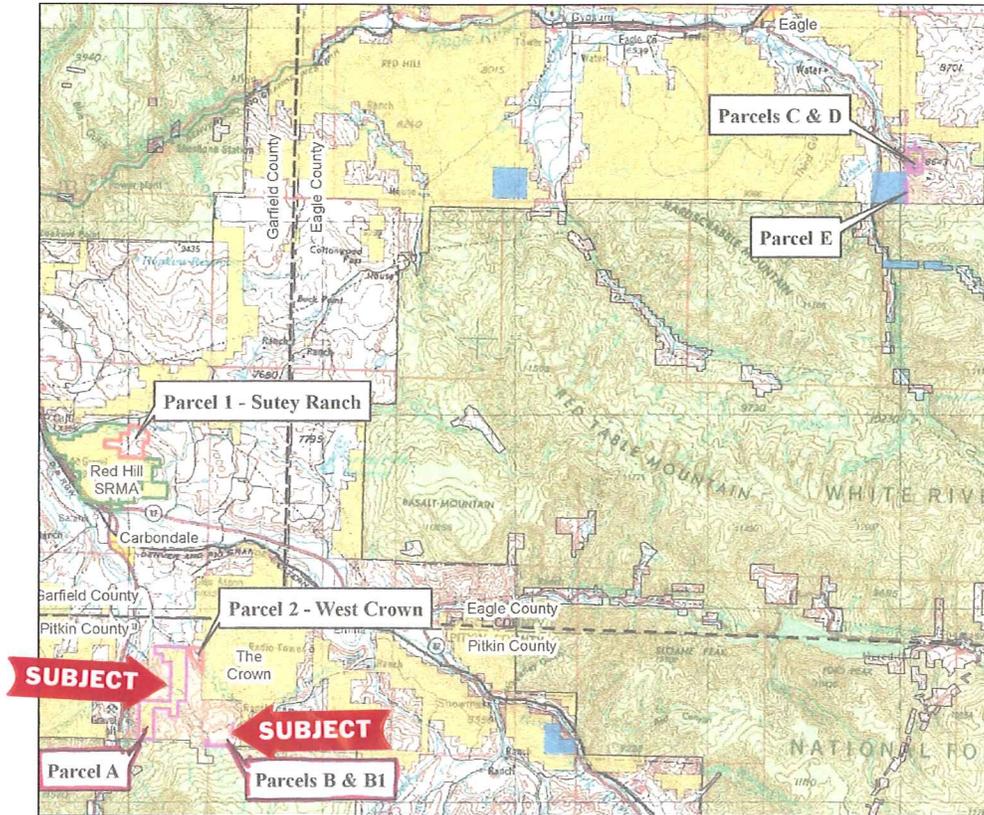


Appraisal of Real Property Conveyed in Self-Contained Narrative Report Format

SUTEY RANCH BLM LAND EXCHANGE - PITKIN BLM PARCELS
1,269.37 Acres of Vacant Agricultural Land (Federal Parcels A, B, and B-1)
Owned by United States of America and Situated West of Prince Creek Road
Three Unplatted Tracts in Township 8 South of Ranges 87 West and 88 West
Southeast of Town of Carbondale, Unincorporated Pitkin County, Colorado
OVS - Agency Case #COC-74812FD and IVIS #L12213 / 0031885



As of
November 15, 2012

Prepared For
Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services (DOI)
12136 West Bayaud Avenue
Lakewood, Colorado 80228

Prepared By
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January 7, 2013

Kent Stevens, MAI - Senior Appraiser, Office of Valuation Services (DOI)
12136 West Bayaud Avenue, Lakewood, Colorado 80228

Re: Appraisal of the Pitkin BLM Parcels for Sutey Ranch BLM Land Exchange
1,269.37 Acres of Vacant Agricultural Land (Federal Parcels A, B, and B-1)
Owned by United States of America and Situated West of Prince Creek Road
Three Unplatted Tracts in Township 8 South of Ranges 87 West and 88 West
Southeast of Town of Carbondale, Unincorporated Pitkin County, Colorado

Dear Mr. Stevens:

The subject of this appraisal is the Pitkin BLM Parcels, which are identified as Federal Parcels A, B, and B-1 for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels plus two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 1,269.37 total acres of vacant land in three tracts, which are federally owned by the United States of America and managed by BLM. The parcels are situated three miles southeast of the Town of Carbondale in Pitkin County, but lack legal vehicular access from a public road (pedestrian ingress/egress only). While the subject consists of three non-contiguous tracts, it was determined to comprise one larger parcel of 1,269.37 acres.

The purpose of this appraisal is to form an opinion of the market value of the fee simple interest in the subject property. The client is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only intended users are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman). The intended use is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands. The value opinion is effective as of November 15, 2012, or the date of my recent inspection. Since the subject property is vacant land, the Sales Comparison Approach was the only valuation technique utilized. Based on the following analysis, it is my opinion that the market value of the fee simple interest in the subject property, effective as of November 15, 2012, is \$3,175,000. The valuation analysis is also subject to instructed hypothetical conditions that are noted in the report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book"), as well as requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended. No other supplemental standards are applicable. The valuation analysis and report also complies with a Statement of Work that was provided by the client, which describes the request for appraisal services (copy found in the addenda).

Respectfully submitted,



Kevin A. Chandler, MAI

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APPRAISER'S CERTIFICATION

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 made, and the appraisal report was prepared, in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).
- the appraisal was made, and the appraisal report was prepared, in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP), except to the extent that the UASFLA required invocation of USPAP's Jurisdictional Exception Rule, as described in section D-1 of the UASFLA.
- the appraiser has made a personal inspection of the appraised property which is the subject of this report, and all comparable sales used in developing the opinion of value. The appraiser inspected the subject parcels by foot and vehicle on August 23, 2012, at which time I was accompanied by Kent Stevens, MAI (review appraiser for OVS), as well as duly authorized representatives of the intended users (including the owner). The subject property was briefly inspected again on November 15, 2012 to confirm the physical condition had not changed.
- 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 prepared Restricted Use appraisals of the subject property for the proponent with effective dates of value of March 3, 2008 as well as September 13, 2010, but 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 acceptance of this assignment.

In my opinion, the market value of the subject property as of November 15, 2012 is **\$3,175,000**

Certified by,



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

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Ownership:	Federally owned by the United States of America (managed by the BLM)
Location and Access:	The subject is located about three air miles southeast of the State Highway 82 corridor and Town of Carbondale, in the Crystal River Valley area of unincorporated Pitkin County, Colorado. Since private roadways that access the parcels are controlled by the proponent, each lacks legal vehicular ingress/egress from any public road. Thus, the subject only has pedestrian ingress/egress (to the south boundary) via unauthorized trails across the White River National Forest.
Property Description:	The subject property comprises 1,269.37 total acres in three non-contiguous tracts, with the entire holding determined to be one larger parcel for the valuation analysis. The vacant tracts have varied terrain at elevations of 6,900 to 8,600 feet, and are mostly grazing land with no irrigated acreage. Each has good views, but lacks a major water amenity, with Parcels A and B bordering public (USFS) land to the south.
Improvements/Utilities:	The subject property is vacant (bare) land with no existing building improvements. There is no municipal water or sewer service in the neighborhood, but rural homesites often utilize private wells and septic systems. Electric and telephone service is available to the boundary of Parcel A.
Legal Description:	Unplatted tracts in Sections 23, 24, 25, 26, 35, and 36 of Township 8 South and Range 88 West, 6 th P.M. (Parcel A), as well as unplatted tracts in Section 31 of Township 8 South and Range 87 West, 6 th P.M. (Parcels B and B-1), Pitkin County, Colorado (with no appurtenant water rights)
Estate Appraised:	Fee simple title subject to reservations to the United States as listed in the Statement of Work (copy in addenda)
Zoning/Land Use:	Resource - 30 Acre, by Pitkin County (current zoning)
Highest and Best Use:	Agriculture and/or recreation only due to a lack of adequate access and entitlements for rural residential development, and/or possible assemblage with surrounding private lands
Larger Parcel:	Entire 1,269.37-acre subject property (three non-contiguous tracts were appraised as one holding based on market data)
Effective Date of Value:	November 15, 2012 (date of my recent physical inspection)
Opinion of Market Value:	\$3,175,000 (\$2,500 per acre as rounded for the property)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012



Southern Portion of Subject Parcel A Looking South (towards Mount Sopris)



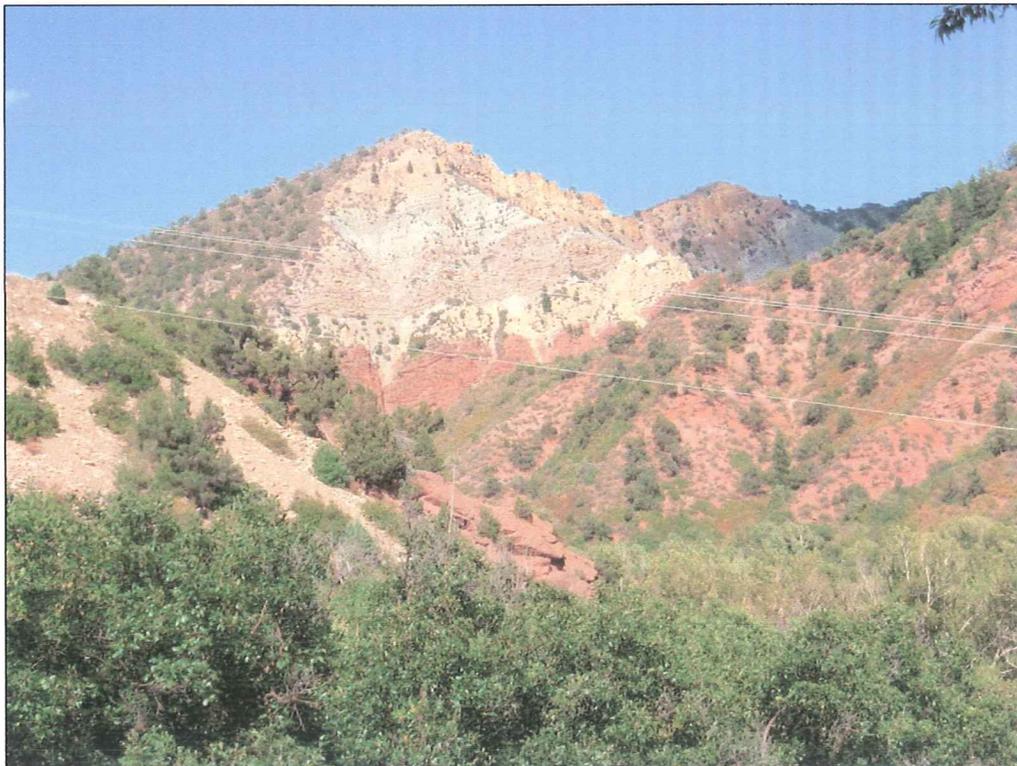
Northern Portion of Subject Parcel A Looking North (towards Carbondale)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on September 13, 2010



Private Two-Track Road as it traverses Thomas Creek at Subject Parcel A



Potato Bill Creek Drainage Looking East (Subject Parcel A at upper center)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012



Subject Parcel B Looking East from Private Road near Center of Property



Subject Parcel B-1 Looking South from Private Road at Northern Boundary

ASSUMPTIONS AND LIMITING CONDITIONS

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

1. This appraisal analysis is pursuant to one instructed hypothetical condition. In analyzing the value of the subject Federal parcels, the appraiser has assumed that the property is in private ownership, zoned consistent with similar non-Federal property in the area (i.e., the current zoning of RS-30 by Pitkin County), and available for sale on the open market.
2. The appraiser assumes no responsibility for legal matters affecting title to the subject, which is assumed to be good and marketable and held by the United States of America. The property is appraised as if free and clear of all liens and encumbrances, except those reservations listed in the Statement of Work provided by the client (copy in the addenda).
3. The legal descriptions and land areas provided to the appraiser by the client are assumed to be correct, with the subject property comprising 1,269.37 total acres in three parcels. The appraiser made no boundary survey of the subject property, and is not responsible for discrepancies 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, various governmental entities, and my visual 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 parcels.
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 client (OVS/DOI) for review become the property of the United States of America, and may be used for any legal and proper purpose.
7. During the inspection of the appraised property, the appraiser noted no indications of hazardous material or wastes, pollutants, leaking underground storage tanks, or other toxic/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, or other potentially hazardous materials, may adversely affect the market value of the property. The value opinion reported herein is predicated on the assumption that there are no such materials, substances, or conditions on the subject parcel, 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.

SCOPE OF THE APPRAISAL

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. Effective July 1, 2006, changes to the Uniform Standards of Professional Appraisal Practice (USPAP) have been finalized in regards to scope of work. They give the appraiser flexibility to tailor each assignment so the work product is customized to meet specific needs of the client.

The **purpose** of this appraisal is to form an opinion of the market value of the fee simple interest in the **subject property**, which is identified as the Pitkin BLM Parcels (Federal Parcels A, B, and B-1) for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels as well as two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado.

The **client** is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only **intended users** are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as the current owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman, Esquire).

The **intended use** is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands.

The **date of value** is November 15, 2012, which is the date of my most recent inspection of the appraised property. The parcels were initially inspected by foot and vehicle on August 23, 2012, at which time the appraiser was accompanied by the review appraiser (Kent Stevens, MAI) and representatives of the intended users (including the BLM, Western Land Group, and proponent). A brief re-inspection of the subject on November 15, 2012 (with the review appraiser) confirmed that the physical condition of the property had not changed materially since August 23, 2012.

The **appraisal process** reflects the existing zoning and physical characteristics at the property, with a highest and best use of agriculture/recreation or assemblage with surrounding private land. The **larger parcel** was determined by the appraiser to be the entire 1,269.37-acre subject property. The Cost Approach is not necessary for this analysis since the subject is vacant land. The Income Capitalization (Development) Approach is also not applicable since the property does not generate major income, and subdivision is neither imminent nor maximally productive. Only the Sales Comparison Approach was employed, with comparable property sales in the local market researched through local offices for the County Assessor as well as the Clerk/Recorder. The most similar sales in proximity to the subject were selected, which were inspected by the appraiser as indicated on the Market Data Record sheets. Each was compared to the subject and adjusted for various factors to establish the market value of the property on a price per acre basis. Sales of other parcels in the area that I conducted varying amount of research on before deciding that they were not comparable enough to include as primary comparables are also discussed.

This narrative appraisal is written in **self-contained format**, and the **date of report** preparation and transmittal to the client is January 7, 2013. It conforms with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA a/k/a "Yellow Book"), as well as the Uniform Standards of Professional Appraisal Practice (USPAP). The report was also prepared in compliance with a Statement of Work that was provided by the client (copy in the addenda).

DEFINITION OF MARKET VALUE

The Statement of Work provided by the client directs the appraiser to utilize this definition of market value for BLM Land Exchanges:

"The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." [43 CFR 2200 0-5(n)]

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 Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception (which has been invoked regarding exposure time and marketing time).

LEGAL DESCRIPTION

The Statement of Work provided to the appraiser by the client includes the following legal descriptions for the subject property (Federal Parcels A, B, and B-1):

Federal Parcel A (comprising 1,240.00 acres)

North Half of Northeast Quarter and Southeast Quarter of Northeast Quarter of Section 23; North Half of Section 24; Northwest Quarter, North Half of Southwest Quarter, and Southwest Quarter of Southwest Quarter of Section 25; South Half of South Half of Section 26; West Half of Section 35; and Northwest Quarter of Northwest Quarter of Section 36 Township 8 South, Range 88 West, 6th Principal Meridian, Pitkin County, Colorado

Federal Parcel B (comprising 28.37 acres)

Tract 86, as well as Lots 9, 10, 11, 12, and 13, in Section 31 Township 8 South, Range 87 West, 6th Principal Meridian, Pitkin County, Colorado

Federal Parcel B-1 (comprising 1.00 acres)

Lots 5 and 8 in Section 31 Township 8 South, Range 87 West, 6th Principal Meridian, Pitkin County, Colorado

PROPERTY RIGHTS APPRAISED

The property rights appraised is the fee simple interest in the subject parcels, 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), Page 140]

The Statement of Work states that the property interest to be appraised is the fee simple interest, subject to the following reservations, with their impact on market value also discussed below:

- Reservation to the United States of America for a right-of-way thereon for ditches and canals constructed by the authority of the United States Act of August 30, 1890 (43 USC 945). This reservation is typical for this type of property, and has no adverse effect on value.
- Grazing permit number 50771 for the Thomas Allotment (#8345), as well as grazing permit number 507655 for the Potato Bill Allotment (#8347), which only covers land in Parcel A. While considered in the analysis, these grazing permits have no adverse impact on value.

SUMMARY OF APPRAISAL PROBLEMS

The subject is three of eight properties for the proposed Sutey Ranch BLM Land Exchange, which comprises six Federal parcels totaling 1,470.01 acres in size, as well as six Non-Federal totaling 668.41 acres in size. Each parcel is located within Garfield, Eagle, or Pitkin Counties. Identified as the Pitkin BLM Parcels (a/k/a Federal Parcels A, B, and B-1), the subject is federally owned by the United States of America. However, the holding is mostly surrounded by private land that is controlled by the proponent (Leslie and Abigail Wexner) through various entities, and known as the Two Shoes Ranch (4,300 deeded acres with extensive improvements). The proposed land exchange has been generally well received by the local public, although the proponents had been unable to gain the full support of Pitkin County for a variety of reasons that are beyond the scope of this assignment. While some controversy exists, the project is being processed as an administrative exchange (not legislated), and facilitated by Western Land Group. However, Pitkin County announced their support of the land exchange on December 14, 2012 after continued negotiations with the proponent, which includes other consideration besides land. The subject property is situated southeast of Carbondale in the Crystal River Valley area, with Parcel A adjacent to the north of public land in the White River National Forest. However, there is no vehicular access to the subject property, as none of the parcels adjoin a public roadway, and private roads that traverse the holding are controlled by the proponent. The vacant property is prime wildlife habitat, with dry utility services in proximity, but lacks a major water amenity. The subject is zoned Resource - 30 Acre by Pitkin County, which allows rural subdivision at a minimum lot size of thirty acres. However, the parcels lack any development rights since they are in Federal ownership, and must compete in the GMQS process to obtain residential density. Thus, the concluded highest and best use is limited to agriculture and/or recreation only, as well as possible assemblage with adjacent private lands (Two Shoes Ranch is the only logical buyer). Rural residential development is not a viable option due to the existing pedestrian access only and zoning/land use. The appraisal problem to be solved requires locating the best comparable sales which occurred during the past few years for my valuation analysis, namely larger tracts of rural land in the area with a similar highest and best use (no development). While adequate sales are available, only a few of these transactions are truly comparable and some required downward adjustments to account for declining market conditions since closing and/or superior access.

AREA AND MARKET DATA

While the subject parcel is located south of the Town of Carbondale in unincorporated Pitkin County, the area surveyed also includes eastern Garfield County due to its close proximity. The scenic Roaring Fork Valley is situated south of Interstate-70 on the Western Slope of Colorado, and extends for about fifty miles to the southeast. The City of Glenwood Springs is the Garfield County seat, while the City of Aspen is the Pitkin County seat and anchors the south end of the valley. The area is traversed by State Highway 82, which follows the Roaring Fork River to its confluence with the Colorado River in the picturesque Glenwood Canyon at Glenwood Springs.

Demographic Profile

Demographic data from the 2010 U.S. Census for Garfield and Pitkin Counties is summarized below. Garfield County has about three times more permanent residents than Pitkin County, but registers a generally similar median age, average household size, and per capita income as the State of Colorado. Pitkin County reports a higher median age and lower household size than the state, but is much more affluent in terms of per capita income (twice as high as Garfield County). While the combined 2010 population for both counties of 73,537 people is less than 2% of the total for Colorado, both counties outpaced the statewide average in regards to growth since 2000. Municipalities in the Roaring Fork Valley (and their 2010 population) include Glenwood Springs (9,614), Carbondale (6,427), Basalt (3,857), Snowmass Village (2,826), and Aspen (6,658).

Area Surveyed	Population	2000 % Change	Households	Median Age	Average HH Size	Per Capita Income
Garfield County	56,389	+28.8%	20,359	34.5 years	2.73 people	\$36,019
Pitkin County	17,148	+15.3%	8,152	42.0 years	2.09 people	\$74,414
State of Colorado	5,029,196	+16.9%	1,972,868	36.1 years	2.49 people	\$42,107

Economic Conditions

The local economy was traditionally based on agriculture, primarily cattle ranching and mining. However, tourism has emerged as the primary industry, with over two-thirds of the labor force employed in the retail and service sectors. Aspen Skiing Company operates four resorts in Pitkin County (i.e., Aspen Mountain, Aspen Highlands, Buttermilk, and Snowmass), and reports 1.33 million skier visits during the 2011/2012 ski season (11% of the total for the State of Colorado). Natural resource extraction (mostly oil and gas) remains prevalent in western Garfield County. As of October 2012, Garfield County reports an unemployment rate of 7.3%, with Pitkin County at 9.0%. These rates are similar to the statewide average for the same time period of 7.5%, but are much higher than 2008 averages of 3.1% for Garfield County and 3.3% for Pitkin County.

Transportation and Services

State Highway 82 is the only major arterial in the region, which originates at Interstate-70 in Glenwood Springs and travels southeast for about 42 miles to Aspen. The road continues east for another forty miles to its terminus at U.S. Highway 24, but must traverse Independence Pass via a narrow route that is closed during the winter season. A network of paved and gravel county roads provide secondary access, but the highway corridor is heavily traveled and very congested. The Aspen Regional Airport can accommodate commercial jet service, and offers direct flights from major national cities during the winter and summer seasons. Glenwood Springs features regional shopping centers, including several national big-box stores, with mostly neighborhood services down-valley in Carbondale, El Jebel, Basalt, Snowmass, and Aspen. The area has two daily newspapers, state-of-the-art hospitals, and satellite campus for Colorado Mountain College.

AREA AND MARKET ANALYSIS

Land Use and Development Trends

Pitkin County has the most stringent zoning and land use regulations for the State of Colorado, with a Growth Management Quota System (GMQS) that limits the amount and timing of new residential housing. Since less than 10% of the total acreage within Pitkin County is privately owned, the supply of land that is available for residential development is extremely limited. These factors combine to make Aspen and Pitkin County one of the most expensive real estate markets in the country, which primarily caters to wealthy individuals and international buyers. Garfield County offers much more affordable housing prices and caters to the working class, with flexible land use regulations that generally allow much higher densities than Pitkin County. Private property is concentrated along the highway corridor between Glenwood and Aspen, with the narrow valley floor surrounded by mountain ranges in the White River National Forest. Most residential housing and commercial facilities are located within incorporated areas, and the highest density is found at ski area base villages (such as condominium and timeshare projects). The remainder of the valley is rural in nature, and features working ranches, rural homesites, large-lot subdivisions, and ample public land (most of which is managed by the BLM or USFS). While Pitkin County has an established public open space/trails/parks program, a tax proposal to create a similar program in Garfield County was not approved by local voters in November 2012.

Recreational Opportunities

The scenic Roaring Fork Valley offers four seasons of recreational opportunities, including golf, fishing, boating, camping, hunting, hiking, cycling, alpine and Nordic skiing, and snowshoeing. The Crystal River and Fryingpan River are major tributaries of the Roaring Fork River, and Reudi Reservoir (located upstream of Basalt on the Fryingpan River) is a popular recreation area. Glenwood Springs features natural hot springs, commercial cavern tours, and whitewater rafting. The White River National Forest mostly surrounds Aspen, including the Hunter Fryingpan, Collegiate Peaks, and Maroon Bells Snowmass Wilderness Areas. Glenwood Springs is situated south of the Flat Tops Wilderness Area, with large blocks of BLM land found near the city limits and at Carbondale. The Rio Grande Trail is a former railroad corridor that was acquired by local government, and this mostly paved and public hiking/biking path links Glenwood with Aspen.

Carbondale and Crystal River Valley

The subject neighborhood is considered to be the area surrounding the Town of Carbondale, which is located along the Roaring Fork River at State Highways 82 and 133. Carbondale has about 6,400 residents and is a bedroom community for nearby Glenwood Springs (located twelve miles northwest) and the wealthy up-valley community of Aspen (about thirty miles southeast). Mount Sopris provides a prominent natural landmark, as it is a few miles south of Carbondale. Most rural residential housing is concentrated in the Missouri Heights area, which is located north of the highway along the drainage of Cattle Creek. Single-family subdivisions with two to ten acre homesites include Callicotte Ranch, Hawk Ridge, Ten Peaks Mesa, Aspen Mesa Estates, Red Table Acres, High Aspen Ranch, Spring Park Ranch, Spring Park Meadows, and Spring Park Mesa. The Crystal River Valley is located south of Carbondale, along the Crystal River and Highway 133 corridor, and extends for about thirty miles to the towns of Redstone and Marble. The neighborhood is transitioning from agriculture to a bedroom community for local residents, and many historic working cattle ranches have been acquired by developers for rural subdivision. Rogers, Bailey, Wexner, Considine, Nieslanik, Fales, and Turnbull operate large ranches in the neighborhood, with much of their land protected into perpetuity from future development via conservation easements that are held by Aspen Valley Land Trust (AVLT) and/or Pitkin County.

AREA AND MARKET ANALYSIS

Real Estate Market Conditions

The local real estate market comprises both Garfield and Pitkin Counties, with recent sale price and volume trends summarized as follows (the data source is Land Title Guarantee Company):

Garfield County	2007	2008	2009	2010	2011	Jan - Sep 2012
Total Dollar Volume Sold	\$1,222,625,600	\$723,167,700	\$236,164,550	\$248,877,800	\$279,072,600	\$272,336,988
Number of Transactions	2,805	1,560	631	699	921	884
Average Overall Sale Price	\$435,874	\$463,569	\$374,270	\$356,048	\$303,010	\$308,074
Average Single-Family Price	\$455,769	\$448,167	\$414,627	\$387,630	\$311,271	\$336,429
Median Single-Family Price	\$362,000	\$372,000	\$339,900	\$297,500	\$225,000	\$225,000
Carbondale Average SF Price	\$820,949	\$879,579	\$730,390	\$766,851	\$644,376	\$565,146

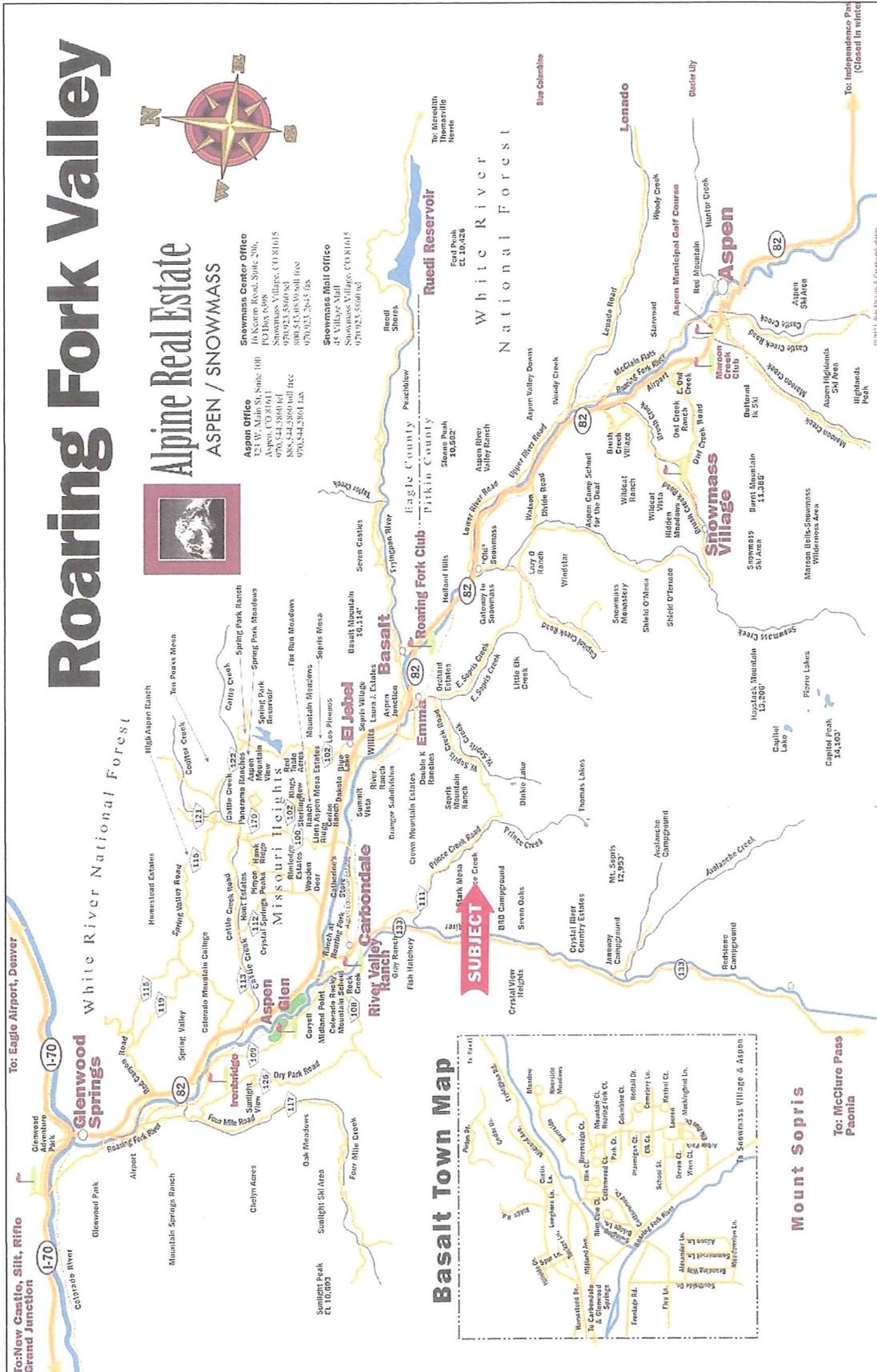
Pitkin County	2007	2008	2009	2010	2011	Jan - Sep 2012
Total Dollar Volume	\$2,515,295,672	\$1,365,742,938	\$1,072,548,228	\$1,262,919,589	\$1,269,446,586	\$1,010,257,240
Number Transactions	1,379	828	702	689	756	517
Average Overall Price	\$1,824,000	\$1,649,448	\$1,527,846	\$1,832,975	\$1,679,162	\$1,954,076
Average SF Price	\$4,648,584	\$5,118,572	\$4,902,989	\$4,341,199	\$4,108,658	\$4,052,664
Median SF Price	\$3,551,000	\$4,100,000	\$3,153,088	\$3,175,000	\$2,787,500	\$2,675,000

While the local market experienced major growth during the boom period of 2006 through 2008, both counties have been adversely impacted during the past four years by the Great Recession. Total dollar volume for all types of real estate sold in Garfield County averaged \$255 million during 2009, 2010, and 2011. While annualized volume for the first nine months of 2012 is 42% higher at \$363 million, this is only 50% of the total from 2008 and 30% of the 2007 volume. The total number of transactions for 2011 is 67% less than 2007. Single-family home prices in Garfield County decreased by 26% (average) and 38% (median) from 2007 to year-to-date 2012. In regards to Pitkin County, total volume averaged \$1.30 billion during 2009, 2010, and 2011, with 2012 on a similar pace at an annualized volume of \$1.35 billion (but only at 54% of 2007). The total number of transactions for 2011 is 45% less than 2007. Single-family home prices in Pitkin County decreased by 13% (average) and 25% (median) from 2007 to year-to-date 2012. In regards to the Carbondale submarket of Garfield County, the average single-family home price as of September 2012 is 67% higher than the countywide average, but 31% less than 2007. The lack of affordable housing is a major issue for the region, as most of the labor force in Pitkin County commutes from Garfield County due to much higher (but more stable) residential prices. According to a local expert, portions of Eagle, Garfield, and Pitkin Counties that comprise the Roaring Fork Valley witnessed 475 total foreclosure filings during 2010, which is 16% higher than 408 filings in 2010. While the pace is slowing, with 288 filings through September 2012, the prevalence of foreclosure activity since the boom continues to adversely impact sale prices. Residential construction is slowly rebounding at levels that are much lower than 2007 or 2008.

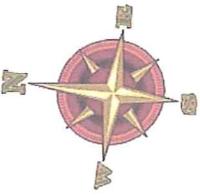
Regional Summary

In conclusion, the subject is located in the Roaring Fork Valley of Garfield and Pitkin Counties. State Highway 82 traverses the Roaring Fork Valley as it links Glenwood Springs with Aspen, and Carbondale has become a down-valley community that generally caters to the working class. Local real estate market conditions are stabilizing, but still much weaker than the boom period, with much higher overall and residential prices in Pitkin County than Garfield County.

AREA MAP



Roaring Fork Valley



Alpine Real Estate
 ASPEN / SNOWMASS

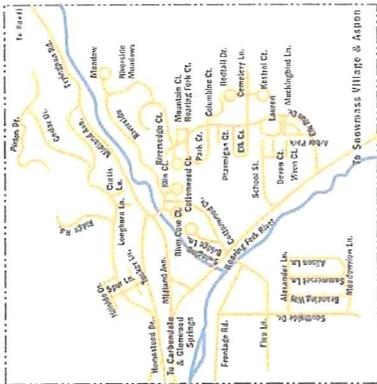
Aspen Office
 323 W. Main St., Suite 100
 Aspen, CO 81601
 970.923.5860 cell
 970.923.2843 fax

Snowmass Center Office
 1011 E. Spruce, 206
 Snowmass Village, CO 81615
 970.923.5860 cell
 970.923.2843 fax

Snowmass Mall Office
 48 Village Mall
 Snowmass Village, CO 81615
 970.923.5860 cell



Basalt Town Map



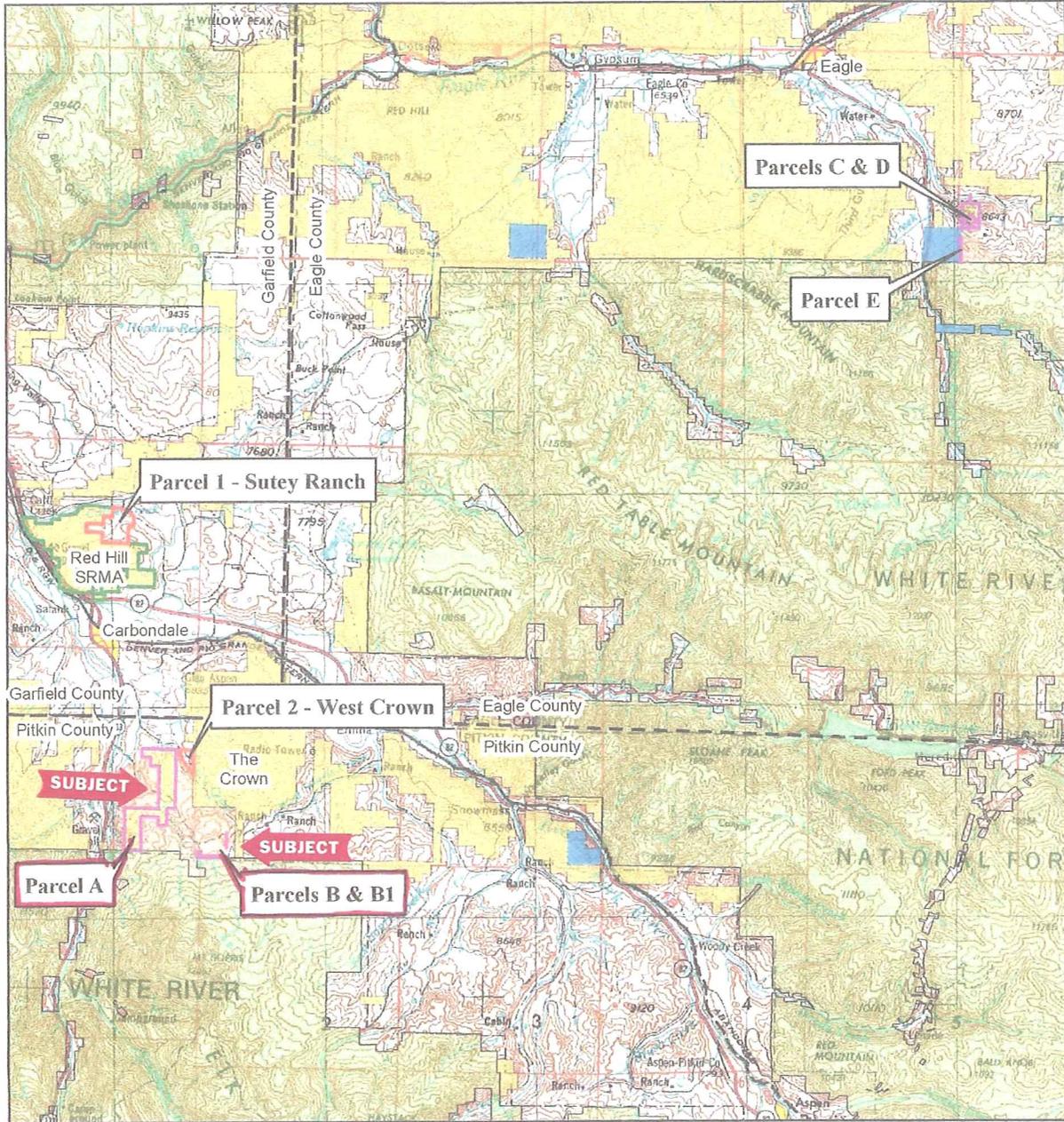
Mount Sopris

To: McClure Pass
 Paonia

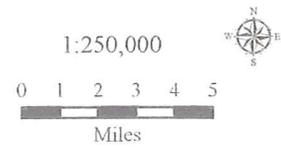
LOCATION MAP

Sutey Ranch Land Exchange

Vicinity Map
Eagle, Garfield, and Pitkin Counties, Colorado



- | | |
|--------------------------------|---------------------------|
| Non-Federal Parcels | BLM |
| Federal Parcels | National Forest |
| Two Shoes & Lady Belle Ranches | Colorado State Land Board |
| Red Hill Special Rec Mgt Area | County Boundaries |



PROPERTY DATA

The subject Pitkin BLM Parcels comprises 1,269.37 total acres of federally owned land in three non-contiguous tracts, which are situated three miles southeast of the town limits of Carbondale, in the northwest portion of unincorporated Pitkin County, Colorado. The subject property is situated west of Prince Creek Road, and is vacant land with no existing building improvements.

Size and Description

Parcel A contains 1,240.00 acres in an irregular holding that is one-quarter to one-half mile wide and three miles long. It is legally described as portions of Sections 23, 24, 25, 26, 35, and 36, in Township 8 North and Range 88 West. Parcel B is a 28.37-acre tract with a long and narrow ("L") shape, and is about 180 to 900 feet wide and 4,560 feet long. Parcel B-1 is a 1.00-acre strip of land with estimated dimensions of sixteen feet by 2,700 feet. Both of these parcels are legally described as lots and tracts in Section 31, of Township 8 North and Range 87 West. The center of Parcel A is bisected by Thomas Creek, an intermittent drainage that runs dry by late summer, and the southern portion is traversed by Potato Bill Creek, a year-round drainage that carves a steep gorge before it flows west into the Crystal River. The center of Parcel B is bisected by Prince Creek and Thomas Creek as they exit the national forest, while Parcel B-1 is traversed by a seasonal stream that is a tributary of Prince Creek. Each subject parcel contains live water, but these small streams are not enhanced fisheries and there is no irrigated acreage. There are adequate buildable areas, but Parcel A has a mostly steep and rugged topography with average elevations of 6,900 to 8,000 feet above sea level. Significant very steep slopes exist (greater than 30%) that are not buildable under local regulations. Parcel B and B-1 have rolling to moderate topography, with an average elevation of about 8,400 and 8,600 feet, respectively. Vegetation is primarily sagebrush, oakbrush, pinyon, juniper, and cedar, and each subject parcel provides adequate forage for seasonal cattle grazing (via BLM allotments). The subject provides valuable wildlife habitat, is winter and summer range for elk and mule deer (with good hunting on-site), and is not believed to contain any threatened or endangered species. The parcels have a high risk of wildfire, some unstable soils (such as shale) along steeper slopes, and riparian areas. Parcel A is mostly surrounded by the Two Shoes Ranch (an assemblage of Crystal Island Ranch and the Bane Tracts), with rural homesites to the north and northeast (including the Prince Creek Village subdivision). Parcels B and B-1 are mostly surrounded by Two Shoes Ranch, although the southern boundary of Parcel B is formed by public lands in the White River National Forest. Views are rated as good, with the natural landmark of Mount Sopris highly visible looking south.

Soil Conditions

I was not provided with a soil report or geotechnical study for the subject property, but my analysis assumes underlying soils are typical for the area. While I did not observe any adverse conditions at the subject parcels during my physical inspection, steep slopes and/or unstable soils that may be prone to erosion likely exist at portions of the site. However, I cannot warranty the soil or geotechnical conditions, and further certification by an expert in this field is advised.

Environmental Hazards

I was not provided with an environmental study (Phase I or II) for the subject property. Adjacent land uses do not appear to have the potential to cause soil or groundwater contamination, and my physical inspection did not reveal any unusual signs of environmentally hazardous materials or conditions. My analysis assumes the subject parcels are free and clear of environmental issues that would have an adverse impact on value, but further certification by an expert is advised.

PROPERTY DATA

Access and Roadways

The subject is located west of County Road 111 (a/k/a Prince Creek Road), which is the closest public road but does not border any of the parcels (within several hundred feet of the northeast corner of Parcel A). Prince Creek Road originates in Garfield County at State Highway 133, and is paved with winter maintenance for the first three miles. It enters Pitkin County after a distance of one mile from the highway, but is only plowed during the winter by Garfield County to the Prince Creek Village subdivision (per agreement between the counties). It becomes gravel and dirt surface as it travels southeast along Prince Creek, skirts the south side of The Crown, and turns northeast as it follows Sopris Creek to eventually connect with State Highway 82 at Emma. While each parcel has seasonal vehicular access from private roads within Two Shoes Ranch, they are controlled by the proponent and the general public is granted no legal rights to use them. I am not aware of any prescriptive access easements to the parcels across adjacent private land, and Parcel B-1 is completely surrounded by Two Shoes Ranch, with no legal pedestrian access. Parcels A and B physically have non-motorized pedestrian (foot or horse) access from a network of hiking/game trails that traverse Federal land to the south in the White River National Forest. The closest trailhead is located several miles to the southwest (near State Highway 133), with an estimated round-trip hike of fourteen miles required to reach the northeast corner of Parcel A. An almost vertical cliff near the southern boundary of Parcel A (a/k/a the "Lion's Mane" above Potato Bill Creek) makes ingress/egress via foot or horseback in this vicinity quite challenging. However, the U.S. Forest Service decommissioned official trails that provided ingress/egress to Parcel A in 2011 (per the updated Travel Management Plan), which removed prior legal access. A written agreement dated January 27, 2009 between Two Shoes Ranch and certain landowners in the Prince Creek Subdivision granted a recreational easement to allow continued legal access and use of the northern portion of Parcel A, which is limited to foot travel and prohibits hunting. The agreement is only effective if the proposed land exchange is completed (and requires support from the landowners), with consideration of \$75,000 to augment the subdivision's water system. Based on the foregoing, the proponent can provide vehicular access to each subject parcel from private roads. However, the general public only has legal and physical access to Parcels A and B from unauthorized pedestrian trails on adjacent Federal land, via a long hike across steep terrain.

Utilities and Drainage

The subject is located outside of municipal water and sewer service boundaries for incorporated communities in the area. However, rural homesites in the neighborhood often utilize individual septic disposal systems for sanitary sewer and domestic wells for potable water. Although private wet utilities have not been installed at the parcels, this is a viable option for the subject. Electric service in the neighborhood is provided by Holy Cross Electrical Association, telephone by Century Link, and natural gas by Atmos Energy. Electric/telephone service is available to the northern boundary of Parcel A from the adjacent Prince Creek Subdivision, which could be used for rural residential homesites. However, Parcels B and B-1 are some distance from dry utilities. Another option is to construct rustic dwellings (such as a cabin or yurt) that are "of-the-grid". This type of facility often has no plumbing or electric service, and usually relies on a well or springs, a pit toilet, portable generators or solar panels, and perhaps propane gas storage tanks. Garfield and Pitkin Counties provide police and fire protection for the immediate neighborhood. The subject receives moderate snowfall, with some runoff during spring snowmelt. However, the property appears to have adequate surface drainage and ample uplands for rural homesites.

PROPERTY DATA

Reservations and Encumbrances

The property is appraised subject to reservations that were discussed in a preceding section of this report, and were listed in the Statement of Work. They include right-of-way for ditches and canals constructed by the authority of the United States of America, as well as grazing permits on adjacent Federal land that are held by the proponent. In particular, Parcel A has been leased for years to Tom Turnbull via two allotments (i.e., Thomas Creek and Potato Bill for 80 AUMs). Both of these permits expire on December 31 2012, but are renewable for another ten-year term as long as the holder continues to own the "base property" (a/k/a Two Shoes Ranch), and grazes cattle in compliance with BLM regulations. Thus, the proponent effectively controls agricultural use of Parcel A by virtue of renewable grazing permits. Based on the foregoing, my analysis assumes there are no reservations or encumbrances at the property that adversely impact value.

Water and Mineral Rights

The subject reportedly has no adjudicated water rights that would be included in the conveyance. I reviewed a mineral report for the Federal parcels only in the Sutey Ranch BLM Land Exchange that was prepared on December 20, 2012 by the United States Department of the Interior (BLM). According to this document, Parcels A, B, and B-1 have a low resource occurrence potential for locatable minerals, and no retention of locatable minerals at the subject is recommended. All of the Federal parcels in the exchange have low potential for occurrence of leasable minerals (i.e., coal, oil, and gas), and low development potential for saleable minerals (i.e., sand, gravel, etc.). The geologist recommends that the land exchange be completed for both the surface and mineral estates, as there are no known mineral resources at the subject property with commercial value.

Assessment and Taxes

My analysis assumes the subject is exempt from county assessment for taxation purposes, as it is federally owned by the United States of America, and thus not burdened by local property taxes. The subject property is not currently identified by the Pitkin County Assessor, as they do not assign parcel or account numbers for public land that is owned by the United States of America. According to the Pitkin County Assessor, the subject property would be valued as agricultural land if it was in private ownership, based on the lack of access and history of seasonal grazing. Similar lands in the taxing district only have a current actual value of \$6.00 to \$54.00 per acre, with the subject likely assessed at the lower end of the spectrum. I note these actual values are based on a statewide formula for agricultural use, as opposed to comparable sales in the market.

Sales, Rental, and Use History

The subject parcels have been federally owned by the United States of America for many years, and are managed by the BLM. There have been no transfers of ownership of the subject parcels during the past ten years, and they are not currently listed for sale or under contract to purchase. The proponent has historically used the subject for seasonal cattle grazing (in conjunction with BLM permits) and limited private recreation during the past ten years. Little public recreation (primarily hiking and hunting) has occurred at Parcel A due to its challenging pedestrian access.

PROPERTY DATA

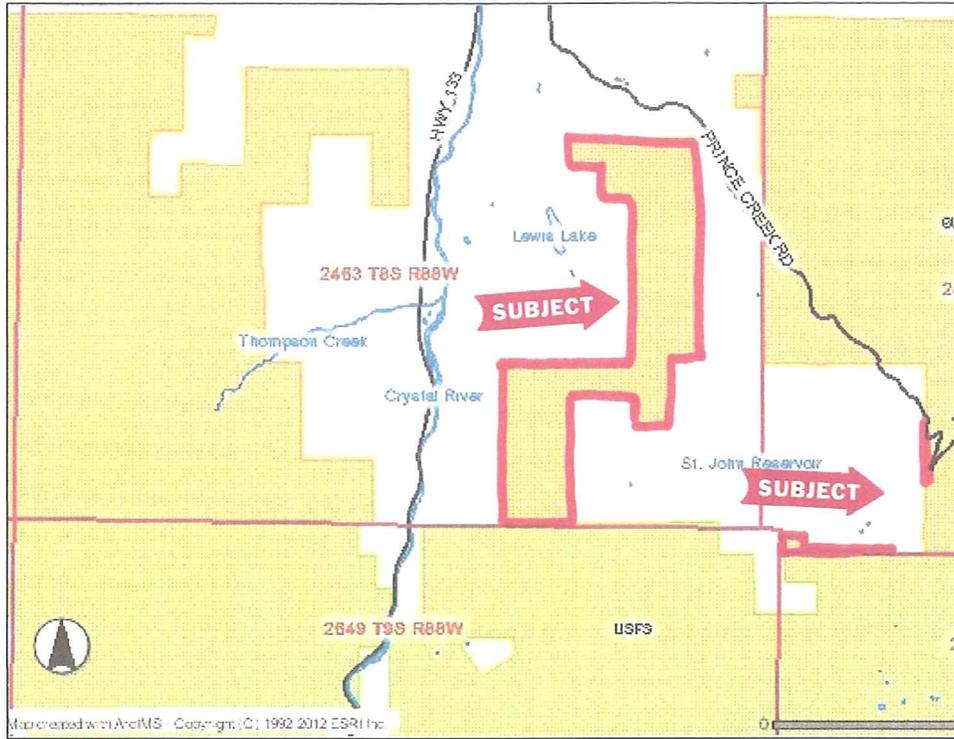
Zoning and Land Use

The reader is encouraged to review a Zoning Letter for the subject property that was prepared by Davis Horn, Inc (local land planners/consultants), which is presented at the end of this section. The subject property is currently zoned RS-30 (Resource - 30 Acre) by Pitkin County, which is also the most likely designation if the parcels were already in private ownership. The intent is to protect natural resources and agriculture while allowing for some very low density development. Allowed uses by right include ranching, farming, single-family dwellings, accessory structures, farm buildings, trails, silviculture, horse boarding, bed-and-breakfasts, bus stops, home day care, minor public utilities, home occupation, and camping areas. Conditional uses that require special review include kennels/veterinary clinics, logging, mineral extraction, religious institutions, cemeteries, campgrounds, major public utilities, Nordic ski areas, parks/playgrounds, guest ranches, conference centers, building materials/landscaping sales, commercial recreation, and caretaker dwelling units. Most types of commercial, industrial, and multi-family uses are strictly prohibited in the RS-30 zone district. Pitkin County has currently adopted a minimum lot area for subdivision purposes in the RS-30 district of thirty acres. Only one single-family dwelling unit is permitted per buildable lot, with a maximum allowable floor area of 15,000 square feet. The vested maximum floor area of 5,750 square feet can be increased by the use and/or purchase of TDRs (i.e., 2,500 square feet per each TDR) to the maximum allowed of 15,000 square feet. The required setbacks are fifty feet from the front property line, thirty feet from side and rear lines, as well as 100 feet from any highway and the high water line of river and stream corridors. While the subject parcels were created prior to January 10, 2000, each is federally owned and thus not eligible for residential exemptions to the Growth Management Quota System (GMQS). Therefore, the subject has no allotments that would allow the parcels to be developed with one single-family dwelling unit, and each would have to compete in the GMQS to obtain such rights. The subject is within the jurisdiction of the Crystal River Valley Master Plan Area, a very large area that encompasses several thousand acres of private land. As the land planner states, growth is highly regulated, and many other potential applicants exist that would compete for allotments. Development of each parcel would also require a 1041 Hazard Review to identify potentially "Constrained Areas", such as lack of direct access to a public (county) road, wildfire hazards, steep and unstable slopes, potential wetlands, as well as critical wildlife habitat for elk and deer.

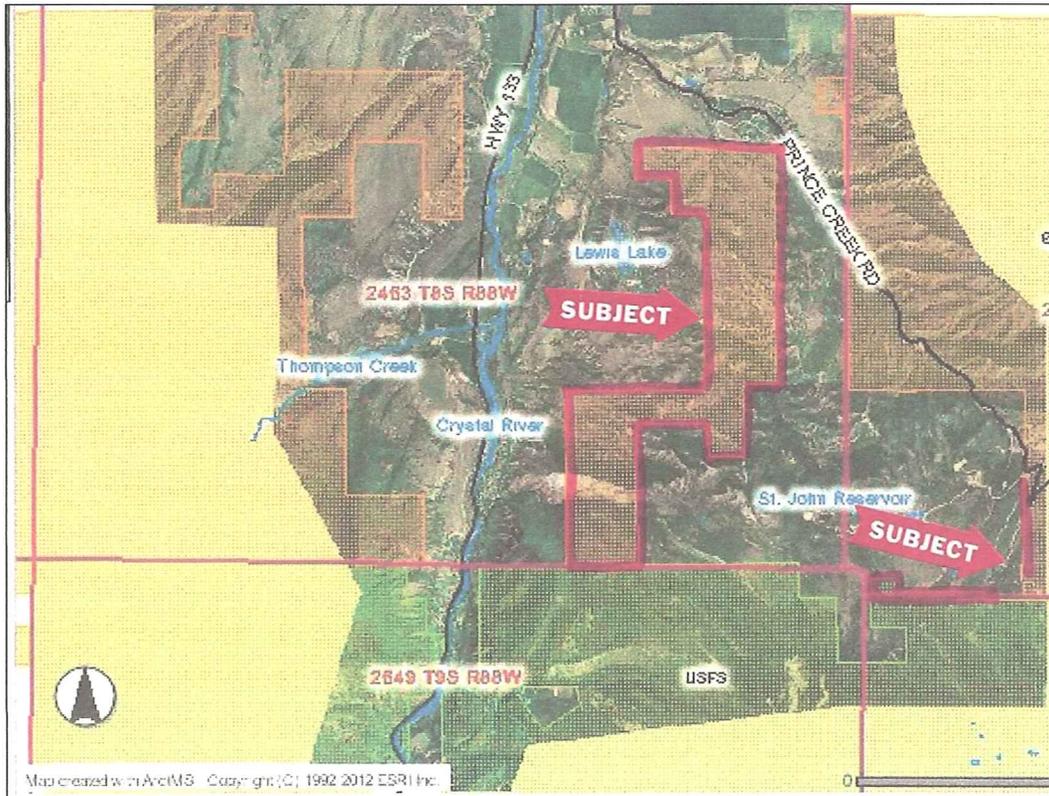
Property Data Summary

The subject of this appraisal is the Pitkin BLM Parcels, which are identified as Federal Parcels A, B, and B-1 for the proposed Sutey Ranch BLM Land Exchange. It comprises 1,269.37 acres of vacant land that is federally owned by the United States of America (and managed by BLM). The property is located three miles southeast of State Highway 133 and the Town of Carbondale, within the jurisdiction of Pitkin County, Colorado. However, the parcels lack vehicular access from any public road, as private roadways that traverse the land are controlled by the proponent. Thus, Parcels A and B have pedestrian (foot/horse) access only from the adjacent White River National Forest, while Parcel B-1 is completely surrounded by private land with no legal access. Dry utilities are only available to Parcel A, and the subject lacks a major live water amenity, water rights, or any irrigated acreage. Each parcel is currently zoned RS-30 by Pitkin County (also the assumed zoning if in private ownership), which permits rural residential development at a minimum lot size of thirty acres. However, the subject would have to compete in the GMQS to obtain allotments for resident homesites, as none are granted to Federal lands in Pitkin County. Please refer to the Assessor Parcel Maps, Aerial Map, Surrounding Properties Map, Topographic Map, Zoning Map, and Zoning/Land Use Letter on the following pages for visual edification.

LARGE-SCALE PARCEL MAP



AERIAL MAP



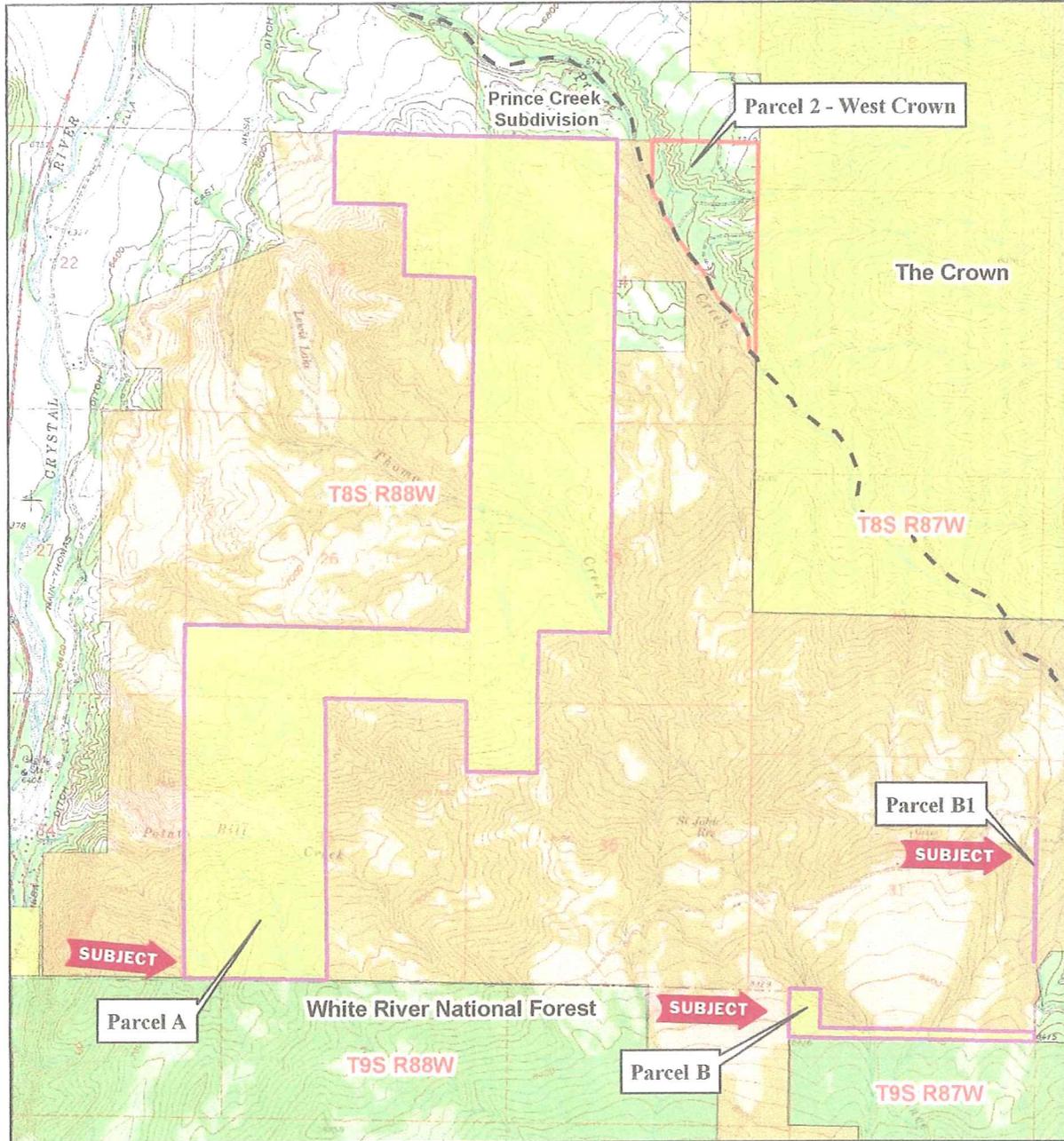
SURROUNDING PROPERTIES MAP

Sutey Ranch Land Exchange

Parcel 2 - West Crown

Parcels A, B, and B1

T. 8 S., R. 87 & 88 W., Sixth Principal Meridian, Pitkin County, Colorado



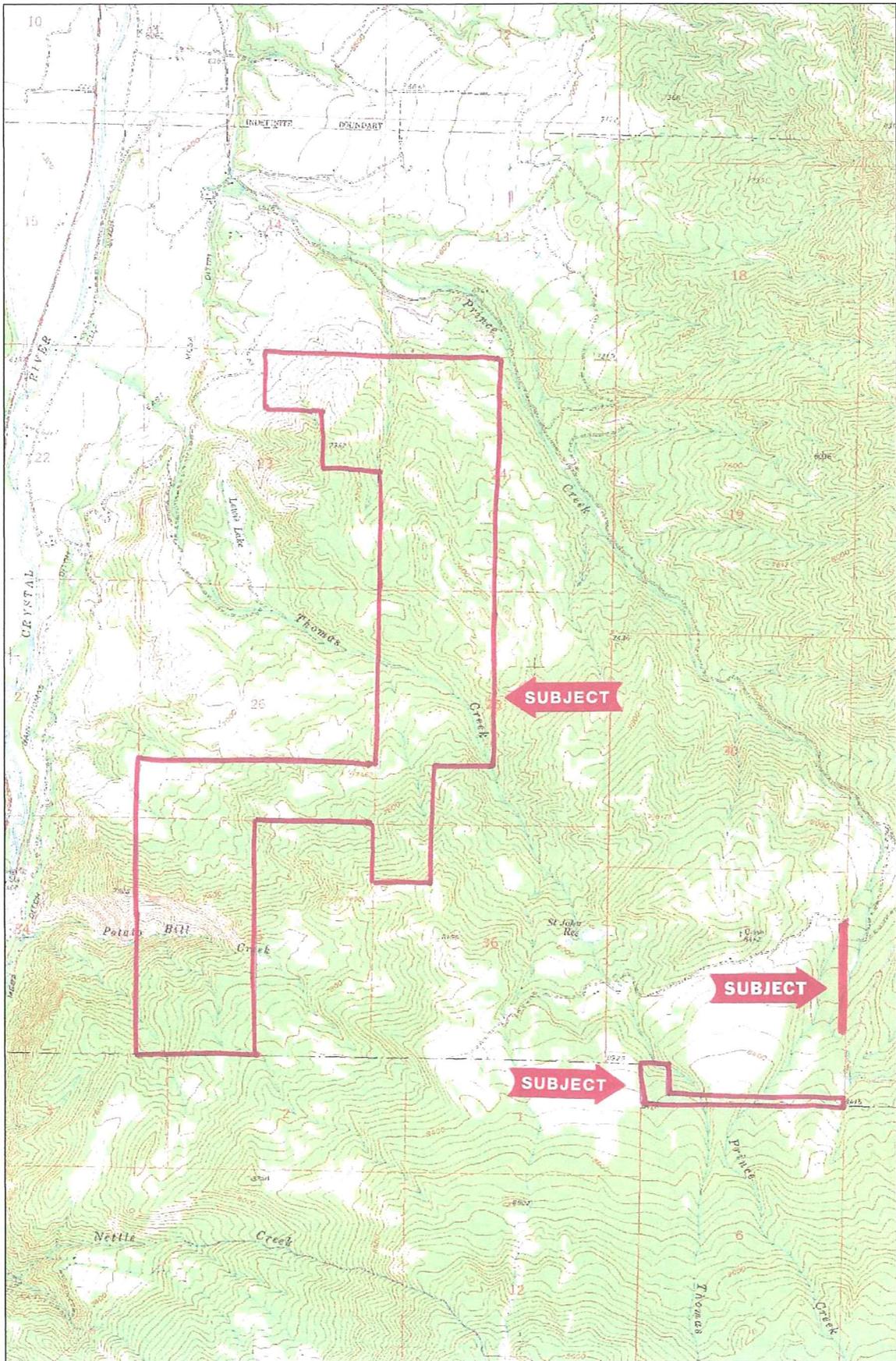
Non-Federal Parcels	BLM	Prince Creek Road
Federal Parcels	National Forest	
Two Shoes Ranch	Private	

1:30,000

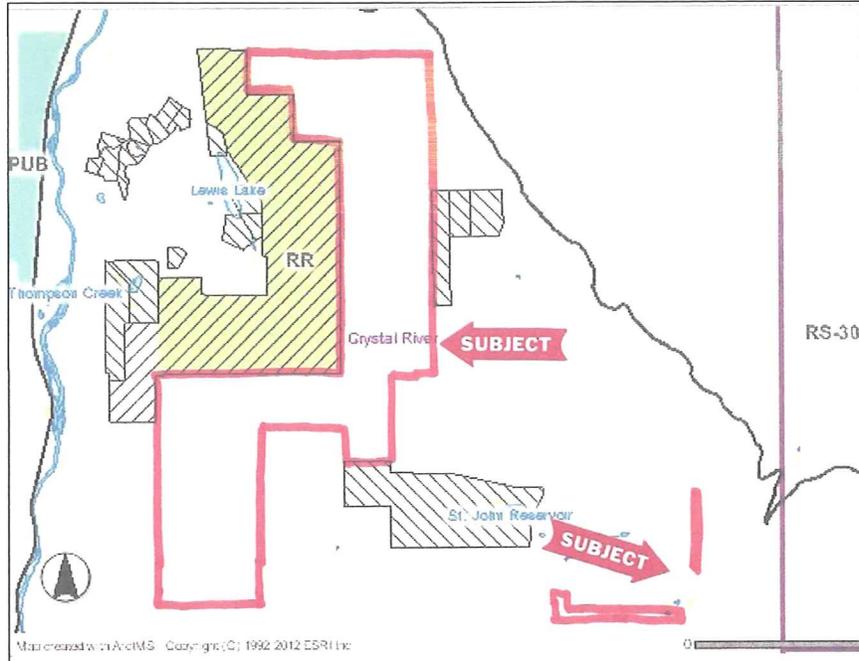
0 0.25 0.5 1

Miles

TOPOGRAPHIC MAP



ZONING MAP



	AC/REC-2 Accommodation/Recreation 2 acres
	AH Affordable Housing
	AH/PUD Affordable Housing/PUD
	AR-10 Agricultural/Residential - 10 acres
	AR-2 Agricultural/Residential - 2 acres
	B-1 Rural Business
	B-2 Business
	BASALT
	I Industrial
	LIR-35 Low Impact Residential - 35 acres
	MHP Mobile Home Park
	PUB Public
	R-15 Moderate Density Residential
	R-15A Moderate Density Residential
	R-30 Suburban Density Residential
	RR Rural Remote
	RS-160 Resource 160 Acre
	RS-20 Resource 20 Acre
	RS-30 Resource 30 Acre
	RS-35 Resource 35 Acre
	SKI-REC Ski Recreation
	T Tourist
	TOSV
	TR-1 Transitional Residential 1
	TR-2 Transitional Residential 2
	U Unclassified
	VC Village Commercial
	VR Village Residential

Davis Horn Inc.
PLANNING & REAL ESTATE CONSULTING

November 1, 2010

Kevin A. Chandler
Chandler Consulting
P.O. Box 774685
Steamboat Springs, Colorado 80477

Re: BLM Parcel Adjacent to the Crystal Island Ranch, Pitkin County Colorado

Dear Kevin:

As you requested, this letter evaluates the options for the potential development of the captioned parcel. The parcel contains approximately 1,240 acres. Zoning regulations, the residential Growth Management Quota System (GMQS) and finally GMQS Exemptions are addressed below.

Large portions of the land are encumbered with steep slopes in excess of 30 percent and critical deer and elk habitat. There is no access to the property from a County road. The steep slopes, critical wildlife habitat and lack of access are significant development constraints which make site development of the subject parcel very unlikely.

Privately owned lots in the Crystal River Valley which were created prior to January 10, 2000 qualify for a residential GMQS Exemption to develop one single family house. However, Section 6-30-90 (a)(7) states that lands owned or controlled by a government entity that are transferred to private ownership do not qualify for an GMQS Exemption to develop even one single family dwelling unit.

Zoning Regulations

The property is zoned RS-30 (Resource – 30 acre). One residential dwelling unit per 30 acres of land may be developed in the zone subject to compliance with other standards in the Land Use Code.

- Minimum Lot Area – The minimum lot size in the RS-30 zone is 30 acres.

ZONING/LAND USE LETTER (page two of three)

- Permitted Uses -- A single family dwelling unit is a permitted use in the RS-30 zone district. Accessory agricultural uses such as barns are also permitted in the zone.
- Floor Area -- The gross allowable floor area in the zone district is 15,000 square feet. The allowable floor area for a lot subdivided from the parcel is determined if an allotment is obtained in the residential Growth Management Quota System (GMQS). The residential GMQS is discussed in the next section. If a lot contains more than 20 acres of land in the zone, a barn may be developed as an accessory use to a residence. Barn size is limited to 58 square feet per acre of the lot. Parcels larger than 160 acres have no barn size limitations.

Residential Growth Management Quota System (GMQS)

The subject site may compete in the residential GMQS to obtain development allotments. The residential GMQS is designed to regulate the pace of growth by establishing a development quota in four districts within Pitkin County. The subject site is located in the Crystal River Valley GMQS District. The Crystal River District encompasses the entire Crystal River Valley from Carbondale to the top of McClure Pass and all of the minor tributary drainages to the Crystal River Valley.

The annual quota in the Crystal River Valley GMQS District is 10,000 square feet of floor area per year. A land use application must exceed the minimum scoring threshold and score higher than competing applications in order to obtain a floor area allotment. Typically, winning land use applications reduce zoned density by approximately 60 percent. Since the property is zoned for a maximum of 41 dwelling units, possibly 16 dwelling units could be approved after many years of competition. If one assumes a house size of 5,000 square feet of floor area, it would take at least eight years of competition to develop sixteen 5,000 square foot houses on the site. Given, the critical deer and elk habitat on the land and the lack of access it would be difficult to impossible to win the residential GMQS competition. There would have to be access to a County Road to even submit any land use application let alone win the GMQS competition.

Residential GMQS Exemptions

As indicated in the introduction to this letter, the subject site does not qualify for Pitkin County's most common residential GMQS Exemption which is the right to develop one single family dwelling unit in the Crystal River Valley on a parcel created prior to January 10, 2000. Currently, the site may not be developed without obtaining residential GMQS allotments.

If the subject site qualified for a GMQS Exemption then it would be possible to apply for a Limited Development Conservation Site approval or for designation as a Constrained Lot. The Board of County Commissioner's may award valuable TDR certificates which may be sold to Limited Development Parcels or Constrained lots. However, since the

ZONING/LAND USE LETTER (page three of three)

subject site is a lot owned by a government entity, it does not qualify for either of these Exemptions.

The property owner could apply for a Large Lot (500 + acre parcel) residential GMQS Exemption. Each parcel would be entitled to a house which may contain as much as 15,000 square feet of floor area. Each lot would have to be restricted against any further development. The influential Crystal River Caucus favors smaller houses and would likely oppose houses comprised of 15,000 square feet of floor area.

Summary

This letter addresses the development options for a 1,240 acre BLM parcel which is located adjacent to Crystal Island Ranch in rural Pitkin County. The property has very limited development potential given severe development constraints, no access to a County road and the lack of eligibility for a residential GMQS Exemption to build even one house. Given, the development constraints of the property it would be very difficult to successfully compete and prevail in the residential GMQS process. The applicable sections of the Pitkin County Land Use Code are addressed in this letter.

Sincerely,

DAVIS HORN INCORPORATED

A handwritten signature in black ink, appearing to read 'G. Horn', with a long horizontal flourish extending to the right.

GLENN HORN AICP

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined for this assignment by The Dictionary of Real Estate Appraisal 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 the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”. The highest and best use conclusion must be clearly supported by market evidence, with the burden of proof on the appraiser if this differs from the existing use of the subject property. Sale or exchange to the United States of America or a public entity is not acceptable, and a “non-economic” highest and best use (such as conservation, natural lands, or preservation) is not valid. Current market conditions and existing zoning are analyzed, and the reasonable probability of a change in zoning must have a factual foundation (market value cannot be predicated upon potential uses that are speculative or conjectural). Since the subject property is vacant land with no existing building improvements, only the highest and best use as if vacant is relevant (i.e., not as improved).

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 zoned RS-30 by Pitkin County, with a minimum buildable lot size of thirty acres for rural residential homesites. This is also the assumed zoning designation for the Federal land if it was in private ownership. Since Parcel A comprises 1,240.00 acres, it could be subdivided into as many as 41 homesites. Parcel B is barely non-conforming in size at 28.37 acres, and may qualify as one residential lot that could not be further subdivided. Parcel B-1 is likely not a buildable lot at only 1.00 acres. However, Pitkin County land use regulations stipulate that Federal lands which come into private ownership are not eligible for a GMQS exemption, and thus have no vested development rights. This means each parcel would have to compete in the GMQS process to obtain development allotments, with an annual ceiling available in the Crystal River Area of only 10,000 square feet. Moreover, growth is highly regulated, with many other potential applicants in the planning area. Due to the lack of vehicular access and physical constraints, it is highly unlikely that any of the parcels would prevail in the GMQS process. Since successful applications typically reduce zoning density by approximately 60%, the land planner suggests that sixteen dwelling units may be approved after many years of competition in the GMQS (with no guarantee of any success). Regardless, rural residential development, agriculture, and/or recreation are legally permissible.

Physically Possible uses are determined by location and physical characteristics. As detailed in the Property Data section of this report, Parcels A and B have the appropriate location, size, and physical characteristics for rural residential development, agriculture, and mountain recreation. The Pitkin BLM Parcels enjoy a good location near Carbondale, in the heart of the Roaring Fork Valley and within the desirable Crystal River Valley neighborhood. Although not as prestigious as Aspen or Snowmass, Carbondale is a bedroom community that is in close proximity to services, shopping, schools, Interstate-70, regional airports, golf courses, and major ski resorts. However, the major detriment to rural residential development at each of the subject parcels is the lack of vehicular access to any public road, which is required for a building permit. While the owner could litigate or negotiate with Two Shoes Ranch to obtain an access easement that allows some type of development, this would almost certainly be met with strong opposition, entail considerable risk, and most likely result in a very expensive and time-consuming process. However, the subject features prime wildlife habitat and adjoins the national forest to the south, which makes it suitable for agriculture (cattle grazing) and/or mountain recreation (i.e., camping, hiking, biking, riding, hunting, winter activities, etc.). Forestry (logging) and mining at the subject are not viable uses due to the lack of these natural resources with commercial value. Thus, the lack of vehicular access limits physically possible uses to agriculture and/or recreation.

HIGHEST AND BEST USE ANALYSIS

Financially Feasible uses are based on supply and demand conditions, and generate a positive return on the required investment. Based on current access and zoning/land use, rural residential development is neither legally permissible nor physically possible at any of the subject parcels. According to the Area and Market Data section of this report, the local residential market is not currently in equilibrium, and the supply of available product exceeds demand at the present time. In fact, most proposed or even approved projects have been placed on hold due to insufficient pre-sales and/or financing for vertical construction. Local market participants indicate the Great Recession adversely impacted the area in Fall 2008, and the consensus is that demand for a significant addition to the inventory of residential lots/homes may not be warranted for years. The Carbondale submarket primarily caters to the entry-level buyer or working class, with much more affordable housing prices than up-valley resort towns of Snowmass and Aspen. There are several existing rural subdivisions in the neighborhood, including 35-acre tracts and smaller lots with common infrastructure. Unfortunately, these projects continue to experience difficulty selling finished homesites at prices that justify acquisition/development costs, and most ranches that were acquired at the peak of the market are distressed, listed for sale, or in a holding pattern. Since the local market is not currently in equilibrium, large-scale residential development would not be financially feasible (even if allowed) until warranted by improving market conditions.

Maximally Productive uses generate the highest return to the land at the least risk to the owner. Although rural residential development would generate a higher profit, this is not an option at the subject parcels. Thus, agriculture and/or recreation would be maximally productive, although the nominal income generated from these uses may not justify the required cost of acquisition. The holding is also a prime candidate for acquisition (via land exchange) by the proponent, since Parcel A essentially creates a “land bridge” between the Upper and Lower Two Shoes Ranch. Moreover, they hold exclusive and renewable federal grazing permits on this tract of BLM land, and also control vehicular access to each of the Pitkin BLM Parcels for residential development. Thus, assemblage of the subject property with surrounding private land is a viable option, with Two Shoes Ranch being the most logical buyer (at appraised market value). While the subject parcels could also be encumbered by a perpetual deed of conservation easement to prohibit any future development (which is a component of the proposed land exchange), there would be very little (if any) loss in value from the restrictions since rural residential homesites are not viable.

The highest and best use of the subject property is limited to agriculture and/or recreation due to the lack of vehicular access, as well as assemblage with adjacent land (Two Shoes Ranch).

DETERMINATION OF THE LARGER PARCEL

Essential in the conclusion of highest and best use is the determination of the larger parcel for valuation purposes. By applying the rules from UASLFA, it is possible that two physically separate tracts may constitute a single larger parcel, or conversely, a single physical tract may constitute multiple larger parcels. The three tests that must be considered are unity of ownership, unity of use, and physical contiguity, with the subject property not meeting all of these criteria. While all three parcels have common ownership (United States of America) and the same use (agriculture/recreation), they are separate tracts that do not meet the test of physical contiguity. However, it is my opinion that the same price per acre is applicable to each subject parcel based on the foregoing highest and best use conclusion of agriculture and recreation, as premiums for smaller parcel size are typically attributed to year-round residential homesites (not an option). Moreover, there does not appear to be an active market for the subject as three separate parcels. They would almost certainly be sold together so the most logical buyer (Wexner) could maintain control over the entire holding in order to enhance his privacy and prohibit any development. Based on the foregoing, I conclude that the combined 1,269.37-acre subject property (Federal Parcels A, B, and B-1) comprise a single larger parcel for valuation purposes, which is consistent with market sales data and the appraisal instructions.

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 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 subject site as if vacant, construction and soft costs, an allowance for developer's profit, and 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 competitive market. 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. It is typically the most reliable technique for the appraisal of income-producing property. Market rent and operating expenses are estimated, and consideration is given to the rate of return required by an investor in the prevailing market (i.e., capitalization or discount rate). Net income is established, and then converted to value via the Direct Capitalization process. If the cash flows are expected to vary over time, a discount rate may also be applied to a projected income stream over a reasonable holding period via the Yield Capitalization technique. The Development Approach is a variation of the Income Approach, and utilizes a Discounted Cash Flow (DCF) analysis to estimate the bulks value of subdivided projects with five or more units (i.e., lots, condominiums, or homes).

Reconciliation is the remaining step in the valuation process. The results of each approach are weighted by reliability, and a final value estimate is 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 rural residential properties in the local market on a price per acre basis. The Cost Approach is not applicable since the subject property is currently vacant (bare) land. The Income Capitalization Approach is not necessary for this analysis since the subject parcels do not generate major income from agricultural and/or recreational uses. Moreover, parceling the subject into rural homesites is not consistent with the highest and best use conclusion based on zoning/land use. Thus, the Subdivision Development Approach was not employed for this analysis since this technique is also rather speculative due to the many variables associated with subdivision, and is typically only employed when adequate comparables sales are not available. Because the Sales Comparison Approach was the only technique utilized, it provides the best indication of market value for the subject. Since the combined 1,269.37-acre subject property comprises one larger parcel, it was appraised as a single economic unit in the "as is" condition.

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 competitive market. This 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. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, considering that an alternative property may be purchased for less. The steps employed in the Sales Comparison Approach are as follows:

1. Research the market to obtain information relative to transactions (listings, sales, etc.) of properties similar to the subject.
2. Qualify the data as to financing terms, motivating forces, and bona fide nature.
3. Determine the relevant unit of comparison, such as price per acre or per square foot.
4. Compare the transactions to the subject and make adjustments to the price per unit to account for differences in location, economic, or physical characteristics.
5. Reconcile the value indications from the comparable sales and analytical techniques to conclude to a final value estimate for the subject property.

Selection of Comparable Sales

Based on the foregoing highest and best use conclusion, the subject was valued as one holding of vacant land that lacks adequate access and zoning/land use for rural residential development. The local market was researched for recent sales and current listings of comparable properties, with adequate data available for the valuation analysis (despite only three closings since 2008). My search focused on larger rural tracts, and excluded smaller homesites of forty acres or less. Relevant details for the fourteen most similar transactions are summarized on the following page, and report a very wide price range of \$1,879 to \$45,767 per acre. While most were vacant at the time of closing, one sale had existing improvements with contributory value. In my opinion, only six of these sales are similar enough to warrant direct comparison to the subject property.

Detailed data sheets for these transactions are found on the second following pages, including a parcel map, topographic map, and appraiser photograph. The data is followed by a location map. These six transactions were then compared to the subject parcel on a summary and adjustment grid, which is followed by my narrative analysis and resulting value indication for the property. Please note three sales had far superior access, and warranted significant downward adjustments. The other eight sales that were considered but not utilized as primary comparables are discussed for secondary support, with some explanation given as to why they are not the best transactions.

Confirmation sources include brokers, sellers, buyers, attorneys, lenders, county assessors, as well as MLS. The transactions were confirmed with knowledgeable parties and public records, and each was inspected by the appraiser to the extent possible (sometimes from nearby roads). Please note that the comparable acquired by Pitkin County (Sale One) required extraordinary verification (per Section D-9 of UASFLA) to confirm the price paid was based on market value. My review of comparable property sales with ancillary improvements indicates that the purchase price is almost always attributed to the underlying land only. If it was confirmed that the sale included improvements with contributory value, this indicated amount was deducted from the total sale price to provide an estimate of land value only. The appropriate unit of comparison reflects the actions of typical market participants. Since rural properties in the local market are often priced on the basis of deeded acreage, price per acre was the unit of comparison employed.

SUMMARY OF COMPARABLE SALES CONSIDERED FOR THE ANALYSIS

Grantor (Seller) Grantee (Buyer) Location (County)	Sale Date Sale Price Reception	Improvements Land Area Price Per Acre	Description and Comments
THESE SALES WERE SELECTED AS PRIMARY COMPARABLES FOR THE VALUATION ANALYSIS			
Walter Schoellkopf Pitkin County South of Basalt (Pitkin)	Nov-2010 \$895,000 #574912	None (vacant) 79.47 acres \$11,262 per acre	Acquired for wildlife habitat and public open space Year-round access, adjoins BLM, dry grazing land Purchase price based on appraised market value
Fender Four & Susan Handwerk Middle Ranch, LLC Southeast of Carbondale (Pitkin)	Dec-2007 \$4,250,000 #545214	None (vacant) 350.00 acres \$12,143 per acre	Elkhorn Ranch, adjoins BLM and rural subdivision Limited seasonal access, hay meadows, good views Buyer enhanced access and adjudicated water rights
Strang Family Associates Mark Haynes Southeast of Carbondale (Pitkin)	Oct-2005 \$1,200,000 #516656	None (vacant) 140.00 acres \$8,571 per acre	One vested rural homesite, abuts The Crown (BLM) On Prince Creek Road, private winter maintenance Creek, no water rights or irrigated land, good views
Randall & Jean Smith Jackson Ridge, LLC South of Glenwood (Garfield)	Sep-2006 \$212,000 #706546	None (vacant) 112.83 acres \$1,879 per acre	Acquired by neighbor, three lots, adjoins private Above road, steep slopes, no live water, good views No legal or physical access to nearby county roads
Hundred Acre Wood Prop., LLLP JG Real Property, LLC Northeast of Carbondale (Garfield)	Mar-2006 \$3,000,000 #694254	None (vacant) 1,406.31 acres \$2,133 per acre	Portion of Bar Lazy Y Ranch (a/k/a Upper Parcel) Seasonal access, grazing land, adjoins forest/BLM Lower Parcel (524.56 acres) valued at \$6,000,000
Estate of Rufus Merrill Laurence Crystal River Ranch Company, LLP Northeast of Carbondale (Garfield)	Aug-2005 \$3,100,000 #681905	None (vacant) 1,330.00 acres \$2,331 per acre	Acquired by Crystal River Ranch, adjoins BLM No legal access from rough and private jeep trail Trees, springs, views, access easement after sale
THESE SALES ARE SUPERIOR TO THE SUBJECT AND NOT SELECTED AS PRIMARY COMPARABLES			
Middle Ranch, LLC Deadwood Ranch I & II, LLC Southeast of Carbondale (Pitkin)	Oct-2011 \$6,500,000 #583857 & -63	None (vacant) 385.00 acres \$16,883 per acre	Re-sale of Elkhorn Ranch plus adjacent 35 acres Had year-round access and perfected water rights Approved for three homes/two cabins/outbuildings
Mark Haynes Prince Creek Crown, LLC Southeast of Carbondale (Pitkin)	Nov-2010 \$1,950,000 #575352	None (vacant) 140.00 acres \$13,929 per acre	Re-sale to motivated buyer for BLM land exchange One vested rural homesite, abuts The Crown (BLM) On Prince Creek Road, private winter maintenance
Perry Sopris Ranch Partnership Sopris LLC & Cold Mtn. Ranch LLC South of Carbondale (Garfield & Pitkin)	Nov-2006 \$27,250,000 #711507, et al	None with value 1,180.00 acres \$23,093 per acre	Acquired by three buyers, adjoins the town limits Highway access, water rights, mostly irrigated land Buildings were demolished, Crystal River frontage
R & W Nieslanik Family, LLLP Iron Rose Land & Cattle I, LLC South of Carbondale (Garfield)	Nov-2006 \$4,753,400 #711704	Yes (\$500,000) 129.29 acres \$36,765 per acre	Portion of Jim Nieslanik Ranch, adjoins private Year-round access, irrigated meadows, good views Price includes newer residence in good condition
Oscar & Wilma Cerise TCI Lane Ranch, LLC East of Carbondale (Garfield)	Aug-2006 \$5,000,000 #705845	None with value 109.25 acres \$45,767 per acre	Frontage on Roaring Fork River, adjoins private Access from Highway 82, meadows, water rights Three homesites, older homes/barns had zero value
Nicholas & June Goluba Golden Triangle Holdings, LLC Northeast of Carbondale (Eagle)	Jul-2006 \$3,290,000 #200620025	None (vacant) 161.82 acres \$20,331 per acre	Near Spring Creek Reservoir, adjoins BLM/forest Seasonal access from forest road, very good views Unable to confirm transaction with party to the sale
William Collins, Jr. Bon & Sue Pietrzak, LLC Southwest of Basalt (Pitkin)	Apr-2006 \$1,500,000 #522652	None (vacant) 114.13 acres \$13,143 per acre	Wonderview Farms, two platted lots, adjoins BLM Year-round access, mountain pasture, limited views Vested approval for two homesites (5,750 SF max)
Fender Four. LLP et al Crown Mountain Ranch, LLC Southwest of Basalt (Pitkin)	Nov-2005 \$4,750,000 #517168	None with value 559.86 acres \$8,484 per acre	Crown Mountain Ranch, adjoins BLM on one side Year-round access, creek, irrigated meadow, views Subdivided as four homesites (5,750 SF max each)

COMPARABLE SALE ONE

Property Identification

General Location: Five miles south of Basalt and State Highway 82
Physical Address: TBD East Sopris Creek Road, Basalt, Colorado 81621
Vehicular Access: Direct and year-round from County Road 6
City/County/State: Unincorporated Pitkin/Colorado
Tax Identification: Account #R006908 and Account #R007254
Legal Description: Part of East Half of Section 30, Township 8S, Range 86W

Property Description

Land Area: 79.47 acres (per legal description, 88.47 acres per assessor)
Topography: Mostly steep, some level, elevation of 7,300 to 7,900 feet
Natural Features: Mostly sagebrush hillsides, no live water, average views
Adjacent Land Uses: Public (BLM) to north and east, private to west and south
Water Rights: None (no adjudicated water rights were included in transfer)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), domestic well, dry utilities only to site
Zoning District: RS-30, by Pitkin County (minimum lot size of 30 acres)

Transaction Data

Grantor (seller): Walter H. Schoellkopf
Grantee (buyer): Pitkin County, Colorado
Date of Sale: November 4, 2010
Recording: Reception #574912 (warranty deed)
Sale Price: \$895,000 (\$11,262 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Seller, Buyer, Appraiser, and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

Comments

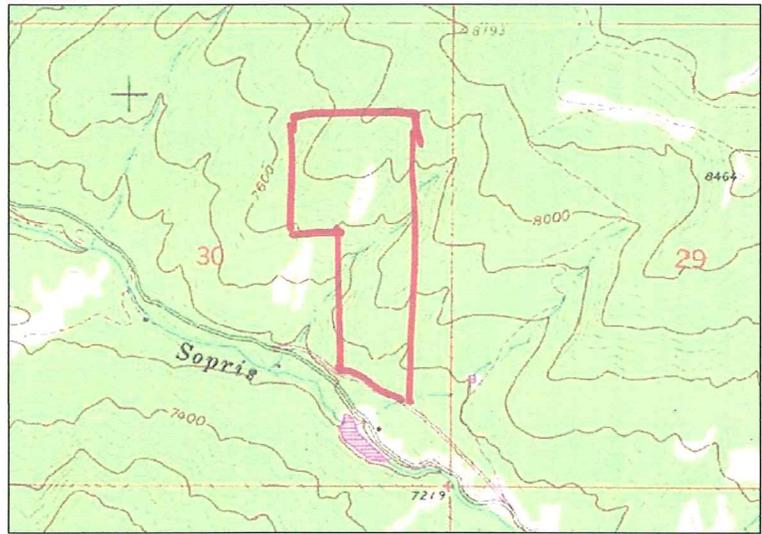
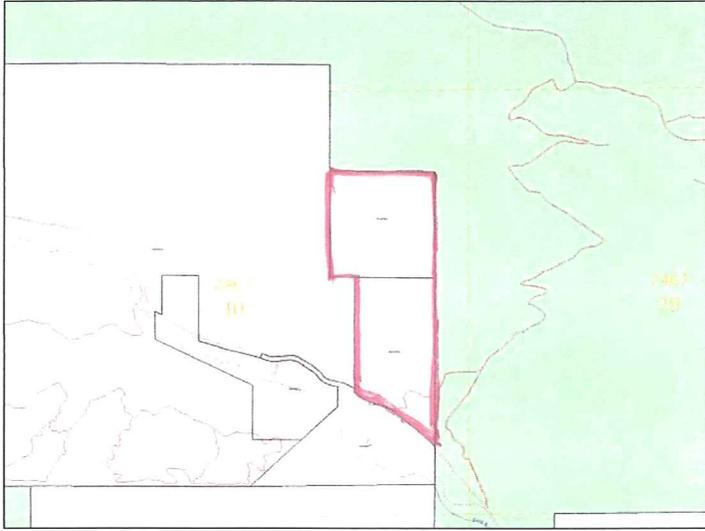
This is the acquisition of two contiguous parcels by Pitkin County for public open space, which are located along East Sopris Creek, and also adjoin BLM lands (which surround Light Hill). The southern parcel fronts the county road and has an estimated size of 39.90 acres (per legal description and GIS mapping), although assessor records overstate the land area at 48.90 acres. The northern parcel is adjacent to the north with no road access and mostly steep terrain, and the land area of 39.57 acres is consistent with assessor records. Each parcel legally qualifies as one rural homesite under existing zoning regulations, with two lots for the 79.47-acre holding. However, steep terrain and the presence of critical wildlife habitat (winter range for elk/deer) adversely impacts residential development at the property, with the most likely scenario being only one single-family dwelling with a limited maximum floor area on the combined holding. However, Pitkin County would likely also award one to three TDRs as a "Constrained Site". The seller acquired these tracts (plus a third homesite to the south) in 1985, and listed it for sale (by owner) at an asking price of \$1,500,000. Pitkin County purchased the land with authorized public open space funds to mainly preserve the wildlife habitat, with no plans for development. The purchase price reflects full market value as established by a third party appraisal, which was confirmed by the extraordinary verification process (as detailed on the following page).

COMPARABLE SALE ONE (extraordinary verification details)

According to Section D-9 of UASFLA, the following identified items (on pages 89 and 90) must be addressed and documented by the appraiser as part of the extraordinary verification process since the buyer was Pitkin County. The appraiser's response to each question is in parenthesis:

1. Appraiser should review legislation that authorized the acquisition (no official legislation was involved, but I did review the county ordinance which authorized the acquisition).
2. Appraiser must contact the acquiring agency to inspect the appraisal and/or their review (Pitkin County provided a copy of the appraisal that was prepared for the acquisition).
3. Determine that the government's acquisition was a total acquisition of the property (yes).
4. Determine that the sale was for the fee simple interest in the property (yes).
5. Review the appraiser's estimate of highest and best use (due to physical constraints, the highest and best use is development as one rural homesite plus one to three TDRs).
6. Review the appraiser's final estimate of value (the appraiser's opinion of market value was \$895,000, effective as of March 21, 2010, which is equivalent to the purchase price).
7. Review the sales used by the government's appraiser in estimating value (the appraiser used recent and relevant sales and listings of other rural homesites in the neighborhood).
8. Review any breakdown of value that the appraiser may have included in the appraisal report (the appraiser's value opinion reflects vacant land only on a price per acre basis).
9. Review the agency's appraisal review (the appraisal was only reviewed by county staff).
10. Read correspondence from involved parties to determine if there was any undue pressure to consummate a sale at something other than market value (I contacted both seller and buyer, and each party states there was no undue pressure to consummate the sale, as both sides were equally motivated and the price was fairly negotiated between the two parties. Pitkin County is a logical buyer, but had no motivation to pay more than the appraised market value for preservation of wildlife habitat, with little public recreation anticipated).
11. Read the conveyance and closing documents to confirm that the exact estate conveyed was the one that was appraised (the deed confirms that the estate conveyed was the same as what was appraised, with no reservations that would be atypical for the local market).
12. If the estate acquired was an easement, the sale is invalid (the sale was not an easement).
13. Analyze any documents to justify if the payment made was in excess of the approved appraisal (the amount paid was the same as the appraised value and contracted price).
14. Personally verify the sale with both the seller and the buyer (I personally confirmed the transaction with the seller, as well as Dale Will of Pitkin County Open Space and Trails on behalf of the buyer. Both parties agree that the purchase price reflects market value).

COMPARABLE SALE ONE (maps and photograph)



COMPARABLE SALE TWO

Property Identification

General Location: Four miles southwest of Basalt and State Highway 82
Physical Address: 2600 West Sopris Creek Road, Basalt, Colorado 81621
Vehicular Access: Indirect and seasonal from County Road 7 (see comments)
City/County/State: Unincorporated Pitkin/Colorado
Tax Identification: Account #R007042 and Parcel #2465-274-02-007
Legal Description: Part of Sections 27 and 34, Township 8S, Range 87W
(a/k/a Fender/McGuckin Lot Line Adjustment Parcel 1)

Property Description

Land Area: 350.00 acres (per county assessor, not confirmed by survey)
Topography: Mostly level to rolling, elevation of 7,400 to 7,700 feet
Natural Features: Mountain pasture/meadows, seasonal streams, good views
Adjacent Land Uses: Mostly private property, public (BLM) land to the east
Water Rights: None (good water resources but none adjudicated at sale)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None with value (homestead cabins), dry utilities only to site
Zoning District: RS-30, by Pitkin County (minimum lot size of 30 acres)

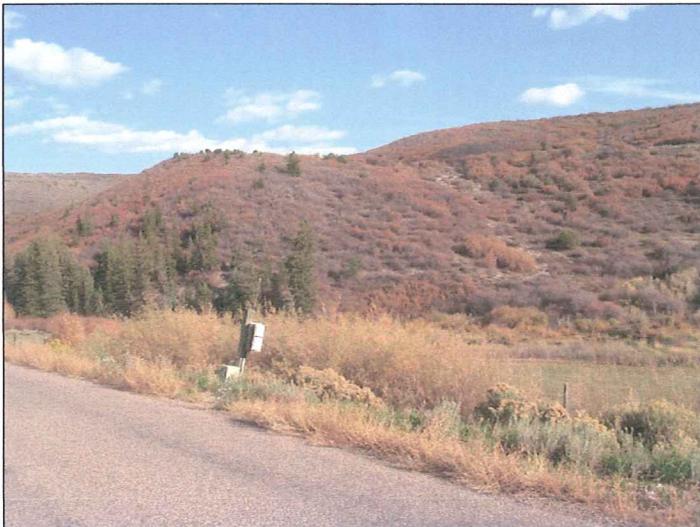
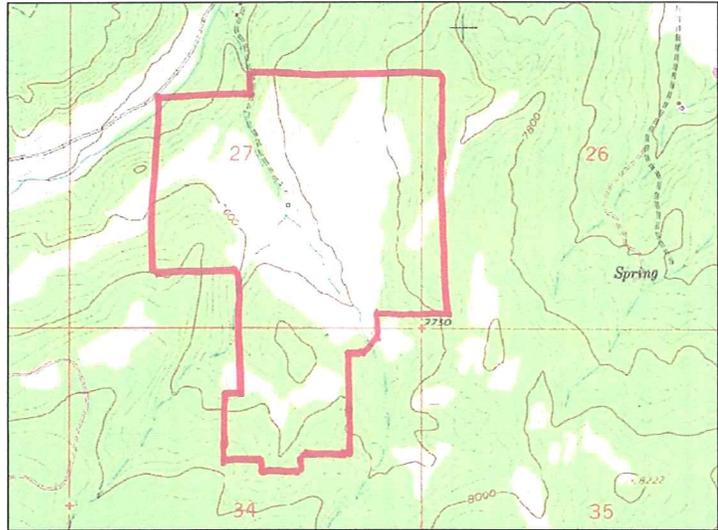
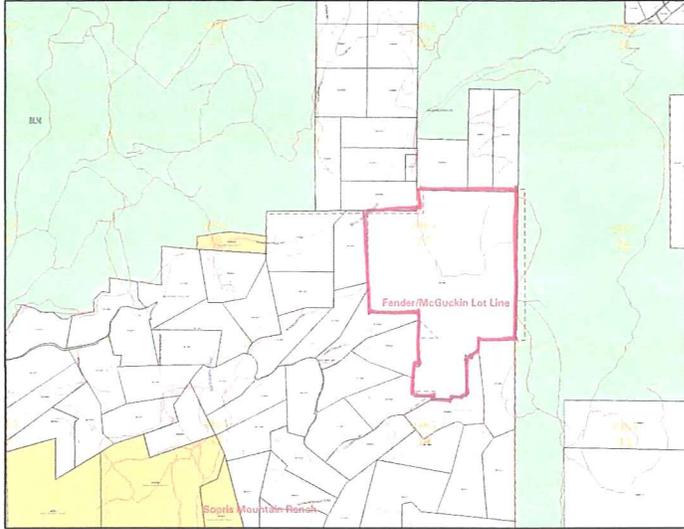
Transaction Data

Grantor (seller): Fender Four LLLP (43% undivided interest)
and Susan Fender Handwerk (57% interest)
Grantee (buyer): Middle Ranch, LLC
Date of Sale: December 21, 2007
Recording: Reception #545214 (special warranty deed)
Sale Price: \$4,250,000 (\$12,143 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Brokers and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

Comments

Known as Elkhorn Ranch, this holding of vacant land is situated south of West Sopris Creek, and adjoins the Sopris Mountain Ranches rural subdivision. The northwest corner touches the creek, and the interior is traversed by seasonal streams, but it lacks a major live water amenity. Originally part of the Fender Ranch, the property has historically been used for cattle grazing with 50 to 60 acres of flood-irrigated hay meadows (but no adjudicated water rights at closing). The tract has very limited vehicular access from the nearby county road via rugged jeep trails, which are adequate for agriculture/recreation but not for single-family residential development. The ranch was listed during 2003 at an asking price of \$4,500,000, and acquired by a developer for rural subdivision. The buyer spent considerable time and funds to perfect the water rights and improve access, which entailed acquisition of two 35-acre parcels fronting the county road. The buyer also obtained entitlements to construct three new single-family homes, two cabins, plus various outbuildings, and listed the 420-acre holding for re-sale in 2009 at \$18,500,000. The price was reduced to \$9,450,000 for 385 acres of entitled land (less one homesite), which was acquired by Deadwood Ranch, LLC on October 25, 2011 for \$6,500,000 (\$16,883/acre).

COMPARABLE SALE TWO (maps and photograph)



COMPARABLE SALE THREE

Property Identification

General Location: Three miles southeast of Carbondale, in Crystal River Valley
Physical Address: TBD Prince Creek Road, Carbondale, Colorado 81623
Vehicular Access: Direct but seasonal use only from County Road 111
City/County/State: Unincorporated Pitkin/Colorado
Tax Identification: Account #R009779 and Parcel #2463-241-00-041
Legal Description: Part of East Half of Section 24, Township 8S, Range 88W

Property Description

Land Area: 140.00 acres (versus 159.82 acres per survey, see comments)
Topography: Mostly level to rolling, elevation of 7,100 to 7,300 feet
Natural Features: Mountain pasture, sagebrush hillsides, creek, good views
Adjacent Land Uses: Mostly private property, public (BLM) land to the east
Water Rights: None (all conveyed in transfer, but none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), dry utilities only to site
Zoning District: RS-30, by Pitkin County (minimum lot size of 30 acres)

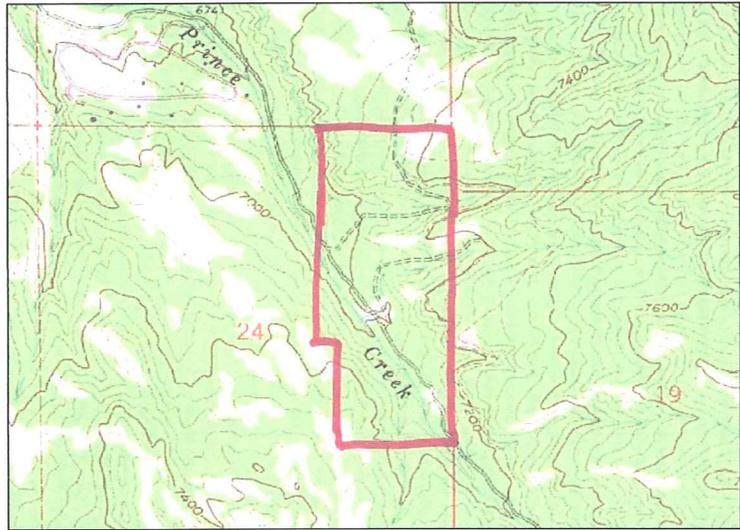
Transaction Data

Grantor (seller): Strang Family Associates
Grantee (buyer): Mark Haynes
Date of Sale: October 20, 2005
Recording: Reception #516656 (warranty deed)
Sale Price: \$1,200,000 (\$8,571 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker, Buyer, and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

Comments

Known as the Haynes Property, this vacant tract is situated southeast of Carbondale, traversed by Prince Creek, and adjoins The Crown (9,000 acres of BLM land) along the east boundary. Prince Creek Road follows the creek as it runs diagonally across the tract via a legal easement, but about 20 acres of the property within the road right-of-way are not considered to be usable. While the survey revealed a parcel size of 159.82 acres, the purchase price only reflects 140.00 acres of useable land (the same as county assessor records), which was utilized for the analysis. The seller is a longtime local ranching family that grazed cattle on the property for many years. The buyer purchased it for a single-family homesite, but abandoned this plan when his wife passed away. Although not listed in MLS, the parcel was available for \$3,000,000 through a local realtor (seller's uncle). It was acquired by Prince Creek Crown, LLC (entity controlled by Wexner) on November 4, 2010 for consideration of \$1,950,000. This indicates appreciation of 62.5% over five years, but the price was confirmed to be above market value due to a highly motivated buyer. About 112 acres of the parcel lying east of the road is traversed by a series of unauthorized hiking/biking trails, which are heavily used by the public to access The Crown. This portion of the tract is proposed for conveyance to BLM as part of a federal land exchange, with the remaining 48 acres retained by the owner as an addition to their Two Shoes Ranch.

COMPARABLE SALE THREE (maps and photograph)



COMPARABLE SALE FOUR

Property Identification

General Location: Five miles northwest of Carbondale, in Dry Park area
Physical Address: TBD County Road 117, Carbondale, Colorado 81623
Vehicular Access: Pedestrian only (no legal/physical access from public road)
City/County/State: Unincorporated Garfield/Colorado
Tax Identification: Account #R005540, #R005541, and #R005542
Legal Description: Part of Section 15, Township 7S, Range 89W
(a/k/a Lots B, C and D of the Smith Boundary Survey)

Property Description

Land Area: 112.83 acres (per survey and county assessor records)
Topography: Mostly steep (level at top), elevation of 6,700 to 7,400 feet
Natural Features: Sagebrush hillsides, exposed rock, no live water, good views
Adjacent Land Uses: Surrounded by private property (USFS two miles away)
Water Rights: None (all conveyed in transfer, but none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), dry utilities only at nearby county road
Zoning District: Rural, by Garfield County (minimum lot size of two acres)

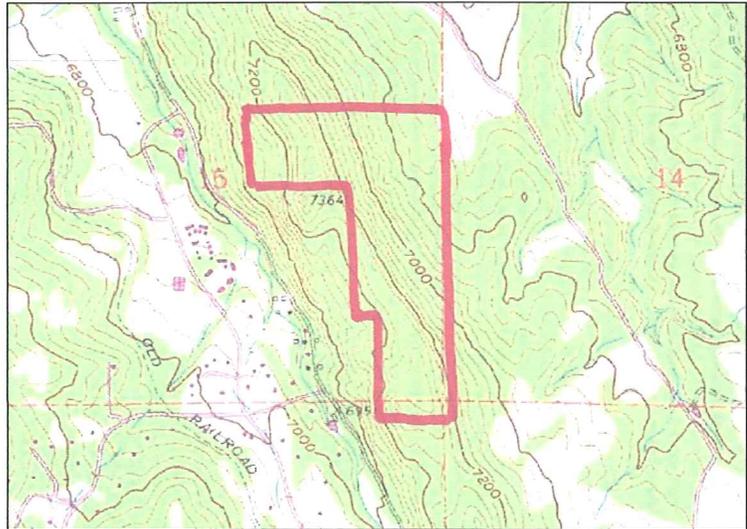
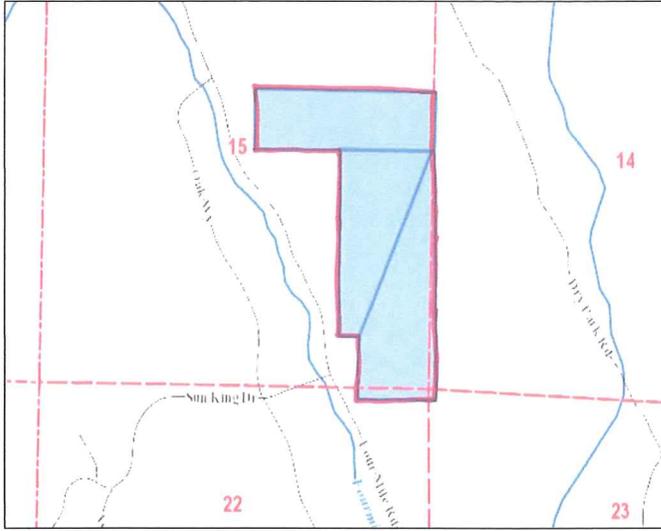
Transaction Data

Grantor (seller): Randell N. Smith and Jean A. Smith
Grantee (buyer): Jackson Ridge, LLC (see comments)
Date of Sale: September 11, 2006
Recording: Reception #706546 (warranty deed)
Sale Price: \$212,000 (\$1,879 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

Comments

Known as the Stainton Property, this holding comprises three contiguous tracts of vacant land that are located west of State Highway 82, between Carbondale and Glenwood Springs. Each parcel comprises one rural homesite, which border the Oak Meadows subdivision to the east. While the holding is situated between County Roads 117 and 125, none of the parcels adjoin a public road, and thus lack adequate access for development. An easement could potentially be obtained from the west across private open space for the subdivision (fronts County Road 117), but steep slopes make road construction here virtually impossible. A more favorable alignment to the east could connect with County Road 125, but the intervening land is owned by Crystal River Ranch, who denied repeated attempts from the seller to obtain a legal access easement. The buyer is an entity controlled by Peter Stainton, who owns the adjacent parcel to the south (a/k/a Lot A) and thus is the most logical buyer since he controls vehicular access to the land. While not formally listed on MLS, a local broker (Todd Leahy) united both parties to the sale, who actually acquired title from the seller and immediately conveyed ownership to the buyer. The buyer controlled legal and physical access to the property, and attempted to build a rough road from his parcel for a potential cabin, but was unsuccessful since the grade was too steep.

COMPARABLE SALE FOUR (maps and photograph)



COMPARABLE SALE FIVE

Property Identification

General Location: Eight miles northeast of Carbondale and Missouri Heights
Physical Address: TBD County Road 121, Carbondale, Colorado 81623
Vehicular Access: Seasonal use only from private jeep trails (see comments)
City/County/State: Unincorporated Garfield/Colorado
Tax Identification: Account #R030056, #R050158, #R050217, and #R050218
Legal Description: Part of Sections 19 and 30, Township 6S, Range 87W and part of Sections 14, 23, 14 & 25, Township 6S, Range 88W

Property Description

Land Area: 1,406.31 acres (per county assessor not confirmed by survey)
Topography: Mostly rolling (some steep), elevation of 8,200 to 9,400 feet
Natural Features: Mountain pasture, seasonal streams, trees, good views
Adjacent Land Uses: Adjoins public (BLM & USFS) land on two boundaries
Water Rights: None (all conveyed in transfer, but none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None with value (old cabins), dry utilities one mile away
Zoning District: Rural, by Garfield County (minimum lot size of two acres)

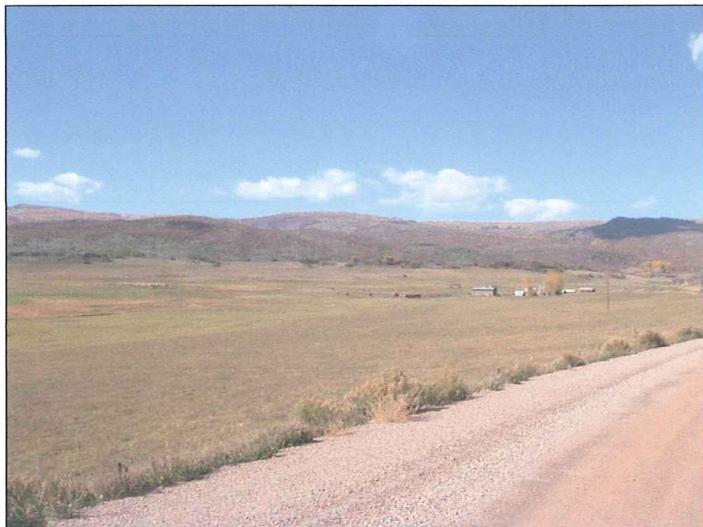
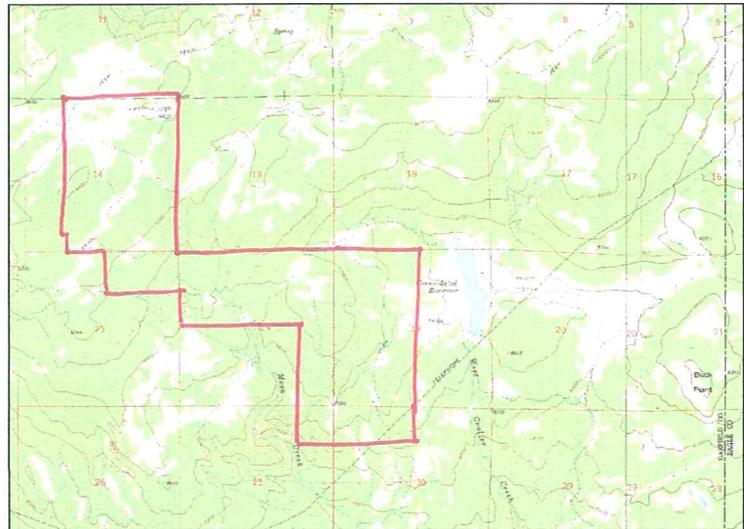
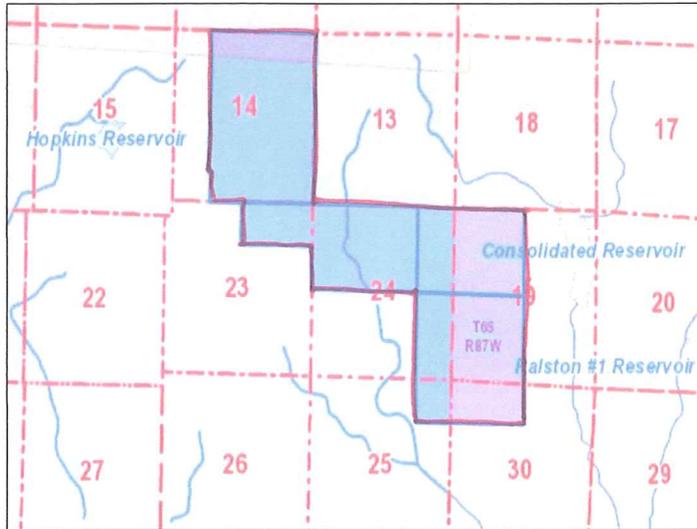
Transaction Data

Grantor (seller): Hundred Acre Wood Properties, LLLP (Bar Lazy Y, LLLP)
Grantee (buyer): JG Real Property, LLC
Date of Sale: March 14, 2006
Recording: Reception #694255 (warranty deed)
Sale Price: \$3,000,000 (\$2,133 per acre), as allocated
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Brokers and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

Comments

This is part of the Bar Lazy Y Ranch, a working cattle operation that was owned by the Gould Family for many years, but was acquired by Jeff Gordon (of NASCAR) for private recreation. The holding consists of two non-contiguous parcels that are separated by a tract of BLM land. The Lower Parcel (524.56 acres) has rolling terrain, about 240 acres of irrigated hay meadows, year-round access from County Roads 115 and 121, all improvements, large pond, and creeks. Older homes and several outbuildings at the headquarters area have zero contributory value. The Upper Parcel (1,406.31 acres) is mostly mountain pasture with some trees and springs, and borders the national forest to the north. However, it has seasonal ingress/egress from private jeep trails that cross the Lower Parcel and BLM land, with legal access for only two homesites. Listed for three years at an asking price of \$9,500,000, the buyer paid \$9,000,000 for the ranch, or \$4,661 per acre. Based on offers received for each part of the ranch, the listing broker states the price can be allocated as \$6,000,000 for the Lower Parcel (\$11,438/acre) and \$3,000,000 for the Upper Parcel (\$2,133/acre). Only the Upper Parcel was compared to the subject, as it is most similar in regards to limited vehicular access, natural features, and development potential. The entire ranch is currently listed for re-sale at an asking price of \$12,000,000 (\$6,215/acre).

COMPARABLE SALE FIVE (maps and photograph)



COMPARABLE SALE SIX

Property Identification

General Location: Eight miles northeast of Carbondale and Missouri Heights
Physical Address: TBD County Road 121, Carbondale, Colorado 81623
Vehicular Access: Seasonal use only from private jeep trails (see comments)
City/County/State: Unincorporated Garfield/Colorado
Tax Identification: Account #R030061 and Account #R050160
Legal Description: Part of Sections 16, 17, 20 & 29, Township 6S, Range 87W

Property Description

Land Area: 1,330.00 acres (per county assessor not confirmed by survey)
Topography: Mostly rolling (some steep), elevation of 8,200 to 9,200 feet
Natural Features: Mountain pasture, seasonal streams, trees, good views
Adjacent Land Uses: Adjoins public (BLM) land on two boundaries
Water Rights: Nominal (reportedly several springs for livestock water only)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None with value (old cabin), dry utilities one mile away
Zoning District: Rural, by Garfield County (minimum lot size of two acres)

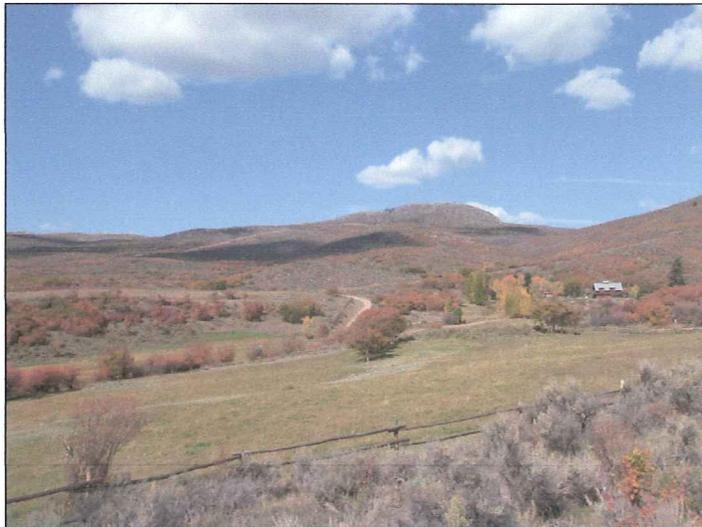
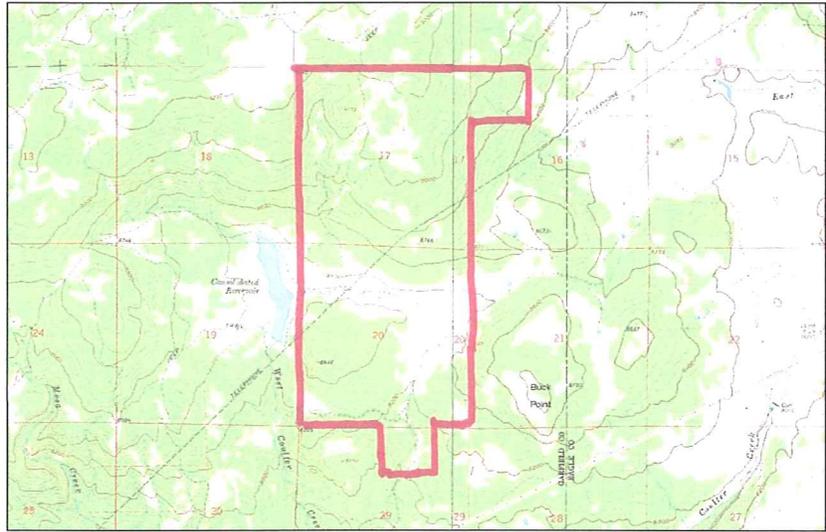
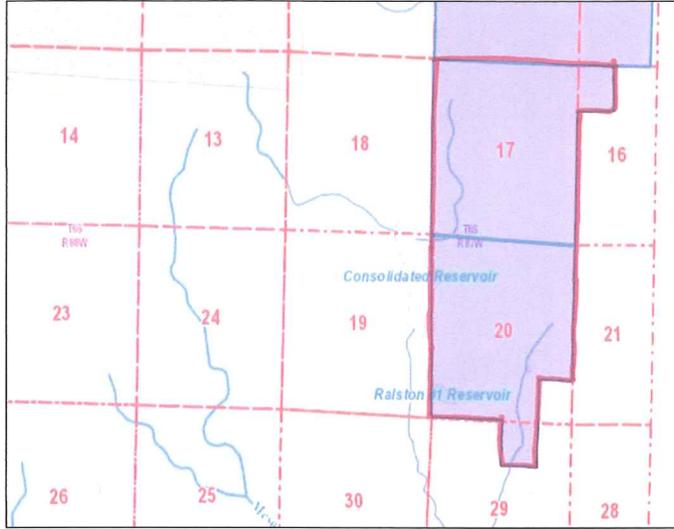
Transaction Data

Grantor (seller): Estate of Rufus Merrill Laurence
Grantee (buyer): Crystal River Ranch Company, LLP
Date of Sale: August 30, 2005
Recording: Reception #681905 (personal representative's deed)
Sale Price: \$3,100,000 (\$2,331 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/23/2012

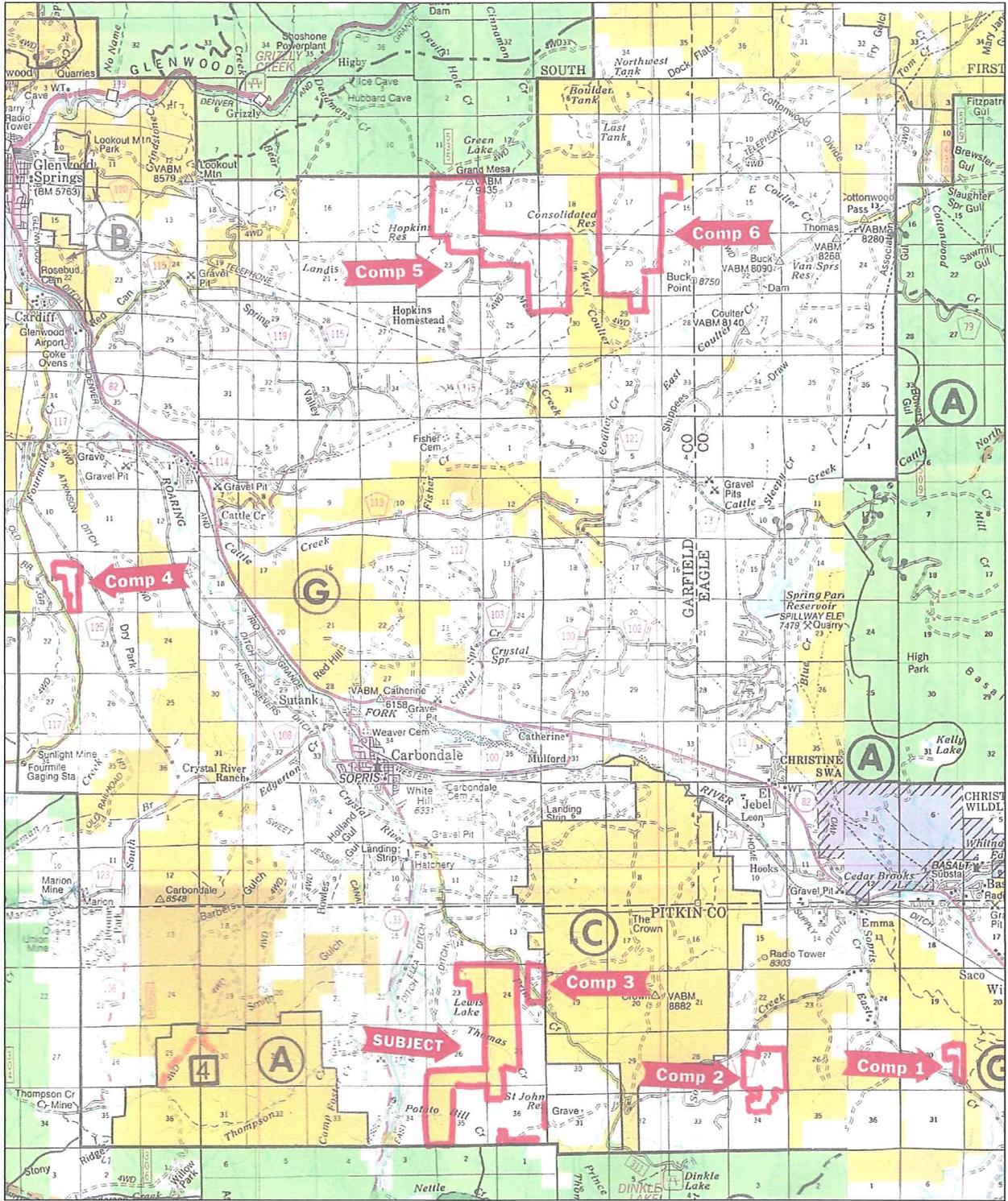
Comments

This is the upper portion of the R.M. Laurence Ranch, a working cattle operation that includes 480 acres of irrigated land with some improvements several miles to the south (lower portion). The 1,810-acre holding was offered at auction in 2000 after the long-time owner passed away, but a contract to the high bidder was cancelled after the buyer failed to produce required funds. The Aspen Valley Land Trust acquired the lower portion only in 2001, which was immediately flipped to Snowmass Land Company for development of a 26-lot rural subdivision known as the Ranches at Coulter Creek (with 380 acres of the land placed under conservation easement). The upper portion of the ranch is mostly mountain pasture with trees, springs, and seasonal streams, and borders a tract of BLM land to the west that encompasses Consolidated Reservoir. However, it only has seasonal ingress/egress from rugged jeep trails that must traverse private land to the south (owned by Peterson) before connecting with year-round County Road 121. This portion of the ranch was acquired by an entity controlled by Sue Anschutz Rogers, who operates Crystal River Ranch and also holds a grazing permit on the adjacent BLM land. The buyer entered into an access agreement with Peterson to use their private road for agriculture as well as one rural homesite, which does not meet county standards for residential development. Closing was delayed until the heirs could settle internal litigation and cure an estate tax lien.

COMPARABLE SALE SIX (maps and photograph)



COMPARABLE SALES LOCATION MAP



COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID SUTHEY RANCH BLM LAND EXCHANGE - PITKIN BLM PARCELS

Description	Subject Property	Sale One		Sale Two		Sale Three		Sale Four		Sale Five		Sale Six	
		BLM Pitkin Parcels	Schoellkopf Property	Elkhorn Ranch	Haynes Property	Stanton Property	Bar Y Upper Ranch	Laurence Upper Ranch	Access	Market Conditions	Time Adjusted Price	Access	Market Conditions
Identification	BLM Pitkin Parcels	Schoellkopf Property	Elkhorn Ranch	Haynes Property	Stanton Property	Bar Y Upper Ranch	Laurence Upper Ranch						
Access (type)	Pedestrian (foot/horse)	CR 6 (year-round)	CR 7 (seasonal)	CR 111 (seasonal)	Pedestrian (foot/horse)	Private Road (not legal)	Private Road (not legal)						
Deeded Acres	1,269.37	79.47	350.00	140.00	112.83	1,406.31	1,330.00						
Jurisdiction	Pitkin County	Pitkin County	Pitkin County	Pitkin County	Pitkin County	Garfield County	Garfield County						
Zoning (min. lot size)	RS-30 (30 acres)	Rural (two acres)	RS-30 (30 acres)	RS-30 (30 acres)	Rural (two acres)	Rural (two acres)	Rural (two acres)						
Date of Sale	N/A	11/4/2010	12/21/2007	10/20/2005	9/11/2006	3/14/2006	8/30/2005						
Total Sale Price	N/A	\$895,000	\$4,250,000	\$1,200,000	\$212,000	\$3,000,000	\$3,100,000						
Improvements/Approvals	None	\$0	\$0	\$0	\$0	\$0	\$0						
Price for Land Only	N/A	\$895,000	\$4,250,000	\$1,200,000	\$212,000	\$3,000,000	\$3,100,000						
Price Per Acre	N/A	\$11,262	\$12,143	\$8,571	\$1,879	\$2,133	\$2,331						
Adjustments													
Market Conditions	Current	0%	-25%	0%	0%	0%	0%						
Time Adjusted Price		\$11,262	\$9,107	\$8,571	\$1,879	\$2,133	\$2,331						
Access	Pedestrian Only	-75%	-50%	-65%	0%	0%	0%						
Access Adjusted Price		\$2,816	\$4,554	\$3,000	\$1,879	\$2,133	\$2,331						
Property Rights	Fee Simple	=	=	=	=	=	=						
Financing Terms	Cash	=	=	=	=	=	=						
Conditions of Sale	Normal	=	=	=	=	=	=						
Location	Good	-	-	=	=	+	=						
Adjacent Land Uses	Good	=	=	=	+	=	=						
Utility Availability	Good	=	=	=	=	+	+						
Natural Features	Average	=	-	=	+	=	=						
Views/Exposure	Good	+	=	=	=	=	=						
Property Size	Average	=	=	=	=	=	=						
Zoning/Land Use	No Vested Rights	-	-	-	-	-	-						
Net Adjustments		-	- - -	-	+	+	+						
Indicated Value		< \$2,816 per acre	<<< \$4,554 per acre	< \$3,000 per acre	> \$1,879 per acre	> \$2,133 per acre	> \$2,331 per acre						

SALES COMPARISON APPROACH

Analysis of Comparable Sales

Prior to adjustments, the comparables indicate a wide price range of \$1,879 to \$12,143 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (i.e., time), location, access, adjacent land uses, utility availability, natural features, views/exposure, existing improvements, property size, as well as zoning/land use regulations. An explanation of the adjustments made to the comparable sales is summarized in this section.

Quantitative Adjustments to Sales

In my opinion, insufficient data exists in the local market to make a matched-pair analysis of the sales and derive well-supported quantitative adjustments (i.e., percentage or dollar amounts) for most units of comparison. The exception is dollar adjustments for any existing improvements as well as percentage adjustments for market conditions and access, which are discussed as follows:

Existing Improvements may have contributory value if the structures will be used by the buyer. However, each of the subject parcels is vacant land, and all of the comparables were either vacant land at closing, or had older building improvements with zero contributory value. Thus quantitative adjustments are not warranted to any of the comparables for existing improvements.

Market Conditions are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The most appropriate technique to measure appreciation and/or depreciation in value during the time period surveyed is via re-sales of the same property. These transactions are rare, but I am aware of one development site in the Roaring Fork Valley that provides a reliable indication of price trends. The Cattle Creek Property comprises about 290 acres of land on the west side of Highway 82, between Glenwood Springs and Carbondale. It has vested approvals for residential housing (about three units per acre), with four different development plans proposed since 2001. The site was acquired at foreclosure in December 2009 for \$15,108,026, and previously in December 2006 for \$18,500,000 (also out of foreclosure). This indicates a loss in value of about 18% over three years, which can be attributed to declining market conditions. I also note that no development activity has subsequently occurred at the site. Sale Two was acquired in December 2007 for \$4,250,000, and then re-sold in October 2011 for \$6,500,000. While the seller realized appreciation of 53%, this is attributed to enhanced access, perfected water rights, vested entitlements, as well as additional land (versus market conditions). Sale Three was purchased in October 2005 for \$1,200,000, and re-sold in November 2010 for \$1,950,000, but the indicated appreciation of 63% is explained by a highly motivated buyer. Based on the foregoing real estate market data for Garfield County and Pitkin County, average single-family home prices are currently 26% and 13% less than 2007, respectively. In regards to Garfield County, the current overall sale price is 16% less than 2006, and 6% less than 2005. Land Title also reports an average sale price for vacant residential land in Garfield County as of September 2012 of \$146,468, which is about 20% less than the 2006 average price of \$184,228. The consensus among local market participants that I surveyed is that rural property values in the Roaring Fork Valley have regressed to levels experienced circa 2005 (before the recent boom). This is especially true of properties (and lots) that were acquired at the peak of the market for speculative development, which local brokers suggest have declined in value by as much as 75%. Although subjective, it is reasonable to assume that current values for development land are 25% less than recent peak levels (2006 through 2008), but are similar to prices achieved circa 2005. Based on the foregoing, Sales One, Three, and Six are current and did not warrant adjustments for time, while a downward adjustment of negative 25% was made to Sale Two (closed in 2007). Sales Four and Five closed in 2006, but they are not development sites and reflect current prices.

SALES COMPARISON APPROACH

Access takes into account ingress/egress from surrounding roads, and has a primary influence on value for mountain properties. Although most buyers are seeking solitude, the degree of access dictates the type of uses and residential development allowed (i.e., seasonal versus year-round). The consensus from knowledgeable local market participants is that a lack of vehicular access significantly impacts value, with very few buyers resulting in discounted prices of 50% to 75%. In order to extract percentage adjustments, several sales of rural properties with pedestrian only (or very limited vehicular) access were compared to similar sites that had ingress/egress from some type of public road. However, Sales Four, Five, and Six are generally comparable to the subject, since they lacked adequate vehicular access for rural residential development at closing. Some "matched-pair" data of this type is also available in the local market, with this information supplemented by other transactions in similar mountain resort areas of Colorado. My analysis of this data is summarized on the next page, including some pairing with no legal easement only. Mining claims and inholdings comprise the bulk of the data, as they often have difficult access. The indicated percentage adjustment for properties that lack vehicular access (pedestrian only) ranges from negative 70% to negative 81% from the pairings of Sale A to B, Sale C to D, Sale E to F, Sale G to H, as well as Sale I to J. The average adjustment for vehicular versus pedestrian access from these five pairings is negative 75%, which is reasonable for the valuation analysis. The last two pairings compare properties with legal access only (via easements) to those without. The indicated adjustment for properties with physical access from a seasonal use road, but no legal right to use it, is negative 31% from Sales K and L, and negative 23% from Sales M and N. Including the acquisition of legal access for the Perry Ranch at 20% of the access impaired land price, the average adjustment for lack of legal access is negative 25%. The extracted difference between physical but not legal access, versus neither legal nor physical access, is negative 50%.

Percentage Access Adjustments are based on market-extracted data per the foregoing analysis. The subject parcels are appraised with pedestrian ingress/egress only from adjacent public lands, with this area of the White River National Forest also currently designated as a "roadless area". Existing private ranch roads that traverse the property are not available to the general public, and the probability of obtaining legal rights to use these roadways (via litigation) is extremely low. Sale One enjoys direct access from a year-round county road, while Sale Three is traversed by a county road that requires private winter maintenance for one-half mile. Sale Two corners on a county road, but only had seasonal ingress/egress at closing from a jeep trail across private land. While all three comparables are significantly superior to the subject in regards to access, each required varying downward adjustments. A negative adjustment of 75% was applied to Sale One since it has legal and physical access from a year-round road. Sale Three warranted a slightly lower downward adjustment of 65% since private snowplowing is required for a short distance. A negative adjustment of 50% was applied to Sale Two, as it can legally use an existing jeep trail to reach the county road, but major upgrades would be required for single-family homesites. The purchase price for Sale Four reflects the lack of legal or physical access to nearby public roads, and the buyer was also unable to construct a road to this adjacent site due to very steep terrain. While Sale Five had a legal easement to traverse BLM lands that allows two rural homesites, it lacked legal access across the lower portion of the same ranch to reach the nearest county road. A similar condition is noted for Sale Six, as the seller only had legal rights for vehicular access across intervening private land to the county road for just agricultural use (not rural homesites). While the buyer secured a legal easement for one homesite, this was a separate agreement and not included in the consideration paid to the seller. Based on the foregoing, Sales Four, Five, and Six essentially lacked adequate vehicular access for rural residential development at closing. Since this factor is deemed to be similar to the subject, adjustments for access are not warranted.

SUMMARY OF QUANTITATIVE ADJUSTMENTS FOR ACCESS

#	Identification Location (County)	Seller Buyer	Sale Date Sale Price	Land Area Price Per Acre	Vehicular Access Type of Access
A	Bar Lazy Y Lower Ranch (adjoins BLM)	Hundred Acre Wood	Mar-2006	524.56 acres	County Road 121
	Cattle Ranch Near Carbondale (Garfield)	JG Real Property, LLC	\$6,000,000	\$11,438 per acre	Year-round vehicular
B	Bar Y Upper Ranch (adjoins BLM/USFS)	Hundred Acre Wood	Mar-2006	1,406.31 acres	Private two-track road
	Cattle Ranch Near Carbondale (Garfield)	JG Real Property, LLC	\$3,000,000	\$2,133 per acre	Legal for one homesite
OTHERWISE SUPERIOR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 81%					
C	Rural Residential Property (BLM one side)	Aspen Blue Sky, LLC	Apr-2005	102.46 acres	County Road 121
	Vacant Land Near Carbondale (Garfield)	100 Acre Wood, LLC	\$650,000	\$6,344 per acre	Year-round vehicular
D	Rural Residential Property (adjoins private)	Smith	Sep-2006	112.83 acres	None (very steep slopes)
	Vacant Land Near Carbondale (Garfield)	Jackson Ridge, LLC	\$212,000	\$1,879 per acre	Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 70%					
E	Accessible Land at Wildcat Ranch Sub.	United States of America	May-1993	54.59 acres	Wildcat Ranch Road
	Upscale Project Near Snowmass (Pitkin)	Wildcat Ranch, Ltd.	\$464,000	\$8,500 per acre	Year-round vehicular
F	Inaccessible Land at Wildcat Ranch Sub.	United States of America	May-1993	123.57 acres	None (no legal easement)
	Upscale Project Near Snowmass (Pitkin)	Wildcat Ranch, Ltd.	\$267,700	\$2,166 per acre	Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 75%					
G	Calvaras, Prince Alice Lode, et al	Cooper Living Trust	May-2008	40.50 acres	Little Annie Road
	Mining Claims Near Aspen (Pitkin)	Tom Barrons (LLCs)	\$2,000,000	\$49,383 per acre	Seasonal vehicular
H	Etcetera Lode, et al	Cooper Living Trust	Apr-2009	51.20 acres	None (hiking trail)
	Mining Claims Near Aspen (Pitkin)	Pitkin County	\$750,000	\$14,648 per acre	Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 70%					
I	Dives and Triangle Lode	Oyler, Ehtler, et al	Mar-2005	20.66 acres	Forest Road 418
	Mining Claims Near Fulford (Eagle)	Dunco, Inc.	\$191,000	\$9,245 per acre	Seasonal vehicular
J	Polar Star, North Star Lode, et al	James H. Brewster, III	Aug-2005	75.14 acres	None (hiking trail)
	Mining Claims Near Fulford (Eagle)	Wilderness Land Trust	\$155,324	\$2,067 per acre	Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 78%					
K	Grazing Land at Phippsburg (adjoins private)	RDS, Inc.	Sep-2007	679.98 acres	Private road w/ easement
	Vacant Land South of Steamboat (Routt)	High Country Lamb, Inc.	\$1,765,700	\$2,597 per acre	Seasonal and legal
L	Grazing Land at Toponas (BLM two sides)	CO State Land Board	Sep-2008	640.00 acres	Private road no easement
	Vacant Land South of Steamboat (Routt)	Eberl Ranch, LLC	\$1,152,000	\$1,800 per acre	Seasonal but not legal
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR PHYSICAL BUT NOT LEGAL ACCESS EQUIVALENT TO NEGATIVE 31%					
M	Parcel Adjoining Roosevelt N.F. (two sides)	Hall	Jul-2006	125.43 acres	Private road from CR 52
	Vacant Land Near Jamestown (Boulder)	Cardella	\$960,000	\$7,654 per acre	Seasonal via easement
N	Parcel Adjoining Roosevelt N.F. (three sides)	Cline Family	Jan-2006	179.24 acres	FSR 331 but no easement
	Vacant Land Near Jamestown (Boulder)	Boulder County	\$1,050,000	\$5,858 per acre	Seasonal but not legal
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR PHYSICAL BUT NOT LEGAL ACCESS EQUIVALENT TO NEGATIVE 23%					
<p>The 471-acre Perry Ranch is located just north of the City of Steamboat Springs, and was acquired by an investor in July 2009 at an arms-length price of \$11,000,000. However, the parcel only had seasonal access from a year-round county road, as it was physically separated by a 70-acre parcel for the Perry-Mansfield Performing Arts School and Camp. The buyer was able to negotiate a legal access easement across adjacent land at closing that allowed year-round access for seventeen rural homesites for a cash payment of \$2,200,000. The market-based cost to acquire legal (but not physical) year-round access equates to 20% of the sale price for the benefiting property. The developer will have to upgrade and construct a new access road at his expense.</p>					
INDICATED ADJUSTMENT FOR LACK OF LEGAL ACCESS FROM EXISTING ROAD EQUIVALENT TO NEGATIVE 20%					

SALES COMPARISON APPROACH

Qualitative Adjustments to Sales

After the foregoing qualitative adjustments were made for improvements and market conditions, the comparable sales report a time adjusted price range (land only) of \$1,879 to \$9,107 per acre. Percentage adjustments for access were then applied to most of the comparables, and the indicated price range after this quantitative adjustment is narrower, at \$1,879 to \$4,554 per acre. Since insufficient data exists for a matched-pair analysis to derive market-supported quantitative adjustments for the remaining factors of comparison, only qualitative adjustments were applied. In this instance, upward adjustments (“+”) were made to each comparable 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). The qualitative adjustments made are as follows:

Property Rights can influence sale price if more or less than the fee simple estate is conveyed. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. All of the sales represent the transfer of the fee simple interest in the property, with no water rights or valuable mineral rights included for the subject or comparables. Thus, no adjustments are required to any of the comparables for property rights conveyed.

Financing Terms can cause prices to be inflated if the debt 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 sale was an all cash to seller transaction. Thus, no adjustments are required for financing terms.

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 pay a premium, or the seller may be motivated to dispose of the property quickly and accept a liquidation price (below market value). Since all of the comparables were confirmed to be arms-length transactions with no unusual conditions of sale noted, adjustments were not warranted to these transactions for this factor.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. The subject has a good location near Carbondale in the heart of the Roaring Fork Valley, and is in close proximity to services, the highway, and public lands. Sales One and Two are several miles east of the subject along Sopris Creek, in a submarket that generally reports higher real estate prices than Carbondale due to its closer proximity to Basalt and Snowmass. Both are slightly superior to the subject, and warranted downward adjustments. Since Sales Three and Four are in the same neighborhood as the subject, their location is similar. However, Sales Five and Six are several miles north of the subject and Carbondale, which is more remote from town and deemed inferior to the subject, with upward adjustments warranted.

Adjacent Land Uses reflect whether the subject and comparable sales adjoin public or private property, with public more desirable than private. The subject property adjoins public land on one boundary in the White River National Forest, and is deemed to have good adjacent land uses. Sales One, Two, Three, Five, and Six also adjoin public (BLM and/or USFS) land along one or two boundaries, which is considered to be similar to the subject with no adjustments warranted. However, Sale Four is surrounded by private property (with private open space within a rural subdivision on one side), which is inferior to the subject and thus required an upward adjustment.

SALES COMPARISON APPROACH

Utility Availability is considered to be a positive factor for rural properties, as the presence of these services provides a benefit for most types of development, and thus commands a premium. Since neither the subject property nor any of the comparables have public water or sewer service available, this factor primarily considers dry utilities. Electric and telephone service is available to the northern boundary of the subject property, with utility availability considered to be good. Since Sales One, Two, Three, and Four also have these dry utilities available to their boundary, no adjustments are required to these comparables for this factor. However, Sales Five and Six are remote holdings that are some distance (about one mile) from the nearest electric/telephone service. They are inferior to the subject in this regard, with slight upward adjustments warranted.

Natural Features reflects the positive influence on value from desirable physical characteristics, such as a water amenity (creek, river, or lake), irrigated land, topography, vegetation (trees), etc. The subject has average natural features, with some tree cover and year-round creeks, but the terrain is steep in many areas, and it lacks a major water amenity as well as irrigated acreage. Sales One, Three, Five, and Six also have average natural features that are similar to the subject, and did not warrant adjustment. However, Sale Two features good water resources that irrigate the hay meadows, which is slightly superior to the subject with a downward adjustment made. Conversely, Sale Four has no water resources of any type, and is mostly steep and rocky terrain, with an upward adjustment made since the natural features are inferior to the subject.

Views/Exposure accounts for the fact that properties with southern (sunny) exposure and long range views of the area (mountains) are generally more desirable, and thus command a premium. The subject property has good views of the surrounding area, including nearby Mount Sopris. Sale One has average views (Mount Sopris is obstructed), which is slightly inferior to the subject and thus warranted an upward adjustment. Since the other five comparables enjoy good views of the area (and Mount Sopris), they are similar to the subject 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 purchase a larger parcel, less demand should result in a lower unit value. The local market indicates a price discount for large ranches (more than 2,000 acres), and a premium for smaller parcels (less than 40 acres). Since there is no conclusive data to indicate a difference in per acre price exists for rural parcels that range in size from about 100 acres to somewhat more than 1,000 acres, none was assumed. The subject property comprises 1,269.37 acres of land area, which is average size for the market. Since the comparable sales comprise between 79.47 and 1,406.31 acres, each is an average size property that is similar to the subject holding in this regard, and thus did not warrant adjustment.

Zoning/Land Use is another consideration, since land use regulations dictate the permitted use and density of the property. The subject is zoned RS-30 by Pitkin County, with a minimum lot size of thirty acres. However, none of the parcels have any vested approvals for rural homesites, as Federal lands in Pitkin County that come into private ownership have to compete in GMQS to obtain any residential allotments. Thus, the subject is appraised with no development rights per current land use regulations, and the probability of success is uncertain and highly speculative. Sales One, Two, and Three are also zoned RS-30 by Pitkin County, with one rural homesite allowed at each parcel as a use by right since they have been in private ownership since 2000. Sales Four, Five, and Six are zoned Rural by Garfield County, with a minimum lot size of only two acres, but one or two homesites is more likely at each property due to physical constraints. Since the zoning/land use of each comparable allows some rural residential development as a use by right, each is superior to the subject in this regard, and thus required downward adjustments.

SALES COMPARISON APPROACH

Summary of Comparable Sales

A summary of the adjustments made to each comparable sale, and the resulting value indication for the Pitkin BLM Parcels on the basis of price per acre, is summarized as follows:

Sale One is the Schoellkopf Property, which is located seven air miles east of the subject on East Sopris Creek Road, south of Basalt and State Highway 82 in Pitkin County. It comprises 79.47 acres of vacant land, and was purchased in November 2010 for \$895,000, or \$11,262 per acre. While Pitkin County acquired the property for open space and critical wildlife habitat, the price was based on a third party appraisal, and thus reflects market value. By direct comparison to the subject, no quantitative adjustment was required for market conditions since the sale is current. However, a negative adjustment of 75% for access results in an adjusted price of \$2,816 per acre. Qualitative downward adjustments for slightly superior location and zoning/land use are partially offset by an upward adjustment for slightly inferior views/exposure. It is otherwise similar, and the indicated market value of the subject property would be slightly less than \$2,816 per acre.

Sale Two is known as Elkhorn Ranch, a 350.00-acre holding that is located about four air miles east of the subject, along West Sopris Creek Road in Pitkin County. This vacant tract was acquired by a developer in December 2007 for \$4,250,000, but a downward adjustment of 25% for declining market conditions results in a current land value of \$9,107 per acre. The purchase price reflects existing conditions at the time of sale, namely limited access from jeep trails, no adjudicated water rights, and lack of vested entitlements. The buyer secured year-round access after closing by acquiring two adjacent 35-acre parcels, perfected water rights, and also obtained vested approvals from Pitkin County for rural residential development. The 385.00-acre holding (including an adjacent 35-acre homesite) subsequently sold during October 2011 for \$6,500,000. However, a negative adjustment of 50% for superior access at the time of acquisition results in an adjusted price of \$4,554 per acre. Only downward qualitative adjustments are warranted for slightly superior location, natural features, and zoning/land use (with no inferior factors). After adjustments, the indicated value of the subject property is substantially less than \$4,554 per acre.

Sale Three is known as the Haynes Property, which is located a short distance east of Parcel A. This tract of vacant land along Prince Creek was acquired from Strang (local ranching family) in October 2005 for \$1,200,000. While a survey revealed a land area of 159.82 acres, the price was only based on 140.00 useable acres since the tract is bisected by Prince Creek Road (county holds right-of-way via easement). The buyer re-sold the parcel to an entity controlled by the proponent of the proposed BLM land exchange (Wexner) in November 2010 for \$1,950,000, who was motivated and paid a premium. A quantitative adjustment for time is not required since the price from 2005 reflects current market conditions. However, a negative adjustment of 65% was required for superior vehicular access, which results in an adjusted price of \$3,000 per acre. Since only a downward qualitative adjustment is warranted for slightly superior zoning/land use, the indicated market value of the subject property would be slightly less than \$3,000 per acre.

SALES COMPARISON APPROACH

Sale Four is known as the Stainton Property, and is located seven air miles northwest of the subject, between Glenwood Springs and Carbondale in Garfield County. It comprises 112.83 acres of vacant land in three contiguous lots, and was acquired by a neighbor in September 2006 for \$212,000, or \$1,879 per acre. Although situated between two county roads, the holding lacked legal or physical access from any public roadway, and thus was essentially "landlocked". The buyer controlled legal access, but was unable to construct a rough road due to steep terrain. By direct comparison to the subject, no quantitative adjustments are warranted since the purchase price reflects current market conditions, and the degree of access is considered to be comparable. Upward qualitative adjustments for slightly inferior adjacent land uses as well as natural features are partially offset by a downward adjustment for superior zoning/land use. It is comparable to the subject in other regards, and the indicated market value is slightly more than \$1,879 per acre.

Sale Five is known as the Bar Lazy Y Ranch Upper Parcel, and is part of a 1,930.87-acre holding that is separated by BLM land, and is located about eleven air miles north of the subject. The Lower Ranch comprises 524.56 acres, and features year-round access from county roads, all irrigated acreage and water rights, and has existing improvements with zero contributory value. The Upper Ranch is the remaining 1,406.31 acres, which is mostly grazing land that adjoins the national forest, but only has seasonal vehicular access from jeep trails that cross the BLM tract. While the entire ranch was purchased in March 2006 for \$9,000,000 (\$4,661 per acre), the price is allocated as \$6,000,000 for the Lower Parcel (\$11,438 per acre) and \$3,000,000 for the Upper Parcel (\$2,133 per acre). Only the Upper Parcel was compared to the subject, but no quantitative adjustments were required for market conditions (current) or access (deemed to be comparable). Upward qualitative adjustments for slightly inferior location and utility availability are partially offset by a downward adjustment for slightly superior zoning/land use. It is otherwise similar, and the indicated value of the subject property would be slightly more than \$2,133 per acre.

Sale Six is known as the R.M. Laurence Upper Ranch, and is located about eleven air miles northeast of the subject (it is due east of Sale Five and separated by a tract of BLM land). The property is part of a 1,810.00-acre holding, with the lower 480.00 acres purchased during 2001 by another buyer who subsequently developed a rural subdivision (Ranches at Coulter Creek). This is the purchase of the remaining 1,330.00 acres, which is mostly grazing land with seasonal vehicular access only from County Road 121 via jeep trails that cross intervening private land. While the entire ranch was auctioned in 2000 to one buyer, the contract was terminated after the winning bidder could not produce the required earnest money deposit. The remaining 1,330.00 acres was acquired by Crystal River Ranch in August 2005 for \$3,100,000, or \$2,331 per acre. They were the most logical buyer, as the ranch held the grazing permit on adjacent BLM lands, and was also on good terms with the neighbor that controlled vehicular access to the holding. Closing was delayed while litigation and estate tax liens were resolved by the seller's heirs, with the buyer obtaining a legal access easement from the neighbor (Peterson) during the interim. Since the sale is current and the access is similar, no quantitative adjustments are warranted. Upward qualitative adjustments for slightly inferior location and utility availability are partially offset by a downward adjustment for slightly superior zoning/land use. It is otherwise similar, and the indicated value of the subject property would be slightly more than \$2,331 per acre.

SALES COMPARISON APPROACH

Discussion of Other Sales Considered

Eight other sales were considered but not analyzed as primary comparables for various reasons, all of which are deemed to be superior and report a price range of \$8,484 to \$45,767 per acre. The 2010 purchases of Sale Two (\$16,883/acre) and Sale Three (\$13,929/acre) were previously discussed in the foregoing analysis, which indicate a lower market value for the subject property. Portions of historic working cattle ranches owned by the Perry, Nieslanik, and Cerise Families were acquired during August or November 2006 at overall prices of \$23,093 to \$45,767 per acre. While these ranch properties have a similar location near Carbondale, each was acquired during better market conditions, and is superior to the subject parcel in regards to year-round access, adjudicated water rights, and natural features (mostly irrigated plus one sale has river frontage). I was unable to confirm the July 2006 sale of a 161.82-acre tract near Spring Park Reservoir, and a 114.13-acre property southwest of Basalt is not comparable due to access and zoning/land use. The November 2005 purchase of Crown Mountain Ranch brackets the lower end of the range at \$8,484 per acre, but is not considered a good comparable due to superior year-round access.

Value Conclusion by Sales Approach

After adjustments, the comparable sales indicate a market value for the subject property that would be slightly more than \$1,879, \$2,133, as well as \$2,331 per acre, respectively, slightly less than \$2,816 as well as \$3,000 per acre, respectively, and substantially less than \$4,554 per acre. The average land only price for all six transactions, after percentage adjustments for time and access, equates to \$2,785 per acre. However, the least weight was given to Sale Two since it is far superior, and the average adjusted price for the other five comparables is \$2,431 per acre. This value range is significantly less than the foregoing secondary sales, which are far superior and primarily included for informational purposes. The most comparable transactions indicate a value for the subject property of about \$2,000 to \$3,000 per acre, which is consistent with other properties in the State of Colorado that only have pedestrian ingress/egress. For example, Sales F, J, and L from the foregoing access study report prices of \$2,166, \$2,067, and \$1,800 per acre, respectively, but the subject enjoys a superior location near Carbondale. Based on the foregoing, it is my opinion that the current market value of the Pitkin BLM Parcels is \$2,500 per acre, with total value for the 1,269.37-acre holding (as a single larger parcel) calculated as follows:

$$\text{Market Value} = 1,269.37 \text{ Acres} \times \$2,500/\text{Acre} = \$3,173,425$$

Rounded to \$3,175,000 (nearest \$5,000 per local custom)

VALUE OF SUBJECT PROPERTY VIA SALES APPROACH

\$3,175,000

RECONCILIATION AND FINAL VALUE OPINION

The subject of this appraisal is the Pitkin BLM Parcels, which are identified as Federal Parcels A, B, and B-1 for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels plus two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 1,269.37 total acres of vacant land in three tracts, which are federally owned by the United States of America and managed by BLM. The parcels are situated three miles southeast of the Town of Carbondale in Pitkin County, but lack legal vehicular access from a public road (pedestrian ingress/egress only). While the subject consists of three non-contiguous tracts, it was determined to comprise one larger parcel of 1,269.37 acres.

Only the Sales Comparison Approach was utilized to value the subject as vacant land, as the Cost and Income Capitalization Approaches are not appropriate techniques for this assignment. The valuation analysis and conclusions are contingent upon certain definitions, assumptions, limiting conditions, certification, and Statement of Work, as are set forth in the foregoing report. Since the subject parcels are in Federal ownership, the appraiser has assumed that the property is in private ownership, zoned consistent with similar non-Federal property in the area (i.e., same as the current zoning of RS-30 by Pitkin County), and available for sale on the open market.

The Sales Comparison Approach indicates the price investors will pay for a similar property if sufficient transactions are available for analysis. Adequate data regarding comparable land sales exists in the local market, and the Sales Comparison Approach indicates a market value for the subject property as a single economic unit (1,269.37 acres) of \$3,175,000. The value opinion is effective as of November 15, 2012, and equates to approximately \$2,500 per acre (as rounded).

THREE MILLION ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

\$3,175,000

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
Licensed Real Estate Broker, State of Colorado

Experience

Kovacs Real Estate Valuation Services, Inc., Denver, Colorado
Commercial Real Estate Appraisal and Consulting
Concorde Investments, Inc., Tampa, Florida
Commercial Real Estate Development and Investment
Wellington Realty Advisors, Inc., Tampa, Florida
Site Selection for Boston Market and Einstein Bagels throughout Florida
Arthur Andersen, LLP, Atlanta, Georgia
Commercial Real Estate Appraisal and Business Valuation
Real Estate Marketing Consultants, Inc., Tampa, Florida
Commercial Real Estate Appraisal and Consulting

Seminars

Appraising Agricultural Land in Transition
Appraisal Standards for Federal Land Exchanges
Emerging Issues in Water Rights and Energy Development
Condemnation and Litigation Appraising, Advanced Topics

Assignment Types

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

Representative Clients

Office of Valuation Services (DOI)
U.S. Forest Service (USDA)
Various Commercial Lenders
Various Individuals and Entities
Yampa Valley Land Trust
National Resources Conservation Service
Colorado Division of Wildlife
Routt County, Colorado (expert witness)

STATE CERTIFIED GENERAL APPRAISER LICENSE

STATE OF COLORADO

Department of Regulatory Agencies
Division of Real Estate

PRINTED ON SECURE PAPER

Active
Cert Gen Appraiser

40022860

Number

Jan 1 2011

Issue Date

Dec 31 2013

Expires

KEVIN ANDREW CHANDLER
STEAMBOAT SPRINGS, CO 80477

Marcia Waters

Program Administrator

K. A. Ch

Licenses Signature

Statement of Work - SOW
Office of Valuation Services - OVS
Agency Case Number: COC-74812FD
Project Number: L12213 / 00031885

This Statement of Work describes the Department of the Interior Office of Valuation Services (OVS) request for an appraisal of the real estate herein described. All questions, concerns or discussions regarding the proposed Sutey Ranch / BLM Land Exchange shall be addressed directly to the OVS Representative assigned to this project:

Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services
OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228.00
Telephone: 303-969-5366
Fax: 303-969-5503
kent_stevens@ios.doi.gov

SECTION 1 - SUBJECT IDENTIFICATION AND GENERAL INFORMATION

<p><u>Identification:</u></p>	<p>The project name is Sutey Ranch Land Exchange and it involves six (6) Federal parcels with a total of 1,470.07 acres and two (2) Non-Federal parcels with a total of 668.41 acres. The various parcels associated with the proposed exchange are located in Garfield, Eagle and Pitkin Counties. The property types are Land and Minerals (Fee Simple with some restrictions). The proposed client agency action is a proposed Exchange of Federal Land and Non-Federal land.</p> <p>The appraiser is responsible to determine the number of reports but the Federal parcels are to be presented in at least one report and the Non-Federal parcels are also to be presented in at least one report.</p>
<p><u>Client:</u></p>	<p>U.S. Department of the Interior, Office of Valuation Services (OVS)</p>
<p><u>Intended Users:</u></p>	<p>Office of Valuation Services, BLM Colorado State Office and associated Field Office, Western Land Group and the owner of the Non-Federal land with Gideon Kaufman as representative.</p>
<p><u>Intended Use:</u></p>	<p>For use by BLM Colorado State Office, Denver, CO on behalf of the United States of America in connection with the proposed Exchange of identified Federal and Non-Federal Lands. The appraisal reports of the Federal parcels (one report) and the Non-Federal parcels (one report) are not intended for any other use.</p>
<p><u>Property Description</u></p>	<p>The Federal parcels total 1,470.09 acres and include the</p>

	<p><u>following listed parcels:</u></p> <p>Parcel A - 1,240 acres and located in Pitkin County, CO</p> <p>Parcel B – 28.37 acres and located in Pitkin County, CO</p> <p>Parcel B-1 – 1.0 acre and located in Pitkin County, CO</p> <p>Parcel C – 171.34 acres and located in Eagle County, CO</p> <p>Parcel D – 17.41 acres and located in Eagle County, CO</p> <p>Parcel E – 11.97 acres and located in Eagle County, CO</p> <p><u>The Non-Federal parcels total 668.41 acres and include the following listed parcels:</u></p> <p>Parcel 1 (Sutey Ranch) – 556.63 acres with water rights and located in Garfield County, CO</p> <p>Parcel 2 (West Crown) – 111.78 acres and located in Pitkin County, CO</p>
<p><u>Legal Description:</u></p>	<p>A legal description of Federal Parcels A-E and Non-Federal parcels 1 and 2 are attached with the Statement of Work. The Title Commitment for Non-Federal Parcels 1 and 2 will also be made available to the contract appraiser.</p>
<p><u>Property Interest:</u></p>	<p>The property interest of all the Federal and Non-Federal parcels to be appraised is: Fee Simple - subject to exceptions indicated in the Title Commitments and legal description provided.</p> <p>Any information or observations that are found to be contrary to the above described property rights must immediately be brought to the assigned OVS Review Appraiser's attention as a request for possible amended instructions.</p>
<p><u>Outstanding Rights:</u></p>	<p>A preliminary title commitment or equivalent for federal lands will be provided. Any identified/observed recorded or unrecorded documents, conditions, agreements, easements and/or encumbrances discovered must be identified and discussed in the appraisal report in relation to their impact on value. This list is not comprehensive and it is the appraiser's responsibility to investigate encumbrances on the property.</p>
<p><u>Personal Property:</u></p>	<p>The Sutey Ranch has some older structures. The IVIS Worksheet reports that an old ranch house will probably be removed prior to closing but a cabin will remain.</p>

<u>Property Access:</u>	The IVIS Worksheets report that the two Non-Federal parcels have both legal and physical access while the six Federal parcels have physical access but do NOT have legal access.
<u>Larger Parcel:</u>	Every appraisal that conforms to UASFLA must address the larger parcel issue. The larger parcel(s) must be identified and the reasons for that decision must be provided within each appraisal report with consideration to ownership, best use, and contiguity.
	The appraiser should keep in mind that in situations where there are multiple larger parcels present, the appraisal assignment is to estimate the market value of the property in its entirety. This may require estimating the value of each larger parcel, but simply adding those values together to estimate the value of the whole would violate the Unit Rule. (See UASFLA, Sections A-14 and B-13 for more information.)
<u>Ownership/Occupant:</u>	According to the IVIS Worksheets the legal owner of the Federal parcels is the U.S. Government administered by the Bureau of Land Management while the ownership of the Non-Federal parcels is Leslie and Abigail Wexner.
<u>Tenancies:</u>	There are no tenants.
<u>Owner Contact Information:</u>	Property Owner/Applicant: Leslie and Abigail Wexner Contact: Gideon Kaufman, Kaufman & Peterson, P.C. Address: 315 East Hyman Ave., # 305, Aspen, CO 81611 ' Phone: (970) 925 – 8166 E-Mail: gk@kplaw.com X

Provided Subject Property Information:

The following documents and reports will be provided to the appraiser:

- General Location Maps**
- Legal Descriptions (Federal & Non-Federal)**
- Topo Maps**
- Preliminary Title Commitment**
- Other (IVIS Worksheet)**

SECTION 2 - APPRAISAL REQUIREMENTS AND INSTRUCTIONS

Appraisal Standards:

The appraisal reports must conform to standards established by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land

Acquisitions (UASFLA). No other supplemental standards are applicable.

Market Value

For BLM Land Exchanges use the following Market Value definition:

“The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale. Where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence.” [43 CFR 2200.0-5(n)]”

Date of Value:

The date of value is the date of the last property inspection, which should be no later than approximately 30 calendar days prior to the submission of the completed appraisal report, unless other arrangements are approved in writing in advance by the OVS Review Appraiser.

Extraordinary Assumptions(EA's):

No extraordinary assumptions have been identified. If the appraiser determines that extraordinary assumptions are necessary for the completion of the assignment, the appraiser must contact the OVS Review Appraiser for prior written approval.

Hypothetical Conditions(HC's):

Hypothetical conditions have been identified for some or all of the Federal parcels in regard to the most probable zoning if they were already in private ownership. No other hypothetical conditions have been identified. If the appraiser determines that additional hypothetical conditions are necessary, the OVS Review Appraiser must be contacted to obtain written approval to employ any such conditions.

Jurisdictional Exceptions(JE's):

If the Appraiser perceives that USPAP Jurisdictional Exception Rule should be invoked to meet certain standards in UASFLA, the Appraiser must contact the OVS Review Appraiser to obtain prior written approval.

Location of EA's HC's and JE's in Report:

All Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions, when authorized by OVS, must be clearly identified, labeled, and communicated wherever the final value conclusion is stated. At a minimum, this will include the letter of transmittal and the summary of salient facts. In addition, these same items must be communicated in conjunction with any General Assumptions and Limiting Conditions within the body of the report.

Property Inspection:

The appraiser must make a personal inspection of the subject property and all of the comparable market properties used in the direct comparison to the subject property unless specific arrangements to the contrary have been approved in writing by the assigned OVS Review Appraiser prior to the commencement of the assignment.

For appraisals with an intended use of acquisition or exchange, the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended and the Uniform Appraisal Standards for Federal Land Acquisitions (Section A-4, pages 9 and 10), require the appraiser to offer the property owner and/or the owner representative an opportunity to accompany the appraiser during the property inspection. The appraiser must certify in the report that such an offer was extended.

Permission to enter upon and appraise the property has not been granted. You are to make arrangements for the property inspection with the noted property owner or owner's representative and notify both the BLM Colorado State Office, Denver, CO Realty Specialist and the OVS Review Appraiser as to when the property inspection will take place.

Pre-Work Meeting

The appraiser may be required to attend a pre-appraisal meeting with the assigned OVS Review Appraiser, the client agency Realty Specialist and/or other agency representative, and other interested parties. The date, time and place of the meeting (if required) will be coordinated by the OVS Review Appraiser.

Controversies/Issue:

Should controversies (new) or issues (new) be identified by the appraiser during the course of the assignment, the OVS Review Appraiser identified in Section 3 of this document must be immediately notified.

Legal Instructions:

None.

Special Appraisal Instructions:

1. OVS is the appraiser's client. Even though communication is encouraged with the property owner and the client agency, no appraisal instructions or modifications thereof may be received from any party except OVS. Also, no assignment results or appraisal reports may be communicated to any party except OVS until authorized to do so in writing by OVS. In addition, any contact or correspondence with the Client Agency Realty Contact shall include the assigned OVS Review Appraiser.

General Appraisal Requirements and Instructions:

1. Any Contract or Private Appraiser must hold a valid State Certification as a Certified General Appraiser for the jurisdiction in which the subject property is located. (Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as "temporary" under the jurisdiction licensing and certification statutes). OVS Staff Appraisers must hold a valid State Certification as a Certified General Appraiser in compliance with OVS Policy.

2. The OVS Statement of Work (SOW) and employment contract (purchase or task order) must be included within the Addenda to the appraisal reports.

3. The appraiser's scope of work must result in credible assignment results for the intended use.

4. If the appraisal standards above call for compliance with UASFLA, then the presentation format of the reports must conform to the sequence and content in UASFLA.

5. The appraisals are to be documented in a Self-Contained report format. See UASFLA Introduction, (p.9) which states that a report prepared in accordance with UASFLA will be considered as meeting the USPAP requirements for a Self-Contained report.

6. The appraiser must appraise the subject sites in their "As Is" condition by all valuation approaches that are appropriate.

7. **The appraiser's conclusion of highest and best use for each subject site must be an economic 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 estimate market value. Nor may a highest and best use be speculative or conjectural.

8. Essential in the appraiser's conclusion of highest and best use is the determination of "Larger Parcel". The appraiser must make a larger parcel determination in every appraisal conducted under UASFLA Standards. (See UASFLA Section A-14 and B-13 for additional information).

9. Documentation of the comparable sales used in direct comparison must comply with reporting requirements of UASFLA and the Uniform Relocation Assistance and Real Property Acquisition Policies Act 1970. For instance, the latter requires "A description of the comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and **verification by a party involved in the transaction.**"

10. Color photographs and maps of comparable properties shall be included in the appraisal report. Aerial photographs for comparable properties will be accepted unless the aerial photographs are so dated that they do not accurately represent the property as it physically existed on the date of inspection. Any unusual property features must be photographed from ground level.

11. If sales to governmental entities, including sales to non-profit entities with the intention of transferring the sale property to a governmental entity, are included in the appraisal report, they are subject to extraordinary verification and treatment. They must be documented in accordance with the guidelines found in UASFLA Section D-9. **Each of the items of Section D-9 must be specifically addressed when communicating the confirmation of any government sales.**

12. The selection of the Unit of Comparison must be supported by analysis.

13. The preferred method of adjusting comparable sales is through supported Quantitative Adjustments (percentage, \$/acre, etc.); Qualitative Adjustments (similar, inferior, or superior) are

to be used only when the market variables cannot be quantified. Quantitative adjustments without support are unacceptable. When the Appraiser must resort to qualitative analyses, support that is more extensive and discussion of the Appraiser's reasoning why a comparable sale is similar, inferior or superior to the subject property is required. All adjustments must be supported by clear, appropriate, and credible analysis based on documented market research. Mere references to undisclosed "trends," or reliance on the Appraiser's "opinion" or "judgment" without market support is an unacceptable practice. Market support includes discussions with buyers/sellers, potential investors, brokers, etc. The Appraiser must also recognize that variances in sale prices may be caused by multiple factors and should not over adjust a comparable by double-counting overlapping items.

14. The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or revisions of the report.

15. The appraisal reports and all information furnished to the appraiser are DOI internal documents and are to be considered confidential by the appraiser. All requests for information concerning the appraisal must be referred to the assigned OVS Review Appraiser. The general public is not an intended user of the appraisal report; however the appraiser must also be aware that the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others.

16. OVS will not normally accept custody of confidential information. Should the appraiser find it necessary to rely on confidential information, he or she will contact the assigned OVS Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.

17. When the appraiser has performed any services regarding the subject property within the three prior years, he or she must appropriately disclose this information following the direction of the USPAP Ethics Rule, Conduct Section. This disclosure must be made within the proposal and also in the completed report.

SECTION 3 - CONTRACTING, PERFORMANCE and PAYMENT

Contracting Officer's Technical Representative/OVS Review Appraiser

Questions regarding appraisal instructions and/or technical requirements for this solicitation should be addressed to the OVS Review Appraiser named below who is acting as the Contracting Officer Technical Representative (COTR) for this project. Contact information for the Contracting Officer and Client Agency Realty Specialist is also provided below.

OVS Review Appraiser

Kent Stevens, MAI

Senior Appraiser

Office of Valuation Services

OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228
Phone: 303-969-5366
FAX: 303-969-5503
kent_stevens@ios.doi.gov

Contracting:

Contracting for this assignment is between the contract appraiser and Western Land Group, Inc.

Client Agency Realty Specialist (BLM)

The Realty Contact for this appraisal assignment is:

Alexa Watson, Realty Specialist
BLM Colorado State Office, Denver, CO
2850 Youngfield St
Lakewood, CO 80215-7093
Phone: (303) 239 – 3796

Contracting: This contracting assignment is between the contract appraiser and Western Land Group, Inc.

Payment – the fee amount is to be negotiated between the contract appraiser and the Western Land Group, Inc.

The Contract Appraiser must have extensive working knowledge of all applicable appraisal standards. The Contract Appraiser must have previous experience in appraising similar properties as described in this Statement of Work. He/she must be a Certified General Appraiser or must obtain a temporary general certification in the State of assignment.

Performance: Unless otherwise agreed upon, 120 calendar days (or less) delivery, from the date of awarding of the contract and authorization to proceed is the required date for submission of one signed original copy (PDF format may be required by the reviewer) of the appraisal report for review by OVS.

The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or correction to the report. **The Appraiser will be notified of any need for revisions or clarification within 14 calendar days (or less) of the report delivery. The appraiser must respond to this request within 14 (or less) calendar days.** OVS will notify the appraiser of the acceptance or non-acceptance of the report within **14** (or less) calendar days following delivery of the amended work product.

Once the report is accepted by OVS, the appraiser will submit **5 additional** signed copies of the report and two locked PDF copies of the appraisals on a CD. The copies shall be received by the review appraiser within **5** calendar days after approval of the appraisal reports.

Sutey Ranch Land Exchange
Federal Lands

Parcel A

T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$;
sec. 24, W $\frac{1}{2}$;
sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$;
sec. 26, S $\frac{1}{2}$ S $\frac{1}{2}$;
sec. 35, W $\frac{1}{2}$; and
sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$,
containing 1,240 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Grazing permit No. 507711, Thomas Allotment (8346) on the following lands:
T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$;
sec. 24, W $\frac{1}{2}$;
sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$;
sec. 26, S $\frac{1}{2}$ S $\frac{1}{2}$, and
sec. 35, N $\frac{1}{2}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ (northerly part).
2. Grazing permit No. 507655, Potato Bill Allotment (8347) on the following lands:
T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 35, S $\frac{1}{2}$ NW $\frac{1}{4}$ (southerly part) and SW $\frac{1}{4}$,
sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$.

Parcel B

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, Tract 86, lots 10, 11, and 12;
sec. 31, lots 9 and 13,
containing 28.37 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Parcel B-1

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, lots 5 and 8,
containing 1.00 acre.

Reservations to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

Road right-of-way COC-66832 (Ranch I, LLC).

Parcel C

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, Montana Lode;
sec. 30, lots 5 to 8, inclusive, lot 10, and SE $\frac{1}{4}$ NW $\frac{1}{4}$.
T. 5 S., R. 84 W.,
sec. 25, lot 10,
containing 171.34 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Grazing permit No. 507726, Horse Creek Allotment (8719).
2. Application – Road right-of-way COC-73302.

Parcel D

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, lot 9.
containing 17.41 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Bruce Creek Road.
2. Grazing permit No. 507726, Horse Creek Allotment (8719).

Parcel E

T. 5 S., R 84 W., Sixth Principal Meridian,
sec. 36, lots 2, 3, and 4,
containing 11.97 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Third Party Rights

Grazing permit No. 507726 for Horse Creek Allotment (8719).

Sutey Ranch Land Exchange
Non-Federal (Offered) Lands Legal Description

Parcel 1 (Sutey Ranch)

A parcel of land comprising all of Lots 1, 2, 6, 7, 8, 9, 10, 11, 12, 14, 15 & 16, Section 15; and Lot 8, Section 16; all in Township 7 South, Range 88 West of the 6th P.M.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1, Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at a point on the West line of Lot 1 also being on the Southerly Right-of-Way line of County Road 112 from which the Northwest corner of Lot 1 also being the Northwest corner of said Section 14 bears N00°02'06"E a distance of 388.93 feet;

thence along the Westerly & Southerly Right-of-Way line of said County Road No. 112 the following five (5) courses:

- 1) S48°18'46"E a distance of 114.75 feet;
- 2) thence 247.98 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 26°48'28" and subtending a chord bearing S61°43'00"E a distance of 245.72 feet;
- 3) thence S75°07'14"E a distance of 181.17 feet;
- 4) thence 127.24 feet along the arc of a 212.00 feet radius curve to the right, having a central angle of 34°23'20" and subtending a chord bearing S57°55'34"E a distance of 125.34 feet;
- 5) thence S40°43'54"E a distance of 17.31 feet to a point approximately 30 feet south of the centerline of an existing ranch road, to the west from said county road;

thence leaving the Right-of-Way, of County Road No. 112, and being 30 feet southerly of the centerline of said ranch road to the west along the following six (6) courses:

- 1) 74.19 feet along a non-tangent arc of a 291.29 feet radius curve to the right, having a central angle of 14°35'35" and subtending a chord bearing S77°20'22"W a distance of 73.99 feet;
- 2) thence S84°38'09"W a distance of 77.64 feet;
- 3) thence 105.40 feet along the arc of a 554.28 feet radius curve to the right, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
- 4) thence N84°28'07"W a distance of 32.05 feet;
- 5) thence 217.37 feet along the arc of a 288.70 feet radius curve to the left, having a central angle of 43°08'26" and subtending a chord bearing S73°57'39"W a distance of 212.27 feet;
- 6) thence S52°23'26"W a distance of 131.70 feet to a point on the West line of said Lot 1 from which the West ¼ Corner of said Section 14 bears S00°02'06"W a distance of 1,764.54 feet;

thence N00°02'06"E along the West line of said Lot 1 a distance of 478.21 feet to the point of beginning.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1 and Lot 2 in Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at the West 1/4 Corner of said Section 14; thence N00°02'06"E a distance of 1764.54 feet along the West line of said Section 14 to a point 30.89 feet South of the centerline of a ranch road as built and in place;

thence along a line 30 feet South of the centerline, of said ranch road the following six (6) courses:

- 1) N52°23'26"E a distance of 131.70 feet;
- 2) thence 217.37 feet along the arc of a 288.70 feet radius curve to the right, having a central angle of 43°08'26" and subtending a chord bearing N73°57'39"E a distance of 212.27 feet;
- 3) thence S84°28'07"E a distance of 32.05 feet;
- 4) thence 105.40 feet along the arc of a 554.28 feet radius curve to the left, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
- 5) thence N84°38'09"E a distance of 77.64 feet;
- 6) thence 74.19 feet along the arc of a 291.29 feet radius curve to the left, having a central angle of 14°35'35" and subtending a chord bearing N77°20'22"E a distance of 73.99 feet to a point on the West right-of-way line of County Road No. 112;

thence along the West right-of-way line of County Road No. 112 the following three (3) courses:

- 1) S40°43'54"E a distance of 118.89 feet;
- 2) thence 145.47 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 15°43'32" and subtending a chord bearing S48°35'40"E a distance of 145.01 feet;
- 3) thence S56°27'26"E a distance of 94.76 feet;

thence S00°01'00"W a distance of 1690.53 feet along the West lines of tracts of land described in Book 818 at Page 260, in Book 742 at Page 389 and in Book 1692 at Page 344, all of the records of the Clerk and Recorder of Garfield County, Colorado;

thence N89°39'40"W a distance of 860.89 feet along the North lines of tracts of land described in Book 1200 at Page 357 and in Book 1200 at Page 349 to the point of beginning.

All in the County of Garfield, State of Colorado.

Together with the appurtenant water rights described as twelve (12) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 051, and one and one-third (1-1/3) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 055.

Subject to:

1. Easement for power line granted to Public Service Company of Colorado recorded September 28, 1961 in Book 337 Page 7.
2. Easement for power line granted to Public Service Company of Colorado recorded May 14, 1982 in Book 559 Page 448.
3. Easement for power line granted to Public Service Company of Colorado recorded December 18, 1984 in Book 661 at Page 459.
4. Easement and right of way for power line granted to Holy Cross Electric Association, Inc. as recorded November 14, 1979 in Book 539 at Page 520.
5. County Road No. 112 in the N½ of Lot 1, Sec. 15, T. 7 S., R. 88 W.

Parcel 2 (West Crown)

A parcel of land situated in the East one-half of the Northeast one-quarter, the East one-half of the West one-half of the Northeast one-quarter and the Northeast one-quarter of the Southeast one-quarter of Section 24, Township 8 South, Range 88 West of the Sixth Principal Meridian, County of Pitkin, State of Colorado being described as follows:

Beginning at the Northeast corner of Section 24; thence $S00^{\circ}25'48''$ E along the East line of the Northeast one-quarter, a distance of 2612.11 feet to the East one-quarter corner;

Thence $S00^{\circ}24'35''$ E along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 852.93 feet to the West one-quarter of Section 19;

Thence $S00^{\circ}26'10''$ E continuing along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 453.16 feet to the Southeast corner of the Northeast one-quarter of the Southeast one-quarter;

Thence $N89^{\circ}58'32''$ W along the South line of the Northeast one-quarter of the Southeast one-quarter, a distance of 83.84 feet to the centerline of Prince Creek Road as constructed;

Thence Northwesterly along said centerline the following thirty (30) courses:

- 1) $N45^{\circ}19'04''$ W, a distance of 5.95 feet to a point of curve;
- 2) Along the arc of a curve to the right having a delta of $46^{\circ}34'40''$, a radius of 125.00 feet and a length of 101.62 feet to a point of tangent;
- 3) $N01^{\circ}15'36''$ E, a distance of 100.54 feet to a point of curve;
- 4) Along the arc of a curve to the left having a delta of $28^{\circ}01'47''$, a radius of 225.00 feet and a length of 110.07 feet to a point of tangent;
- 5) $N26^{\circ}46'11''$ W, a distance of 228.31 feet to a point of curve;
- 6) Along the arc of a curve to the left having a delta of $15^{\circ}41'26''$, a radius of 325.00 feet and a length of 89.00 feet to a point of tangent;
- 7) $N42^{\circ}27'38''$ W, a distance of 241.41 feet;
- 8) $N46^{\circ}42'43''$ W, a distance of 167.75 feet;
- 9) $N49^{\circ}10'43''$ W, a distance of 147.98 feet to a point of curve;
- 10) Along the arc of a curve to the right having a delta of $20^{\circ}22'48''$, a radius of 150.00 feet and a length of 53.36 feet to a point of tangent;
- 11) $N28^{\circ}47'55''$ W, a distance of 436.81 feet to a point of curve;
- 12) Along the arc of a curve to the left having a delta of $11^{\circ}01'51''$, a radius of 525.00 feet and a length of 101.07 feet to a point of tangent;
- 13) $N39^{\circ}49'45''$ W, a distance of 491.63 feet to a point of curve;
- 14) Along the arc of a curve to the right having an delta of $06^{\circ}54'57''$, a radius of 2750.00 feet and a length of 331.94 feet to a point of tangent;
- 15) $N32^{\circ}54'48''$ W, a distance of 10.34 feet to a point of curve;
- 16) Along the arc of a curve to the right having a delta of $11^{\circ}06'21''$, a radius of 550.00 feet and a length of 106.61 feet to a point of tangent;
- 17) $N21^{\circ}48'27''$ W, a distance of 85.50 feet to a point of curve;
- 18) Along the arc of a curve to the left having a delta of $22^{\circ}13'20''$, a radius of 200.00 feet and a length of 77.57 feet to a point of tangent;
- 19) $N44^{\circ}01'47''$ W, a distance of 41.86 feet to a point of curve;
- 20) Along the arc of a curve to the right having a delta of $23^{\circ}16'41''$, a radius of 400.00 feet and a length of 162.51 feet to a point of curve;
- 21) $N20^{\circ}45'06''$ W, a distance of 54.91 feet to a point of curve;
- 22) Along the arc of a curve to the right having a delta of $06^{\circ}58'38''$, a radius of 800.00 feet

and a length of 97.42 feet to a point of tangent;

23) N13°46'28"W, a distance of 25.00 feet to a point of curve;

24) Along the arc of a curve to the left having a delta of 29°04'52", a radius of 200.00 feet and a length of 101.51 feet to a point of tangent;

25) N42°51'20"W, a distance of 59.64 feet to a point of curve;

26) Along the arc of a curve to the right having a delta of 09°53'30", a radius of 500.00 feet and a length of 86.32 feet to a point of tangent;

27) N32°57'50"W, a distance of 3.75 feet to a point of curve;

28) Along the arc of a curve to the right having a delta of 20°33'10", a radius of 300.00 feet and a length of 107.61 feet to a point of tangent;

29) N12°24'41"W, a distance of 77.00 feet to a point of curve;

30) Along the arc of a curve to the left having a delta of 04°30'29", a radius of 400.00 feet and a length of 31.47 feet to a point on the West line of the East one-half of the West one-half of the Northeast one-quarter;

Thence N00°11'22"W along the West line of the East one-half of the West one-half of the Northeast one-quarter, a distance of 812.37 feet to the Northwest corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E along the north line of the Northeast one-quarter, a distance of 663.39 feet to the Northeast corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E continuing along the North line of the Northeast one-quarter, a distance of 1326.84 feet to the Point of Beginning,

containing 111.78 acres.

Subject to:

1. Terms, conditions and provisions of an agreement recorded April 14, 1961, in Book 193 at Page 468.
2. Terms, conditions and provisions of Resolution No. 84-21 recorded October 16, 1984, in Book 475 at Page 175.
3. Terms, conditions, provisions, obligations, easements and rights of way as contained in easement and road maintenance agreement recorded October 29, 1987, in Book 549 at Page 470.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MINERAL REPORT

Proposed Disposal of Selected Public Lands
Through Land Exchange – Sutey Ranch

LANDS INVOLVED

1,470 acres within T 5 S-T 8 S
and R 83 W-R 88 W
6th Principal Meridian
Eagle & Pitkin Counties, Colorado

Prepared By:

Anthony T. Sieber
(Signature)

Fluids Geologist
(Title)

12/20/2012
(Date)

Technical Approval:

(Signature)

(Title)

(Date)

Management Acknowledgement:

(Signature)

(Title)

(Date)

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checked by Todd Sieber and Vanessa Bull on 10-23-2012 and 11-7-2012.

LANDS INVOLVED

The parcels are described as follows:

Table 1: Federal and Non-Federal Parcels Involved in the Exchange

Parcel	County	Legal Description	Acres
Federal Parcels			
A	Pitkin	T. 8 S., R. 88 W., Sixth Principal Meridian, sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{2}$ NE $\frac{1}{4}$; sec. 24, W $\frac{1}{2}$; sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{2}$ SW $\frac{1}{4}$; sec. 26, S $\frac{1}{2}$ S $\frac{1}{4}$; sec. 35, W $\frac{1}{2}$; and sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$	1,240
B	Pitkin	T. 8 S., R. 87 W., Sixth Principal Meridian, sec. 31, Tract 86, lots 10, 11, and 12, and sec. 31, lots 9 and 13	28.37
B1	Pitkin	T. 8 S., R. 87 W., Sixth Principal Meridian, sec. 31, lots 5 and 8	1.0
C	Eagle	T. 5 S., R. 83 W., Sixth Principal Meridian, sec. 30, Montana Lode; sec. 30, lots 5 to 8, inclusive, lot 10, and SE $\frac{1}{4}$ NW $\frac{1}{4}$, T. 5 S., R. 84 W., sec. 25, lot 10	171.34
D	Eagle	T. 5 S., R. 83 W., Sixth Principal Meridian, sec. 30, lot 9	17.41
E	Eagle	T. 5 S., R. 84 W., Sixth Principal Meridian, sec. 36, lots 2, 3, and 4	11.97
<i>Total Acreage of Federal Parcels A through E</i>			<i>1,470</i>

The Two-Shoes Ranch and adjacent parcels (Parcels A, B and B1; Figures 1 and 3-6) are located approximately 6 miles south-southeast of Carbonale and east of Highway 133. The parcels consist primarily of steep slopes, rolling hills, and east-west trending ridge tops between the White River National Forest to the south and The Crown to the east. Elevations range from 6800 feet on Parcel A, to 8400 feet on Parcels B and B1. Vegetation is scrub oak, pinion-juniper forests and sagebrush meadows with a few stands of cottonwood along creeks and drainages. The slopes are mostly vegetated with some rock ledges and cliffs.

The Horse Mountain parcels (Parcels C, D and E; Figures 2 and 7-10) are located approximately 6 miles southeast of Eagle. The parcels consist of steeply sloping terrain, with elevations ranging from 7500 to 8700 feet. The area is mostly thick oak brush interspersed with sagebrush and pinion-juniper stands.

STATUS RECORD DATA FOR PUBLIC LANDS

The Federal government owns all the surface and mineral estate within the public land parcels. The

CONCLUSIONS AND RECOMMENDATION

It should be noted that the proposal includes conveyance of the surface and mineral estates of the Federal and non-Federal lands, subject to valid existing rights, except for the non-Federal Parcel 2 in which only the surface estate would be conveyed because the Federal government currently owns the mineral estate on this parcel.

LEASABLE MINERALS

The parcels have no development potential for coal, and negligible development potential (speculative only) for oil and gas. No retention of minimal value coal, oil and gas is recommended.

LOCATABLE MINERALS

Parcels A, B and B1

Overall, the parcels have a low resource occurrence potential and a low development potential (mostly speculative development) for locatable minerals. No retention of minimal value locatable minerals is recommended.

Parcels C, D and E

It has been surmised that most, if not all, of the economically viable ore has been mined from the area. There are currently no active claims in the area. No retention of minimal value locatable minerals is recommended.

SALABLE MATERIALS

Current demand for this material is low, and in all parcels only small amounts of mineral materials are present. Therefore, the parcels have a low development potential for landscape or construction aggregate materials. Based on the low development potential, no retention of minimal value mineral materials is recommended.

INTRODUCTION

The purpose of this report is to address the mineral potential of certain public lands, which are proposed for disposal through a land exchange, as authorized under Section 206 of the Federal Land Policy and Management Act (FLPMA). The Sutey Land Exchange proposes to exchange Federal lands in Eagle and Pitkin Counties for certain fee lands in Garfield and Pitkin Counties.

The conclusions of the report are limited to the action prompting the report. The parcels were field

parcels are not identified by the United States Geological Survey (USGS) as prospectively valuable (PV) for any leasable minerals (USGS Online Resource Data System). A check of LR200 database on November 19, 2012 showed that no oil and gas leases were present, and that no mining claims were present. No mineral material sites overlap with the parcels. All of the parcels are currently open to mineral material sales.

REGIONAL GEOLOGY

The parcels are situated geographically on the Western Slope of Colorado, between the western edge of the Rocky Mountains and the Colorado Plateau. Structural features that contribute to the unique geology in the area of Parcels A and B include the Grand Hogback Monocline to the North, the Piceance Basin to the west, and the Eagle Valley to the east. Structures contributing to the geology in the area of Parcels C, D, and E include the Rocky Mountains to the East, the Piceance Basin to the west, and the Eagle Valley Evaporite in the surrounding area. The parcels are underlain by rocks ranging in age from Precambrian to Upper Tertiary. The Laramide Orogeny uplifted the Rocky Mountains approximately 80 million years ago during the Jurassic period, resulting in a series of faults along the range, many of which have proven to be resourceful locations for mineral ores. Once the range deformation and uplift ceased, magmatism began during the upper Tertiary period, accounting for volcanic basalt flows and pyroclastic deposits throughout the region.

LOCAL GEOLOGY

Two-Shoes Ranch

Parcels A and B are situated near the base of Mt. Sopris, an igneous plutonic stock of quartz monzonite and granodiorite, located south of the Two-Shoes Ranch. Geology at the ranch consists of alluvial deposits of Devonian to Quaternary-aged rocks, mainly Leadville limestones, Maroon Formation sandstones and conglomerates, Dakota sandstones, and younger Pleistocene gravel deposits.

Table 2. Geologic Formations within the Two-Shoes Area

Map Symbol	Lithologic Pattern	Formation Name	Age	Characteristics	Outcrop
Qgo		Old Gravels and alluvium	Pleistocene	Unconsolidated. Varying in size and shape. Sand, gravels cobbles and boulders.	Terrace, outwash and pediment gravels.
QTa		High-Level alluvium	Pliocene	Fine-grained to boulder alluvial deposits and gravels.	Preserved mainly on ridge tops, may not all be of the same age.
Km		Mancos Shale	Cretaceous	Grey to dark-grey marine shale.	Thickness ranges from 5,000 to 6,000 feet.
Kd		Dakota Sandstone	Lower Cretaceous	Light grey and tan sandstone or quartzite; some inter-bedded dark shale and shaly sandstone.	Resistant, widely exposed unit but too thin to show separately at map scale in some areas. Thickness ~125-225 ft.

Source: Ellis et al. 1984

Horse Mountain

The surface and bedrock geology of Parcels C, D and E are concealed in most of the area by thick oak brush, vegetation and soils. The bedrock formations consist of, in ascending order, the Eagle Valley Evaporite, the Eagle Valley Formation, the Chinle Formation, the Entrada Sandstone, the Morrison Formation, and the Dakota Sandstone. This area falls within the Brush Creek Mining District and is notable due to mineral extraction in the early 1900s. The silver-copper ores of the Brush Creek District are found only in the vicinity of Horse Mountain where Jurassic Entrada Sandstone is folded up against the Lady Bell thrust fault. The fault served as a barrier to the ore solutions which then spread out and impregnated the lower part of the Entrada just above its contact with the underlying Triassic red beds. This is the only favorable horizon for ore deposition in the district (MLA 20-93, p.91)

Table 3. Geologic Formations within the Horse Mountain Area

Map Symbol	Lithologic Pattern	Formation Name	Age	Characteristics	Outcrop
Kd		Dakota Sandstone	Lower Cretaceous	Light grey and tan sandstone or quartzite; some inter-bedded dark shale and shaly sandstone.	Resistant, widely exposed unit but too thin to show separately at map scale in some areas. Thickness ~125-225 ft.
Jm		Morrison Formation	Upper Jurassic	Variogated shale and mudstone, light-gray sandstone, and local beds of green-gray limestone.	Locally conglomeratic near base. Thickness ~ 500 ft. along Grand Hogback and Colorado river.
Jme		Entrada Sandstone	Upper Jurassic	Light-gray to orange cross-bedded sandstone.	Thickness ~ 75-150 ft. in northwest and central quadrangle
Ta c		Chinle Formation	Upper Triassic	Brownish to purplish-red calcareous siltstone, mudstone and sandstone.	Thickness south of eagle ~ 1,200 ft. Thins in all directions.
Pe		Eagle Valley Formation	Pennsylvanian	Gray and reddish-gray siltstone, shale, sandstone and carbonate rocks	Unit is transitional between clastic and evaporitic. Thickness varies.
Pee		Eagle Valley Evaporite	Pennsylvanian	Gypsum, anhydrite, and inter-bedded siltstone and minor dolomite - some salt at depth.	Diapiric in structural configuration in many places. Thickness is indeterminate.

Source: Tweto et al. 1978

development potential (speculative only) for oil and gas. No retention of minimal value coal, oil and gas is recommended.

LOCATABLE MINERALS

Two-Shoes Ranch

The parcels do not contain any known locatable minerals in the form of lode or placer deposits, and there are no geologic features indicative of such mineralization. Additionally, the area is not identified as a mining district by the 1993 Bureau of Mines Regional Mineral Appraisal. Furthermore, there are no known historic or current locatable prospecting or mining activities in the vicinity, and none were observed during the field check. Overall, the parcels have a low resource occurrence potential and a low development potential (mostly speculative development) for locatable minerals. No retention of minimal value locatable minerals is recommended.

Horse Mountain

Mineralization in the Brush Creek district may be associated with a northwest extension of a belt of extensive Laramide-age intrusions that extend from New York Mountain southeast to the Homestake Mine area. Tweto and others (1978) show a major fault that trends northwest from the Fulford Stock, quartz monzonite porphyry, through the Horse Mountain area and intersects the northeast-trending Lady Bell thrust fault. This northwest-trending fault may have served as a conduit for the ore-bearing solutions originating from the Fulford Stock.

Copper and silver ores in the Brush Creek district occur mainly as small bodies of disseminated ore in the Entrada Sandstone and also along fracture zones and faults. The silver ore is a black, friable, fine-grained material that coats the sand grains and forms the matrix of the sandstone. Cerargyrite is the only silver mineral identified. Azurite and malachite impregnate the sandstone; however, the malachite occurs mainly as veinlets in fracture zones. Analyses of the mineralized sandstone showed about 0.2% to 0.3% vanadium and a trace of uranium.

The Brush Creek mining district is a relatively small district that produced mostly silver and some copper. Because very little of the mineralized parts of the workings were accessible, it is difficult to determine if additional, similar resources remain. However, it is possible that additional silver-copper deposits, similar to those mined in the past, could be discovered within the Entrada Sandstone down dip from the mined deposits.

SALABLE MATERIALS

Two-Shoes Ranch

The surface and bedrock geology of the parcels is concealed in most of the area by sage brush, pinion, juniper and unconsolidated alluvium. The steep slopes do not appear to contain significant amounts of rock suitable for rip rap or other uses. However, on the ridge tops and low hills, there are vast quantities of sand, gravel cobbles and some boulders. Lithics span from sub-angular to rounded, are igneous based and range from less than 1 mm to 24 cm in size, with some anomalous larger boulders. Some of the rock may have potential for decorative and landscape uses. There is no physical and legal access to most of this area, however. There are large, more accessible exposures of similar material on other public lands in the area. Current demand for this material is low.

PRODUCTION HISTORY

Horse Mountain

Silver-copper ore was discovered on Horse Mountain in the Brush Creek district in 1913. Bureau records give a total silver production of about 300,000 oz. and a copper production of 1,800 lb from 1913 until 1925 for the district. Average silver grade was about 70 opt. Principal workings in the district include the Lady Bell, Dakota and North Dakota Mines (MLA 20-93, p.92.)

Texaso carried out a core drilling program in the district in the 1950's, possibly as a vanadium and/or uranium prospect; however, the results of this exploration work were not available (Personal communication, Edwin Belding, claim owner, June 1991).

According to LR2000 there are no oil and gas leases on the parcels and there has been no historical leasing. Additionally, there are no current locatable prospecting or mining activities or mineral material sites in the vicinity. However, there have been 51 historic claims, the most recent of which closed in the mid-1990s.

Two-Shoes Ranch

According to LR2000 there are no oil and gas leases on the parcels and there has been no historical leasing. Additionally, there are no current locatable prospecting or mining activities or mineral material sites in the vicinity.

MINERAL DEPOSITS & POTENTIAL

LEASABLE MINERALS

Two-Shoes Ranch

According to the USGS, and the Colorado River Valley Field Office reasonable foreseeable development scenario, the Parcels are classified as PV for oil and gas development, but not for coal or any other leasable minerals. However, development potential of oil and gas resources is severely limited due to the highly stressed and fractured nature of the geologic environment, the shallow depth of recoverable resources, and the nearly inaccessible terrain. Furthermore, no coal beds exist in the sedimentary formations underlying the bedrock exposures at surface. The parcels have no development potential for coal, and negligible development potential (speculative only) for oil and gas.

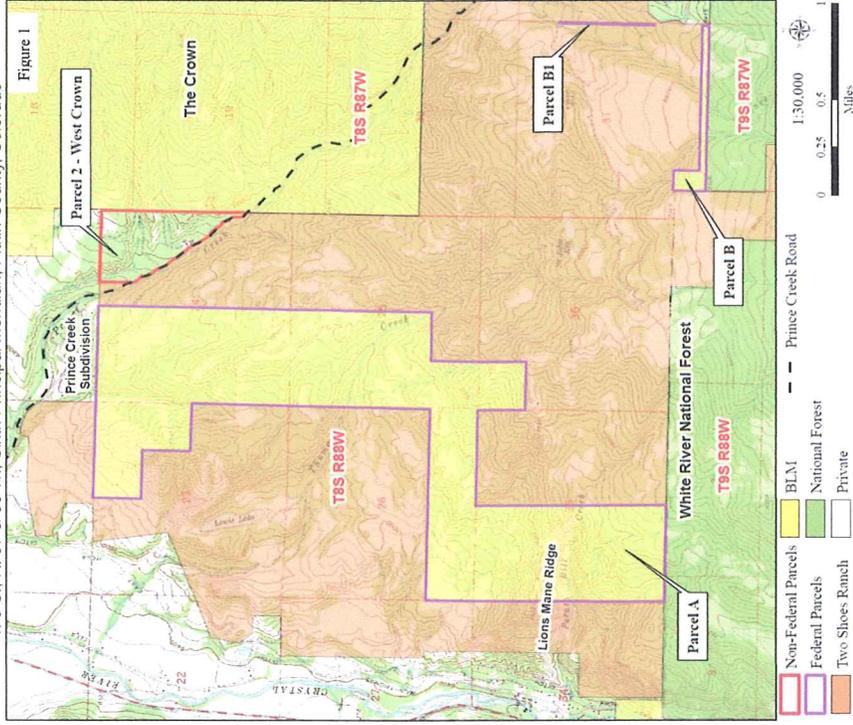
Horse Mountain

The parcels identified in the Horse Mountain area are classified as low potential for oil and gas development and no development potential for coal. The area is characterized by a few exposures of Mesozoic and Paleozoic rock formations identified as predominantly clastic, although anhydritic rocks are also exposed in a few locations. The parcels have no development potential for coal, and negligible

Horse Mountain

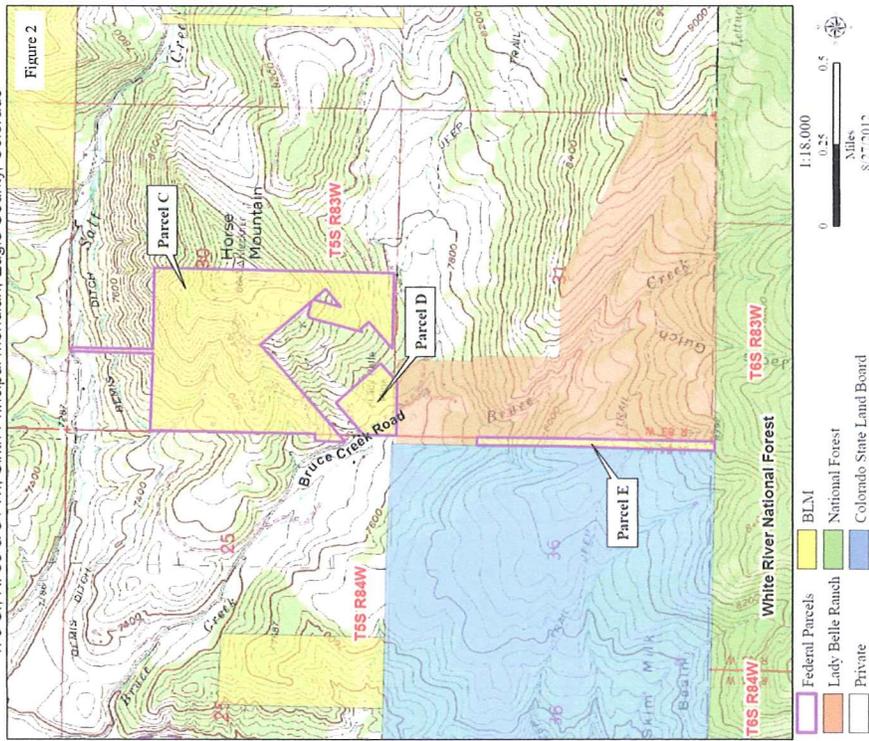
Most of the surface geology in these parcels is covered in dense vegetation comprised of scrub oak, sage, and piñon-juniper stands. The few areas clear of vegetation are covered by soils and regolith; remnants of the surrounding bedrock exposures. There are a few localities, such as drainages, in which small amounts of regolith and scree have accumulated. These locations are characterized by highly angular lithics ranging from 2cm to 36cm in size, and from light pink to grey in color. The majority of the material has potential to be used as construction aggregate or landscaping fill.

Sutey Ranch Land Exchange
 Parcel 2 - West Crown
 Parcels A, B, and B1
 T. 8 S., R. 87 & 88 W., Sixth Principal Meridian, Pitkin County, Colorado



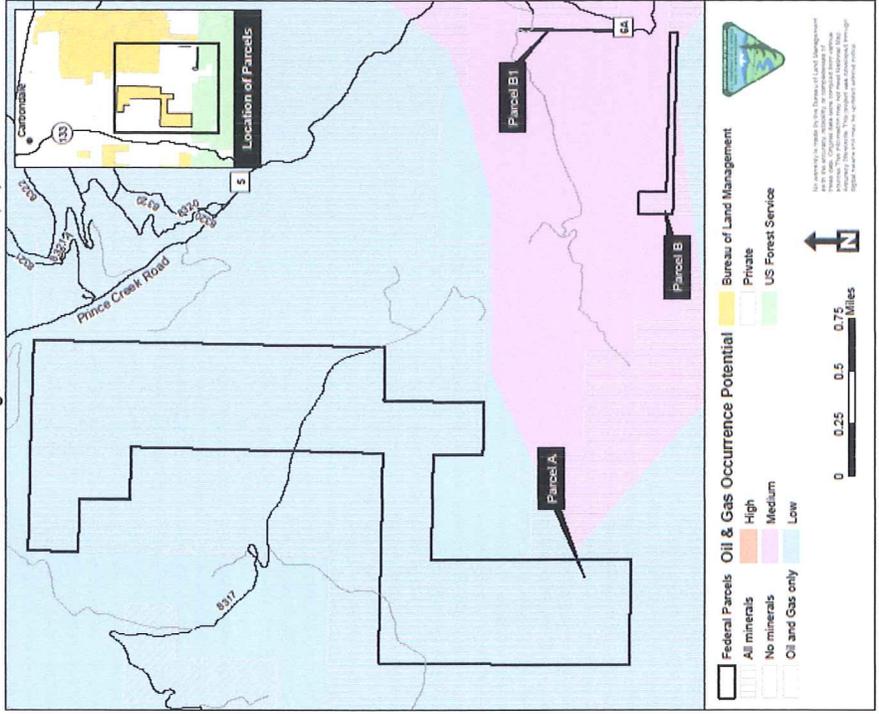
Sutey Ranch Land Exchange

Parcels C, D, and E
T. 5 S., R. 83 & 84 W., Sixth Principal Meridian, Eagle County, Colorado

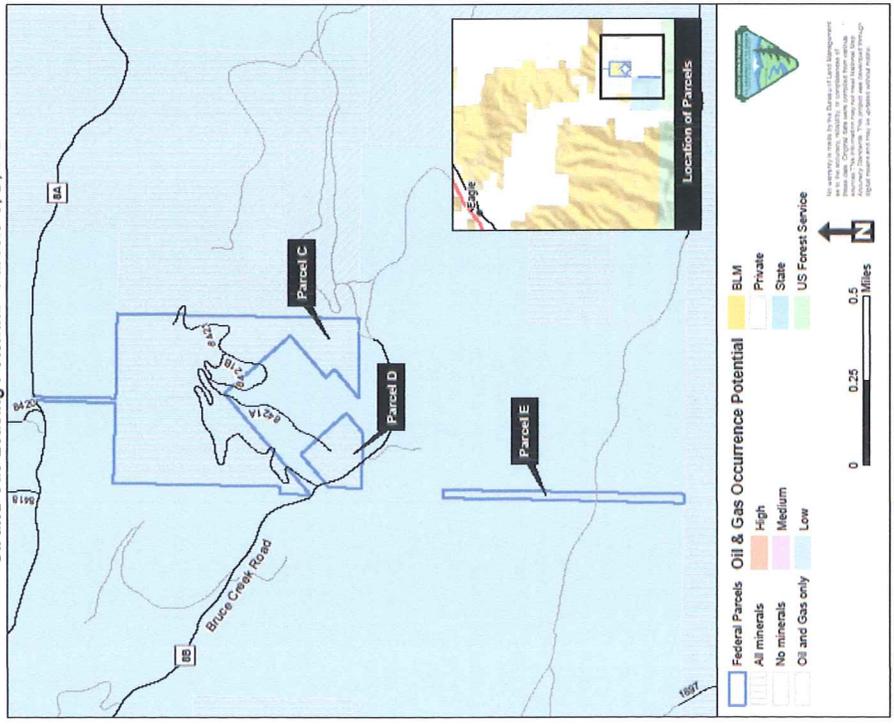


Sutey Ranch Land Exchange

Oil & Gas Leasing Potential - Parcels A, B, & B1

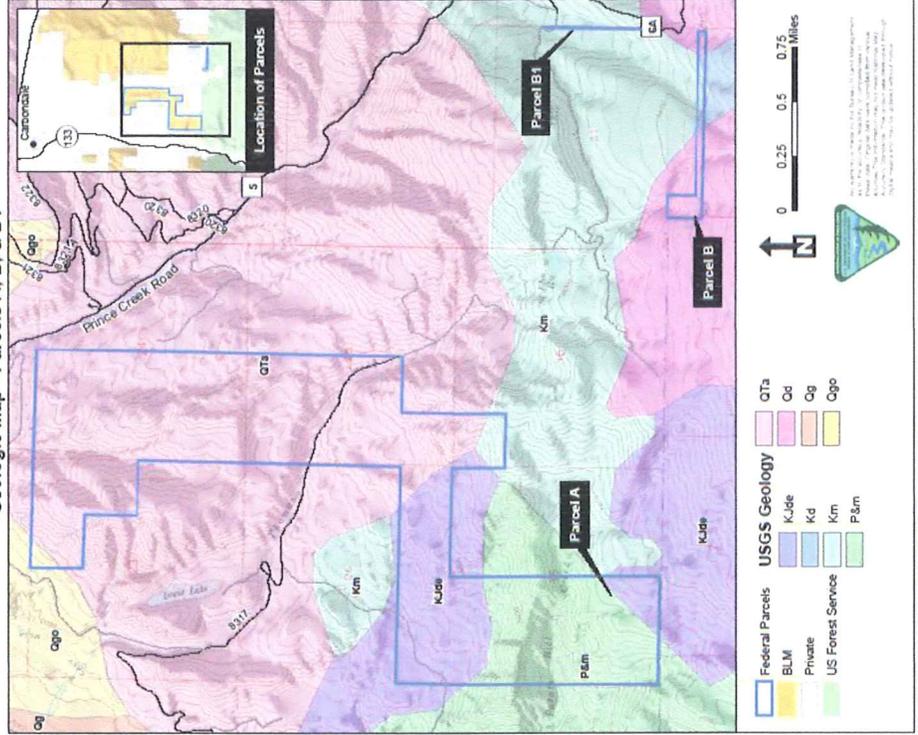


Sutey Ranch Land Exchange Oil and Gas Leasing Potential - Parcels C, D, & E



Map produced by the BLM, Colorado River Valley Field Office, December 2012

Sutey Ranch Land Exchange Geologic Map - Parcels A, B, & B1



Map produced by the BLM, Colorado River Valley Field Office, December 2012

Sutey Ranch Land Exchange

Geologic Map - Parcels C, D, & E

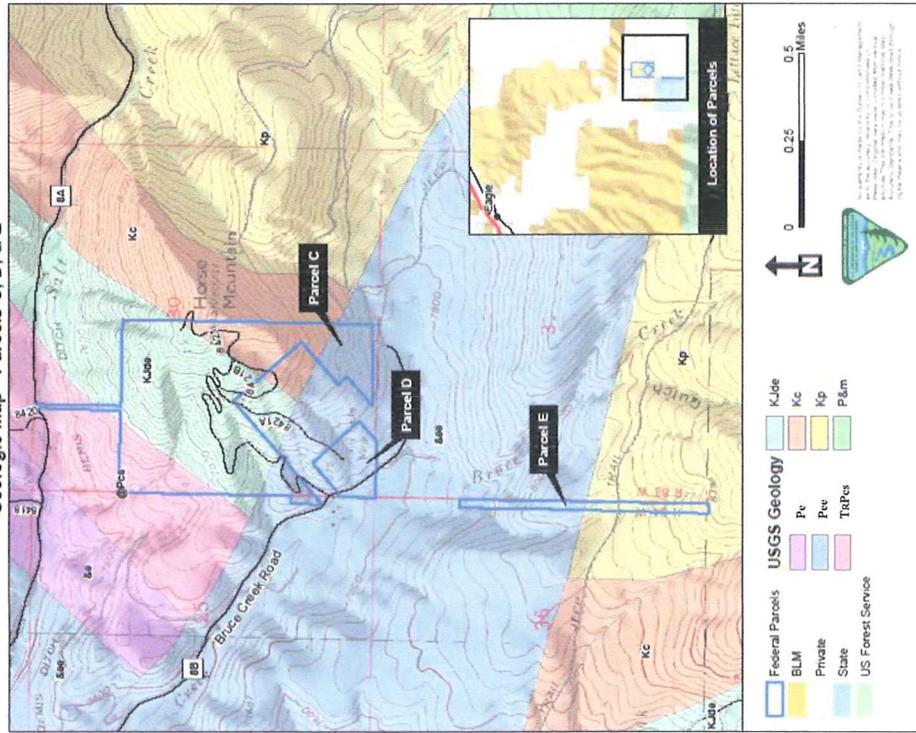


Figure 3



Figure 4



Figure 5



Figure 6

Figure 3: Two-Shoes Parcel Mancos Shale exposure looking southwest towards Mt. Sopris.

Figure 4: Two-Shoes Parcel looking northeast.

Figure 5: Two-Shoes Parcel regolith and unconsolidated alluvium.

Figure 6: Two-Shoes Parcel Dakota Sandstone outcrop.



Figure 7



Figure 8



Figure 9



Figure 10

Figure 7: Horse Mountain looking west at sandstone outcrop.

Figure 8: Horse Mountain Entrada Sandstone exposure.

Figure 9: Horse Mountain regolith and unconsolidated lithic fragments.

Figure 10: Horse Mountain looking east.

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