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1400 Independence Avenue, SW  
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# Appraisal Report Summary

**Dripping Springs Parcel (Non-Federal)  
Gila County, Arizona**

**Resolution Copper Legislated Land Exchange  
(Southeast Arizona Land Exchange and Conservation Act, 16 U.S.C. §539p)**

**Date of Appraisal Report**  
December 5, 2022

**Date of Appraisal Review**  
January 6, 2023

**Appraisal Report Prepared By**  
Barry Weissenborn  
Weissenborn Appraisal, LLC  
326 South Convent Avenue  
Tucson, AZ 85701



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## Appraisal Summary

### Appraisal Report Under Review

#### **Appraiser(s)**

Barry Weissenborn  
Arizona Certified General Real Estate Appraiser #30724  
Weissenborn Appraisal, LLC  
326 South Convent Avenue  
Tucson, AZ 85701

#### **Date of Inspection**

October 22, 2020. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection.

#### **Date of Report**

December 5, 2022

#### **Owner**

Resolution Copper Mining, LLC

#### **Client**

In the original appraisal contract, the client for the appraisal was broadly defined as the USDA Forest Service. It shall be noted that the Client of the appraisal report is the USDA Forest Service, Director of Lands and Minerals, Southwestern Region.

#### **Intended Use**

To provide a basis of market value for the legislated land exchange between the United States of America and Resolution Copper Mining, LLC pursuant to 16 U.S.C. §539p.

#### **Intended User(s)**

In the original appraisal contract, the intended users were broadly defined. It shall be noted that the intended users of the appraisal report are specifically identified as the USDA Forest Service, Director of Lands and Minerals, Southwestern Region, USDA Office of General Counsel, and Resolution Copper Mining, LLC.

#### **Professional Standards**

The appraisal standards required for this assignment were the *Uniform Appraisal Standards for Federal Land Acquisitions* and *Uniform Standards of Professional Appraisal Practice*.



## **Estate Appraised**

The estate appraised includes the fee simple interest, subject to the specific reservations and encumbrances of record shown in a title commitment issued by First American Title Insurance Company dated April 23, 2020. The property includes the underlying mineral estate and all appurtenant water rights, claims to and filings for waters.

## **Outstanding Rights**

### **Schedule B – Exceptions**

#### **Part II**

This section includes no matters that are specific to the subject property. Also, Items 1, 4 and 5 have been intentionally deleted, so there is no discussion on those included here. The others are more or less generic to this class of property.

1. Deleted Intentionally

2. Taxes for the full year of 2020.

(The first half is due October 1, 2020 and is delinquent November 1, 2020. The second half is due March 1, 2021 and is delinquent May 1, 2021.)

Taxes are paid to current. The appraisal assumes marketable title, unencumbered by any tax liens or related matters.

3. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof.

This matter was addressed in Item 5 of the Schedule B – Exceptions, Part I.

In brief, the subject was patented under a process common to many properties of this class throughout the region. A number of the comparable sales were patented in the same manner, so the valuation analysis inherently addresses any potential impact on value.

4. Deleted Intentionally

5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

This is the same as Item 4 in the Section B Exceptions, Part I. It covers matters that may not be revealed during a typical title research project. The appraiser indicates that no materials were provided to suggest there are any such issues and have found none during research for this project.

6. The rights of parties in possession by reason of any unrecorded lease or leases or month to month tenancies affecting any portion of the within described property.

NOTE: This matter will be more fully set forth or deleted upon compliance with the applicable requirement(s) set forth herein.

The appraisal indicates there are not any such leases or tenancies at the subject property; nor



has the appraiser, encountered any evidence of any such matters.

7. Water rights, claims or title to water.

In summary, the title documentation raises no matter of particular concern with regards to the marketability, or value, of the subject property.

### **Definition of Value**

Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interest 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 knowledgeable, and the price is not affected by undue influence. (36 CFR 254.2).

### **Extraordinary Assumptions**

The appraisal is not based upon any Extraordinary Assumptions.

### **Hypothetical Conditions**

The appraisal is not based upon any Hypothetical Conditions.

### **Jurisdictional Exception**

The appraisal has been prepared in conformance with UASFLA, which requires that the opinion of value not be linked to a specific exposure time as required by USPAP SR 1-2(c) & UASFLA 1.2.4 & 4.2.1.2.

### **Legal Description**

Township 4 South, Range 15 East Gila and Salt River Meridian

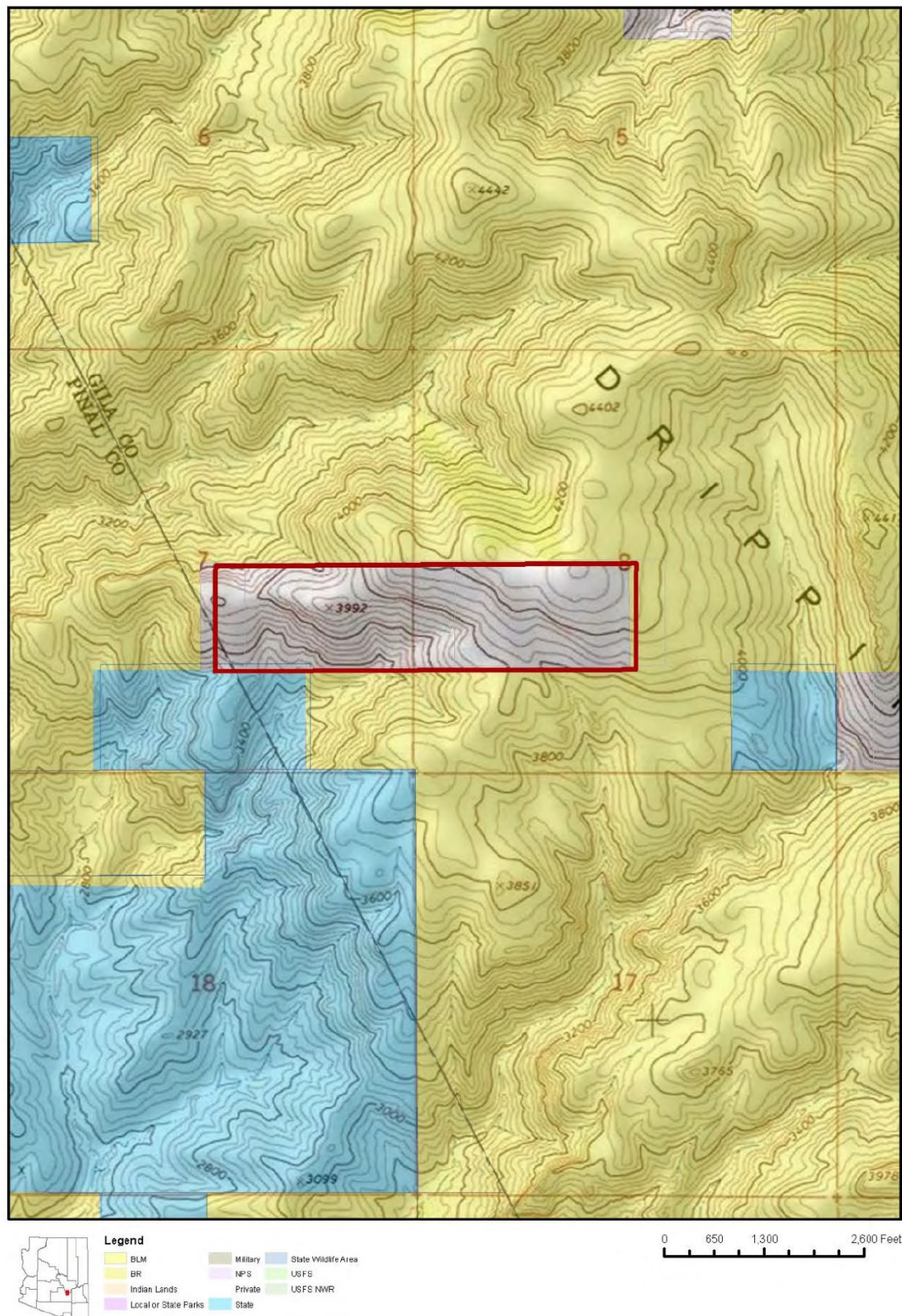
Section 7: N½SE¼

Section 8: N½SW¼

The following maps are for illustration purposes:

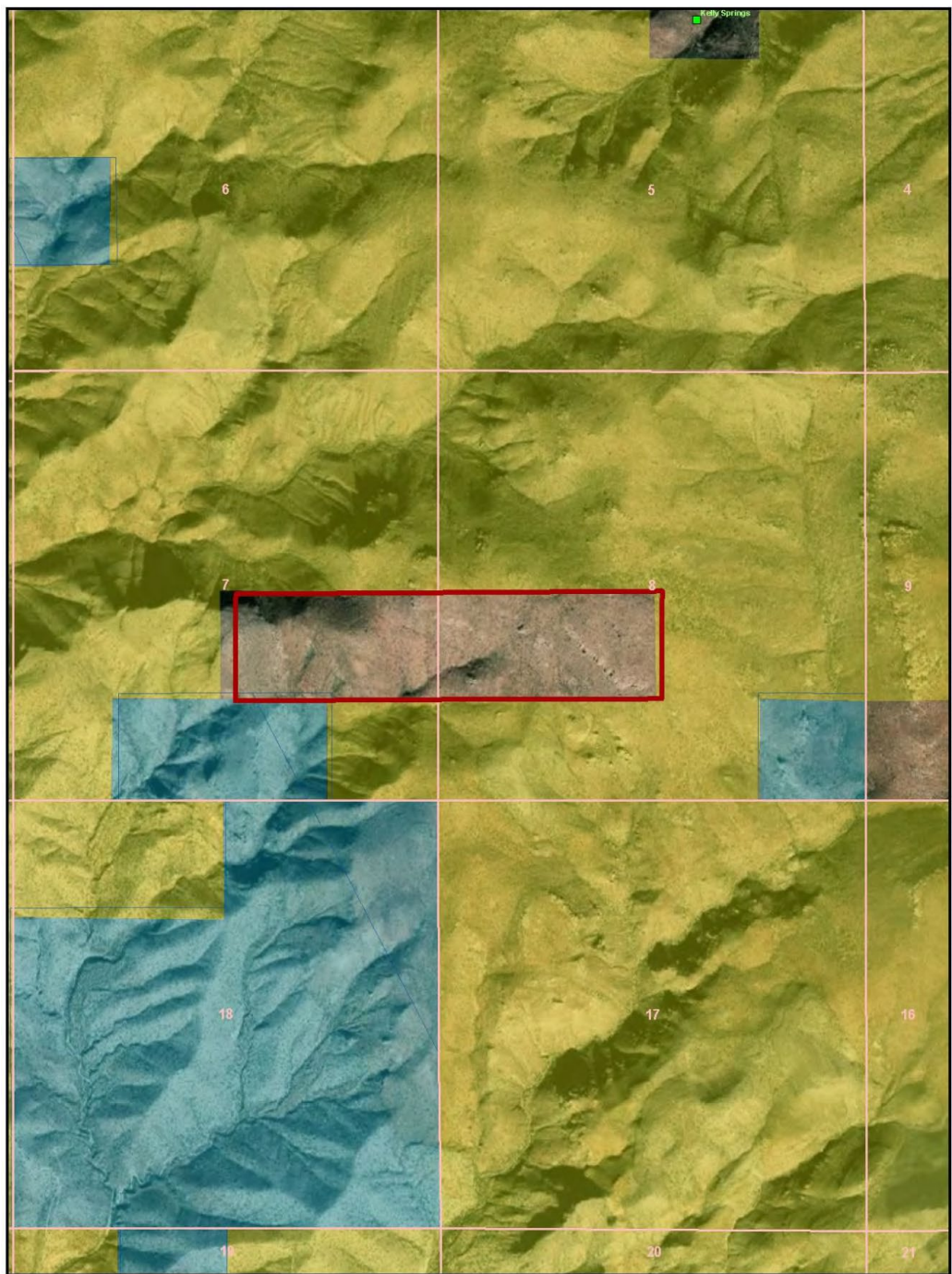


### Topographic View of Subject Property





### Aerial View of Subject Property



Legend			
BLM	Military	State Wildlife Area	
BR	NPS	USFS	
Indian Lands	Private	USFS NWR	
Local or State Parks	State		

0 650 1,300 2,600 Feet



## Property Description

**Location:** The subject property is located northeast of Kearny, Arizona on the Pinal-Gila County line. It lies between Steamboat Mountain and Tam O-Shanter Peak in the Dripping Springs Mountains. The town of Kearny, which is about four linear miles to the southwest, is located in Pinal County. Hayden, which is a little more than six miles southeast, is in Gila County.

**Size:** The subject property is an elongated rectangle in shape and contains 160 acres.

**Topography:** The subject includes moderately steep to steep terrain along that east-west trending ridgeline. As indicated, the elevation gain along the crest of the ridgeline, from west to east, is about 550 feet. The property is most steep in the west end, where in the quarter mile width, elevation varies by as much as 500 feet between a peak atop the ridgeline in the west-central part of the property and the steep slopes on either side. Elevation varies by a similar amount in the east end, but across a greater distance.

On the whole, the lowest elevation, on the sides of the ridge, is about 3,500 feet; the peak at the northeast corner is at about 4,360 feet—a variation of about 860 feet. The property offers outstanding views across the Gila River valley to the south and west, and impressive perspective of the rugged terrain along the crest of the Dripping Springs Mountains, to the north and east.

**Soil Types:** According to the NRCS Web Soil Survey mapping information, approximately 90% of the subject parcel soils are made up of Chiricahua-deloro-leyte soils. This soil unit is comprised of 34% Chiricahua and similar soils, 33% deloro and similar soils, and 33% leyte and similar soils. A typical profile of the Chiricahua soils includes gravelly clay loam from 0 to 2 inches; clays from 2 to 25 inches; gravelly clay from 25 to 36 inches; and bedrock from 36 to 60 inches. A typical profile of the deloro soils includes very gravelly loam from 0 to 2 inches; very gravelly clay loam from 2 to 10 inches; extremely gravelly clay from 10 to 26 inches; and varying classes of bedrock from 26 to 60 inches. A typical profile of the leyte soils includes very gravelly loam from 0 to 4 inches; very gravelly clay loam from 4 to 13 inches; clay from 13 to 19 inches; and bedrock from 19 to 60 inches.

**Water Amenity:** None. The appraisal includes no water rights, claims to or filings for waters.

**Flood Zone:** The hazard for flooding at the property is minimal as it is aligned along a ridgeline leading up to the crest of the Dripping Springs Range.

**Utilities:** The property is distant from any publicly provided utilities. Given the nature of the surrounding terrain and the lack of road access, it is unlikely that the property will be used in such a way as to require such services to any degree.

**Access:** There is no legal access to the subject property. There is no vehicular access to the subject property. The most direct route is from Kearny, via Hammond Drive. From State Route 177 at Kearny, Hammond Drive leads northeasterly on a route more or less parallel to Steamboat Wash, through privately-owned property for about a mile before crossing onto BLM-administered federal land. The road continues its northeasterly route across federal land for a little less than two miles, before a second road leads across Steamboat Wash and along a



ridgeline to the east. That second road leads about  $\frac{3}{4}$  mile to a junction with a third road that heads northward along another ridgeline to a dead end at the base of a steep section of the ridgeline, about  $\frac{7}{10}$  mile distant. From that point, it is about a one-mile cross-country hike up steep slopes to the west end of the subject. That hike begins at about 3,100 feet elevation and reaches the subject at about 3,800 feet. From the west end, the subject lies along an east-west trending ridgeline that climbs to about 4,350 feet on a peak in the northeast corner of the property, a mile or so distant from the west boundary.

**Timber:** N/A

**Minerals:** No known assets, minerals are included.

**Amenities:** N/A

### **Improvements**

None

### **Use, Rent and Sale History**

It is stated within the report that the subject is owned by Resolution Copper Mining, LLC, which took title to the property on April 8, 2020 in a transfer from Swift Current Land & Cattle, LLC, a subsidiary, or holding company related to the current owner. That transfer was between related legal entities for no, or nominal, consideration.

Swift Current Land & Cattle, LLC acquired the property from Dripping Springs Ranch, LLC on February 5, 2007 for \$250,000, or \$1,563/ac.—cash. The purchase was related to an effort by Resolution Copper to secure an alternate recreational climbing and bouldering area to replace the climbing and bouldering resource in the Oak Flat area.

A preliminary study on two possible routes of access to the property had been completed by the time the sale closed. Both routes incorporated existing roads but required improvements to those roads and the development of new road reaches, primarily in the rugged upland portions. Neither has been developed. The 2007 sale of the subject property provides an important benchmark against which to measure current market activity, but because the sale is quite dated, it is not included directly in the valuation analysis.

A review of Gila County records indicates that, on April 12, 2000, the principal in Dripping Springs Ranch, LLC acquired the subject property as part of that ranch, which included additional deeded holdings, totaling 1,840 acres, and associated BLM grazing interests. The price paid in that transaction was \$350,000.

The property had long been used for occasional grazing in conjunction with a local ranch operation. Since the 2007 acquisition by Swift Current Land & Cattle, it has remained vacant and, likely, continues to be grazed occasionally by the permittee on the BLM grazing allotment in which it is located.

The property is not currently listed for sale. The tract has not been rented or leased in the past three years.





### **Zoning and Land Use Restrictions**

It is stated in the report that the subject is located in the South County Land Use Area and is among a number of privately held properties in the same locale for which future residential, at very low density, is envisioned. The Land Use Designation under the Comprehensive Plan is Residential 0-0.1 (1 dwelling unit per 10+ acres).

While the Comprehensive Plan presents a vision for future development and growth, the Zoning Ordinance provides the regulatory framework for land use planning and enforcement. And the subject property falls within the GU district under the ordinance. The GU, or General Unclassified, District is a rural holding category for all unincorporated areas of Gila County that are not otherwise designated for some other specific zone. Permitted uses include farm and non-farm residential uses, farms, ranches, recreational and commercial uses. Density requirements allow for as many as four dwellings per acre.

### **Highest and Best Use**

It is reported that the uses that meet the tests of legally permissible, physically possible, and financially feasible resulting in the highest value are investment for tenure control and/or recreational purposes.

### **Larger Parcel Determination**

The report indicates the subject property is contiguous, in the same ownership, and has a single, unified highest and best use. The current owner does have other holdings in this vicinity, however, do not share the same highest and best use. The appraisal report concludes that the entire subject parcel is considered the larger parcel.

### **Selection of Approaches to Value**

The appraisal included a **sales comparison approach** using sales of vacant tracts having the same or similar highest and best use as the subject. This is the method the most probable buyer would utilize to determine value.

The **income capitalization approach** was considered, but not applicable for this assignment because the property has no market-based rental or income history. Typical buyers of the subject property would not purchase the property based on an income stream.

The **cost approach** is based upon the principal of substitution that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct improvements of a similar utility without undue delay. The cost approach was not included in this appraisal and is not applicable for this assignment as the property is vacant land.

### **Sales Comparison Approach**

The appraiser selected four land sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements to include size and physical characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from the June 2015 to April 2020 in the Drippings Springs and Mount Tipton Wilderness areas.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the



subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

### **Property Rights**

The appraisal report indicated that there were no unusual outstanding rights or possessory interests for the sales that influenced value, with no adjustments applied.

### **Financing Terms**

Financing terms for all the sales were reported as being for cash or cash equivalent, with no adjustments made.

### **Conditions of Sale**

The appraisal report indicated that there were no conditions of sale that influenced value; with no adjustments applied.

### **Expenditures After Purchase**

The appraisal report indicated that there were no known anticipated expenditures that impacted the purchase prices of any of the sales considered. No adjustments are applied.

### **Market Conditions**

The appraisal report provides an adequate analysis from a market perspective, stating that no adjustments were developed for changes in market conditions across the time frame covered by the sales. The full dataset is viewed as representative of existing conditions in each of the market segments covered. No adjustments were applied.

## **Property Adjustments**

### **Location**

Location adjustments account for the remote location, quality of access as well as available utilities. Several paired sales from within the core dataset were utilized to isolate locational influence on value. Pairings support a range of adjustment for Sale 2. Sale 2 was considered superior with a downward adjustment applied.

### **Physical Characteristics**

The subject has moderately steep to steep terrain along a ridgeline. Vegetative cover includes desert scrub and various shrubs and grasses. No adjustments were applied. However, it is noted that the difference in physical characteristics is a consideration in developing the opinion of value.

### **Size**

The subject contains 160 acres. The comparable sales range in size from 40 – 360 acres. The appraisal discuss each comparable with regards to the size attribute. However, an adjustment attributable to size lacked support with no adjustments applied.

### **Economic Characteristics**

Economic potential reflects the range of potential economic activity within the core dataset. This element was discussed and considered particularly as it relates to Sale 2. Sale 2 was identified as having a different highest and best use being intended residential use. The appraisal acknowledges that the



location adjustment which accounts for the subject's lack of access and infrastructure, which are key to development for use, was effectively handled through the location adjustment. No adjustments were applied.

The unadjusted and adjusted sale prices are reflected below.

#### Direct Sales Comparison Sales Summary

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2015	360	\$417	\$417
2	2020	78.63	\$763	\$343
3	2019	40	\$300	\$300
4	2019	40	\$300	\$300
<b>Low</b>	2015	40	\$300	\$300
<b>High</b>	2020	360	\$763	\$417

#### Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$300 per acre to a high of \$417 per acre. The appraiser opined that Sales 1, 3 and 4 required no adjustment and are most meaningful to the valuation. As such, these sales are given the most weight.

The opinion of value conclusion is \$350 per acre for the subject's 160 acres, equivalent to \$56,000.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach because it was the only applicable approach.

#### Value Indications

Cost Approach	\$0
Sale Comparison Approach	\$56,000
Income Capitalizatio Approach	\$0
<b>Conclusion</b>	<b>\$56,000</b>

#### Transaction Scale Analysis

As a final step in the valuation of each larger parcel, in accordance with the SOW requirement, the appraisal analyzed the parcels comprising each side of the exchange as a whole in the context of the market and report if there is an additional increment of value or discount attributable to portfolio enhancement or the bulk nature of the transaction. Any value enhancement or diminution under this provision shall be recognized in the concluded values for each of the larger parcels as noted in the SOW.



As stated in the report, the subject property is one of eight Offered Non-Federal Land properties included in the Southeast Arizona Land Exchange and Conservation Act. Those eight properties are dispersed throughout Arizona, in widely varying geographic, ecological and economic settings. Together they represent a portfolio of independent properties, each subject to a different set of market forces. The appraisal suggests that there is no market data that the appraiser is aware of showing an increment in value or a discount attributable to the bulk nature of the legislated transaction.

