on at least 35 acres of land, which is limited in size by Gunnison County to 5,000 square feet of floor area. Parcel 1 comprises 465.84 acres and could be parcelized into thirteen rural homesites as use by right, while 81.49-acre Parcel 2 can be split into two homesites, which can be improved with a residence. Consistent with state statute, they can be created by deed or survey only, which does not require formal subdivision approval. Since a patented mining claim that is substandard in size is generally recognized as one legal lot, Parcel 3 at just 3.15 acres qualifies as having one development right. However, in order to obtain a building permit the applicant must meet certain standards in regards to road access, water supply, sewage disposal, fire protection, utilities, physical constraints, etc. While agriculture and private recreation are also permitted uses by right, more intensive activities will require rather speculative approvals, such as mining, a campground, or commercial recreation. Based on foregoing, legally permissible uses at the Federal Parcels is up to fifteen rural residential homesites (only with adequate vehicular access), agriculture, and/or non-commercial recreation.

Physically Possible

Physically possible uses are determined by location and physical characteristics. As detailed in the Property Data section of this report, the subject has a very good location west of Crested Butte, near Kebler Pass on Mt. Emmons. Parcels 1 and 2 are adjacent to the Gunnison National Forest or patented mining claims owned by the proponent, while Parcel 3 is surrounded by private claims. While Forest System Road 732 traverses Parcel 1 as it ascends from County Road 12, and touches the eastern boundary of Parcel 2, there is no legal authorization or easement to use this roadway. Parcel 1 has extensive frontage on County Road 12, but a new driveway would have to be installed to provide year-round ingress/egress to the interior. Parcel 2 is close to Forest System Road 585, but legal access would need to be authorized by the U.S. Forest Service for a nominal fee, with a very high probability of approval. The owner would have to install a new driveway for 140 feet, which will be restricted to seasonal use travel from County Road 734 (two miles to the northeast). However, Parcel C is limited to pedestrian ingress/egress from Forest System Road 585 since it is 630 feet away from this seasonal use road, and a new driveway is not practical due to steep terrain.
HIGHEST AND BEST USE AND LARGER PARCEL

Physically Possible (continued)

Based on the foregoing, Parcels 1 and 2 would have adequate vehicular access for rural residential homesites (with approval) if new driveways are installed, but Parcel 3 only has trail ingress/egress. Domestic wells (or springs) and individual septic disposal systems are allowed for dwelling units. While electric and/or telephone service is available to Parcel 1, public dry utilities will have to be extended for a long distance to Parcels 2 and 3, or provided by alternative means (“off the grid”). Each property could be used for seasonal livestock grazing (limited by high elevation), but forestry (logging) and/or mining are not viable due to the lack of natural resources with commercial value. Parcels 1 and 2 are prime candidates for mountain recreation (i.e., hunting, camping, hiking, riding, wildlife viewing, winter activities, etc.), as they feature desirable wildlife habitat with direct access to the adjacent national forest. Parcel 3 is also suitable for high-elevation recreational activities, which are limited due to its small size and natural features (steep scree slopes above timberline). Thus, rural residential homesites with complementary agriculture (grazing) and/or recreation are physically possible uses at Parcels 1 and 2, but Parcel 3 is limited to recreation and/or assemblage.

Financially Feasible

Financially feasible uses are based on supply and demand conditions. As illustrated in the Area and Neighborhood Data section of this report, the economy was traditionally based on ranching and natural resource extraction, but has become much more diversified and reliant upon tourism (including major ski area and ample public domain that is heavily oriented to mountain recreation). The City of Gunnison offers much more affordable housing than up-valley mountain resort towns of Crested Butte or Mt. Crested Butte, with ample services, educational facilities, and employment. The local real estate market is currently strong, and has witnessed unprecedented demand and price appreciation since Summer 2020 as buyers relocated from urban to rural areas due to the pandemic. Adequate demand exists for additional rural homesites in such close proximity to Crested Butte, and other viable uses include a private retreat or commercial recreation (i.e., lodge or campground). Thus, rural homesites, agriculture, and/or recreation are financially feasible at the subject property.

Maximally Productive

Maximally productive uses generate the highest return to the land at the least risk to the owner. Just agriculture and/or mountain recreation are not maximally productive at Parcels 1 and 2, since the nominal income generated from these uses does not justify the high cost of land acquisition. Parcel 1 is limited to recreation since it lacks vehicular access for a dwelling (or forage for grazing), but the most profitable use of Parcels 1 and 2 involves some type of rural residential development. As previously discussed, land use regulations allow Parcel 1 to be divided into as many as thirteen buildable lots as use by right, with two homesites available at Parcel 2 without formal subdivision. However, the typical buyer would conclude that “less is more”, and pay a similar price per acre for Parcel 1 than if it sold as up to thirteen homesites to multiple purchasers when a discount for required infrastructure costs (roads and utilities), absorption, and sellout expenses is considered. This is supported by the comparable sales that were analyzed in the Sales Comparison Approach section of this report, as the market demonstrates sufficient demand for national forest inholdings (such as the subject parcels) that are not candidates for subdivision into multiple rural homesites. Another viable option is a commercial lodge or campground, which requires conditional approval. Thus, rural residential homesites at Parcels 1 and 2 is maximally productive since it generates a much higher profit than just agriculture and/or recreation. The subject parcels are also a candidate for assemblage by a neighbor, with the most logical buyer being Mt. Emmons Mining Company.
HIGHEST AND BEST USE AND LARGER PARCEL

Determination of Larger Parcel

Essential in the conclusion of highest and best use is the determination of the larger parcel, which is defined by UASFLA as that tract or tracts of land that possess a unity of ownership, and have the same, or an integrated, highest and best use. Three elements of consideration by the appraiser in making the determination in this regard are contiguity (or proximity as it bears on the highest and best use of the property), unity of ownership, and unity of highest and best use. By applying these three tests to the identified subject property, two physically separated tracts may constitute an integrated larger parcel, or a contiguous holding may actually consist of multiple larger parcels. Unity of ownership considers which entity holds title to (or has beneficial control of) the subject. Appraised properties that do not share a common boundary may still meet the test of contiguity, depending on their physical relationship to other tracts in proximity. Non-contiguous parcels may be economically dependent upon each other, which can result in an integrated highest and best use.

In accordance with Section 1.12 of UASFLA, the appraisal instructions state that the appraiser shall not consider land outside the property described in the Agreement to Initiate for either a larger parcel determination, or in reaching a conclusion of the highest and best use. However, it must be shown if the appraised tracts each consist of one or more larger parcels. In regards to the subject Federal Parcels, they are currently owned by the USA, and assumed to have unity of ownership for purposes of this assignment (since any adjacent federal lands are excluded from consideration due to the hypothetical condition of being privately owned). Although all three parcels are in the same vicinity, none are contiguous. The concluded highest and best use is year-round homesites at Parcel 1, and seasonal residences at Parcel 2 (which require installation of new driveways), with complementary grazing/recreation. Moreover, each appraised property would possibly appeal to separate buyers as stand-alone tracts, although they would also be equally attractive if sold together to a single purchaser as a package.

Conclusion of Highest and Best Use and Larger Parcel

Based on the foregoing, I conclude that each Federal Parcel comprises a separate larger parcel for valuation purposes, which is consistent with market sales data as well as the Statement of Work. Thus, individual value opinions are determined for each identified larger parcel, namely Parcel 1 (465.84 acres), Parcel 2 (81.49 acres), as well as Parcel 3 (3.15 acres).
APPRAISAL METHODOLOGY

The valuation of real estate typically entails three fundamental techniques: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. All three approaches are market oriented, and based on the principle of substitution. The applicability of each valuation technique is impacted by the type/age of the property, or the quality/quantity of available data.

The Cost Approach is based on the assumption that a prudent purchaser will not pay more for real property than the cost of acquiring a comparable site and constructing improvements of similar quality, condition, and utility. The application of this process involves estimating the market value of the underlying subject site as if vacant, construction and soft costs, an allowance for developer’s profit, and relevant deductions for physical depreciation or functional/external obsolescence.

The Sales Comparison Approach involves a detailed analysis and comparison of like properties that were recently purchased, contracted, or listed in the open and competitive marketplace. When reduced to an appropriate unit of comparison, these transactions can be compared to the subject property, and adjusted for pertinent differences, such as financing, market conditions, location, access, size, zoning/land use, and various physical characteristics. The resulting indications from the comparable sales can then be reconciled to a final value estimate for the subject property.

The Income Capitalization Approach is based on the premise that the value of a property that generates income is equal to the present worth of its future benefits. Revenues and expenses are estimated to establish net income, which is converted to value via direct capitalization. If cash flows are expected to vary, a discount (yield) rate may be applied to the projected income stream. The Subdivision Development technique is a variation of the Income Capitalization Approach, which uses discounted cash flow analysis to estimate the net present value of subdivided projects with five or more units (i.e., lots, condominiums, or homes), with an appropriate bulk discount.

Reconciliation is the remaining step in the valuation process. The results of each approach are weighted by reliability, and a final opinion of value is then correlated. Although each technique produces an independent indication of value, they are interrelated and depend on market forces.

Valuation of the Subject Property only employed the Sales Comparison Approach via analysis of comparable sales of other private holdings in the local marketplace on a price per acre basis. The Cost Approach is irrelevant since the parcels are valued as vacant land with no improvements. The Income Capitalization Approach is not necessary for this analysis since the subject property does not generate major income from agricultural and/or recreational uses. Moreover, parceling each holding into multiple rural homesites is inconsistent with the highest and best use conclusion. Thus, the Subdivision Development Approach was not employed for this valuation analysis since this technique is rather speculative due to the many variables associated with this scenario, and is typically only employed if adequate comparable sales data is not available (which is not the case). The subject property is determined to comprise separate larger parcels, which have been identified as Parcel 1 (465.84 acres), Parcel 2 (81.49 acres), as well as Parcel 3 (3.15 acres). At the client’s request, a single market value conclusion was derived for the Federal Parcels, which reflects any impact on value if all three tracts were acquired by one buyer in a single transaction.
SALES COMPARISON APPROACH

The Sales Comparison Approach involves a detailed comparison of the subject property to similar properties that have recently sold in the same or a competitive market. This valuation approach is based primarily on the Principle of Substitution, meaning when several commodities or services with substantially the same utility are available, the lower price attracts the greatest demand and widest distribution (and vice-versa). In other words, a prudent investor/buyer would not pay more to purchase a given property in the market considering that an alternative property can be acquired for less. The steps employed in the Sales Comparison Approach are summarized as follows:

1. Research the local market to obtain information relative to current transactions (such as closed sales, active listings, and pending contracts) of similar properties to the subject.
2. Verify and qualify the data as to financing terms, motivating forces, or bona fide nature.
3. Determine the appropriate unit of comparison, such as price per acre, square foot, or lot.
4. Compare each transaction to the subject property, and make any adjustments to price per unit to account for differences in market conditions, location, physical characteristics, etc.
5. Reconcile value indications from various comparable sales and analytical techniques to conclude a final value indication for the subject property before the conservation easement.

Selection of Comparable Sales

The local market was researched for sales that are comparable to the subject, namely purchases of rural parcels and ranches that are surrounded by or mostly border public land in Gunnison County. Adequate recent data is available for analysis, including a pending contract but few active listings. The eight most similar transactions were selected for direct comparison to Parcel 1 and Parcel 2, with market data sheets for these sales found on the next pages (accompanied by a location map). Sales One through Six were selected for direct comparison to Parcel 1, with separate summary and adjustment grid as well as narrative analysis presented first for valuation of this 465.84-acre tract. Sales One, Two, Three, Seven, and Eight were selected for direct comparison to Parcel 2, with a different summary and adjustment grid as well as narrative analysis to value this 81.49-acre tract. Because Parcel 3 only comprises 3.15 acres of unbuildable land that has nominal market value, six comparable sales of similar mining claims (with pedestrian access only) were selected for analysis. Relevant details for these transactions are summarized on a table (accompanied by a location map), with narrative valuation analysis for Parcel 3 after valuation of Parcel 2. Listings and other sales that were considered, but not used as primary comparables, are discussed for secondary support.

Each transaction was confirmed with knowledgeable parties and public records. Confirmation sources include brokers, sellers, buyers, attorneys, lenders, appraisers, assessors, and local MLS. The sales were inspected by the appraiser to the extent possible (often just from nearby roads to prevent trespass), with notation made if I was unable to visit the property due to a lack of access. Per Section 1.5.2.4 of UASFLA, any purchases by the federal government or non-profit entities (typically for public open space) required extraordinary verification to confirm that the sale price is based on fair market value, as these deals could reflect atypical actions from motivated buyers. If any of the sales were confirmed to include existing improvements with contributory value, the estimated amount was deducted from total purchase price to determine the underlying land value. The appropriate unit of comparison reflects the actions of market participants. Since inholdings are often acquired on the basis of price per deeded acre, this unit of comparison was employed.
COMPARABLE SALE ONE

Property Identification
- General Location: Thirteen miles northwest of Gunnison, in Ohio Creek Valley
- Physical Address: 2500 County Road 6, Gunnison, Colorado 81230
- Vehicular Access: Seasonal use from County Road 6 (via private roadway)
- Tax Identification: Account #R007277 (Gunnison County)
- Legal Description: Tracts in Sections 14 & 23, Town. 15 South, Range 86 West

Property Description
- Land Area: 660.00 deeded acres (per assessor, not confirmed by survey)
- Topography: Rolling, some steep slopes, elevation of 9,000 to 9,900 feet
- Natural Features: Streams, springs, ponds, pasture, timber, very good views
- Adjacent Land Use: Mostly private ranches or homesites, national forest to east
- Water Rights: None (adjudicated, eligible for springs and domestic wells)
- Mineral Rights: All owned by seller were conveyed (no valuable resources)
- Existing Improvements: None (vacant), no well/septic or public dry utilities available
- Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
- Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data
- Grantor (seller): Eagle Bluff Ranch, LLC (c/o Marvin R. Peachey)
- Grantee (buyer): White Sky, LLC (c/o Aaron Huckstep, Esquire)
- Date of Sale: October 27, 2022 (Reception #688470)
- Purchase Price: $2,600,000 ($3,939 per acre for land only)
- Rights Conveyed: Fee simple (subject to rights including conservation easement)
- Financing Terms: Cash to seller
- Verification: Brokers and Public Records

Comments
This property is located northwest of Gunnison, and about three miles east of County Road 730, in the Ohio Creek Valley of Gunnison County. It has seasonal use access from County Road 6 via a private and two-track roadway that traverses intervening ranchland via recorded easement. This high-elevation and somewhat remote parcel is primarily open grassland pasture, with dense timber in the northern portion, and very good views of surrounding mountains. Seasonal streams traverse the site in Willow Creek drainage, which fill stock ponds, but there is no irrigated land, live water amenity, or fishing resources. The property is leased for seasonal cattle grazing, with very good big-game hunting on the deeded acreage as well as adjacent Gunnison National Forest. The southern 300 acres was placed in conservation easement by a prior owner (Redden), which prohibits any subdivision or development of just this land. The holding was acquired by Hinkle Ranch Properties, LLC on May 10, 2011 for $895,000. This owner listed it for sale in May 2022 at an asking price of $1,900,000, who was slightly motivated and priced the land for a quick sale. It was acquired by an investor from Delta on July 14, 2022 at a below market price of $1,700,000. The seller noted above decided to list the property for re-sale on October 9, 2022 at asking price of $3,000,000, which went under contract to the buyer noted above on the next day at $2,600,000. They closed within three weeks for cash, with two back-up offers received at $3,000,000 each. The current owner has a part-time residence in Crested Butte, and mainly acquired it for hunting.
COMPARABLE SALE ONE (maps and photographs)
COMPARABLE SALE TWO

Property Identification
General Location: Twenty-five miles northwest of Gunnison, Ohio Creek Valley
Physical Address: TBD Forest System Road 563, Gunnison, Colorado 81230
Vehicular Access: Indirect and seasonal use from Forest System Road 563
Tax Identification: Account #R072438 (Gunnison County)
Legal Description: Tract in Sections 1 & 12, Township 15 South, Range 86 West

Property Description
Land Area: 280.12 deeded acres (per assessor, not confirmed by survey)
Topography: Rolling, some steep slopes, elevation of 10,800 to 11,100 feet
Natural Features: Subalpine meadows, ponds, springs, timber, excellent views
Adjacent Land Use: Mostly national forest, with private to northeast and southwest
Water Rights: None (adjudicated, eligible for springs and domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: None (vacant land), no well/septic or public utilities available
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data
Grantor (seller): Redden Ranches, Inc. (c/o Wendy Collins)
Grantee (buyer): D-Bow Ranch, LLC (c/o Christopher M. Debow)
Date of Sale: July 14, 2021 (Reception #677593)
Purchase Price: $1,351,000 ($4,823 per acre for land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Brokers and Public Records

Comments
This property is located northwest of Gunnison above the Ohio Creek Valley, as well as south of Crested Butte and above the State Highway 135 corridor, within northwest Gunnison County. It mostly adjoins the Gunnison National Forest, with private property to the northeast, northwest, and southwest. This remote tract has seasonal access from County Road 737 via Forest System Road 563, and then private road that traverses the adjacent Red Hawk Ranch via legal easement. It features numerous seasonal drainages and springs that fill ponds, with lush mountain meadows that are mixed with aspen stands and conifer forest. The property offers prime wildlife habitat and very good big-game hunting (trophy mule deer), but no fishing opportunities. This elevation provides great views of the area, including Whetstone Mountain, Mt. Axtell, and Carbon Peak. The sellers are a local ranching family who used this land over decades for hunting and grazing. This vacant property was listed for sale on July 9, 2021 at an asking price of $1,300,000, and went under contract immediately at a higher amount. The buyer acquired the adjacent Red Hawk Ranch in 2020, and was motivated by assemblage to prohibit future development since this tract has legal access to use his road. Thus, the price was confirmed to be slightly above market value as they paid above asking price, and also closed in five days for all cash with no contingencies.
COMPARABLE SALE TWO (maps and photographs)
COMPARABLE SALE THREE

Property Identification

General Location: Twenty-five miles northwest of Gunnison, Ohio Creek Valley
Physical Address: TBD County Road 730, Gunnison, Colorado 81230
Vehicular Access: Direct but seasonal use from Forest System Road 730
Tax Identification: Account #R011257 (Gunnison County)
Legal Description: East Half of Section 26, Township 14 South, Range 87 West

Property Description

Land Area: 320.00 deeded acres (per assessor, not confirmed by survey)
Topography: Rolling, mostly steep slopes, elevation of 9,000 to 9,800 feet
Natural Features: Creek, subalpine meadows, springs, timber, very good views
Adjacent Land Use: Surrounded by Gunnison National Forest (true inholding)
Water Rights: None (adjudicated, eligible for springs and domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: Old cabin (no value), no well, septic, or dry utilities available
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data

Grantor (seller): Estates of Velma Ann Rhoades as well as Walter I. Rhoades (c/o Norman Rhoades and Wayne Rhoades, co-personal rep.)
Grantee (buyer): Thomas M. Turnbull
Date of Sale: November 23, 2020 (Reception #671515)
Purchase Price: $1,350,000 ($4,219 per acre for land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Brokers and Public Records

Comments

This inholding on the Gunnison National Forest is situated near Swampy Pass, just east of the West Elks Wilderness Area and Forest Service Road 730, in northwest Gunnison County. It is located eleven road miles from Crested Butte via Kebler Pass Road, which is seasonal use only. A private driveway leads to the northwest corner, with seasonal access for about one mile from end of winter maintenance at County Road 730 to the south. This property is situated at the base of Carbon Creek, with mostly rugged and dense timber on steep hillsides, and very good views. The northwest portion is rolling, with about one-half mile of frontage in segments of Ohio Creek (fishing for small native trout), subalpine meadows, and springs, but no irrigated land or ponds. An older cabin (462 SF) with outhouse is not habitable, and thus given zero contributory value. The parcel was listed for sale in January 2019 at an asking price of $1,500,000, and bought by a rancher from Hotchkiss in an arms-length transaction for cattle grazing and recreation (hunting).
COMPARABLE SALE THREE (maps and photographs)
COMPARABLE SALE FOUR

Property Identification
General Location: Twenty-four miles northwest of Gunnison, Ohio Creek Valley
Physical Address: 4500 Forest System Road 563, Gunnison, Colorado 81230
Vehicular Access: Direct but seasonal use from Forest System Road 563
Tax Identification: Account #R030569 (Gunnison County)
Legal Description: Tract in Sections 1, 2, and 3, Town. 15 South, Range 86 West

Property Description
Land Area: 923.55 deeded acres (per land survey plat, same as assessor)
Topography: Rolling, some steep slopes, elevation of 9,800 to 10,800 feet
Natural Features: Subalpine meadows, ponds, springs, timber, excellent views
Adjacent Land Use: Gunnison National Forest on three sides, with private to east
Water Rights: Average (four springs and ponds, eligible for domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: Lodge and sheds ($500,000 value), well, septic, off-the-grid
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data
Grantor (seller): Richard P. Churchley
Grantee (buyer): D-Bow Ranch, LLC (c/o Christopher M. Debow)
Date of Sale: August 17, 2020 (Reception #668576)
Purchase Price: $2,750,000 ($2,978/acre as improved, $2,436/acre land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Seller, Brokers, and Public Records

Comments
This is Red Hawk Ranch, which is situated northwest of Gunnison above the Ohio Creek Valley, as well as south of Crested Butte above State Highway 135, within northwest Gunnison County. The holding is mostly surrounded by the Gunnison National Forest, with a section owned by the Colorado State Land Board at the northeast corner, and private tract at the southeast boundary. It has seasonal use access from County Road 737 via Forest System Road 563, which is native surface for about three miles to its terminus at the northwest boundary. The interior is traversed by network of two-track roadways, which also provide access to adjacent property via easements. It features numerous seasonal drainages and springs that fill several ponds, with lush mountain meadows that are mixed with stands of aspen and dense conifer forest. The ranch offers prime wildlife habitat and very good big-game hunting (trophy mule deer), but no fishing opportunities. The higher elevation offers great views of the area, including Whetstone Mountain, Mt. Axtell, and Carbon Peak. Existing improvements include a lodge (3,045 SF) that was built during 1998, as well as storage shed and barn from 1988, which were in average condition. The seller owned the ranch since 1992, and listed it for sale during 2015 at an initial asking price of $4,950,000. This amount was eventually reduced to $3,450,000 by 2019, and the motivated seller accepted a below market price from a buyer out of Ohio. Existing improvements were given a contributory value of just $500,000, which is far below estimated replacement cost at this time of $1,000,000.
COMPARABLE SALE FOUR (maps and photographs)
COMPARABLE SALE FIVE

Property Identification
General Location: Twenty-four miles northwest of Gunnison, Ohio Creek Valley
Physical Address: 4500 Forest System Road 563, Gunnison, Colorado 81230
Vehicular Access: Direct but seasonal use from Forest System Road 563
Tax Identification: Account #R030569, R072437 & R072438 (Gunnison County)
Legal Description: Tracts in Sections 1/2/ 3/12, Town. 15 South, Range 86 West

Property Description
Land Area: 1,243.67 deeded acres (per survey plat or county assessor)
Topography: Rolling, some steep slopes, elevation of 9,800 to 11,100 feet
Natural Features: Subalpine meadows, ponds, springs, timber, very good views
Adjacent Land Use: Mostly Gunnison National Forest, with private to southeast
Water Rights: Average (four springs and ponds, eligible for domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: Lodge and sheds ($1,525,000 value), well, septic, off-the-grid
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data
Grantor (seller): D-Bow Ranch, LLC (c/o Christopher M. Debow)
Grantee (buyer): Confidential
Date of Sale: Pending Contract (scheduled to close on December 28, 2022)
Asking Price: $9,500,000 ($7,639/acre as improved, $6,412/acre land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Broker and Public Records

Comments
Known as Whetstone Mountain Ranch, this inholding is an assemblage of Red Hawk Ranch with two adjacent tracts, namely 280 acres adjacent to the southeast, and a forty-acre vacant homesite at the northeast corner. It is situated northwest of Gunnison, and in northwest Gunnison County. The holding is mostly surrounded by the Gunnison National Forest, with a section owned by the Colorado State Land Board at the northeast corner, and private land at the southeast boundary. It has seasonal use access from County Road 737 via Forest System Road 563, which is native surface for about three miles to its terminus at the northwest boundary. The interior is traversed by network of two-track roadways, which also provide access to adjacent property via easements. It features seasonal drainages, springs, ponds, lush mountain meadows, stands of aspen, dense conifer forest, and excellent views of the area. The ranch offers prime wildlife habitat and very good big-game hunting (trophy mule deer), but no fishing opportunities. The seller purchased the Red Hawk Ranch in 2020 (Sale Five), the 280-acre Redden Property (Sale Two) during 2021, as well as a forty-acre homesite from BML Land and Cattle, LLC on July 14, 2021 for $206,000. Thus, the holding was assembled for total consideration of $4,307,000, which was listed for sale in August 2022 at an asking price of $9,500,000. It is under purchase contract to a confidential buyer at a price that is reportedly close to asking, with closing to occur on December 28, 2022. The existing lodge on Red Hawk Ranch is given a contributory value of $1,525,000 ($500 PSF) due to rapidly escalating construction costs in the local market during the previous two years.
COMPARABLE SALE FIVE (maps and photographs)
COMPARABLE SALE SIX

Property Identification
General Location: Seven road miles west of Crested Butte, near Kebler Pass
Physical Address: 23111 County Road 730, Crested Butte, Colorado 81224
Vehicular Access: Direct but seasonal use from Forest System Road 730
Tax Identification: Account #R041194 and R041196 thru R041241 (Gunnison)
Legal Description: Floresta Tracts 1 through 47 (per plat recorded at #506515) in Sections 9/12/15/16/17/20, Township 14S, Range 87W

Property Description
Land Area: 1,674.90 deeded acres (per assessor and recorded plat map)
Topography: Rolling, some steep slopes, elevation of 9,800 to 11,200 feet
Natural Features: Subalpine meadows, creek, lake, timber, very good views
Adjacent Land Use: Gunnison National Forest on three sides, with private to west
Water Rights: Good (37.5 acre-feet reservoir storage and commercial well)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: Lodge and barn ($1,750,000 value), well, septic, off-the-grid
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Rural residential homesite(s) with recreation and/or grazing

Transaction Data
Grantor (seller): Floresta Partners, LLC (c/o Robert Briscoe)
Grantee (buyer): Floresta Ranch, LLC (c/o David Baker)
Date of Sale: October 30, 2019 (Reception #663316)
Purchase Price: $9,000,000 ($5,373/acre as improved, $4,329/acre land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Seller, Broker, and Public Records

Comments
Known as Floresta Ranch, this large holding contains the historic mining townsite of Floresta, which is located just west of Kebler Pass, and about 25 miles northwest of the City of Gunnison. It borders the Gunnison National Forest on three sides (including the West Elks Wilderness Area to the south and east), with private land to the west. Forest System Road 730 provides seasonal access to the northeast corner, which is typically open to vehicles from May until mid-November. This scenic holding features Lily Lake, Anthracite Creek, timber, mountain meadows, very good views, and a network of internal trails. Water rights include a commercial well and ample storage rights in Lily Lake and Floresta Reservoir. This holding was subdivided into 47 rural homesites in November 2000, which range in size from 35.1 to 40.1 acres, but no infrastructure installed. It was acquired by investors from Seattle on July 27, 2006 for $8,440,000, or $5,039 per acre. They subsequently built a lodge (4,531 SF) with detached barn (1,780 SF) and private utilities, plus upgraded internal roads, trails, and the lake. The improved ranch was listed for sale in 2016 at an asking price of $25,000,000, which was reduced to $16,500,000, but expired during 2018. The sellers became motivated to dissolve the partnership, and decided to sell to an investor from Texas who is a part-time resident of Crested Butte and familiar with the ranch. The purchase price was confirmed to be slightly below market value, with existing improvements having an estimated contributory value of $1,750,000 (which is about half of actual construction costs).
COMPARABLE SALE SIX (maps and photographs)
COMPARABLE SALE SEVEN

Property Identification
General Location: Twenty-five miles northeast of Gunnison, near Ohio City
Physical Address: 8000 Forest Service Road 882, Ohio City, Colorado 81237
Vehicular Access: Pedestrian only from Forest System Trails 478 and 479
Tax Identification: Account #R007305, R007325 & R007927 (Gunnison County)
Legal Description: Tracts in Sections 27/28/33/34, Town. 51 North, Range 3 East

Property Description
Land Area: 160.00 deeded acres (per assessor, not confirmed by survey)
Topography: Rolling, some steep slopes, elevation of 11,300 to 11,900 feet
Natural Features: Subalpine meadow, streams, springs, timber, excellent views
Adjacent Land Use: Mostly Gunnison National Forest, with private to northwest
Water Rights: Average (two springs adjudicated, eligible for domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: Rustic cabin ($105,000 value), no well or septic, off-the-grid
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Seasonal use, walk-in cabin site(s) with mountain recreation

Transaction Data
Grantor (seller): Camron Cole
Grantee (buyer): Off the Grid at Fossil Ridge, LLC (c/o Bigger and Tice)
Date of Sale: July 1, 2021 (Reception #677281)
Purchase Price: $495,000 ($3,094/acre as improved, $2,438/acre land only)
Rights Conveyed: Fee simple estate (subject to typical rights and reservations)
Financing Terms: Cash to seller
Verification: Broker and Public Records

Comments
This property is located about fifteen miles north of U.S. Highway 50 at the community of Parlin, and seven miles north of the historic mining town of Ohio City, in southeast Gunnison County. It is mostly surrounded by the Gunnison National Forest, including the Fossil Ridge Wilderness Area to the northwest, with private rural homesites to the north that also border the wilderness. Forest System Road 882 travels north from Ohio City to within one mile of this inholding, which becomes Forest System Trail 479 on private land to the south. This public trail intersects with Forest System Trail 478 at the wilderness boundary, which travels east and crosses the northwest corner of this property. Thus, it has pedestrian ingress/egress for 1.3 miles (with legal easement granted by the USFS), and open to travel by foot, horse, or motorcycle (not off-highway vehicle). This high-altitude property is situated at or above timberline, with subalpine meadows, timber, springs, panoramic views, and very good big-game hunting, but no live water amenity or ponds. It is situated atop a mountain between Alder Creek to the west and Comanche Gulch to the east. An off-the-grid cabin (600 SF) in good condition has estimated contributory value of $105,000 ($175 PSF), with potable water from a developed spring, outhouse, and smaller storage sheds. The property was listed for sale in August 2020 at an asking price of $535,000, and acquired by two gentlemen from Pennsylvania in an arms-length transaction for seasonal use and recreation.
COMPARABLE SALE SEVEN (maps and photographs)
COMPARABLE SALE EIGHT

Property Identification
General Location: Fifty-five miles east of Gunnison, eleven miles from Sargents
Vehicular Access: Seasonal use from Forest System Road 890 (see comments)
Tax Identification: Account #R008952 and #R009092 (Gunnison County)
Legal Description: Iron Hope Placer and Tyrone Lode Mining Claims
Tract 39 and USMS No. 6530 in Tomichi Mining District

Property Description
Land Area: 170.33 deeded acres (per assessor, not confirmed by survey)
Topography: Some rolling, mostly steep, elevation of 10,200 to 10,800 feet
Natural Features: Seasonal stream, mostly dense timber, very good views
Adjacent Land Use: Surrounded by Gunnison National Forest (true inholding)
Water Rights: None (adjudicated for irrigation, eligible for domestic wells)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Existing Improvements: None (vacant land), no well/septic or public utilities available
Zoning and Land Use: Gunnison County land use allows one homesite per 35 acres
Highest and Best Use: Mountain recreation since access prohibits rural homesites

Transaction Data
Grantor (seller): Black Hills Energy Services Company (c/o Chris Anderson)
Grantee (buyer): Deadman’s Gulch, LLC (c/o Matthew Miles)
Date of Sale: November 4, 2021 (Reception #680826)
Purchase Price: $270,000 ($1,585 per acre for land only)
Property Rights: Fee simple estate (typical title exceptions, but no legal access)
Financing Terms: Cash to seller
Verification: Broker and Public Records

Comments
These remote mining claims are situated three air miles west of Monarch Ski Area and Monarch Pass, and eleven miles north of the community of Sargents at U.S. Highway 50, about mid-way between Gunnison and Salida, within southeast Gunnison County near the Chaffe County Line. County Road 888 runs north from the highway to either Forest System Road 888 heading north, or Forest System Road 237 traveling east. Either route connects with Forest System Road 890 near the historic mining town of Whitepine, which is a primitive jeep trail open to seasonal use. However, these mining claims are situated about 400 feet west of Forest System Road 890, with no legal access from this public roadway for rural residential development. They have physical but very difficult ingress/egress via unauthorized trail road that leads to the northeast boundary. Both parcels have mostly steep slopes with dense timber but small clearings, and seasonal stream at southeast corner (no fishing). They offer very good big-game hunting, but marginal grazing. All mineral rights were conveyed, with no known history of mining activity or valuable reserves. This inholding was owned by a mining company from South Dakota for many years, which they listed for sale during November 2020 at an asking price of $270,000. It was acquired by buyer from Montrose in an arms-length transaction at the full asking price for mountain recreation.
COMPARABLE SALE EIGHT (maps and photographs)
SALES COMPARISON APPROACH

Adjustments to Sales for Parcel 1

Sales One through Six were compared to Parcel 1, with an unadjusted price range of $2,978 to $7,639 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (time), location, access, adjacent land uses, natural features (i.e., water amenity, views, irrigated land, timber, terrain, utility availability, etc.), property size, as well as zoning/land use. Unfortunately, insufficient data exists in the local market to extract quantitative adjustments (i.e., percentage or dollar amounts) via a matched-pair analysis for most of these units. The only exception is the contributory (dollar) value of any existing improvements at some sales.

Existing Improvements may have contributory value if the structures will be used by the buyer, with Parcel 1 appraised as if vacant land, and no valuable buildings at Sales One, Two, and Three. However, Sales Four, Five, and Six each had improvements with an estimated contributory value of $500,000, $1,525,000, or $1,750,000, respectively. Deducting each amount from total purchase price paid results in land only prices of $2,250,000 for Sale Four ($2,436 per acre), $7,975,000 for Sale Five ($6,412 per acre based on asking price), and $7,250,000 for Sale Six ($4,329 per acre).

After qualitative adjustments for improvements, the land only price range is narrower at $2,436 to $6,412 per acre. Each sale was then compared to the subject on a qualitative basis for other factors. Upward adjustments (“+”) are made for inferior conditions, with downward adjustments warranted for superior conditions (“-”), but no adjustment required if the condition is deemed similar (“=”). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as “++” or “--”). The value of the subject property should approximate the price of the most similar sale(s), and would be higher than the inferior sale(s) and lower than the superior sale(s).

Property Rights Conveyed can influence price if more or less than the fee simple estate transfers. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. Although technically a real property right, the impact on purchase prices from any adjudicated water rights was considered in the adjustment category for natural features. Most of the comparables represent a transfer of fee simple title in the property, with no valuable mineral interests included in the purchase price for each transaction, or subject parcel. Thus, no adjustments are warranted to Sales Two, Three, Four, Five, and Six for property rights conveyed. However, Sale One was partially encumbered by a deed of conservation easement at closing, which negatively impacted value of entire holding to a slight degree, with an upward adjustment made.

Financing Terms can cause prices to be inflated if the debt that is obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject property is appraised as cash equivalent, and each comparable was all cash to seller. Since all of the sales are cash equivalent transactions, no adjustments were made for financing.

Conditions of Sale may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and paid a premium, or the seller has been motivated to dispose of the property quickly and accepted a liquidation price (below market value). The subject property is appraised as an arms-length sale between a willing buyer as well as seller. Sales One and Three were confirmed to be arms-length transactions at market value, without any unusual conditions of sale. However, Sale Two involved a motivated buyer that paid a premium for assemblage purposes. Moreover, Sale Five is a pending contract at a confidential amount that has not yet closed, and a nominal discount from asking price is reasonable. Thus, slight downward adjustments are warranted to both comparables. Conversely, upward adjustments are required to Sales Four and Six since each was conveyed at a below market price due to a motivated seller.
SALES COMPARISON APPROACH

Market Conditions (Time) are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The comparables closed between October 2019 and October 2022, and are the most recent purchases of similar properties in the subject neighborhood. The most reliable method to measure appreciation and/or depreciation in value over time is from a re-sale of the same property, and the comparables provide two relevant examples. Sale One was purchased in July 2022 at a below market price of $1,700,000, and re-sold just three months later for $2,600,000. The gain of 53% is significant, but overstated since the prior sale is below market. Sale Five is a pending contract for Whetstone Mountain Ranch, which is an assemblage of vacant forty-acre tract with Sales Two and Four. While the seller paid total consideration of $4,307,000, the asking price of $9,500,000 is more than twice this amount. However, appreciation is overstated since Sale Four was acquired at a below market price, with limited contributory value for the lodge.

Based on the foregoing, inholding values in the subject neighborhood have escalated significantly during the past few months, as buyer demand exceeds available inventory, with no active listings at this time. This is supported by sales of rural homesites and platted lots in residential subdivisions in close proximity to Gunnison and Crested Butte, which continue to escalate at double-digit rates since the pandemic (current average sale prices in Gunnison County are 40% higher than 2020). Moreover, inholdings values in the subject neighborhood are catching up with other resort markets, which typically witness recent land only prices in the range of about $6,000 to $10,000 per acre. Thus, upward adjustments are made to Sales Two, Three, Four, and Six for somewhat higher land values in this neighborhood during the past two years. However, Sales One and Five are current.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. Parcel 2 has a very good location two miles west of Crested Butte in an area that is accessible year-round from County Road 12 (with road closure beyond in winter). All of the comparables are situated several miles south or west of the appraised parcel, in the Ohio Creek Valley or near Kebler Pass, but do not have vehicular access to Crested Butte during winter (and much further driving time during snow-free months). Because each sale has a good location, they are slightly inferior to Parcel 1 in this regard, with upward adjustments required for this factor.

Access takes into account ingress/egress from surrounding roads, which has a primary influence on value for mountain properties. Although most buyers are seeking solitude, the degree of access dictates land uses and types of residential housing allowed (i.e., seasonal use versus year-round). Parcel 1 has direct frontage on County Road 12, with year-round winter maintenance to a trailhead at the southeast boundary. However, the owner has no legal rights to use Forest System Road 732, which serves as existing driveway over private land from County Road 12 to the southeast corner. Thus, a new driveway would have to be installed to reach the interior from the county road, which will be expensive as it must ascend a steep grade. Thus, Parcel 1 is appraised with average access. Each comparable has seasonal use vehicular ingress/egress from a public road (county or forest), which are not open to vehicular travel during the winter. Because this is considered to be average, all of these comparables have similar access as the subject, and thus did not warrant adjustments.
Adjacent Land Uses can have a positive impact on property values, as the most desirable properties adjoin public lands on at least one boundary, with higher prices usually paid for better seclusion. Parcel 1 borders the Gunnison National Forest to the north and south, with private property to the east and west (including a former mine), with good seclusion. Thus, it is considered to have good adjacent land uses. Sale One mostly borders private land, with Gunnison National Forest to the east, and is similar to the subject in this regard with no adjustments required. However, Sales Two, Three, Four, Five, and Six are mostly or fully surrounded by the Gunnison National Forest, and are true inholdings, or adjoin some private land but have great seclusion. Each sale has very good adjacent land uses, which is slightly superior to the subject with downward adjustments made.

Natural Features account for various physical attributes, such as topography, views, vegetation, water amenity (such as river, creek, lake, or ponds), irrigated acreage, and public utility services. This category also considers any adjudicated water rights, which generally enhance value of land, but the availability of public dry utilities has nominal impact as most inholdings are “off-the-grid”. Parcel 1 is a subalpine property that has some mountain meadows, mostly dense timber, very good views, and wildlife habitat with very good-big-game hunting. However, it has mostly steep terrain, plus lacks a live water amenity or irrigated land, and is considered to have average natural features. Sales One, Two, Three, Four, and Five are all subalpine properties with mountain meadows, ample buildable land, prime wildlife habitat, and very good big-game hunting. Sales One and Three also feature live water amenity in streams or creeks (some fishing). Sales Two, Four, and Five only offer ponds for livestock and wildlife, but this is offset by excellent views. These five comparables have good natural features, which is slightly superior to the subject. Moreover, Sale Six features a large private lake as well as creek, timber, and views, and is somewhat superior in this regard. Thus, varying downward adjustments are required to each comparable for this unit of comparison.

Property Size adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have the resources to acquire larger properties, less demand should result in a lower price per acre. The local market indicates a discount for larger holdings of more than 2,000 acres, and a premium for smaller homesites of less than seventy acres. Because Parcel 1 comprises 465.85 acres of land area, it is of an average size for the local market. This is bracketed by the comparables, which range widely in size from 280.12 to 1,674.90 acres. However, an examination of the sales considered for analysis provides strong evidence that size or land area has very little (if any) influence on the prices paid per acre for these private inholdings. For example, Sale Five is the second largest holding at 1,243.67 acres, but the price per acre is higher than the other comparables selected for analysis. Moreover, Sale Six is the largest in size at 1,674.90 acres, but the price per acre for land only is consistent with sales that are much smaller (specifically Sales One, Two, and Three). It does appear that a size adjustment is warranted for small homesites, as a forty-acre tract was assembled with Sale Five during 2021 at a price of $5,150 per acre. Since there is no conclusive data to indicate any measurable difference in the achievable price per acre for the comparable sales due to property size, no such adjustments were made.

Zoning/Land Use is another consideration, since these regulations dictate permitted land uses and maximum development density. Generally, the highest prices are paid for commercial sites, with lower prices for agricultural uses. Although Parcel 1 is not formally zoned by Gunnison County, land use regulations allow one single-family residence per 35 acres of land area as use by right. Each comparable sale is also within the jurisdiction of Gunnison County, with no official zoning but under the same land use regulations as the subject property, and no adjustments are required.
## COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID

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<th>Comparable Sale Two</th>
<th>Comparable Sale Three</th>
<th>Comparable Sale Four</th>
<th>Comparable Sale Five</th>
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<td>Willow Creek Property</td>
<td>Redden Inholding</td>
<td>Swampy Pass Inholding</td>
<td>Red Hawk Ranch</td>
<td>Whetstone Mountain Ranch</td>
<td>Floresta Ranch</td>
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<td>CR 6 (seasonal use)</td>
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<tr>
<td>Date of Sale</td>
<td>N/A</td>
<td>10/27/2022</td>
<td>7/14/2021</td>
<td>11/24/2020</td>
<td>8/17/2020</td>
<td>Pending Contract</td>
<td>10/30/2019</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>N/A</td>
<td>$2,600,000</td>
<td>$1,351,000</td>
<td>$1,350,000</td>
<td>$2,750,000</td>
<td>$9,500,000</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Deeded Acres</td>
<td>465.84</td>
<td>660.00</td>
<td>280.12</td>
<td>320.00</td>
<td>923.55</td>
<td>1,243.67</td>
<td>1,674.90</td>
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<tr>
<td>Price Per Acre</td>
<td>N/A</td>
<td>$3,939</td>
<td>$4,823</td>
<td>$4,219</td>
<td>$2,978</td>
<td>$7,639</td>
<td>$5,373</td>
</tr>
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</table>

### Quantitative Adjustments

| Property Rights Conveyed     | Fee Simple | + | = | = | = | = |
| Financing Terms              | Cash | = | = | = | = | = |
| Conditions of Sale           | Normal | = | = | = | + | - | + |
| Market Conditions (Time)     | Current | = | ++ | ++ | ++ | = | ++ |
| Location                     | Very Good | + | + | + | + | + | + |
| Access                       | Average | = | = | = | = | = | = |
| Adjacent Land Uses           | Good | = | = | = | = | = | = |
| Natural Features             | Average | = | = | = | = | = | = |
| Property Size                | Average | = | = | = | = | = | = |
| Zoning/Land Use              | Rural Density | = | = | = | = | = | = |
| Net Adjustments              | = | = | = | = | = | = | = |
| Indicated Market Value       | $3,939 per acre | $4,823 per acre | $4,219 per acre | $2,436 per acre | $6,412 per acre | $4,329 per acre |
SALES COMPARISON APPROACH

Summary of Sales for Parcel 1

A summary of the adjustments made to each comparable sale, and resulting indication of market value for Parcel 1 at the subject property (on the basis of price per acre), is discussed as follows:

**Sale One** is located eight air miles southeast of the subject, along the drainage of Willow Creek. This 660.00-acre property sold in October 2022 for $2,600,000, or $3,939 per acre, which is 53% more than paid in July 2022 at a below market price of $1,700,000, or $2,576 per acre. By direct comparison to the subject, upward adjustments for slightly inferior property rights conveyed as well as location are partially offset by a downward adjustment for slightly superior natural features. It is similar in other regards, and indicates a slightly higher value for Parcel 1 than $3,939 per acre.

**Sale Two** is a 280.12-acre tract of vacant land that is situated nine air miles southeast of the subject, which was purchased during July 2021 at an above market price of $1,351,000, or $4,823 per acre. By direct comparison to the subject, upward adjustments for improving market conditions since closing, as well as slightly inferior location, are fully countered by downward adjustments for above market conditions of sale, as well as slightly superior adjacent land uses and natural features. It is otherwise similar to Parcel 1, and supports a value that is roughly equivalent to $4,823 per acre.

**Sale Three** is a 320.00-acre inholding near Swampy Pass that is located seven air miles southwest of the subject, which was acquired during November 2020 for $1,350,000, or $4,219 per acre. By direct comparison to the subject, upward adjustments for improving market conditions since closing as well as slightly inferior location are mostly offset by downward adjustments for slightly superior adjacent land uses as well as natural features. This comparable is deemed similar in other regards, and supports a value for Parcel 1 that is slightly greater than $4,219 per acre.

**Sale Four** is 923.55-acre Red Hawk Ranch, which is located six air miles southeast of the subject. It was purchased in August 2020 at a below market price of $2,750,000, which equates to $2,436 per acre for land only after $500,000 is deducted for the contributory value of existing buildings. By direct comparison to the subject, upward adjustments for slightly below market conditions of sale as well as location, plus somewhat improving market conditions, are partially countered by downward adjustments for slightly superior adjacent land uses and natural features. It is otherwise comparable, and supports a value for Parcel 1 that would be somewhat higher than $2,436 per acre.

**Sale Five** is Whetstone Mountain Ranch, which is an assemblage of Sales Two and Four with forty acres of contiguous vacant land. This 1,243.67-acre holding was listed for re-sale in August 2022 at an asking price of $9,500,000, with indicated land only price of $6,412 per acre after $1,525,000 is deducted for contributory value of existing improvements (same as Sale Four but worth more). It is under contract to a confidential buyer at an unknown amount that is reportedly close to full asking price, with closing scheduled for December 28, 2022. By direct comparison to the subject, slight downward adjustments for conditions of sale (not a closed transaction), adjacent land uses, as well as natural features are partially offset by an upward adjustment for slightly inferior location. This comparable indicates a value for Parcel 1 that would be somewhat less than $6,412 per acre.

**Sale Six** is Floresta Ranch, which is located five miles west of the subject property at Kebler Pass. This 1,674.90-acre holding sold in October 2019 for $9,000,000, with an indicated land only price of $4,329 per acre after $1,750,000 is deducted for existing improvements. By direct comparison to the subject, upward adjustments for slightly below market conditions of sale as well as location, plus somewhat improving market conditions, are mostly countered by downward adjustments for slightly superior adjacent land uses as well as somewhat superior natural features. It is otherwise comparable, and supports a value for Parcel 1 that would be slightly higher than $4,329 per acre.
Value Conclusion for Parcel 1

After adjustments, the comparables indicate a market value for Parcel 1 that is somewhat higher than $2,436 per acre, slightly greater than $3,939 per acre, $4,219 per acre, as well as $4,329 per acre, similar to $4,823 per acre, and somewhat lower than $6,412 per acre. The average price for land only equates to $4,360 per acre, which is skewed downwards by four inferior transactions, versus just one superior sale. Equal weight was placed on each comparable, with consideration also given to the following recent sales of national forest inholdings in the local market or region.

The first transaction is Five Springs Ranch, which is located twenty miles east of Gunnison, and was bought in May 2021 at a land only price of $5,625 per acre. This 160.00-acre tract is somewhat superior in regards to access, adjacent land uses, and natural features, as partially offset by location. The next two sales are assemblages of mining claims located about thirty miles east of Gunnison, which sold during March 2022 for $3,369 per acre, as well as November 2021 for $2,783 per acre. I also considered Sales Seven and Eight at land only prices of $2,438 per acre and $1,585 per acre, but the subject property is superior to these four transactions due to better location and/or access. A vacant inholding of 160.00 acres near Crawford within Montrose County sold in August 2021 for $3,250 per acre, but has a far inferior location than the subject, which would be worth more. The next three sales are inholdings near Steamboat Springs in Routt County that sold during 2021 or 2020 at land only prices of $8,250 per acre, $7,719 per acre, and $6,656 per acre, respectively. Finally, a 160.00-acre inholding near Kremmling in Grand County was purchased in October 2020 for a land only price of $6,250 per acre. These transactions are somewhat to substantially superior in regards to improving market conditions, access, adjacent land uses, and/or natural features. Based on the foregoing, it is my opinion that the market supports a current value for Parcel 1 of $4,825 per acre, with total market value for this 465.84-acre subject property calculated as follows:

\[
\text{Value of Parcel 1} = 465.84 \text{ acres} \times 4,825 \text{ per acre} = 2,247,678 \quad \text{Rounded to } 2,250,000
\]

**CONCLUDED MARKET VALUE OF FEDERAL PARCEL 1**  
$2,250,000

<table>
<thead>
<tr>
<th>Grantor (seller)</th>
<th>Sale Date</th>
<th>Sale Price</th>
<th>Land Area</th>
<th>Improvements</th>
<th>Description and Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Sekula, Jr.</td>
<td>5/12/2021</td>
<td>$1,350,000</td>
<td>160.00 acres</td>
<td>$350,000 value</td>
<td>East of Gunnison (Gunnison County), year-round access to CR 76</td>
</tr>
<tr>
<td>Harry A. Miller, IV</td>
<td>3/30/2022</td>
<td>$7,813/acre</td>
<td>51.20 acres</td>
<td>$6,250 per acre</td>
<td>Stream, pond, timber, adjoins USFS three sides, newer home/barn</td>
</tr>
<tr>
<td>Russell &amp; Leslie McDonald</td>
<td>11/3/2021</td>
<td>$115,000</td>
<td>2.783/acre</td>
<td>$3,369 per acre</td>
<td>Four mining claims, dense timber, USFS on one side, good views</td>
</tr>
<tr>
<td>Costen and Daniels (jointly)</td>
<td>8/20/2021</td>
<td>$520,000</td>
<td>160.00 acres</td>
<td>None with value</td>
<td>East of Montrose (Montrose County), seasonal access via FSR 762</td>
</tr>
<tr>
<td>Chad Barrick</td>
<td>4/8/2021</td>
<td>$3,250/acre</td>
<td>3,250/acre</td>
<td>$3,250/acre</td>
<td>Seasonal stream with pond, pasture, timber, surrounded by USFS</td>
</tr>
<tr>
<td>Windler Homestead I, LLC</td>
<td>8/7/2020</td>
<td>$11,375/acre</td>
<td>320.00 acres</td>
<td>$1,000,000 value</td>
<td>Southwest of Steamboat (Routt County), seasonal access to CR 13</td>
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<tr>
<td>Flat Tops Meadows, Inc.</td>
<td>1/31/2020</td>
<td>$7,719/acre</td>
<td>160.00 acres</td>
<td>$75,000 value</td>
<td>Southwest of Steamboat (Routt), seasonal access from FSR 942</td>
</tr>
<tr>
<td>Glawe and Ciekot (jointly)</td>
<td>8/12/2020</td>
<td>$8,188/acre</td>
<td>160.00 acres</td>
<td>$7,719/acre</td>
<td>Creek, spring, pond, meadows, mostly adjoins USFS, rustic cabin</td>
</tr>
<tr>
<td>Terry &amp; Denise Nelson</td>
<td>10/12/2020</td>
<td>$8,188/acre</td>
<td>160.00 acres</td>
<td>$175,000 value</td>
<td>North of Steamboat Springs (Routt), seasonal access to FSR 500</td>
</tr>
<tr>
<td>Big Red Park, LLC</td>
<td>10/12/2020</td>
<td>$7,750/acre</td>
<td>160.00 acres</td>
<td>$6,656/acre</td>
<td>Springs, pasture, few trees, surrounded by USFS, two older cabins</td>
</tr>
<tr>
<td>Holders, LLC</td>
<td>10/12/2020</td>
<td>$7,500/acre</td>
<td>160.00 acres</td>
<td>$200,000 value</td>
<td>Northeast of Kremmling (Grand), seasonal access from FSR 137</td>
</tr>
</tbody>
</table>

MT. EMMONS LAND EXCHANGE FEDERAL PARCELS  
71
SALES COMPARISON APPROACH

Adjustments to Sales for Parcel 2

Sales One, Two, Three, Seven, and Eight were compared to Parcel 2, with unadjusted prices that range from $1,585 to $4,823 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (time), location, access, adjacent land uses, natural features (i.e., water amenity, views, irrigated land, timber, terrain, utility availability, etc.), property size, as well as zoning/land use. Unfortunately, insufficient data exists in the local market to extract quantitative adjustments (i.e., percentage or dollar amounts) via a matched-pair analysis, with the only exception being the contributory value (in dollars) of any existing improvements.

Existing Improvements may have contributory value if the structures will be used by the buyer, with Parcel 2 being vacant land, and no valuable buildings at Sales One, Two, Three, and Eight. However, Sale Seven has a rustic cabin with estimated contributory value of $105,000, which was deducted from the total purchase amount paid for a land only price of $390,000 ($2,438 per acre).

After qualitative adjustments for improvements, the land only prices remain the same at $1,585 to $4,823 per acre. Each sale was then compared to the subject on a qualitative basis for other factors. Upward adjustments (“+”) are made for inferior conditions, with downward adjustments warranted for superior conditions (“-”), but no adjustment required if the condition is deemed similar (“=”). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as “+ +” or “- -”). The value of the subject property should approximate the price of the most similar sale(s), and would be higher than the inferior sale(s) and lower than the superior sale(s).

Property Rights Conveyed can influence price if more or less than the fee simple estate transfers. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. Although technically a real property right, the impact on purchase prices from any adjudicated water rights was considered in the adjustment category for natural features. Most of the comparables represent a transfer of fee simple title in the property, with no valuable mineral interests included in the purchase price for each transaction, or subject parcel. Thus, no such adjustments are required to Sales Two, Three, Seven, and Eight for property rights conveyed. However, Sale One was partially encumbered by a deed of conservation easement at closing, which negatively impacted value of entire holding to a slight degree, with an upward adjustment made.

Financing Terms can cause prices to be inflated if the debt that is obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject property is appraised as cash equivalent, and each comparable was all cash to seller. Since all of the sales are cash equivalent transactions, no adjustments were made for financing.

Conditions of Sale may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and paid a premium, or the seller has been motivated to dispose of the property quickly and accepted a liquidation price (below market value). The subject property is appraised as an arms-length sale between a willing buyer as well as seller. Sales One, Three, Seven, and Eight were confirmed to be arms-length transactions at market value, with no unusual (i.e., above or below market) conditions of sale noted, or adjustments required. However, Sale Two involved a motivated buyer that paid a premium for assemblage purposes, and a slight downward adjustment is warranted to this comparable for above market purchase price.
Market Conditions (Time) are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The comparables closed between November 2020 and October 2022, and are the most recent purchases of similar properties in the local marketplace. The most reliable method to measure appreciation and/or depreciation in value over time is from a re-sale of the same property, and the comparables provide two relevant examples. Sale One was purchased in July 2022 at a below market price of $1,700,000, and re-sold just three months later for $2,600,000. The gain of 53% is significant, but overstated since the prior sale is below market.

Sale Five is a pending contract for Whetstone Mountain Ranch, which is an assemblage of vacant forty-acre tract with Sales Two and Four. While the seller paid total consideration of $4,307,000, the asking price of $9,500,000 is more than twice this amount. However, appreciation is overstated since Sale Four was acquired at a below market price, with limited contributory value for the lodge. Based on the foregoing, inholding values in the subject neighborhood have escalated significantly during the past few months, as buyer demand exceeds available inventory, with no active listings at this time. This is supported by sales of rural homesites and platted lots in residential subdivisions in close proximity to Gunnison and Crested Butte, which continue to escalate at double-digit rates since the pandemic (current average sale prices in Gunnison County are 40% higher than 2020). Moreover, inholdings values in the subject neighborhood are catching up with other resort markets, which typically witness recent land only prices in the range of about $6,000 to $10,000 per acre. Thus, upward adjustments are made to Sales Two and Three for somewhat higher land values in this specific neighborhood during the past two years. However, Sale One is a current transaction. Sales Seven and Eight closed during 2021, but they are situated much further from Crested Butte than the subject parcel or other comparables, with no definitive evidence that supports measurable appreciation since closing. Thus, no adjustments are made to Sales One, Seven, or Eight for time.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. Parcel 1 has a very good location two miles west of Crested Butte in an area that is accessible year-round from County Road 12 (with road closure beyond in winter). Sales One, Two and Three are situated several miles south or west of the subject, in the Ohio Creek Valley or near Kebler Pass, but do not have vehicular access to Crested Butte during winter (with much further driving time during snow-free months). Sale Seven is located twenty miles east of Gunnison, in a neighborhood that commands similar real estate prices as the Ohio Creek Valley. Because these four comparables have a good location, they are each slightly inferior to the subject. However, Sale Eight has a fair location in remote area of southeast Gunnison County, which is 55 road miles from Gunnison or Salida. Thus varying upward adjustments are required for this factor.

Access takes into account ingress/egress from surrounding roads, which has a primary influence on value for mountain properties. Although most buyers are seeking solitude, the degree of access dictates land uses and types of residential housing allowed (i.e., seasonal use versus year-round). Parcel 2 has direct frontage on Forest System Road 732, but the owner has no legal right to use it. Instead, vehicular access could be obtained from nearby Forest System Road 585 if authorization is obtained from the U.S. Forest Service, plus a new driveway must be installed by the landowner. Thus, Parcel 2 is appraised with fair access. Sales One, Two, and Three have direct and seasonal use vehicular ingress/egress from a public road (county or forest), which are not open to vehicular travel during the winter. Because this is considered to be average, these three comparables have slightly superior access than the subject, and thus required downward adjustments. Conversely, Sale Seven only has pedestrian ingress/egress from a public trail, which is rated as poor and slightly inferior to the appraised property, with an upward adjustment made. However, Sale Eight also has fair access since it is close to a seasonal use forest system road, and did not warrant adjustment.
Adjacent Land Uses can have a positive impact on property values, as the most desirable properties adjoin public lands on at least one boundary, with higher prices usually paid for better seclusion. Parcel 2 borders the Gunnison National Forest to the north and west, with private property to the south and east (including a former mine), with good seclusion. Thus, it is considered to have good adjacent land uses. Sale One mostly borders private land, with Gunnison National Forest to the east, and is similar to the subject in this regard with no adjustments required. However, Sales Two, Three, Seven, and Eight are mostly or fully surrounded by the Gunnison National Forest, and are true inholdings, or adjoin some private property but have great seclusion. Each sale has very good adjacent land uses, which is slightly superior to the subject with downward adjustments made.

Natural Features account for various physical attributes, such as topography, views, vegetation, water amenity (such as river, creek, lake, or ponds), irrigated acreage, and public utility services. This category also considers any adjudicated water rights, which generally enhance value of land, but the availability of public dry utilities has nominal impact as most inholdings are “off-the-grid”. Parcel 2 is a subalpine property that has some mountain meadows, mostly dense timber, very good views, and wildlife habitat with very good-big-game hunting. However, it has mostly steep terrain, plus lacks a live water amenity or irrigated land, and is considered to have average natural features. Sales One, Two, Three, and Seven are all subalpine properties with mountain meadows, timber, ample buildable land, wildlife habitat, and very good big-game hunting. Sales One and Three also feature live water amenity in streams or creeks (some fishing). Sales Two and Seven only offer ponds for livestock or wildlife, but this is offset by excellent views. These four comparables have good natural features, which is slightly superior to the subject with downward adjustments made. However, Sale Eight has mostly heavily wooded terrain on very steep hillsides, with a seasonal stream and very good views, but no live water amenity. Because this comparable also has average natural features, it is considered to be similar to the appraised parcel, with no adjustments required.

Property Size adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have the resources to acquire larger properties, less demand should result in a lower price per acre. The local market indicates a discount for larger holdings of more than 2,000 acres, and a premium for smaller homesites of less than seventy acres. Because Parcel 1 comprises 81.49 acres of land area, it is of an average size for the local market. This is bracketed by the comparable sales, which range in size from 160.00 to 660.00 deeded acres. However, an examination of the sales considered for analysis provides strong evidence that size or land area has very little (if any) influence on the prices paid per acre for these private inholdings. For example, Sale Five is the second largest holding at 1,243.67 acres, but the price per acre is higher than the other comparables selected for analysis. Moreover, Sale Six is the largest in size at 1,674.90 acres, but the price per acre for land only is consistent with sales that are much smaller (specifically Sales One, Two, and Three). It does appear that a size adjustment is warranted for small homesites, as a forty-acre tract was assembled with Sale Five during 2021 at a price of $5,150 per acre. Since there is no conclusive data to indicate any measurable difference in the achievable price per acre for the comparable sales due to property size, no such adjustments were made.

Zoning/Land Use is another consideration, since these regulations dictate permitted land uses and maximum development density. Generally, the highest prices are paid for commercial sites, with lower prices for agricultural uses. Although Parcel 2 is not formally zoned by Gunnison County, land use regulations allow one single-family residence per 35 acres of land area as use by right. Each comparable sale is also within the jurisdiction of Gunnison County, with no official zoning but under the same land use regulations as the subject property, and no adjustments are required.
### Comparable Sales Summary and Adjustment Grid

**Federal Parcel 2 (Lands West of MEMC Property)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Subject Property</th>
<th>Comparable Sale One</th>
<th>Comparable Sale Two</th>
<th>Comparable Sale Three</th>
<th>Comparable Sale Seven</th>
<th>Comparable Sale Eight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
<td>Parcel 2, West of MEMC</td>
<td>Willow Creek Property</td>
<td>Redfield Inholding</td>
<td>Swamp Creek Inholding</td>
<td>Forsel Ridge Inholding</td>
<td>Fossil Ridge Inholding</td>
</tr>
<tr>
<td>General Location</td>
<td>West of Crested Butte</td>
<td>Northwest of Gunnison</td>
<td>Northwest of Gunnison</td>
<td>Northwest of Gunnison</td>
<td>Northwest of Gunnison</td>
<td>Northwest of Gunnison</td>
</tr>
<tr>
<td>Access (Type)</td>
<td>FSR 565 (seasonal use)</td>
<td>FSR 301 (seasonal use)</td>
<td>FSR 565 (seasonal use)</td>
<td>FSR 565 (seasonal use)</td>
<td>FSR 565 (seasonal use)</td>
<td>FSR 565 (seasonal use)</td>
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<tr>
<td>Jurisdiction</td>
<td>Gunnison County</td>
<td>Gunnison County</td>
<td>Gunnison County</td>
<td>Gunnison County</td>
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<tr>
<td>Date of Sale</td>
<td>N/A</td>
<td>10/27/2022</td>
<td>7/12/2021</td>
<td>7/12/2021</td>
<td>7/12/2021</td>
<td>11/4/2021</td>
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<tr>
<td>Purchase Price</td>
<td>N/A</td>
<td>$2,600,000</td>
<td>$1,351,000</td>
<td>$1,350,000</td>
<td>$495,000</td>
<td>$270,000</td>
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<tr>
<td>Deeded Acres</td>
<td>81.49</td>
<td>660.00</td>
<td>280.12</td>
<td>320.00</td>
<td>160.00</td>
<td>170.33</td>
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<tr>
<td>Price Per Acre</td>
<td>N/A</td>
<td>$3,939</td>
<td>$4,823</td>
<td>$4,219</td>
<td>$3,094</td>
<td>$1,585</td>
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</table>

**Quantitative Adjustments**

<table>
<thead>
<tr>
<th>Existing Improvements</th>
<th>Contributory Value</th>
<th>Price for Land Only</th>
<th>Land Price Per Acre</th>
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</thead>
<tbody>
<tr>
<td>None (vacant land)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Rustic cabin</td>
<td>$105,000</td>
<td>$105,000</td>
<td>$105,000</td>
</tr>
<tr>
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<td>$0</td>
</tr>
<tr>
<td>None (vacant land)</td>
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</tr>
<tr>
<td>None (vacant land)</td>
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**Qualitative Adjustments**

<table>
<thead>
<tr>
<th>Property Rights Conveyed</th>
<th>Financing Terms</th>
<th>Conditions of Sale</th>
<th>Market Conditions (Time)</th>
<th>Location</th>
<th>Access</th>
<th>Adjacent Land Uses</th>
<th>Natural Features</th>
<th>Property Size</th>
<th>Zoning/Land Use</th>
<th>Beta Adjustments</th>
<th>Indicated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Simple</td>
<td>Cash</td>
<td>Normal</td>
<td>Current</td>
<td>Very Good</td>
<td>Fair</td>
<td>Good</td>
<td>Average</td>
<td>Average</td>
<td>Rural Density</td>
<td>&lt; $4,383 per acre</td>
<td>= $4,383 per acre</td>
</tr>
</tbody>
</table>

Net Adjustments: $3,939 per acre

Indicated Market Value: $4,383 per acre

> $1,585 per acre
SALES COMPARISON APPROACH

Summary of Sales for Parcel 2

A summary of the adjustments made to each comparable sale, and resulting indication of market value for Parcel 2 at the subject property (on the basis of price per acre), is discussed as follows:

Sale One is located eight air miles southeast of the subject, along the drainage of Willow Creek. This 660.00-acre property recently sold in October 2022 for $2,600,000, or $3,939 per acre, which is 53% more than paid during July 2022 at a below market price of $1,700,000, or $2,576 per acre. By direct comparison to the subject parcel, upward adjustments for slightly inferior property rights conveyed, as well as location, are fully countered by downward adjustments for slightly superior access as well as natural features. This comparable is considered to be similar in other regards, and indicates a market value for Parcel 2 that would be roughly equivalent to $3,939 per acre.

Sale Two is a 280.12-acre tract of vacant land that is situated nine air miles southeast of the subject, which was purchased during July 2021 at an above market price of $1,351,000, or $4,823 per acre. By direct comparison to the subject, downward adjustments for above market conditions of sale, as well as slightly superior access, adjacent land uses, and natural features are mostly offset by upward adjustments for improving market conditions since closing and slightly inferior location. It is otherwise similar to Parcel 2, and supports a value that is slightly lower than $4,823 per acre.

Sale Three is a 320.00-acre inholding near Swampy Pass that is located seven air miles southwest of the subject, which was acquired during November 2020 for $1,350,000, or $4,219 per acre. By direct comparison to the subject, upward adjustments for somewhat improving market conditions since closing as well as slightly inferior location are fully countered by downward adjustments for slightly superior access, adjacent land uses, as well as natural features. This comparable is similar in other regards, and supports a value for Parcel 2 that is roughly equivalent to $4,219 per acre.

Sale Seven is located fifteen miles north of U.S. Highway 50 at Parlin, and 25 miles northeast of Gunnison, in northwest Gunnison County. This 160.00-acre parcel that borders the Fossil Ridge Wilderness Area sold in July 2021 for $495,000, which equates to $2,438 per acre after $105,000 is subtracted for the contributory value of an existing cabin. By direct comparison to the subject, upward adjustments for slightly inferior location as well as access are fully offset by downward adjustments for slightly superior adjacent land uses as well as natural features. It is comparable in other regards, and indicates a market value for Parcel 2 that would be similar to $2,438 per acre.

Sale Eight is located eleven miles north of U.S. Highway 50, within southeast Gunnison County, and situated about mid-way between the Cities of Gunnison and Salida. This 170.33-acre holding of vacant mining claims was purchased during November 2021 for $270,000, or $1,585 per acre. By direct comparison to the subject, an upward adjustment for substantially inferior location is partially offset by downward adjustment for slightly superior adjacent land uses. This comparable is otherwise similar, and supports a value for Parcel 2 that is somewhat more than $1,585 per acre.
SALES COMPARISON APPROACH

Value Conclusion for Parcel 2

After adjustments, the comparables indicate a market value for Parcel 2 that is somewhat higher than $1,585 per acre, similar to $2,438 per acre, $3,939 per acre, as well as $4,219 per acre, and slightly lower than $4,823 per acre. The average price for land only equates to $3,401 per acre, while the median land only price at Sales One, Three, and Seven (all similar) is $3,532 per acre. Equal weight was placed on each comparable, with consideration given to other sales previously presented. Parcel 2 would achieve a slightly higher land value than Sale Four at $2,436 per acre for a variety of factors, and would be worth slightly less than Sale Six at $4,329 per acre, but far lower than the pending contract for Sale Five at an asking price for land only of $6,412 per acre. The subject is substantially inferior to Five Springs Ranch at a land only price of $5,625 per acre. Although smaller in size, both assemblages of multiple mining claims that sold during March 2022 for $3,369 per acre, as well as in November 2021 for $2,783 per acre, provide secondary support. Based on the foregoing, it is my opinion that the market supports a current value for Parcel 2 of $3,500 per acre, with total market value for this 81.49-acre subject property calculated as follows:

Market Value of Parcel 2 = 81.49 acres x $3,500 per acre = $285,215

CONCLUDED MARKET VALUE OF FEDERAL PARCEL 2 $285,000
SALES COMPARISON APPROACH

Value Conclusion for Parcel 3

Parcel 3 comprises 3.15 acres of vacant land that is situated north of lands owned by the proponent, which has pedestrian ingress/egress only from Forest System Road 585, and thus is not buildable. The local market was researched for comparable sales of smaller mining claims at high elevation that also lack vehicular access for development, with ample recent data northeast of Crested Butte. Relevant details for the six most similar transactions are summarized on next page (with location map), which closed between November 2017 and April 2021 at total prices of $15,000 to $26,750. These comparables are all vacant land that range in size from 8.26 to 20.66 acres, which results in land only prices that vary from $1,295 to $2,179 per acre, with an average price of $1,620 per acre. Each transaction is considered to be overall similar to the subject in regards to market conditions, conditions of sale, location, access, size, adjacent land uses, natural features, and zoning/land use. Sale A establishes the bottom of the spectrum at $1,295 per acre, but is the largest at 20.66 acres. Conversely, Sale B is the smallest parcel at 8.26 acres, but is at top of the range at $2,179 per acre. Sales C, D, E, and F are mining claims of standard size with prices from $1,453 to $1,694 per acre. Based on the foregoing, it is my opinion that the market supports a current value for Parcel 3 of $1,600 per acre, with total market value for this 3.15-acre subject property calculated as follows:

\[
\text{Market Value of Parcel 3} = 3.15 \text{ acres} \times $1,600 \text{ per acre} = $5,040\]

Rounded to $5,000

CONCLUDED MARKET VALUE OF FEDERAL PARCEL 3 $5,000
<table>
<thead>
<tr>
<th>Mining Claim(s)</th>
<th>General Location</th>
<th>Tax Identification</th>
<th>Grantor (seller)</th>
<th>Grantee (buyer)</th>
<th>Sale Date</th>
<th>Sale Price</th>
<th>Sale Date</th>
<th>Sale Price</th>
<th>Land Area</th>
<th>Description and Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Silver Bow &amp; CH Henderson</td>
<td>Northwest of Crested Butte</td>
<td>R033667 &amp; R028039</td>
<td>Bochain Trusts</td>
<td>Crested Butte Land Trust</td>
<td>4/28/2021</td>
<td>$26,750</td>
<td>None (vacant)</td>
<td>$675616</td>
<td>20.66 acres</td>
<td>On Cinnamon Mt. above Paradise Basin, inholdings</td>
</tr>
<tr>
<td>B Belle of West (USMS #3773)</td>
<td>Northwest of Crested Butte</td>
<td>R013681</td>
<td>Robert Stuplich</td>
<td>Sweeney and Sanderford</td>
<td>9/4/2020</td>
<td>$18,000</td>
<td>None (vacant)</td>
<td>$669848</td>
<td>8.26 acres</td>
<td>Near Crystal Townsite, borders USFS on two sides</td>
</tr>
<tr>
<td>C Teller (USMS #17919)</td>
<td>Northwest of Crested Butte</td>
<td>R012910</td>
<td>John Denys</td>
<td>Ruby Chute, LLC</td>
<td>11/14/2019</td>
<td>$16,000</td>
<td>None (vacant)</td>
<td>$63556</td>
<td>10.33 acres</td>
<td>On Owen Mtn. above Green Lake, USFS three sides</td>
</tr>
<tr>
<td>D Little Willie (USMS #4035)</td>
<td>Northwest of Crested Butte</td>
<td>R012305</td>
<td>Worthy Family Trust</td>
<td>Peter Smith</td>
<td>9/7/2018</td>
<td>$15,000</td>
<td>None (vacant)</td>
<td>$659113</td>
<td>10.32 acres</td>
<td>On Baldy Mountain above Emerald Lake, inholding</td>
</tr>
<tr>
<td>E Mocking Bird (USMS #7211)</td>
<td>Northwest of Crested Butte</td>
<td>R013639</td>
<td>Western Foundation</td>
<td>Erich M. Fercbau</td>
<td>5/11/2018</td>
<td>$17,500</td>
<td>None (vacant)</td>
<td>$653121</td>
<td>10.33 acres</td>
<td>Near Schofield Townsite on Crystal Peak, inholding</td>
</tr>
<tr>
<td>F Monitor (USMS #6153)</td>
<td>Northwest of Crested Butte</td>
<td>R033670</td>
<td>Jesse Irons</td>
<td>Nobel Holdings</td>
<td>11/7/2017</td>
<td>$16,000</td>
<td>None (vacant)</td>
<td>$650182</td>
<td>10.33 acres</td>
<td>On Cinnamon Mtn. above Slate River, inholding</td>
</tr>
</tbody>
</table>

Description and Comments:
- Pedestrian access from FSR 734 via Yule Pass Trail.
- Pedestrian access from FSR 317 via unofficial trail.
- Pedestrian access from FSR 826 via unofficial trail.
- Pedestrian access from CR 317 via unofficial trails.
- Pedestrian access from CR 734 via unofficial trail.
RECONCILIATION AND FINAL VALUE OPINION

The subject property is identified as Federal Parcels 1, 2 and 3 for the Mt. Emmons Land Exchange, which comprise 550.48 acres on the Gunnison National Forest within Gunnison County, Colorado. They are federally owned by the United States of America (USA), and proposed for conveyance to the proponent (Mt. Emmons Mining Company) in exchange for Non-Federal Parcels A, B, C, and D, which comprise 625.18 total acres of land in Gunnison and Saguache Counties, Colorado. The Federal Parcels are situated two miles west of the Town of Crested Butte on Mt. Emmons, are appraised as if vacant land, and border patented mining claims owned by the proponent. Parcel 1 comprises 465.84 acres that has direct frontage on County Road 12 along its southern boundary, and is traversed by Forest System Road 732 as it ascends the county road at the southeast corner. However, a private owner has no legal rights to use Forest System Road 732 for vehicular access, and new driveway would have to be installed to provide ingress/egress to the interior of Parcel 1. Parcel 2 comprises 81.49 acres of vacant land that is situated one-quarter mile above Parcel 1, and borders Forest System Road 732 but also has no legal right for access from this road. However, a new driveway could potentially be installed from nearby Forest System Road 585 (140 feet away), which would require authorization to provide seasonal access to Parcel 2. Parcel 3 is 3.15 acres of vacant land situated three-quarter mile above Parcel 1, which has pedestrian ingress/egress only from Forest System Road 585 (630 feet away), with no practical means to create vehicular access. The subject property is mostly steep terrain with timber but no live water, which was determined to comprise three larger parcels for analysis and valued as separate units (i.e., Parcels 1, 2, and 3).

The valuation analysis and conclusion is contingent upon certain definitions, assumptions, limiting conditions, appraisal instructions, as well as certification, which are set forth in the attached report. As instructed in writing by the client, and clearly identified in the Statement of Work, this appraisal was made pursuant to one extraordinary assumption that is stated below (which presume as fact otherwise uncertain information about the subject property that could alter the appraiser’s opinions or conclusions if found to be false), and three hypothetical conditions (which are contrary to what existed as of the effective date of the appraisal, but supposed for the purpose of analysis). It is also subject to a Jurisdictional Exception regarding development of a reasonable exposure time opinion.

Extraordinary Assumption

The appraisal is pursuant to an extraordinary assumption that Parcels 2 and 3 are unaffected by recognized environmental conditions (the use of which may have affected the assignment results).

Hypothetical Conditions

1. In analyzing the value of the federal property, the appraiser has assumed that the lands and interests are in private ownership, zoned consistent with similar non-federal properties in the area, and are available for sale on the open market in accordance with 36 CFR 354, Subpart A, 254.9(b)(1)(ii).

2. Since in this proposed land exchange, Federal Parcel 1 would be conveyed to the Potentially Responsible Party (PRP), Federal Parcel 1 is appraised under the hypothetical condition that the land is unaffected by recognized environmental conditions.

3. In analyzing the value of the federal property, the appraiser has assumed that non-federal party owned improvements, including water treatment plant, storage buildings, and tailing storage facility, do not exist.
RECONCILIATION AND FINAL VALUE OPINION

The Sales Comparison Approach was the only technique employed to value the subject property, as the Cost Approach and Income Capitalization Approach were not appropriate in this instance. Based on my inspection of the subject as well as surrounding environs, analysis of relevant data, and preparation of the foregoing analyses, it is my opinion that the market value of the fee simple interest in all three Federal Parcels, which is effective as of November 21, 2022, is $2,540,000. This total value is the sum of Parcel 1 ($2,250,000 at $4,825 per acre), Parcel 2 ($285,000 at $3,500 per acre), and Parcel 3 ($5,000 at $1,600 per acre). Although considered, there is no conclusive market evidence for an impact on value (i.e. discount or premium) if all three Federal Parcels were acquired as one package in a single transaction. The supply of private holdings in the local market is scarce, but the typical buyer would not pay a premium for assemblage, nor apply a bulk discount (which is only required for valuation of five or more tracts). The total value of $4,614 per acre is applicable to potential configurations of the entire holding, at a size range of 80.00 to 640.00 acres. This is supported by analysis of the comparable sales, with no difference in prices per acre paid for properties that range in size from seventy to 2,000 acres.
ADDENDA
QUALIFICATIONS OF KEVIN A. CHANDLER, MAI

Education
Master of Arts, Real Estate and Urban Analysis, University of Florida
Bachelor of Science, Business Administration (Finance), University of Florida

Affiliations
Member, Appraisal Institute (MAI)
Certified General Appraiser, State of Colorado

Experience
Chandler Consulting, Inc., Western Colorado (2001 to Present)
Commercial and Rural Real Estate Appraisal and Consulting
Concorde Investments, Inc., Tampa, Florida (1998 to 2000)
Commercial Real Estate Development and Other Investments
Brokerage and Site Selection for Boston Market and Einstein Bagels
Arthur Andersen, LLP, Atlanta, Georgia (1993 and 1994)
Commercial Real Estate Appraisal and Business Valuation
Real Estate Marketing Consultants, Tampa, Florida (1991 and 1992)
Commercial Real Estate Appraisal and Consulting

Seminars
The Valuation of Water Rights in Colorado
Appraising Agricultural Land in Transition
Uniform Appraisal Standards for Federal Land Acquisitions
Condemnation and Litigation Appraising, Advanced Topics

Assignment Types
Federal Land Exchanges
Special Use Authorizations
Conservation Easements
Mountain Ranches and Resorts
Commercial Properties
Going Concern and Special-Use
Subdivision Analysis
Market and Feasibility Studies

Representative Clients
U.S. Forest Service (USDA)
Appraisal & Valuation Services Office (DOI)
Various Qualified Land Trusts
Various Individuals and Entities
Various Commercial Lenders
The Conservation Fund
Colorado Division of Parks and Wildlife
Routt and Eagle Counties (expert witness)
STATE CERTIFIED GENERAL APPRAISER LICENSE

Colorado Department of Regulatory Agencies
Division of Real Estate
Kevin Andrew Chandler
Certified General Appraiser

CG40022860  12/26/2020
License Number Issue Date
Active  12/31/2022
License Status Expiration

Verify this license at http://dora.colorado.gov/dre

Director: Marcia Waters  Licensee Signature

The Most Trusted Rural Property Professionals
ASFMRA

CERTIFICATE OF ATTENDANCE

Kevin A. Chandler
Chandler Consulting
700 Continental Ct
Glenwood Springs, CO 81601

has attended

Uniform Appraisal Standards for Federal Land Acquisitions
Denver, CO
06/21/2017 – 06/23/2017

Student attended all instructional presentations

Course Hours: 21
This course is approved by the Colorado Appraisal Board and the AOS

The American Society of Farm Managers and Rural Appraisers, Inc.
720 S. Colorado Blvd., Suite 360-B, Glendale, Colorado 80246 • (720) 765-3513
STATEMENT OF WORK

APPRaisal STATEMENT OF WORK FOR THE PROPOSED MT. EMMONS LAND EXCHANGE

UP TO FOUR NON-FEDERAL PARCELS TOTALING 625.00 ACRES +/- IN SIZE WITHIN THE BOUNDARIES OF THE GRAND MESA, UNCOMPAHGRE AND GUNNISON NATIONAL FORESTS AND THE RIO GRANDE NATIONAL FOREST IN GUNNISON AND SAGUACHE COUNTIES, COLORADO

AND THREE FEDERAL PARCELS TOTALING 554.00 ACRES +/- IN SIZE WITHIN THE BOUNDARIES OF THE GRAND MESA, UNCOMPAHGRE AND GUNNISON NATIONAL FORESTS IN GUNNISON COUNTY, COLORADO

Real estate appraisals are needed for the proposed exchange of the above-referenced lands. An Agreement to Initiate was executed on July 19, 2022.

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Size (acres)</th>
<th>County</th>
<th>Forest</th>
<th>District</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Federal Parcel A – Three Peaks Ranch</td>
<td>160.00</td>
<td>Gunnison</td>
<td>GMUG</td>
<td>Gunnison</td>
<td>Mt. Emmons-Mining Company</td>
</tr>
<tr>
<td>Non-Federal Parcel B – Monchego Creek</td>
<td>159.69</td>
<td>Saguache</td>
<td>GMUG</td>
<td>Gunnison</td>
<td>Mt. Emmons-Mining Company</td>
</tr>
<tr>
<td>Non-Federal Parcel C – Sheep Creek</td>
<td>147.50</td>
<td>Saguache</td>
<td>Rio Grande</td>
<td>Saguache</td>
<td>Mt. Emmons-Mining Company</td>
</tr>
<tr>
<td>Non-Federal Parcel D – Spanish Creek</td>
<td>157.99</td>
<td>Saguache</td>
<td>Rio Grande</td>
<td>Saguache</td>
<td>Mt. Emmons-Mining Company</td>
</tr>
<tr>
<td>Non-Federal Property: maximum of 625.18 acres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Parcel 1 – Lands east of MEMC patented mineral surveys</td>
<td>465.84</td>
<td>Gunnison</td>
<td>GMUG</td>
<td>Gunnison</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Federal Parcel 2 – Lands west of MEMC patented mineral surveys</td>
<td>81.49</td>
<td>Gunnison</td>
<td>GMUG</td>
<td>Gunnison</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Federal Parcel 3 – Mineral Survey Fraction north of MEMC patented mineral surveys</td>
<td>3.15</td>
<td>Gunnison</td>
<td>GMUG</td>
<td>Gunnison</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Federal Property: maximum of 550.48 acres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The purpose of these appraisals is to derive a single market value conclusion of a fee simple interest in the package of Federal lands, and a single market value conclusion of a fee simple interest in the non-Federal land. Therefore, the market analyses should consider whether or not there is a single-transaction value impact in the Federal lands and in the non-Federal lands.

In addition to a value of the total Federal property, the appraisal should provide unit values (per acre) of the Federal property as a whole, and an acreage range in which that unit value remains valid for use. The appraisal should also provide a unit value (per acre) for the non-Federal property as a whole, and unit values (per acre) of each of the above non-Federal Parcels A, B, C, and D as each contributes to the property as a whole and acreage ranges in which those unit values remain valid for use.

The appraisals must apply the market value definition specified within 36 CFR 254, Subpart A, 254.2. The intended use of the appraisals is to provide the basis for the potential, voluntary land exchange. The appraiser shall recognize the Forest Supervisor for the Grand Mesa, Uncompahgre and Gunnison National Forests as the client. The intended users shall, in addition to the client, include Regional Appraiser Charles Brown, 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 Counsel personnel, representatives of the Western Land Group, Inc., and representatives of Mt. Emmons Mining Company.

If clarification of these instructions is needed and/or to arrange for site inspection and pre-work meeting, the appraiser shall contact:

Charles Brown, MAI, Regional Appraiser
USDA Forest Service, Rocky Mountain Region
1617 Cole Boulevard, Lakewood, CO 80401
720-614-4037 (phone)
Charles.brown@usda.gov

Details of the property, including legal descriptions and the estate to appraise, are contained in the Agreement to Initiate executed July 19, 2022, Commitment for Title Insurance Order No. GUC88004135, Commitment for Title Insurance Order No. 20947, the Preliminary Land Description Verification forms, and other documents included in this SOW and/or to be provided to the contract appraiser.
GENERAL SPECIFICATIONS

Comprehensive Review – A value opinion is acceptable for agency use only after a Forest Service review appraiser has approved the appraisal report for agency use. As an alternative to disapproval, the staff review appraiser may discuss findings of deficiency and request corrections. Therefore, the assignment is not complete until the appraiser receives a copy of the Agency’s technical review report.

Confidentiality – The appraiser may provide information about the assignment, appraisal results, or portions thereof only to the Forest Service review appraiser. Appraisals may only be distributed to the intended users after the technical review is completed.

Federal Law Controls – Federal law may differ from the law of some states and supersedes State law when they conflict. Accordingly, the appraiser must understand Federal law as it affects the appraisal process in the opinion of market value.

UASFLA and USPAP Conflicts – In those uncommon instances where the UASFLA and the USPAP conflict, the UASFLA takes precedence. If it is necessary to invoke the Jurisdictional Exception Rule to the USPAP to meet certain provisions of the UASFLA, such action must include a citation of the overriding federal policy, rule, or regulation that requires it. Any jurisdictional exceptions not specifically cited in the UASFLA must be discussed with the Forest Service review appraiser.

Definition of Terms – Unless specifically defined herein or in current editions of either the USPAP or the UASFLA, definitions of all terms are the same as those found in the current edition of The Dictionary of Real Estate Appraisal published by the Appraisal Institute. The UASFLA takes precedence in any differences among definitions.
**Freedom of Information Act** – Freedom of Information Act (FOIA) provisions may result in the release of all or part of the appraisal report. If providers of information gathered by the appraiser request it be kept confidential, that information is not to be included in the report. The appraiser must make confidential information available to the Forest Service review appraiser upon request, but such information will be clearly marked as not appropriate for dissemination under the FOIA. The appraiser must also indicate if the report is private or closely-held in accordance with industry practices.

**Updating of Report** – At the Government’s request (and within two years of the date of report), the appraiser shall update the value opinion as of a specified date. A supplemental contract will be negotiated as necessary.

**Testimony** – Upon the request of the United States Attorney or the Department of Justice, the contract appraiser shall testify regarding the appraisal. A supplemental contract will be negotiated as necessary.

**Performance** – Unless otherwise stated, the contract appraiser (appraiser) shall furnish all materials, supplies, tools, equipment, personnel, travel, and shall complete all requirements including performance of the professional services listed herein. The appraiser shall assume responsibility for all work, including the selection of subcontractors and their work products. The appraiser must notify the Forest Service review appraiser of the selection of all subcontract appraisers or specialists before they start work. The appraiser shall present specialist and consulting reports in the addenda to the appraisal report or make them available for inspection by the Forest Service review appraiser.

**GENERAL APPRAISAL REPORT SPECIFICATIONS**

The following specifications required by the Forest Service are in addition to those set forth in *Uniform Standards of Professional Appraisal Practice (USPAP)* and the *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)*.

**Report Format** – Unless otherwise specified in the following Assignment Instructions, the appraisal reports should contain all applicable components listed in UASFLA Appendix B. Any question as to their applicability shall be determined by the Forest Service review appraiser.

**Examination Notice** – The appraiser shall provide the private landowner advance notice of the examination date and give the private landowner, or their designated representative(s), an opportunity to accompany the appraiser during the inspection of the property. These notices shall be documented in the transmittal letter accompanying the appraisal report.

**Statement of Assumptions and Limiting Conditions** – Since all appraisal reports submitted to the Forest Service become the property of the United States and may be used for any legal and proper purpose, do not include any conditions that limit distribution of the report. Uses of uninstructed extraordinary assumptions or hypothetical conditions invalidate the appraisal.

**Maps** – Include detailed topographic and aerial imagery of the appraised property with the property boundaries and dimensions delineated. Significant encumbrances and both legal and physical access routes must be shown.

**Zoning** – Determine “consistent” zoning (and other land use restrictions) of Federal land by research and analysis, not by assumption.
**Highest and Best Use** – Conduct sufficient depth of market analysis to provide a credible opinion of value, considering the complexity of the assignment and the volatility of the market.

**Comparable Sales** – Inspect all sales directly compared with appraised property sufficiently for credible analysis and comparison. Discuss unusual circumstances that preclude on-the-ground inspection with the Forest Service review appraiser prior to completion of the appraisal reports.

At a minimum, document all direct comparable sales with:

- Parties to the transaction
- Date of transaction
- Recordation data
- Verification of the price, terms, and conditions of sale with buyer, seller, broker, or other knowledgeable person. Include the verifying party’s telephone number.
- Person who verified the transaction and verification date
- Buyer motivation
- Location
- Legal and physical access
- Size
- Legal description
- Property rights conveyed
- Consideration
- Financing terms
- Sale conditions, such as arm’s length or distressed
- Improvements
- Physical description (topography, vegetative cover, water influence, and other characteristics.)
- Non-realty items
- Economic characteristics
- Zoning
- Current use
- Highest and best use
- Topographic map
- Photographs

Include a list of the sales considered, but not actually used, in the addenda. Cite pertinent facts such as date, size, buyer and seller, price, terms, location, and explain why each sale was not used. Alternatively, this information could be presented in the market analysis section of the report.

**Addenda/Other Pertinent Exhibits** – Present in the addenda additional data such as documents and charts pertinent to the valuation and referred to in the body of the report. Include a copy of this document (statement of work prepared specifically for the assignment), specialist reports, and supporting documents that describe the property rights appraised in the addendum of the appraisal report.

**Qualifications** – Include the qualifications of all appraisers or technicians who made significant professional contributions and include a copy of the current Certified General Appraiser license issued by the State of Colorado within the Addenda to the appraisal report.
ASSIGNMENT INSTRUCTIONS

Problem Identification – Both the USPAP and the UASFLA identify seven critical assignment elements necessary to ensure appraisals are credible, reliable, and accurate. The purpose of these assignment instructions is to convey these elements; however, the appraiser shall conduct the due diligence they deem necessary to fully understand the following:

- client
- intended users
- intended use
- type and definition of value
- effective date
- relevant characteristics about the subject property
- assignment conditions

Client – The appraiser shall recognize the Forest Supervisor for the Grand Mesa, Uncompahgre and Gunnison National Forests as the client.

Intended Users – The intended users shall, in addition to the client, include Regional Appraiser Charles Brown, 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 Counsel personnel, representatives of the Western Land Group, Inc., and representatives of Mt. Emmons Mining Company.

Dissemination of appraisal reports to the intended users – other than the Forest Service review appraiser – will be after the technical review is completed by the Forest Service review appraiser.

Intended Use – The intended use of the appraisals is to provide a value basis for the potential, voluntary land exchange between the collective non-Federal party, as represented by Western Land Group, Inc., and the USA, as represented by the 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.

Type and Definition of Value – The type of opinion of value to be developed is market value. The definition of market value as defined at 36 CFR 254, Subpart A, 254.2 must be used:

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.

A specific exposure time shall not be cited in an appraisal report prepared under the UASFLA. Invoke the Jurisdictional Exception Rule to avoid a violation of the USPAP standards, which require the development of a specific exposure time.
Suggested language for the Jurisdictional Exception follows:

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 2020-2021 edition of the Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception.

**Effective Date** – All appraisals must be effective as of the same date of value. Delivery of appraisal reports to the Forest Service review appraiser shall be as close as possible to the date of the value opinion and within 30 days of the inspection of the Federal and non-Federal parcels. If the date of value is later than the last date of inspection, report the steps taken to verify the physical features of the parcels as of the date of value (e.g. no significant wild fires, beetle infestations, landslides, etc.).

**Relevant Characteristics about the Subject Property:**

**Property Interest(s) to be Appraised** – For non-Federal Parcel A, the estate appraised shall consist of all rights, title, and interests subject to any outstanding Requirements listed in Schedule B, Part I of the December 22, 2021, Commitment for Title Insurance Order No. GUC88004135. In addition, Schedule B, Part II identifies 12 Exceptions. The impact to value, if any, shall be discussed for each of the Requirements and Exceptions.

For non-Federal Parcels B, C, and D, the estate appraised shall consist of all rights, title, and interests subject to any outstanding Requirements listed in Schedule B - Part I of the December 7, 2021, Commitment for Title Insurance Order No. 20947. In addition, Schedule B - Part II identifies eight Standard Exceptions and six Special Exceptions. The impact to value, if any, shall be discussed for each of the Requirements and Standard and Special Exceptions.

The USA would not be acquiring any water rights. While MEMC owns water rights at non-Federal Parcel A (Three Peaks Ranch), the Forest has elected not to acquire them, and they should not be considered in the analysis. No Federal parcel-associated water rights will be conveyed by USA into private ownership as part of this exchange.

All the mineral estates which are owned by the parties are proposed to be conveyed in this exchange. Unpatented mining claims owned by the non-Federal Party cover the entirety of Federal Parcels 1 and 2. There are no unpatented mining claims on Federal Parcel 3. The non-Federal Party agrees at or prior to the exchange closing to relinquish the following unpatented claims held by Mount Emmons Mining Company: the 28 mining claims on Federal Parcel 1 and the four mining claims on Federal Parcel 2 that lay entirely within these Federal Parcels and those portions of the 23 mining claims on Federal Parcel 1 and one mining claim on Federal Parcel 2 that lay partially within these Federal Parcels. A mineral potential report is being developed and a preliminary draft of that report is included with the attachments.

The Forest Service has determined that the existing improvements on the non-Federal parcel A, including the ranch house, shed, access road, fencing, headgates and other miscellaneous structural improvements are not needed once the parcel is in Federal ownership. The domestic well will remain. The Non-Federal Party has agreed to remove these improvements at its expense under guidelines contained in a removal and rehabilitation plan including a map of all improvements and timeline for removal that will be prepared by the Non-Federal Party and approved by the Forest Service. The appraisal shall assign no value to improvements as they are not included in the estate to be appraised.
There are roads on non-Federal Parcel B. There is a plastic waterline under an easement issued by MEMC. A cabin near the south boundary of non-Federal Parcel B has been determined to occupy NFS land per the Forest Surveyor in consultation with BLM cadastral surveyor. Road access to this cabin is likely on a road north of the cabin, which runs northerly through non-Federal Parcel B, then across NFS land (unauthorized) where it connects with NFSR 787. The District Ranger is determining the ownership of the cabin and eventual disposition, with the road remaining until then. Another road runs from NFSR 787 within the northwestern 40-acre section of this parcel then crosses onto NFS land (unauthorized) in a northwesterly direction parallel to Monchego Creek where it forks and provides access to two 40-acre parcels (Coleman and Strid are the owners) on private land immediately west of the NF and MEMC western boundaries. The District Ranger is determining whether to authorize these roads – no formal notification to the two landowners have occurred. Coleman’s water pipeline while under easement within the non-Federal Parcel is unauthorized where it crosses NFS land and the District Ranger will be determining whether to authorize its occupancy.

On non-Federal Parcel C there are old structures (likely a ranch house and barn or livestock pen), old ranching implements, and faint remnants of irrigation ditches. The house has a 1943 date inscribed on one wood panel. There is some boundary fencing. These would all remain.

On non-Federal Parcel D there are two roads into the parcel and some boundary fencing. The roads and fencing would remain.

All improvements on Federal Parcel 1 other than the NFS roads, NFS trail, and county road are owned by the non-Federal Party (i.e., water treatment plant, storage buildings, tailing storage facility, retention ponds, etc.) and will remain. Utilities are provided by a Gunnison County Electric Association, Inc. (GCEA) overhead powerline and a CenturyLink telephone line. There are no improvements on Federal Parcel 2 other than the NFS road and NFS trail. There are no improvements on Federal Parcel 3.

Vehicular access to Federal Parcels 1 and 2 is off Kebler Pass Road (CR12) on NFSR 732. The first 350 feet of NFSR 732 crosses private land prior to reaching the Forest boundary (eastern boundary of Federal Parcel 1). This alignment for NFSR 732 off Kebler Pass Road first appears on the 1961 Mt. Axtell 1:24,000 topographic quadrangle, the first topo quad USGS produced for this area, and has been shown on Gunnison National Forest maps since 1965. Although this road segment has been used by owners of the Keystone Mine property and the USFS for at least 50+ years, there is no recorded easement granting access through the property. As such, while MEMC is seeking to acquire an easement or fee title to the road from the landowner, it is likely MEMC has a prescriptive easement, the Forest Service has a prescriptive easement, and the County has a public road easement, though none in writing. Federal Parcel 3 has no road or trail access.

**Legal Description** – The legal descriptions and reservations are identified in Exhibits A and B of the Agreement to Initiate included as an attachment. The appraiser shall consider any impact to value of all reservations and outstanding rights detailed in the Agreement to Initiate.

**Pre-work Conference, Property Inspection, and Contacting Landowners** – The appraiser signing the report will attend a pre-work conference for discussion and understanding of these instructions. The pre-work conference may be held telephonically. Invited attendees to the pre-work conference and the site inspection shall include at least one representative of the Western Land Group, Inc., a representative of Mt. Emmons Mining Company, and at least one representative of the Grand Mesa, Uncompahgre and Gunnison National Forests in addition to the appraiser and the USDA Forest Service Forest Service
review appraiser.

**Additional Information** – The following documents are included as attachments to this SOW:

- Request for Appraisal Services dated July 28, 2022
- Agreement to Initiate executed July 19, 2022
- Preliminary Land Description Verification forms (Note: the LDVs are Preliminary not finalized versions and the final acreages may revise).
- Commitment for Title Insurance Order No. GUC88004135 effective December 22, 2021 covering the non-Federal Parcel A
- Commitment for Title Insurance Order No. 20947 effective December 7, 2021 covering the non-Federal Parcels B, C, and D
- Commitment for Title Insurance supporting documents
- Federal and non-Federal Land Status Reports

**Assignment Conditions** – The report must conform to 36 CFR 254 (Subpart A), the most recent editions of the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice*, as well as the specifications and assignment instructions contained herein.

The use of an uninstructed assumption or hypothetical condition that results in other than “as is” market value will invalidate the appraisal. Include only factors relating to the appraisal problem. Assumptions and limiting conditions that are speculative in nature are inappropriate. Do not include limiting conditions that significantly restrict the application of the appraisal.

Since environmental site assessment work has yet to be completed, the appraisal reports shall clearly and conspicuously state the one following extraordinary assumption:

*The appraisal is subject to the extraordinary assumption that the Federal Parcels 2 and 3, and the non-Federal Parcels are unaffected by recognized environmental conditions. The use of this extraordinary assumption may have affected the assignment results.*

Three hypothetical conditions are identified within this statement of work that are applicable to the assignment:

1. *In analyzing the value of the Federal property, the appraiser has assumed that the lands and interests are in private ownership, zoned consistent with similar non-Federal properties in the area, and are available for sale on the open market in accordance with 36 CFR 254, Subpart A, 254.9(b)(1)(ii). As this is contrary to what existed as of the effective date of appraisal, it is noted as a hypothetical condition.*

2. *Since in this proposed land exchange, Federal Parcel 1 would be conveyed to the Potentially Responsible Party (PRP), Federal Parcel 1 is appraised under the hypothetical condition that the land is unaffected by recognized environmental conditions. As this is contrary to what existed as of the effective date of appraisal, it is noted as a hypothetical condition. The use of this hypothetical condition might have affected the assignment results.*
3 - In analyzing the value of the Federal property, the appraiser has assumed that non-Federal Party-owned improvements on Federal Parcel 1, including water treatment plant, storage buildings, and tailing storage facility do not exist. As this is contrary to what existed as of the effective date of appraisal, it is noted as a hypothetical condition. The use of this hypothetical condition might have affected the assignment results.

It is anticipated that no other extraordinary assumptions nor hypothetical conditions will be necessary to achieve credible results. If an issue arises during the development of the appraisal that would necessitate use of such, the Forest Service review appraiser must be consulted and supplemental instructions issued prior to completion of the assignment.

**Scope of Work** – UASFLA requires the appraiser to make a larger parcel determination in all appraisals. The appraiser shall not consider land outside the property described in the Agreement to Initiate for either larger parcel determination or in reaching a conclusion of the highest and best use (UASFLA, Section 1.12); however, it must be shown if the appraised tracts each consist of one or more larger parcels.

The appraiser shall conduct all investigations necessary to provide credible results including market/marketableability analyses using inferred demand studies. The three approaches to value shall be considered and the applicability of each approach shall be discussed. The exclusion of any approach to value shall be supported and explained.

The definition of highest and best use as defined at 36 CFR 254, Subpart A, 254.2 must be used:

An appraiser’s supported opinion of the most probable and legal use of a property, based on market evidence, as of the date of valuation.

The highest and best use conclusion must be clearly supported by market evidence. Sale to the United States or other public entity is not an acceptable highest and best use. The use to which the government will put the property after it has been acquired is, as a general rule, an improper highest and best use. A non-economic highest and best use such as “conservation,” “natural lands,” “preservation,” or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to base an opinion of market value.

If speculation or investment is the highest and best use of the property, describe and explain its interim and most probable ultimate use. When there is a claim that the highest and best use of a property is something other than the property’s existing use, the burden of proof is on the appraiser to provide sufficient rationale to support the conclusion. Market value cannot be predicated upon potential uses that are speculative and conjectural.

Nearby arm’s length transactions, comparable to the land under appraisement, reasonably current, are the best evidence of market value. The Federal courts recognize the sales comparison approach as being normally the best evidence of market value.

The development approach (a.k.a. the subdivision approach and discounted cash flow analysis) should not be relied upon as the primary indicator of value when comparable sales are available with which to accurately conclude the property’s market value. The appraiser shall adhere to UASFLA direction pertaining to this highly sensitive and complex method of valuation.
Analyze the last 10-years of sale history of each subject property. An unsupported claim that a sale of the subject property was a forced sale, or is not indicative of its current value, is unacceptable. Conversely, previous sales of the subject property shall be analyzed in light of other data from the marketplace.

**When supportable by market evidence, the use of quantified adjustments is preferred.** Percentage and dollar adjustments may, and often should, be combined. Resort to qualitative adjustments when there is inadequate market data to support quantitative adjustments. **Factors that cannot be quantified are dealt with in qualitative analysis.** When quantitative and qualitative adjustments are both used in the adjustment process, all quantitative adjustments should be made first. Within the Sales Comparison Approach to value, include a sales adjustment chart summarizing the adjustments and showing the final adjusted sale prices and how the sales compare with the subject property.

**Appraisal Report Format and Delivery** – The assignment consists of the preparation of an appraisal report. Though the USPAP allows for two written reporting options, the restricted appraisal report option is not permitted by these assignment instructions since a restricted appraisal report cannot be reviewed to the level of detail required for federal acquisition appraisals. The appraiser shall submit to the Forest Service review appraiser a final appraisal report. “Draft” copies will not be accepted. The Forest Service review appraiser will then review the final appraisal report for acceptance or recommended revisions. Dissemination of the report may occur only after technical review and approval by the Forest Service review appraiser.

The face of the report shall be labeled to identify the appraised property and to show the appraiser’s name and address and the date of the appraisal. All pages of the report, including the exhibits, shall be numbered. An electronic copy of the report is preferred, but not required. If a hard-copy is submitted, it shall be typewritten on bond paper sized 8 1/2 by 11 inches, with all parts of the report legible, and bound with a durable cover.
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**Total Acres:** 465.84

**81.49**
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NOTES:
Lands reserved from entry on 5/12/1905 by Proclamation 553-Establishment of the Gunnison Forest Reserve, By the President of the United States of America.
PLO 7467 (11/21/2005) revokes prior coal classifications- no revocation required to proceed.
Parcel numbers from Land Description Verification Forms (FS-5400-41)

1. All active mining claims are Mt. Emmons Mining Company.
2. No Active encumbrances per LR2000.
3. Parcel 1 contains a road easement from USA to Trappers Crossing in perpetuity (COC 55807).
4. Parcel 1 contains a road easement from USA to Gunnison County in perpetuity (COC 76111).

Prepared by: Joe Bob Welch

Date: 4/25/2022