The August 30, 2000 Update To

The Realty Group Report

Steens Mountain

Land Exchange Proposals

Executive Summary

This latest update to the Realty Group Report has been prepared to inform those working on legislation for the Steens Mountain area of the latest modifications to the land exchange proposals, and the resulting alterations to the boundary lines of the Cooperative Management and Protection Area, Wilderness areas and no-grazing area. Subsequent to the original June 30, 2000, Realty Group Report and the Market Values Report of July 24, 2000, key Oregon Congressional staff members, Steens Mountain area landowners, representatives of environmental/conservation organizations and local Bureau of Land Management officials met to discuss modifications to the land exchange proposals. At times, individual landowners were brought in to specifically discuss their proposal. During these meetings, issues contained in the original report were addressed with adjustments made to the exchanges. These adjustments are minor in relation to the entire land exchange proposal; however, as a result of negotiations to address or resolve issues associated with the exchanges, there were concurrent modifications to the Cooperative Management and Protection Area, Wilderness area and no-grazing area. The Cooperative Management and Protection Area was adjusted to follow land exchanges adjacent to, or on, the boundary line, and it was pushed further west to incorporate private and public lands between Catlow Rim and Highway 205. Additional Wilderness was added to the Home Creek unit to include all of the Home Creek Wilderness Study Area (WSA). At the same time the Wilderness line was lowered on the east face of Steens Mountain, the grazing permittees adjusted the no-grazing line to better reflect where cattle cannot graze in this area.

A new area called the Wildland Juniper Management Area was created along the lower portion of the North Steens Loop Road. This area is approximately 3,268 acres in size and is designed to accommodate demonstrations, research, and interpretation of juniper management practices. There are approximately 2,190 acres of WSA in the area which will be released from WSA status.

This report contains a brief overview of each exchange proposal, with modifications noted, and maps to illustrate each exchange and modifications. To address resource values, Table 1, Resource Summary Comparisons for Proposed Steens Mountain Land Exchanges**,** is included to portray key resource values present on offered and selected lands for each exchange. Table 2, Comparison of Resource Values and Designations within the Cooperative Management and Protection Area, is also included to portray the net effect of the exchanges and resulting changes to the designated areas. The Final Valuation Team Report is also included which summarizes land values and identifies economic impacts to the private landowners involved with the proposed land exchanges.

Scharff Estate Exchange*

Brief Description of Proposal

- 793 acres offered private land located in Fish Creek-Big Indian Allotment exchanged for 798 acres of public land along the south boundary of Scharff private holdings north of Cold Springs road and south of Fish Creek.

Offered Private Land (80 acres added since June 30th proposal)

- Includes approximately 0.50-mile of Donner und Blitzen Wild and Scenic River (WSR) corridor containing Fish Creek.
- Within both the proposed Wilderness and no-grazing areas.
- Contains 0.25-mile of Cold Springs Road.

Selected BLM Land (80 acres added since June 30th proposal)

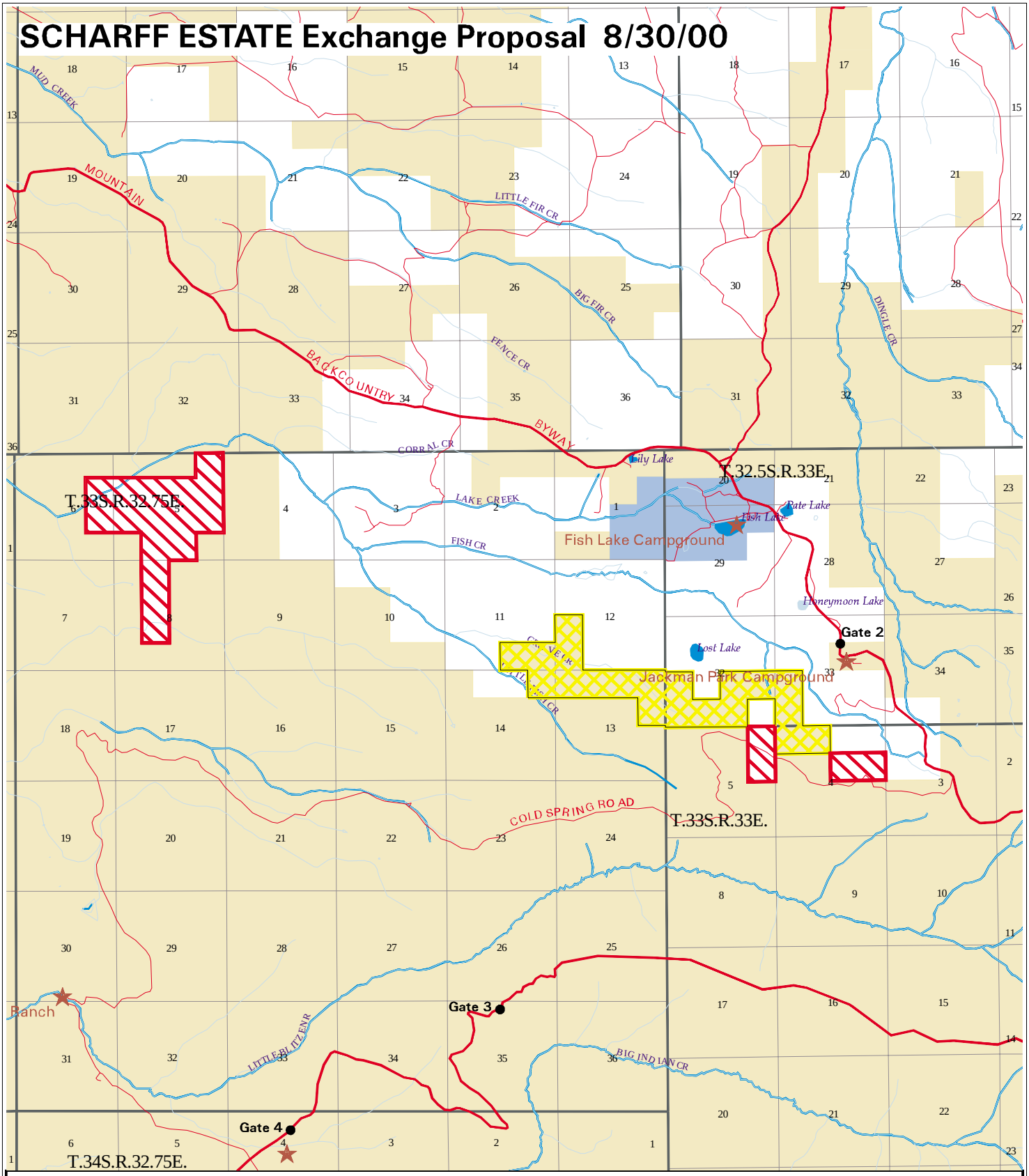
- Contains approximately 40 acres within the WSR corridor, but no river itself. Acres consist of mountain sagebrush and some springs near Grove Creek.
- Consolidates private land parcel.

Modifications to Address Previously Identified Issues

- Add 80 acres of offered private land to assure legal public access along Cold Springs Road.
- Add 80 acres of selected public land.

* All acreages are approximate and based on GIS figures

SCHARFF ESTATE Exchange Proposal 8/30/00



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Selected BLM Land (797.7 acres)
Offered Private Land (793.2 acres)

ARCInfo map prepared 8/31/00, Pam Keller, steens2exc.aml/scharffexc.ps

Davis Exchange*

Brief Description of Proposal

- 5,103 acres of offered private land along the east face of Steens Mountain in exchange for 5,340 acres of low-elevation public land primarily suited for farming and livestock grazing and a potential cash payment.

Offered Private Land (120 acres dropped since June 30th proposal)

- Secures numerous public accesses to the east front of Steens Mountain.
- Provides a land bridge between the Alvord Peak and High Steens WSAs which are being considered for designation as Wilderness.
- Includes 8 miles of perennial streams.

Selected BLM Land (1,619 acres added since June 30th proposal)

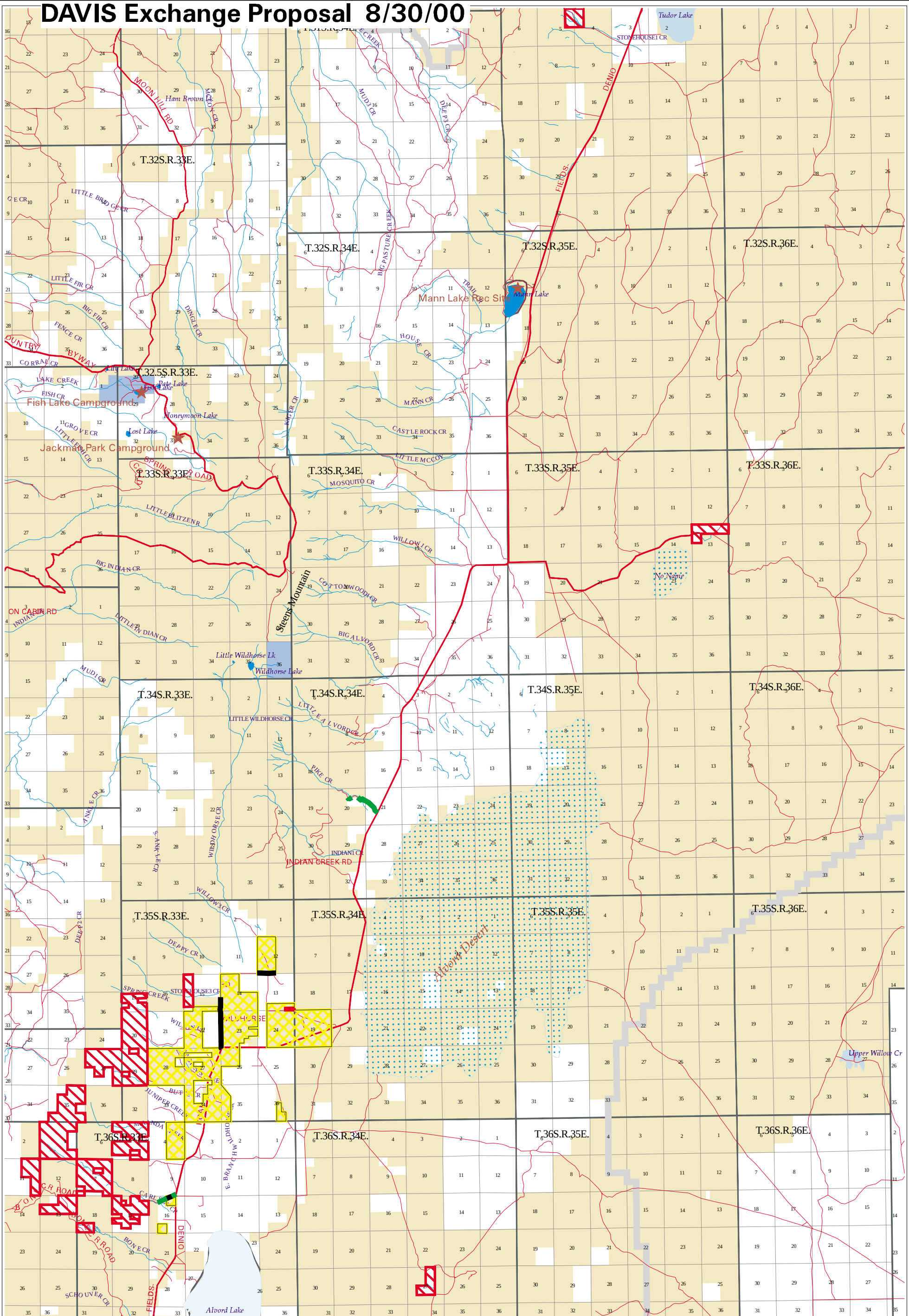
- Consolidates private land holdings and enhances livestock operations.
- Primarily farmland and low elevation grazing land.
- Includes two small farm houses.
- Contains 1.50 miles of Wildhorse Creek, which is intermittent at this elevation.

Modifications to Address Previously Identified Issues

- Added selected public land to exchange to equalize values and facilitate livestock management.
- 120 acres of offered private land was dropped from exchange to facilitate private landowner's livestock operation.

* All acreages are approximate and based on GIS figures

DAVIS Exchange Proposal 8/30/00



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Resource Area Boundary
Perennial Streams
Major Roads
Minor Roads
Proposed ROW Res. (2.08mi)
Proposed Easements (1.24mi)

Selected BLM Land (5,339.5 acres)
Offered Private Land (5,103.2 acres)

ARCInfo map prepared 8/31/00, Pam Keller, steensexc.aml/davisexc.ps

Clemens Ranch Exchange*

Brief Description of Proposal

- Exchange of Fish Creek-Big Indian grazing permit of 1,978 AUMs for 800 AUMs grazing preference in Crow's Nest Allotment.

- Land exchange to also include 1,078 acres of offered private land and 11,796 acres of selected public land. BLM to pay for seeding the selected public land in Barnes Well Allotment and other selected land west of the county road.

Offered Grazing Permit

- Contains the highest portion of the Steens Mountain including Indian Creek, Little Blitzen, Cold Springs Canyon and Fish Creek watersheds.
- Contains major portions of the Donner und Blitzen WSR.
- Contains important wildlife habitat, vegetative communities, riparian and meadow areas, scenic values and several fish species.
- Contains WSAs and other opportunities for dispersed and developed recreation.
- The grazing permit is within both the no-grazing and Wilderness areas of the proposed legislation.

Offered Private Land (no change since June 30th proposal)

- Includes 480 acres at Yank Springs, an important watering site for the Kiger wild horses.
- Contains 640 acres at Shepherd Springs, which is currently fenced and would not be grazed by livestock once acquired.

Selected BLM Land (1,369 acres added since June 30th proposal).

- Area selected for grazing preference transfer is primarily crested wheatgrass seeding.
- Land selected for exchange is primarily big sagebrush/bunchgrass upland, much of which is currently dominated by cheatgrass, and about 1,000 acres of mountain big sagebrush/bunchgrass.

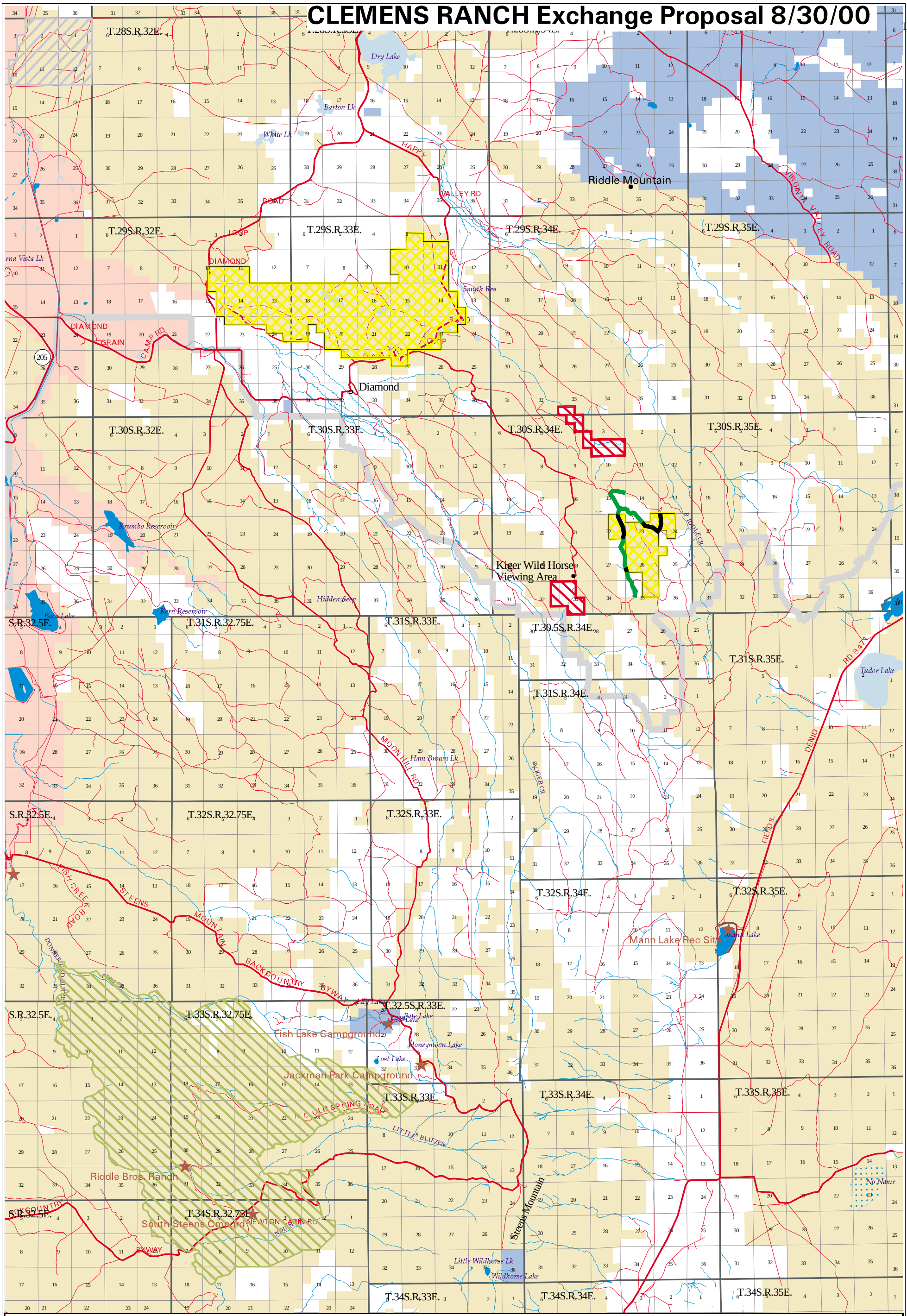
*Acreages are approximate and based on GIS figures

Modifications to Address Previously Identified Issues

- A public land block east of Diamond was dropped due to potential adverse impacts to the Kiger wild horse herd.
- Selected public land was added near other selected land areas in exchange for dropping the public land east of Diamond.
- 4 miles of road easements were added to improve legal access to public land in the north Steens area.

*Acreages are approximate and based on GIS figures

CLEMENS RANCH Exchange Proposal 8/30/00



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ARCInfo map prepared 8/31/00, Pam Keller, steensexc.aml/clemensexc.ps

Roaring Springs Ranch Exchange*

Brief Description of Proposal

- Approximately 10,916 acres of offered private land mostly located in the South Fork Blitzen watershed and Donner und Blitzen WSR corridor in exchange for approximately 76,373 acres of selected public land and a potential cash consideration.

Offered Private Land (160 acres added since June 30th proposal)

- Most of the land is located within the South Fork Blitzen watershed.
- Contains 5 miles of WSR.
- Contains all of Ankle and Mud Creeks (tributaries to the Donner und Blitzen) which would become WSR under the proposed legislation.
- Streams contain redband trout.
- Land is primarily riparian, springs and wetlands with associated riparian species.
- Area contains numerous historic homesteads, nesting and brood rearing sage grouse habitat, high quality elk and deer habitat, fish habitat, and high scenic values.
- Offered private land is mostly within both the no-grazing and Wilderness areas of the proposed legislation.
- Includes about 3 miles of road easements across seven separate parcels to improve access to public land within the Cooperative Management and Protection Area.

Selected BLM Land (2,223 acres dropped since June 30th proposal)

- Contains solid and scattered blocks within private land throughout the Roaring Springs grazing allotments (Catlow Valley, lower slopes of Catlow Rim, Skull Creek watershed and upper Home Creek) and two adjacent grazing allotments including the Blitzen Allotment (no current permit) and Fields Basin Allotment (one grazing permit).
- Also includes the adjudication to Roaring Springs of grazing preference within two north pastures of Miners Field Allotment (permit has been canceled) and southern pasture for displaced permittee from Fields Basin Allotment.
- Contains approximately 1-mile of the headwater of the South Fork Blitzen River (WSR), 0.50-mile of middle Home Creek, and 2 miles of Skull Creek. Home Creek contains redband trout.
- Some parcels lie within four WSAs. However, these parcels are not within the proposed Wilderness area.
- Most public land contains dry sagebrush sites (low, Wyoming and mountain) and a lesser percentage contains crested wheatgrass seedings.
- Some uplands are within the headwater area of the South Fork Blitzen watershed.

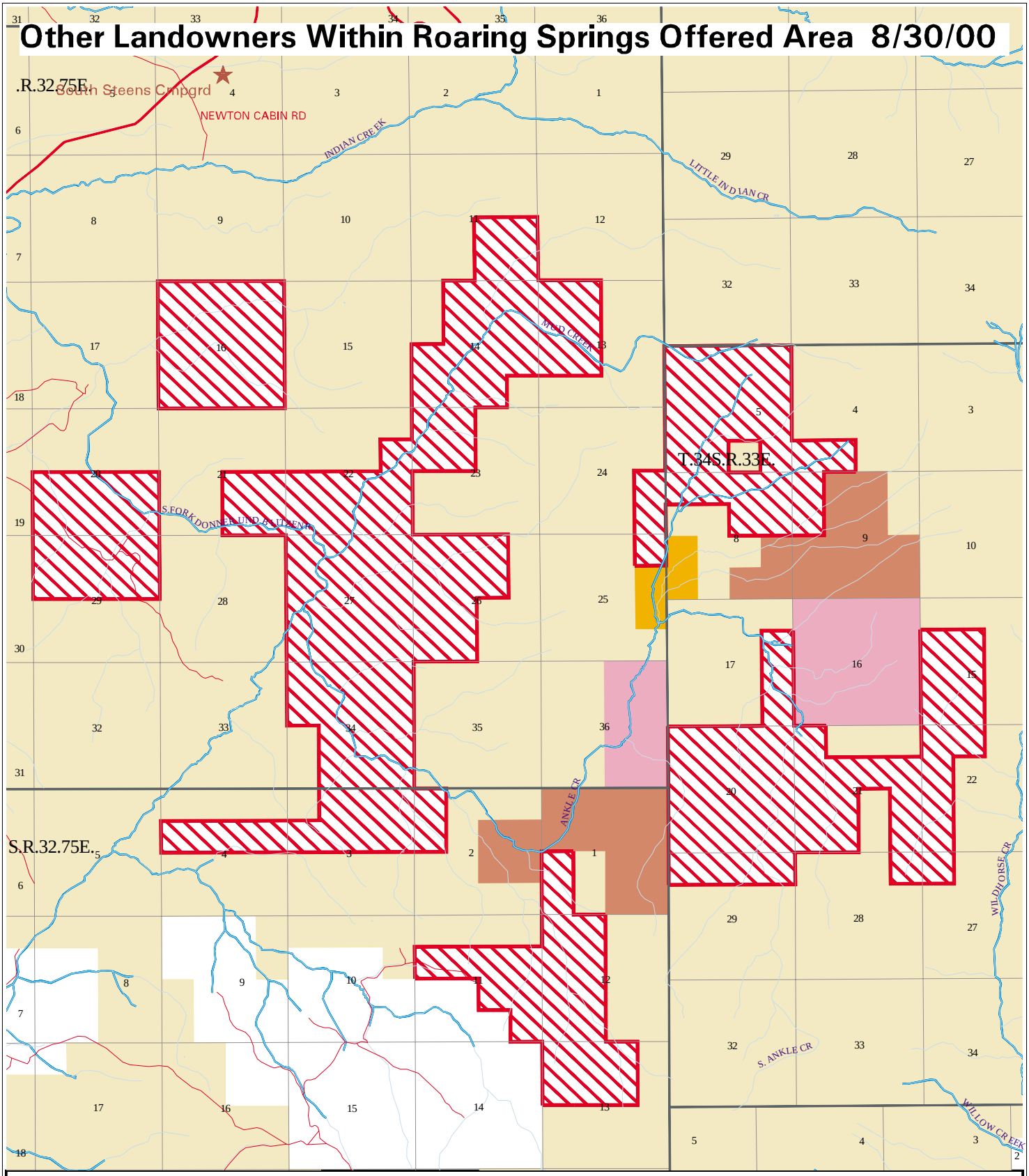
* All acreages are approximate and based on GIS figures

Modifications to Address Previously Identified Issues

- The selected Frenchglen parcel was dropped.
- The selected Sixmile and Skull Creek Dunes parcels were dropped.
- Small adjustments were made in the Eusabio Ridge, and the ridge between the Skull Creek and Alvord basins.
- Approximately 1½ sections of selected land near Public Waterhole were dropped.
- Approximately 100 acres north of the Long Hollow Road adjacent to the Alvord Wilderness were added to the selected land.
- Approximately 200 acres of selected public land at Threemile Creek were dropped. Approximately 10 acres were selected to encompass the Roaring Springs diversion.
- Approximately 5 acres were offered to provide public access to Threemile Creek.
- Two 80-acre parcels were added to the offered land to facilitate adjustments to the Wilderness and no-grazing boundaries.

* All acreages are approximate and based on GIS figures

Other Landowners Within Roaring Springs Offered Area 8/30/00



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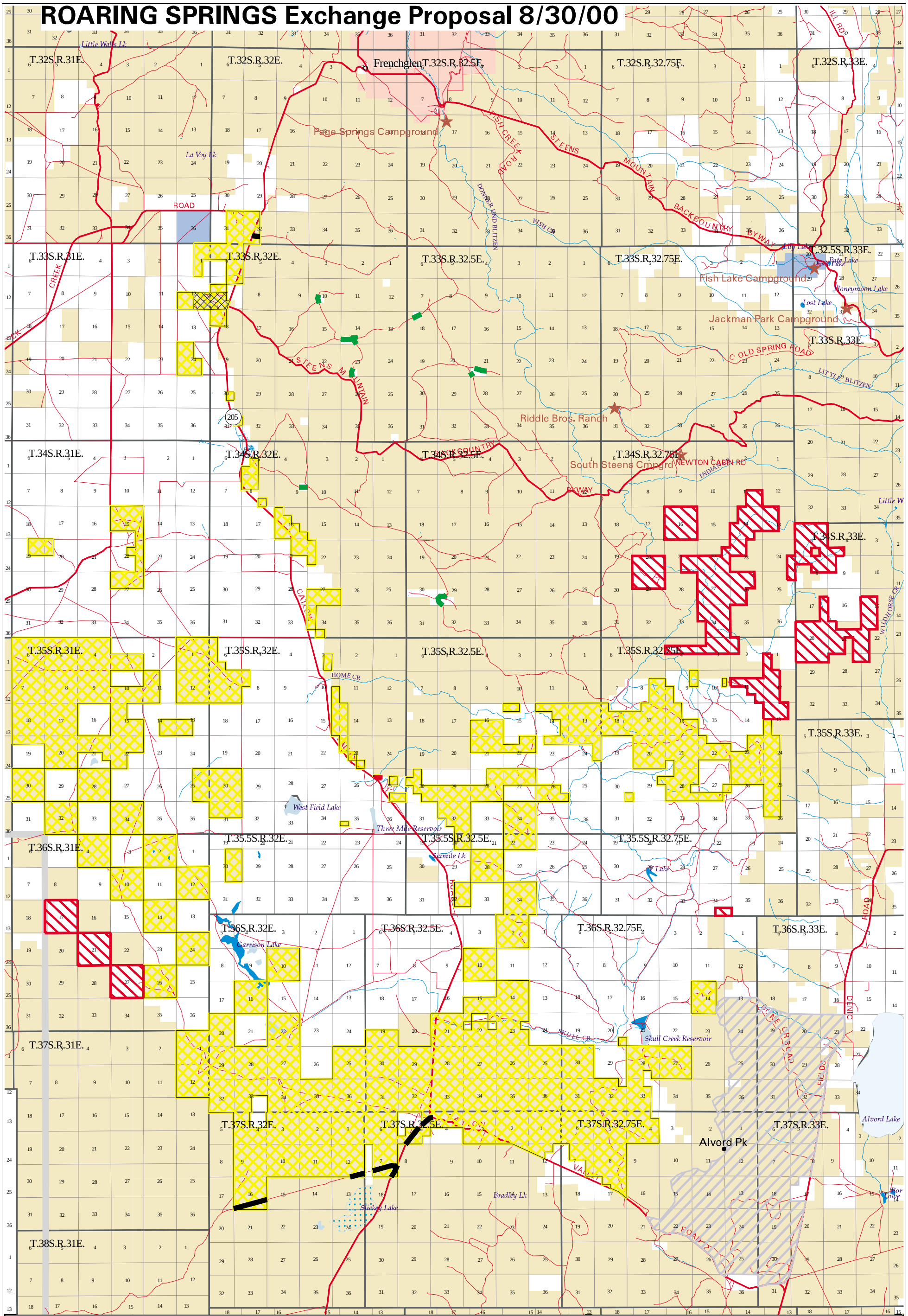
Ellis (959.9 acres) TNC
Mcdade (158.8 acres) TNC
Blair (1236.6 acres) TNC
Offered Private Land

ARCInfo map prepared 8/31/00, Pam Keller, steens2exc.aml/inholdingexc.ps

ROARING SPRINGS Exchange Proposal 8/30/00



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ARCInfo map prepared 8/31/00, Pam Keller, steensexc.aml/roarexc.ps

C. Otley Exchange*

Brief Description of Proposal (No Change)

- 851 acres of offered private land in the headwaters of Kiger Gorge in exchange for 3,845 acres of selected public land, plus a potential cash consideration.

Offered Private Land (no change from June 30th proposal)

- 851 acres in the headwaters of Kiger Gorge, which includes the springs, creeks and associated meadows.
- This area is one of the most scenic viewsheds within the Steens Mountain area.
- Land supports diverse wildlife and vegetation associated with high elevation wetlands and riparian areas including several fish species.

Selected BLM Land (no change from June 30th proposal)

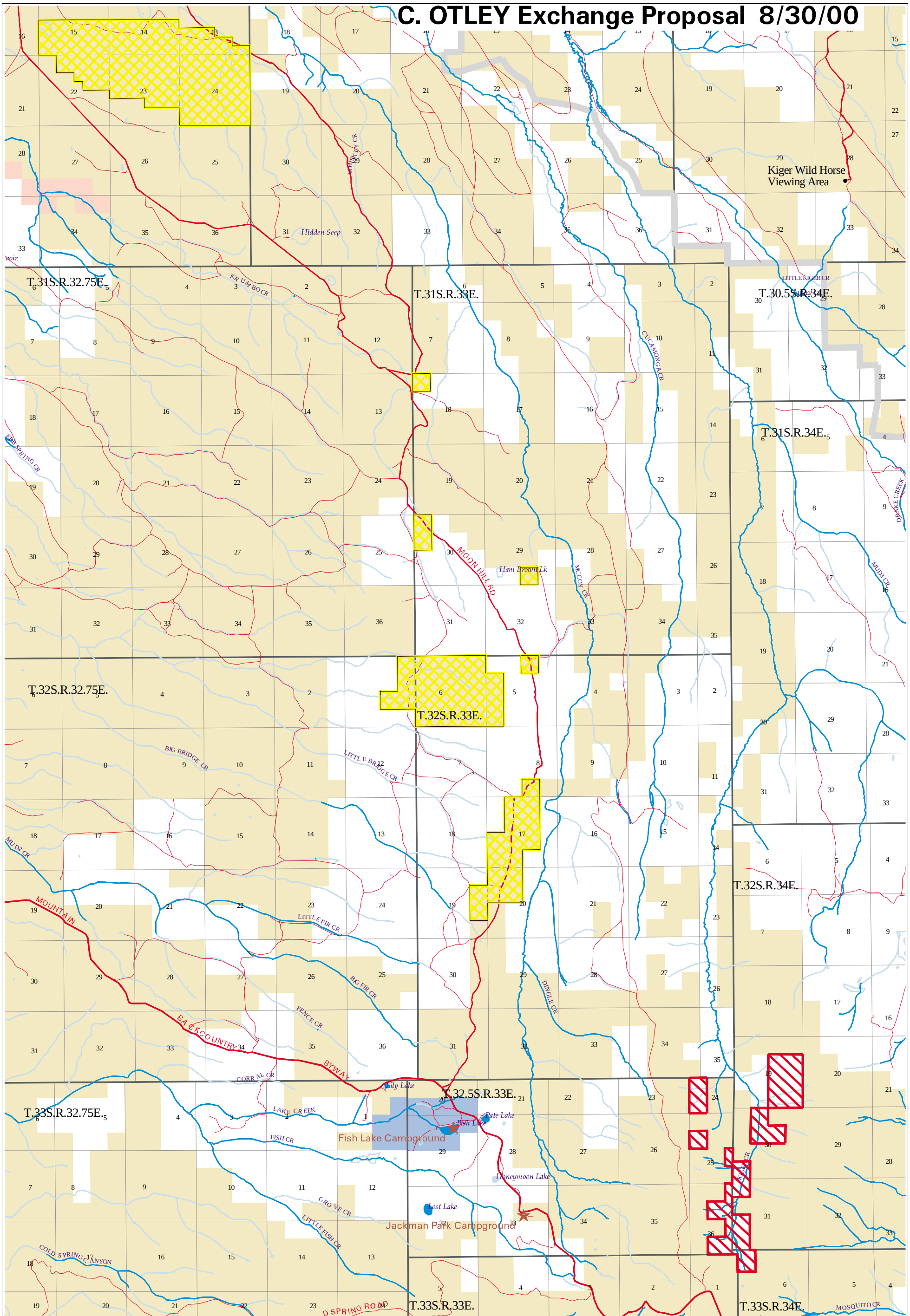
- Blocks up private land.
- Contains upland sagebrush vegetation and one seeded crested wheatgrass pasture.
- Contains five parcels along Moon Hill Road providing public access on the north side of Steens Mountain.

Modifications to Address Previously Identified Issues

- None

* All acreages are approximate and based on GIS figures

C. OTLEY Exchange Proposal 8/30/00



F. Otley Exchange*

Brief Description of Proposal

- Approximately 505 acres of offered private land for approximately 6,880 acres of selected public land and a potential cash consideration.

Offered Private Land (no change from June 30th proposal)

- 505 acres in the headwaters of Kiger Gorge, which includes springs, creek and associated meadows.
- This area is one of the most scenic viewsheds within the Steens Mountain area.
- Land supports diverse wildlife and vegetation associated with high elevation wetlands and riparian areas including several fish species.

Selected BLM Land (1,164 acres added since June 30th proposal)

- Contains primarily mid-elevation sagebrush/juniper uplands including potentially seedable acreage in the East Warm Springs and Alkali Allotments.
- Blocks up private holdings and simplifies some ranching operations.
- Contains 1.50 miles of Kiger Creek which is an important fish-bearing stream on the north side of the Steens.

Modifications to Address Previously Identified Issues

- Offered land in Kiger Gorge would be within the no-grazing area.
- Selected land between Kiger Creek and Drake Creek dropped to help equalize values.
- Additional selected land chosen for potential conversion into late season livestock forage.

* All acreages are approximate and based on GIS figures

FRED OTLEY Exchange Proposal 8/30/00

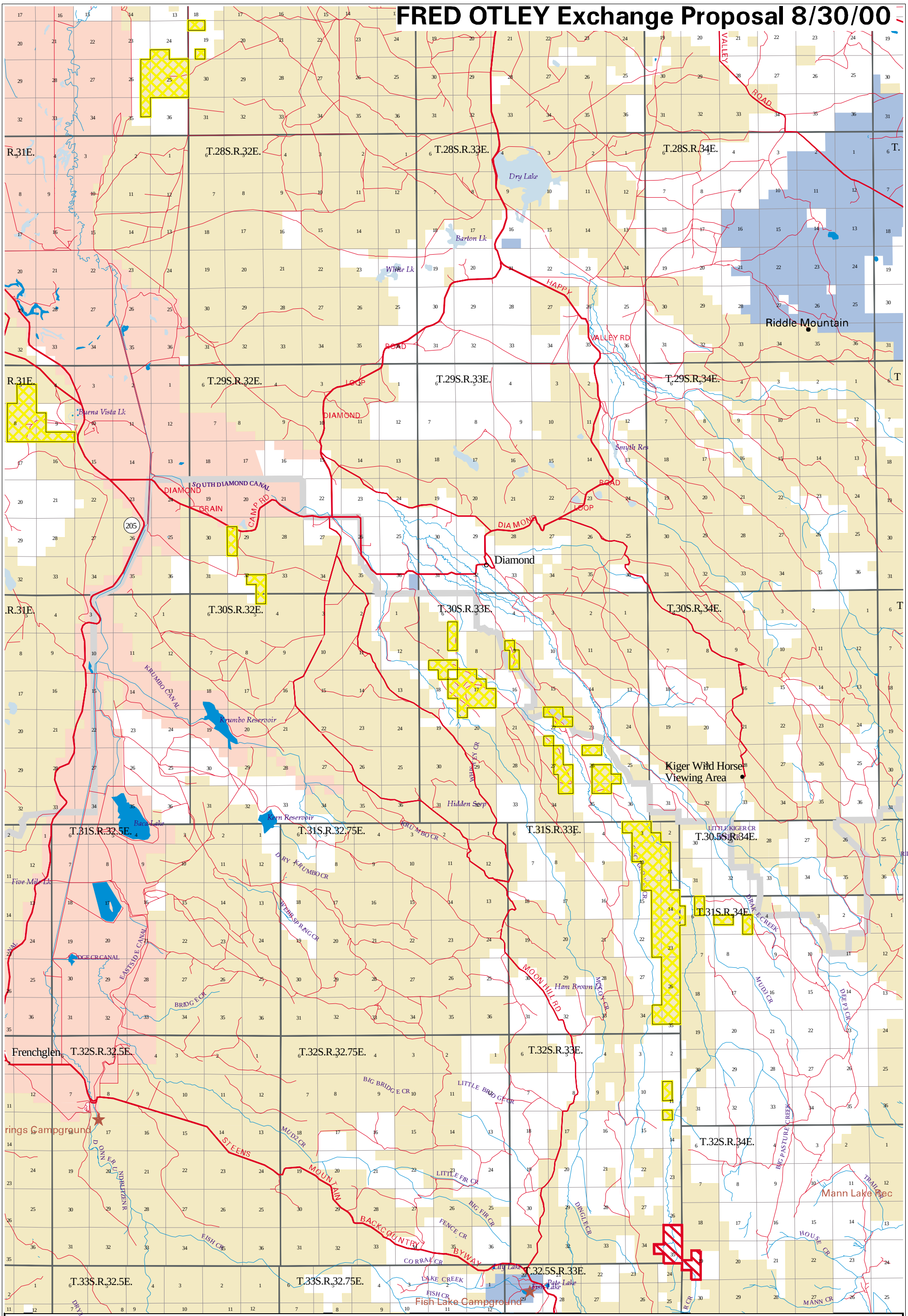


TABLE 1: RESOURCE SUMMARY COMPARISONS FOR
PROPOSED STEENS MOUNTAIN LAND EXCHANGES

August 18, 2000

This table and attached narrative indicate the relative gains and losses of resource values for each land exchange being considered in the Steens Mountain Legislation. Values for the offered private land (O) and the selected public land (S) are shown below.

Resource Values	**Scharff Estate Exchange**		**Davis Exchange**		**Roaring Springs Exchange** [4]		**Clemen's Ranch Exchange**		**C. Otley Exchange**		**F. Otley Exchange**	
	O	**S**	**O**	**S**	**O**	**S**	**O**	**S**	**O**	**S**	**O**	**S**
Wild and Scenic River miles [1]	.48	0	0	0	13.90	2.27	0	0	0	0	0	0
Perennial stream miles	.48	.32	7.86	.96	15.94	9.42	3.60	.04	3.54	0	2.29	2.97
Wilderness or WSA acres [2]	793	0	4,470	0	10,792	18,077	0	0	851	0	505	0
No-grazing acres [3]	793	0	0	0	10,712	0	0	0	851	0	505	0
Aspen/meadow acres	42	521	0	0	2,016	218	0	43	247	192	295	10
Nonnative seeding acres	0	0	0	618	0	3,292	0	735	0	1,454	0	902
Wild Horse Area acres	0	0	360	0	11,061	13,278	1,082	6,844	0	0	0	881
Special Status species												
a. Sage grouse acres	793	797	2,500	1,300	13,131	47,288	1,078	2,748	34	1,900	0	5,768
b. Bighorn sheep acres	5	0	5,103	600	2,300	10,318	0	0	851	0	505	1,134
c Redband trout stream miles	.48	.68	0	0	15.84	3.73	1.77	.67	1.39	0	1.62	2.76
d. Catlow Tui Chub stream miles	0	0	0	0	0	2.61	0	0	0	0	0	0

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[1] Includes the additional river miles as identified in the proposed legislation.

[2] Includes the wilderness acreage identified in the proposed legislation.

[3] Includes the no-grazing area identified in the proposed legislation.

[4] Includes Blair, Ellis, and McDade inholdings.

August 30, 2000

TABLE 2: COMPARISON OF RESOURCE VALUES AND DESIGNATIONS WITHIN THE COOPERATIVE MANAGEMENT AND PROTECTION AREA

Resource Values	**Public Land Current Situation**	**June 30, 2000 Proposal**	**August 30, 2000 Proposal**
Cooperative Management and Protection Area Acres	425,550 (BLM) 69,516 (Pvt) 1,070 State 496,136	424,467 (BLM) 62,366 (Pvt) 1,070 State 487,903	430,357 (BLM) 64,709 (Pvt) 1,070 State 496,136
Wilderness acres Wilderness Study Area	0 256,478	139,552 147,912 287,464	171,962[1] 118,344 290,306
No-grazing acres	49,948	105,199	104,965
Wildland Juniper Management Area	0	0	3,268
Wild and Scenic River	63.8	88.6	89.4
Perennial stream miles	254.1	278	279.0
Aspen/meadow acres	13,267	14,871	14,903
Nonnative seedings	21,985	20,085	20,511
Wild Horse Area acres	159,253	159,335	165,509
Special Status species :			
a. Sage grouse acres	383,996	379,814	386,846
b. Bighorn sheep acres	166,870	173,356	171,736
c Redband trout stream miles	113.4	125.6	125.7
d. Catlow Tui Chub stream miles	0	0	0

Table does not include Hammond Exchange.

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1. 38,430 acres into wilderness from non-WSA BLM land and acquired private land.

STEENS MOUNTAIN LAND EXCHANGES

FINAL VALUATION TEAM REPORT

AUGUST 31, 2000

Steens Mountain Land Exchanges

Background:

After successive meetings with the landowners, the Secretary's Realty Group issued a report entitled "Steens Mountain Land Exchange Proposals" on June 30, 2000. Among other things, the Realty Group recommended an expedited valuation review on four of the proposed exchanges be completed prior to final consideration of the proposed legislation.

A three person team consisting of a BLM Realty Manager and two Oregon state-certified appraisers[1], spent the week of July 17th through the 21st meeting with each of the four ranchers, and inspecting their respective properties on the ground and by helicopter[2]. At the request of congressional staff, the team considered both economic impacts that could come into play in a "friendly" condemnation action but could not be considered in a normal land exchange as well as the basic market values of the lands themselves. The valuation team understood their responsibility was to examine the offered and selected lands to ascertain whether the proposed exchanges "*reflect fair value*" and will "*maintain the viability of grazing and recreation operations on private and public land in the Cooperative Management and Protection Area*."

All known recreational and ranch sales in southern Harney County were evaluated and those actually on the Steens were personally inspected and confirmed. Other ranch and grazing land sales in northern Harney County and elsewhere in eastern Oregon and northern Nevada were also considered and used. These sales had either been confirmed by one of the team appraisers previously or by other well-respected appraisers in the area. During the first half of August, 63 other recreational and ranch sales throughout the west were assembled in a supplemental Sales Comparable Data Book. These sales supported the team's original conclusions.

On August 22-23, the team returned to the Steens to inspect additional properties involved in two other exchanges included in the legislation: the Davis Exchange and the Scharff Exchange. Adequate sales data was on hand with which to value these properties. The team also met with Burns District personnel and reviewed proposed changes to the Clemens, Roaring Springs, and Otley Brothers Ranch Exchanges. Two of the proposed additions to the Otley Brothers exchange were also personally inspected. An addendum to this report details the changes made between the original proposals reviewed in our July 24th Market Values/Economic Impacts Report and this Final Valuation Team Report.

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1 Valuation Team members: government Realty Chief (26 yrs with BLM; last 7 yrs in current position); government appraiser (10 yrs in private and government practice, 5 years in current position, member ASFMRA); and a private appraiser (15 yrs in private practice, MAI, ASFMRA candidate).

2 Team members met with the landowners, flew over the most remote offered and selected property, and traveled 541 miles by FWD vehicle over offered and selected lands, and some comparable sale properties. Team members also consulted with the BLM District realty specialists, range conservationist, GIS specialist, the District Manager and the Andrews Resource Area Manager to verify information gathered and substantiate costs of seeding, fencing, etc.

General Description of Area:

Steens Mountain, a fault block uplift, dramatically rises above the surrounding arid desert basin. Historic ranching since the 1870's has been based on seasonal livestock trailing between winter pastures at low elevations to high elevation pastures in the late summer.

The low elevation lands are typical arid desert terrain with very little topography or vegetation. The mid-elevation lands have mixed juniper-sage vegetation with some live water in steep canyons. These areas are typically low to mid quality, early spring grazing lands. The high elevation lands are a mix of sage and creek bottoms with aspens and grassy meadows. The meadows vary in width (100 feet on either side of creeks, to large 160+ acre meadows), with interspersed aspen groves and other vegetation. The highest elevation lands are glacial headwalls with vertical rock cliffs and green valley bottoms.

As you move up in elevation the grazing quality of the lands increases immensely from an average of 30 acres for 1 early season AUM (animal unit month) at the bottom, to an average of 1 acre for 3 late season AUM's.

In addition, as the elevation component increases, the recreation appeal of the lands increases. There is little recreation value in the Catlow Valley bottomlands to the west of the Steens Mountains. The mid-elevation lands are already in a mixture of private/public ownership, with some existing and new development and increasing development pressure from the market place.

The high elevation lands offer excellent views and recreation appeal. These lands are extremely scenic for both private and public use. The high elevation lands have development pressure, but other than a few hunting cabins, have yet to be developed. Snow pack, the short summer season and access difficulties are the main reasons for lower development pressure in these higher elevation areas.

Existing Ranching Operations:

Early settlers on Steens Mountain established their homesteads on lands with perennial streams and springs, as the water and lush vegetation were critical to successful ranching operations. The proposed land exchanges would transfer these high elevation, high value private lands into public ownership, and transfer low-to-mid elevation public range land into private ownership.

Each ranch operates from a base of private fee lands and federal grazing allotments. Following spring calving, herds are gradually moved to higher pastures as fields at lower elevations dry up. For Roaring Springs, Otley Brothers, and Clemens, loss of high Steens grazing on the private fee lands and the federal grazing allotments will result in reduced earnings from lower delivery weights for cattle. These ranchers will also incur significant costs in modifying ranch operations to a new land base: e.g., new fencing, water development, additional trailing or trucking, feed purchases, early season sales, etc. On the other hand, ranching operations for both Scharff and Davis would actually be improved by completion of the exchanges by providing additional green forage for late season grazing.

Reliability of the Evaluation:

It is the judgment of the team appraisers that if post-legislative appraisals were required, there is an 80 percent probability that the total values on each side of the exchange would be within plus or minus 10 percent of those presented in this report, assuming the effective valuation dates remain within the week of July 17th, 2000.

Market Value vs. Assemblage Value:

In reviewing this report, decision-makers should keep in mind the difference between market value and assemblage value. While the great majority of holdings on each side of these exchanges are contiguous to the existing lands of the party they are being traded to, estimating their market value means evaluating what they are worth to the marketplace in general and not to any one particular individual. Thus the configuration and utility of the lands being traded, availability of access, both legal and physical, as well as more typical considerations of land productivity and character all come into play.

Acreage Figures Used in the Trade:

Acreages were compiled from the Public Land Survey records of the United States to the greatest extent possible. For parcels with irregular boundaries, acreages were computed using county assessor plats and Geographic Information System software.

Determinants of Value:

Almost all of the lands had an economic highest and best use for grazing or for recreation. Values of the grazing lands were dependant on their forage productivity (animal unit months or AUM's per acre), water sources and associated costs, and seasonality (i.e. at what times of year the forage and the water are available). Sales of arid rangelands did not indicate that size adjustments were warranted. Values of the recreation lands were dependent on property amenities (perennial streams, springs, trees, and view), proximity to wildlife (mainly deer, elk, and antelope), access, cabin site potential (160 acre minimum site required), and size (blocks of recreation lands evaluated ranged from 480 to10, 747 acres). Two half sections of land on the west side of the small community of Frenchglen with a highest and best use for community expansion that were originally selected by Roaring Springs Ranch have since been dropped.

Comparable Sales Data:

Recreation Lands

There has been extremely limited activity on the mountain itself in the last 10 years although a high demand exists, particularly for hunting cabin sites. Two close by private sales on Lake Creek of similar size, character, and utility, occurred in 1992 and 1995, both with good access off the Steens Mountain Loop Road. Both were large enough for home sites, at 160 and 172 acres respectively. Both had perennial streams and aspen groves although no dramatic views from their respective building sites. Sale prices of $587/acre and $794/acre showed a price

increase of 10.6 percent annually. Projecting this rate of increase to the current day results in a time-adjusted price for these sales in the $1,300 per acre range. Evidence collected elsewhere in Oregon during this time period shows a similar annual increase in recreational river front properties.

The most recent sales activity consists of a 640-acre piece sold on Dingle Creek in June, 2000, for $500,000 (or $781/acre overall). An out-of-area recreation buyer purchased this former homestead parcel after it listed with a Bend Realtor for less than a week. Allocating $2,000 per acre for the 160-acre home site on the creek within a surrounding aspen grove, leaves $375/acre for the remaining excess grazing lands. While there is existing but poor road access to the parcel, another mile or so of additional road would be needed to reach the cabin site. The seller of this property, Charlie Otley, also owner of much of the Kiger Gorge, had had the property appraised for possible trade to the BLM last year at $250 per acre overall.

Other known activity includes a confidential negotiation for a streamside property interspersed with Roaring Springs offered lands in the $900 per acre range and a listing of 160 acres of much less desirable land further down the mountain with few trees, no legal access, and no natural water source for $750 per acre.

Grazing Lands and Ranch Sales

Sales data from the local market area is limited. Typical sales involve working ranch properties at lower elevations. These properties often include well or surface irrigated lands, with some higher elevation grazing lands.

Sales considered include one sale in the greater SE Steens area that was not fully verified due to time constraints. In addition, a current listing in the Catlow Valley was seriously considered. Ranch owners and managers were also questioned about recent acquisitions and values of the non-recreational lands.

Market data includes sales used in other Federal appraisals throughout eastern Oregon. Sales data from east-Burns/north Steens area, and west-Burns/Riley area offers the greatest amount of puritan rangeland sales, that do not involve large ranching operations with high value components (improvements or irrigated lands).

Over fourteen sales were initially considered. All the sales are from the last three years. Rangeland components from these sales are from $25 to $203 per acre, with the lower end of the range representing a large bankruptcy sale. The upper end of the range is from a well-located ranch, closer to urban influences of Central Oregon. Crested wheat and improved pasture sale allocations were from $75 to $150 per acre. Grazing allotments ranged from $25 to $40 per AUM (all low quality desert lands). No high country allotments were included in these sales. Analysis of sales data from Harney, Malheur, Grant and Crook Counties, where there are high elevation grazing allotments suggests an allocation of up to $65 per AUM for the higher quality Forest Service grazing permits. Sales data from northern Nevada and the Black Rock Desert was also considered. No sales of extremely large ranches, in excess of 50,000 acres were available. The Roaring Springs proposal of 78,000+- acres has been bracketed on the high end with one larger Nevada sale. For these types of lands, where there is a limited recreation influence, size becomes a less important comparative unit.

Economic Impacts:

Based on site visits and a study of maps with the landowners, the team attempted to estimate the most obvious expenses associated with changes in ranching operations due to the exchange[3]. No additional due diligence was undertaken. In discussions of each proposal below, references to calf weights and prices per pound are based on current year sales[4]. For livestock retained in the base herd, late season weight gain is a critical factor in winter survival, and the reduced stress on pregnant cows results in higher live birth rates in early spring.

Condemnation Considerations:

At the request of congressional staff, analysis of the proposals included economic impacts to ranching operations should the exchanges be consummated. None of the ranchers who were impacted considered the selected public lands to be of comparable value for ranching purposes; merely the most suitable for assemblage with existing holding form those nearby public lands that were available. These ranchers were, in fact, ambivalent toward the proposed legislation, and stated the threat of more lawsuits and the probability of new (more restrictive) management plans was compelling them to negotiate land exchanges they would not otherwise consider.

Economic Impacts vs. Severance Damages:

In a partial acquisition of a larger holding, federal law requires the consideration of damages to the remainder, often called severance damages. Three of the six exchanges considered involve damages to the remainder of the properties, principally because of the removal of high quality late season forage and the costs associated with mitigating that loss to the extent possible. Because of the fact that the private lands to be traded were valued based on highest and best use recreation and because loss of business value is not compensable under federal law, it was not possible for the team to come up with a figure of net severance damages to the lands. Rather, we chose to consider all of the economic impacts involved regardless of how much might be compensable in a federal taking.

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[3] For example: labor for fencing was estimated at $1500 per mile, 320 posts at $2.00 each, 16 spools of wire per mile at $35.00 each, with rock cribs every quarter mile plus each gate and angle point. Since actual costs vary on each parcel (based on terrain, distance, angle points, gates, etc.), we used an overall $4500 average for estimating costs.

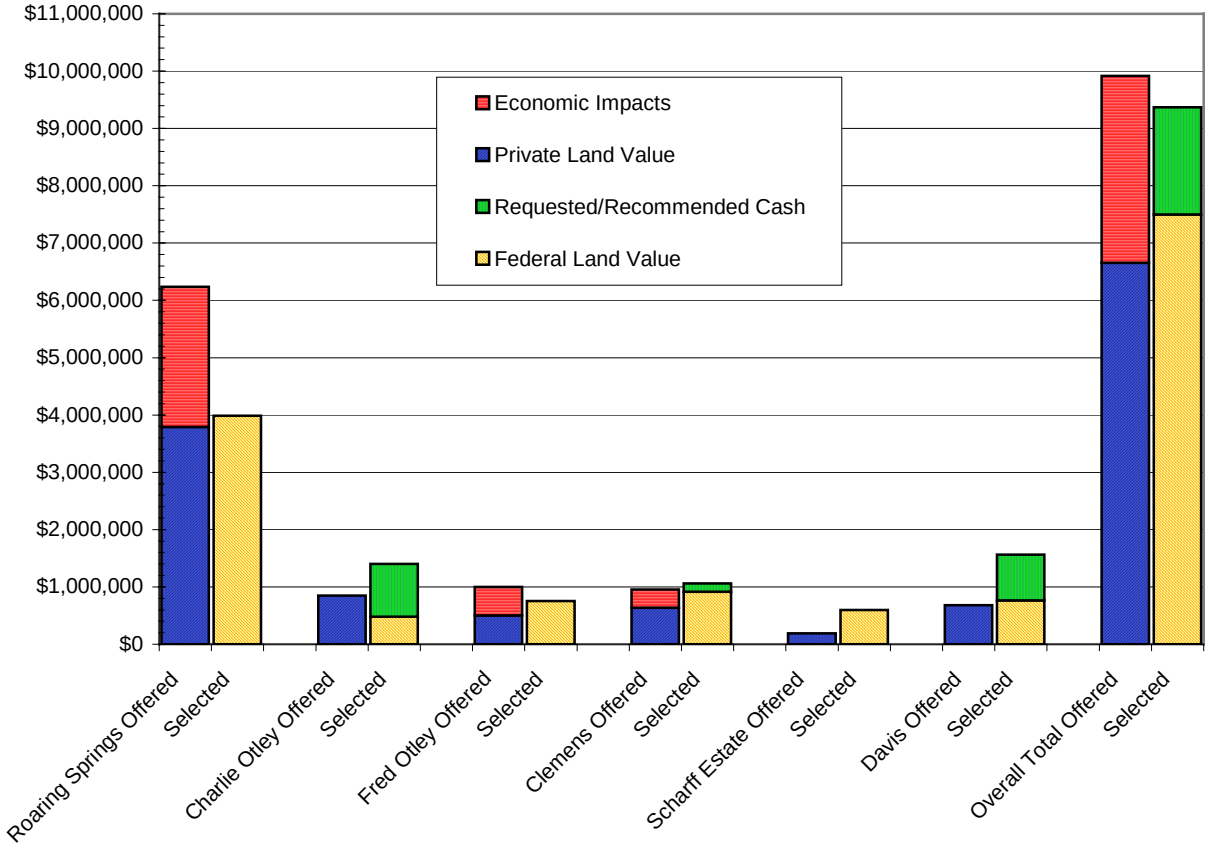
[4] Bidders are currently paying $1.05 to $1.09 per pound for calves in the 485 to 550 lb. weight range, and $.80 per pound for full-grown cows (1000-1100 lbs.). Ranchers videotape their cattle in late May and June, for online bidding in early July. They provide details on breed, type and placement of inoculations, where grazed, shrinkage allowed, promised finish weight, date of pickup, etc. Finish weight is estimated by the rancher based on the amount and timing of seasonal precipitation and range conditions in their pastures. Calves grazing in the high Steens typically put on 1-3 pounds in the late summer and early fall, before being sold. Ranchers will set a delivery date based on when they think calves will have reached maximum weight gain in late season pastures.

As the proposals now stand, of $3.256 million in economic impacts, only $717,000 or 22 percent would be compensated for by excess selected lands through the exchange process. An additional $148,000 would be compensated through a cash payment (Clemens Ranch). The remaining 74 percent ($2.391 million) would be absorbed by individual landowners, principally by Roaring Springs Ranch.

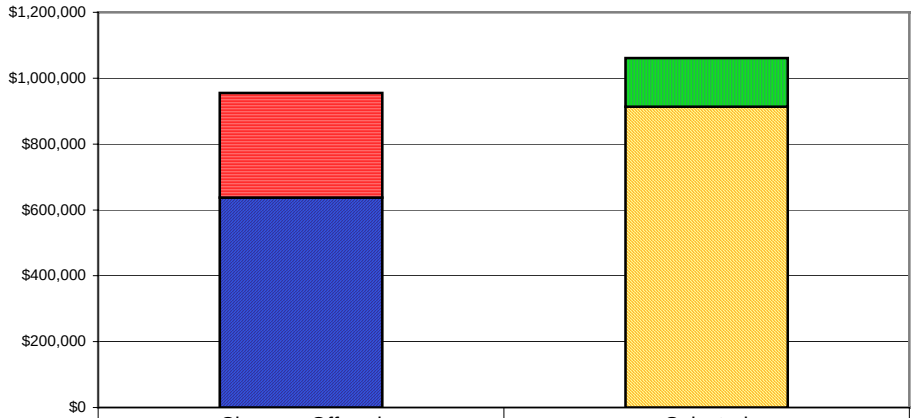
It should be noted that economic impacts were not revisited after the modifications made to the exchanges in early August. The team believes the economic impacts may be moderated somewhat by changes to the Clemens and Otley Brothers exchanges, although changes in the Roaring Springs Ranch exchange don't appear to have any effect (positive or negative) to the impacts already identified. Economic impacts were not formally considered for the Davis Exchange since it was an ongoing exchange. It is our opinion, however, that some positive economic impacts may accrue to the landowner since existing private lands will be blocked up and productive, centrally located agricultural bottom lands will be added. The Scharff Exchange appears to have some positive benefits as well for the proponent from the addition of productive bottomland grazing parcels.

A chart follows which depicts each exchange and summarizes the exchanges taken together as a group. The text that follows discusses each individual exchange in more detail.

Overall Financial Summary, Steens Mountain Land Exchanges



Clemens Ranch Exchange (Dave Lowther, owner; Jiggs Barnes, ranch manager)



	Clemens Offered	Selected
Cash Payment	$0	$148,000
Selected Land Value	$0	$913,000
Economic Impacts	$318,000	$0
Offered Land Value	$637,000	$0

Offered Lands and Grazing Permit
Fee Acreage: 1,078 acres
Grazing Allotment: 1,178 net AUM's[5] (25,070 acres**)**
Highest and Best Use: Two recreational parcels, physically separated by several miles. The Yank Springs parcel is easily accessible, has dramatic views, aspen groves, meadows, and springs. The Cold Springs Canyon parcel has steep canyons, trees, a perennial stream, and poor access.
Overall average value: $525/acre for fee simple land and $60/AUM for grazing permit
Total Estimated Market Value:
$637,000

Selected Lands
Fee Acreage: 11,796 acres
Highest and Best Use: Dry grazing.
Overall average value: $68/acre with U.S. to pay for needed land improvements (see below)
Total Estimated Market Value:
$913,000

Percent Difference in Estimated Market Values: 30.3%

[5] Gross AUM's include 800 in the BLM Crows Nest allocation to replace 800 of the 1978 AUM's to be lost by the proponent in the Fish Creek-Big Indian allotment area for a net loss of 1198 AUM's.

Discussion of Economic Impacts
Loss of the Fish Creek-Big Indian allotment in the high Steens will require revision of the entire ranching operation to maintain current herd size. In the spring, the herd is trailed from the Diamond Valley into the higher Steens pastures by late summer, and then trailed down into the Catlow Valley for the winter. Trucking is only required to return the herd from winter pastures to the Diamond Valley in the spring.

Lowther and Barnes are adamant that none of the selected lands are capable of providing adequate late season forage, even with water development and seeding. Based on BLM lands available, their selections were made with an eye to simplifying herd movement within the Diamond Valley area. However, any efficiency gains in spring trailing operations are more than offset by the need to truck their cattle between the Diamond Valley and Catlow Valley each spring and fall. Cattle will be sold earlier (a great disadvantage during July bidding), around 485 lb. That represents an average loss of 65-75 lbs. for 400 calves, translating into a yearly loss of $28,340 to $31,500 in sales. They have about 400 acres in hay, and will have to supplement that with additional purchases ($70 a ton) in dry years to account for less production on spring and early summer pasture.

Six miles of fencing will be needed to separate the pasture from private lands to the north, which will cost $27,000. Fencing to prevent cattle from going onto the road or over the rim rock escarpments along the west, south and east boundaries of the selected land would be repaired or replaced as needed by the exchange proponent. About 5400 acres of the selected land is suitable for seeding, and with decent propagation could provide an increase of 1000-1300 in early season AUM's. BLM range staff estimate total cost for labor, seed, fuel, and equipment for range preparation and seeding to be $121,400. Estimated cost of improvements (fencing and seeding) total $148,400.

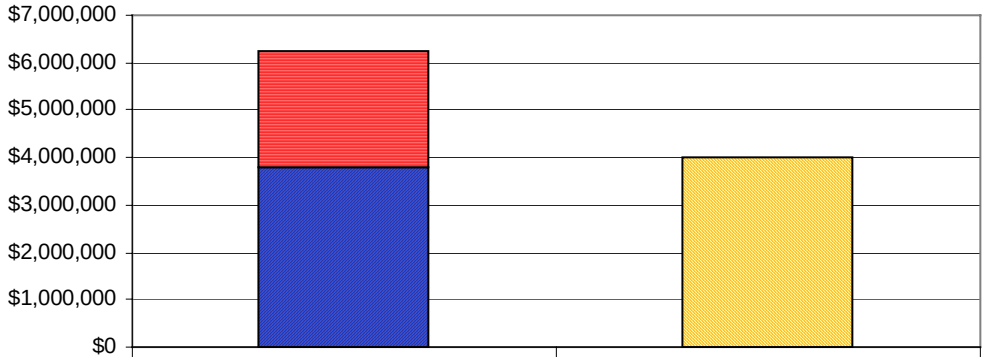
The ranch will also have a recurring $28,340 to $31,500 loss in sales each year, despite improvements to selected lands due to the loss of weight gains on late season pasture. Splitting the difference on estimated recurring losses, and discounting it to a present value using a 12% rate based on average 10-year management cycles works out to a present worth of $170,000. All told, economic impacts are estimated at $318,400 or $318,000 rounded.

Landowner asked for public lands with above improvements to compensate for lost AUM's. The team originally recommended that U.S. convey title and $148,000 for needed improvements to the selected lands. Based on amendments to the proposal, the cash recommendation now results in an excess of what would be needed to balance the exchange.

Summary of the Clemens Ranch Exchange:

	Federal lands	*Private Lands*
Land Values	$ 913,000	$ 637,000
Cash Payment	$ 148,000	
Economic Impacts	0	$ 318,000
Totals	$1,061,000	$ 955,000

Roaring Springs Ranch (Rob Sanders, owner; Stacy Davies, ranch manager)



	Roaring Springs Offered	Selected
Requested Cash	$0	$0
Selected Land Value	$0	$3,988,000
Economic Impacts	$2,443,000	$0
Offered Land Value	$3,794,000	$0

Offered Lands
Fee Acreage: 10,907 Acres
Highest and Best Use: Recreational development. With 9 current tax lots and some minor partitions, and with the current available road structure, we estimate the property could be divided into 17 recreational lots with an average size of 642 acres each. Although amenities would vary, most lots would have about a mile of perennial stream frontage, aspen groves, and some views. Some additional roads would need to be developed. Assuming two to three lot sales per year at an average retail sales price of $640 per acre, sales and development expenses of 25 percent, and a discount rate of 10 percent, present value of the property approaches $350 per acre. Sold to a single recreational ranch buyer in a single transaction, based on recreational ranch sales elsewhere in Oregon, the value of the lands is also in the $350 per acre price range.
Overall average value: $350/acre
Total Estimated Market Value:
$3,794,000

Selected Lands
Fee Acreage: 76,374 acres
Highest and Best Use: Dry grazing with minor recreational influence.
Overall average value: $52/acre
Total Estimated Market Value:
$3,988,000

Percent Difference in Estimated Market Values: 4.9%

Discussion of Economic Impacts

The current intermix of land ownership is costly to both the Roaring Springs Ranch and the BLM. Unlike the calf sales by Clemens Ranch, the larger Roaring Springs Ranch raises cattle until full-grown for sale through a cattleman's consortium. Loss of their premium pastures in the Steens will equate to a reduction in 80 lbs weight gain per year for the 4000 head raised for sale. At 80 cents per pound, the economic impact totals $256,000 in recurring losses.

The landowner is already mapping out changes in ranch operations, to adjust to a different land base. Operational changes identified to date include a 500 head reduction in herd size, developing additional pastures to produce more hay, cease selling hay from existing pastures, additional fencing along new property lines, and shifting the breeding/calving seasons to reflect increased time at lower elevations. A major concern is reducing overall risk of increased calf mortality due to the increased stress on cattle from spending a greater percentage of time at the hotter lower elevations in poorer pastures.

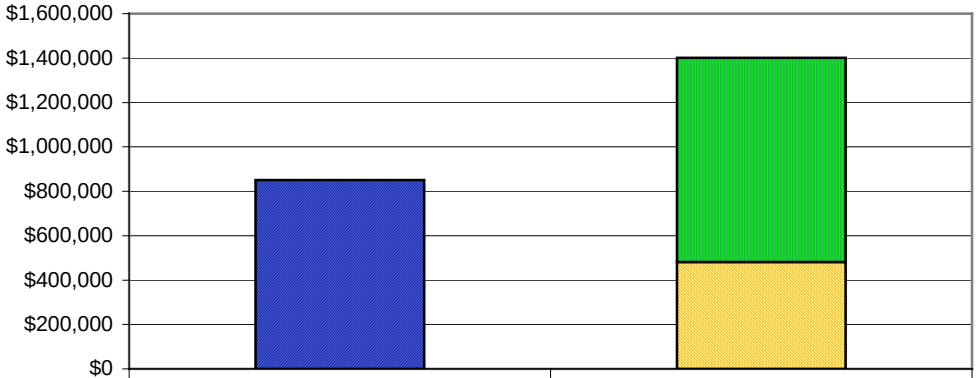
One time costs to the ranch from operating from a different land base are primarily fencing and water development. (Water development was not needed before, as cattle simply moved to the well-watered high elevation pasture on their own.) Estimated 54 miles of fence ($243,000), 30 water development sites ($90,000) on remaining lands in the Steens, and two wells in the Catlow Valley ($80,000). The landowner recognizes that water development costs could be much higher if bentonite is needed to line water facilities, or wells don't produce as expected.

Recurring losses to the ranch from operating from a different land base include the reduction in herd size by 500 head ($160,000) and reduced weight for those raised and sold each year ($200,000). Discounting recurring losses to a present value using a 12% rate based on average 10-year management cycles works out to a present worth of $2,030,000. Total economic impact is $2,443,000

Summary of the Roaring Springs Ranch Exchange:

	Federal lands	*Private Lands*
Land Values	$ 3,988,000	$3,794,000
Economic Impacts	0	$2,443,000
Totals	$ 3,988,000	$6,237,000

Diamond Valley Ranch, Inc. (Charlie Otley, president)



	Diamond Valley Offered	Selected
Requested Cash	$0	$920,000
Selected Land Value	$0	$481,000
Economic Impacts	$0	$0
Offered Land Value	$851,000	$0

Offered Lands
Fee Acreage: 851 Acres
Highest and Best Use: Recreation. While this piece of land can be considered the "crown jewel" of the Steens, and is absolutely breathtaking in beauty, it would only be accessible by foot, by horseback, or by helicopter. No roads exist and building one is adjudged to be economically infeasible. The privacy of the piece is also somewhat compromised by the public overlook from the Steens Mountain Loop Road. The most likely buyer would be a conservation-minded recreational buyer. Recreational land sales in the area support a current price range of $1,000 to $1,300 per acre (see Sales Comparables section above). However, this property is unique and comparisons with other sales are tenuous at best. In our opinion, if this trade is not consummated, a sale to a private party at the proponent's current asking price ($1650 an acre) is a realistic possibility.
Overall average value: $1,000 to $1,300/acre for fee simple land
Total Estimated Market Value:
$851,000 - $1,106,000

Selected Lands
Fee Acreage: 3,845 acres
Highest and Best Use: Dry grazing. Most are higher elevation lands but with little water. Includes some lower elevation crested wheat grass and native grass pasture.
Overall average value: $125/acre
Total Estimated Market Value:
$481,000

Plus $920,000 cash payment requested = $1,401,000 Total Value

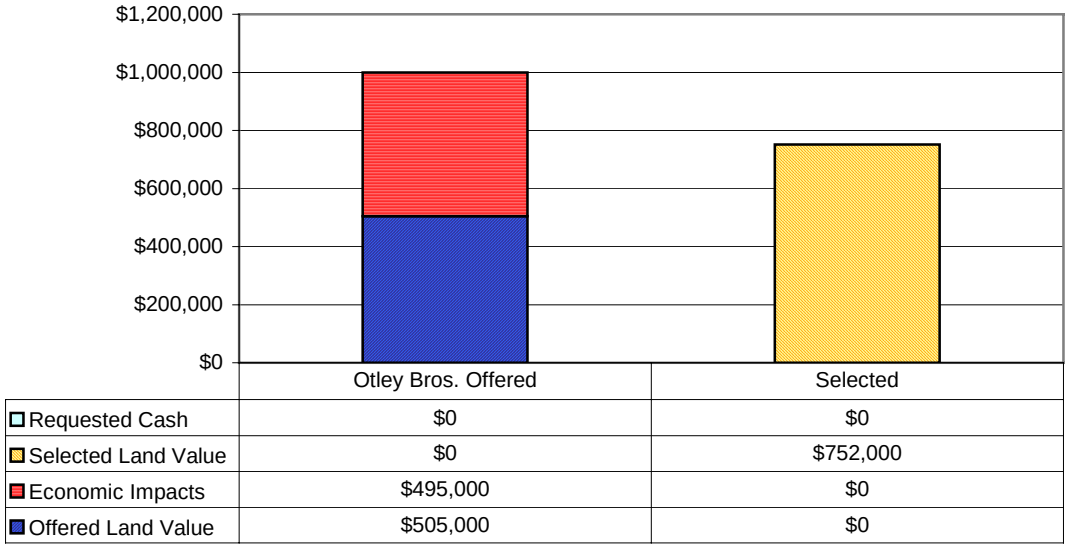
Percent Difference in Estimated Market Values: 21.1% to 39.3%

Discussion of Economic Impacts
The loss of rental fees ($10 an AUM) in leasing grazing rights to the Otley Brothers Inc. is absorbed in the land values, which are calculated above. No other economic impacts were identified by the landowner or team members.

Summary of the Diamond Valley Ranch Exchange:

	Federal lands	*Private Lands*		
Land Values	$ 481,000	$ 851,000	-	$1,106,000
Requested Cash Payment	$ 920,000			
Economic Impacts	$ 0	$ 0		$ 0
Totals	$1,401,000	$ 851,000	-	$1,106,000

Otley Brothers Ranch, Inc. (Fred Otley, vice-President)



Offered Lands
Fee Acreage: 505 Acres
Highest and Best Use: Recreation. A portion of the Kiger Gorge west and north of Charlie Otley's holdings. It is similar in character and would be valued in a similar manner. It might even be "packaged" with his Uncle's land to the right buyer.
Overall average value: $1,000 to $1,300/acre for fee simple land

Total Estimated Market Value:
$505,000 - $657,000

Selected Lands
Fee Acreage: 6,881 acres
Highest and Best Use: Dry grazing. Most are higher elevation lands but with little water. Sage burning would be needed on some to make suitable for grazing.
Overall average value: $109/acre
Total Estimated Market Value:
$752,000

Percent Difference in Estimated Market Values: 12.6% to 32.8%

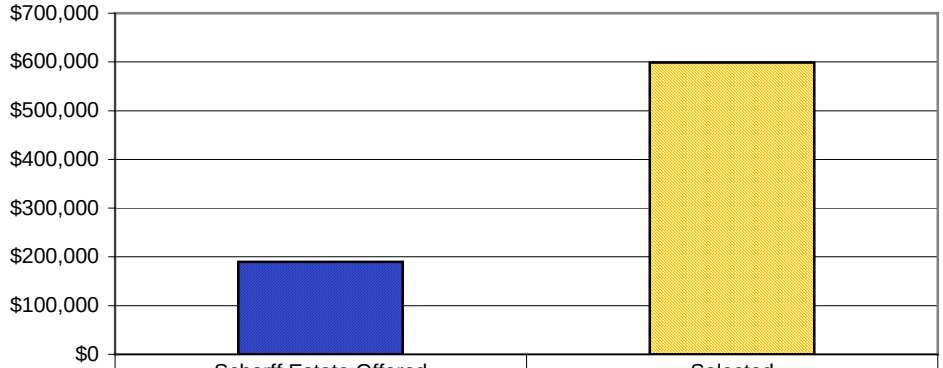
Discussion of Economic Impacts
Operational impacts on fee lands and leasing rights on private lands at the head of the Kiger Gorge have been non-existent as there was no requirement for fencing, water development, seeding or herding by ranch hands.

Landowner currently expends $18 an AUM in operational costs on BLM lands (primarily labor). Public lands were selected with an eye to simplifying operational costs for herding and pasture management. Impact to the ranch operating from a different land base largely involves adjustments to pasture rotation and improvements to the quality of pasture. One time costs include fencing ($27,000), pasture development by burning and seeding ($40,500), water development ($107,100), and power extension ($10,000). Recurring losses to the ranch from operating from a different land base is due to the reduced weight for calves ($55,566). Discounting recurring losses to a present value using a 12% rate based on average 10-year management cycles works out to a present worth of $310,000. Total economic impact is $494,600.

Summary of the Otley Bros. Ranch Exchange:

	Federal lands	*Private Lands*		
Land Values	$ 752,000	$ 505,000	-	$ 657,000
Economic Impacts	0	$ 495,000		$ 495,000
Totals	$ 752,000	$1,000,000	-	$1,152,000

Scharff Estate Exchange (Don Renie, Executor)



	Scharff Estate Offered	Selected
Requested Cash	$0	$0
Selected Land Value	$0	$599,000
Economic Impacts	$0	$0
Offered Land Value	$190,000	$0

Offered Lands
Fee Acreage: 793.2 Acres
Highest and Best Use: Three recreational parcels physically separated by several miles. The two 80 acre parcels have road access and can be characterized as ridge top, high elevation sage with good views. The Fish Creek Canyon parcel (633 acres) has no road access. The creek itself is contained in a deep canyon with difficult walk-in access at best. The north-facing slope along the creek has a mix of mountain mahogany, aspen and juniper vegetation. An intermittent stream crosses the southern portion of the parcel. Upland vegetation is mostly big sage with some juniper and mountain mahogany. It lies within the proposed wilderness area.
Overall average value: $240/acre
Total Estimated Market Value:
$190,000

Selected Lands
Fee Acreage: 798 acres
Highest and Best Use: Two to three hunting/recreation parcels. The parcel is long and narrow in shape and could easily be partitioned. The lands are accessible by a two-track dirt road approximately 3 miles from the North Loop Road. Most land is on the north-facing slope with several large, mature aspen stands. Grove creek, a popular camping area for hunters and backpackers, originates on the parcel and transverses approximately two thirds of it. There are some grassy, sub-irrigated meadows that run along the creek. The Eastern portion of the selected parcel includes artesian springs that contribute to the headwaters of Fish Creek.
Overall average value: $750/acre

Total Estimated Market Value:
$599,000

Percent Difference in Estimated Market Values: 68.3%

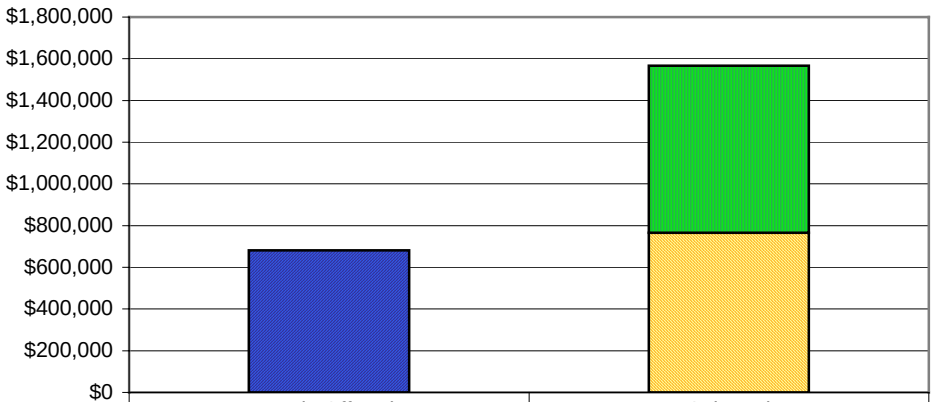
Summary of the Scharff Estate Exchange:

	Federal	*Private*
Land Values	$ 599,000	$ 190,000
Economic Impacts	0	0
Totals	$ 599,000	$ 190,000

Discussion of Economic Impacts:

Currently, the 633 acre offered parcel is not being grazed. Acquiring the selected lands would benefit the proponent by providing additional accessible lands that could be utilized for livestock grazing.

<u>Davis Exchange (Ed Davis, Owner)</u>



	Davis Offered	Selected
Requested Cash	$0	$800,000
Selected Land Value	$0	$766,000
Economic Impacts	$0	
Offered Land Value	$681,000	

Offered Lands
Fee Acreage: 5,103 acres

Highest and Best Use: Grazing lands; some with recreational appeal. Most of the offered private land lies along the east face of Steens Mountain within one of the proposed wilderness areas. It is accessible from rough two track dirt roads that are impassible through the winter months. About eight miles of perennial stream traverse the property. Hunters and day hikers use the area. Two public road easements are included with the offered property which access to popular camping areas. The Tule Springs and Mickey Hot Springs properties are desert parcels located miles away and acquisition of these parcels will serve to consolidate public land in these areas.
Overall average value: $134/acre
Total Estimated Market Value:
$681,000

Selected Lands
Fee Acreage: 5,344 Acres
Highest and Best Use: Two Home sites, Irrigated Crops and Livestock Grazing. The selected public land is primarily suited for farming and livestock management. It includes two small low quality houses that have deteriorated significantly over the past five years due to lack of maintenance. Approximately 800 acres can be flood irrigated from three separate streams that flow from the east face of Steens Mountain. There are two domestic wells and three irrigation/stock water wells. Most of the land is easily accessible from a main county graveled road or from other well-maintained dirt roads. About half the property is gently to moderately sloping and wild fire has converted this area over the past 10 years to primarily grassland.
Overall average value: $143/acre
Total Estimated Market Value:
$766,000

Percent Difference in Estimated Market Values: 11.1%

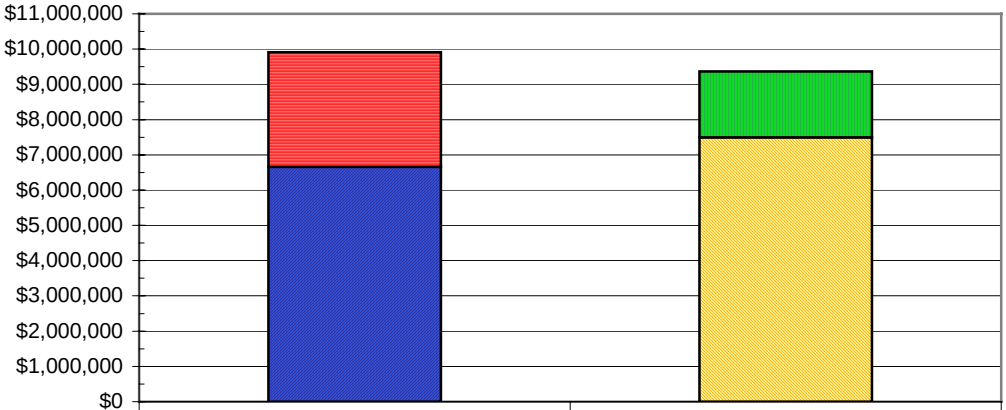
Summary of the Davis Exchange:

	Federal lands	*Private Lands*
Land Values	$ 766,000	$681,000
Cash Requested	$ 800,000	0
Economic Impacts	0	0
Totals	$1,566,000	$681,000

Economic Impacts:

Positive economic impacts will accrue to the proponent with the acquisition of additional agricultural bottomlands, which can be utilized both for crops and for grazing. At the same time, offered lands being given up are of lower productive quality but with more recreational appeal.

Overall Summary:



	Overall Total Offered	Selected
Cash Payments		$1,868,000
Selected Land Value		$7,499,000
Economic Impacts	$3,256,000	
Offered Land Value	$6,658,000	

The team considered six land exchanges in their evaluation. Each was examined from a perspective of relative land values and added economic impacts to the private owners. Also, two of the owners requested cash payments in addition to the selected lands. The overall values are summarized as follows:

	Federal lands	*Private Lands*		
Land Values	$7,499,000	$6,658,000	-	$ 7,065,000
Cash Payments	$1,868,000			
Economic Impacts	0	$3,256,000		$ 3,256,000
Totals	$9,367,000	$9,914,000	-	$10,321,000

Changes from the July 24th Valuation Team Report

There have been a number of changes in both offered and selected lands since our original report of July 24th. Also, our report now covers two additional exchanges: the Davis Exchange and the Scharff Estate Exchange that were not covered in the original valuation team report. Specific changes between the two reports are detailed in the addendum.

ADDENDUM

Changes Between the July 24th Valuation Team Report and the Current Report

1. ROARING SPRINGS:

	Acres	Value	Economic Impact	Cash Requested
7/24 Offered	**10,747**	**$3,761,000**	**$2,443,000**	
8/30 Offered	**10,907**	**$3,794,000**	**$2,443,000**	
Difference	**160**	**$33,000**	**$0**	
7/24 Selected	**78,598**	**$4,401,000**		**$0**
8/30 Selected	**76,374**	**$3,988,000**		**$0**
Difference	**(2,224)**	**($413,000)**		**$0**
NET TOTAL DIFFERENCE	**(2,384)**	**($446,000)**	**$0**	**$0**

By giving up additional offered lands and selecting fewer federal lands, the balance on this exchange has swung in favor of the federal government between the two report dates by $446,000. Even so, the value of the selected lands still exceeds the value of the offered lands by $194,000 or 4.9 percent. When economic impacts are added to the equation, the picture reverses. With economic impacts considered, the proponent still suffers a loss of $2,249,000 or 56.4 percent of the federal land value.

2. DIAMOND VALLEY RANCH, INC. (CHARLIE OTLEY): No Change.

3. OTLEY BROTHERS RANCH (FRED OTLEY):

	Acres	Value			Economic Impact	Cash Requested
7/24 Offered	**505**	**$505,000**	**-**	**$657,000**	**$495,000**	
8/30 Offered	**505**	**$505,000**	**-**	**$657,000**	**$495,000**	
Difference	**0**	**$0**	**-**	**$0**	**$0**	
7/24 Selected	**5,716**	**$657,000**	**-**	**$657,000**		**$0**
8/30 Selected	**6,881**	**$752,000**	**-**	**$752,000**		**$0**
Difference	**1,165**	**$95,000**	**-**	**$95,000**		**$0**
NET TOTAL DIFFERENCE	**1,165**	**$95,000**	**-**	**$95,000**	**$0**	**$0**

The proponent has selected 1,165 acres of additional lands to help offset the economic impacts of the trade. This has increased the market value of the lands going to the proponent by $95,000 while the value of the offered lands remains the same. The value of the selected lands now exceeds the value of the offered lands by between $95,000 and $247,000. With economic impacts considered, however, the proponent still suffers a net loss of between $248,000 and $400,000.

4. CLEMENS RANCH:

	Acres	Value[1]	Economic Impact[2]	Cash Requested[2]
7/24 Offered	**1,162**	**$663,000**	**$162,000**	
8/30 Offered	**1,078**	**$637,000**	**$318,000**	
Difference	**(84)**	**($ 26,000)**	**($156,000)**	
7/24 Selected	**10,427**	**$709,000**		**$0**
8/30 Selected	**11,796**	**$913,000**		**$148,000**
Difference	**1,369**	**$204,000**		**$148,000**
NET TOTAL DIFFERENCE	**1,453**	**$230,000**	**($156,000)**	**$148,000**

It should be noted that the proponent did not make any change in the lands offered. Originally, the proponent had told the valuation team his lands were 1162 acres in size. The GIS acres, however, were only 1078 acres. Since the difference was in the lower valued Cold Springs Canyon parcel, an increase in the average value per acre from $510 to $525 resulted. Overall, however, there was a decrease in the value of the offered lands between the two report periods of $26,000 due to this acreage correction. Selected lands were increased by 1,369 acres both to offset economic impacts and to make US lands more manageable. The overall balance of the trade now comes out in favor of the proponent by $106,000, including economic impacts.

[1]For the Clemens Ranch, the Value of the offered lands includes a net decrease of 1,178 AUM's at $60 per AUM. The difference in offered land value is based on an acreage correction. The difference is selected land value is due to the addition of 1,369 acres of federal lands.

[2] The initial figure of $162,000 in economic impacts was a figure net of the $148,000 cash payment. The total economic impact and the cash payment are now displayed separately. The additional $8,000 in economic impacts is a risk factor.

5. SCHARFF ESTATE EXCHANGE: This exchange was not previously appraised by the valuation team. Therefore, there are no changes to report.

6. DAVIS EXCHANGE:

	Acres	Value	Economic Impact	Cash Requested
7/24 Offered	**5,223**	**$712,000**	**$0**	
8/30 Offered	**5,103**	**$681,000**	**$0**	
Difference	**(120)**	**($31,000)**	**$0**	
7/24 Selected	**3,721**	**$618,000**		**$0**
8/30 Selected	**5,340**	**$766,000**		**$800,000**
Difference	**1,619**	**$148,000**		**$800,000**
NET TOTAL DIFFERENCE	**1,739**	**$179,000**	**$0**	**$800,000**

Although the valuation team has not previously considered this exchange, the exchange had been in process as a normal voluntary land exchange for some time. Therefore, there were appraisals available that were recently updated covering the proposal, as amended, to the July 24, 2000 report date. The proposed changes resulted from two factors: 1) the original land values differed by $94,000 in favor of the United States. An additional 1,619 acres of federal lands were added while 120 of private lands were dropped resulting in a net swing in lands values of $179,000. This in turn resulted in a current land value imbalance of $85,000 in favor of the proponent or 11.1 percent. 2) The second change resulted from the proponent's desire to receive a cash payment of $800,000 from the federal government as part of the legislated exchange package. If the $800,000 cash payment request is honored, the overall balance of the trade will be $885,000 in favor of the proponent or 115.5 percent of the value of the selected lands.