DETAILED ANALYSIS

Falls Ranch Proposal for Exchange of State Trust Land

Deeded Land (Acquisition)
E½ SW ¼ Section 25, T.32N R78W ±80 acres
NW¼ SE¼ Section 25, T.32N R.78W ±40 acres
120 ± acres All in Natrona County, Wyoming

Trust Land (Disposal)
E½ SW¼ Section 24, T.32N R.78W ±80 acres
SE¼ NW¼ Section 25, T.32N R.78W ±40 acres
The NW portion of Lot 6, Section 19, T.32N. R.77W. ±4.78 acres
125 ± acres, All in Natrona County, Wyoming

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State Trust Land

Falls Ranch Land
PROPOSAL

Falls Ranch Limited Partnership has proposed a land exchange involving Falls Ranch deeded land and State Trust Land. The proposal meets the Trust Land Management Objectives by consolidating ownership patterns and providing better access to manage State Trust Land. The Falls Ranch land is of higher value than the State Trust Land and therefore, the exchange would increase the land value in the Trust Portfolio.

In 2011, a survey of the Russell Gordy residence concluded that a portion of the home was built on the State Trust Land proposed for disposal. Consistent with the Encroachment Policy adopted by the Board of Land Commissioners (Board) on August 4, 2011, Falls Ranch Limited Partnership has since been issued a Temporary Use Permit for the encroachment until a permanent solution is achieved.

All property is located approximately 8 miles south of Casper, Wyoming, the county seat of Natrona County.

The application is attached as Exhibit “A”.

APPRaised MARKET VALUE

The appraisal process is the orderly procedure of collecting information from the market, which leads to a single conclusion of estimated opinion of value. Information is obtained from many sources, and the best source is through recent sales of similar type properties. All sales used are examined and confirmed by the buyer, the seller or a party knowledgeable to the transaction. All pertinent facts from the sales are analyzed, classified and interpreted for use in the approaches to value.

The properties were appraised by a Certified General Appraiser with an effective date of January 3, 2013. The location of the properties, near the mountains, together with current permitted uses and real estate trends, suggests the properties could be used as recreational sites. Therefore, the highest and best use was determined by the appraiser to be recreational sites. The appraiser used the Sales Comparison Approach to arrive at the market value.

The appraised values are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Trust Land</td>
<td>$269,000.00</td>
</tr>
<tr>
<td>4.78 acres @ $3,500 per acre</td>
<td>$17,000.00</td>
</tr>
<tr>
<td>40.14 acres @ $2,100 per acre</td>
<td>$84,000.00</td>
</tr>
<tr>
<td>80.19 acres @ $2,100 per acre</td>
<td>$168,000.00</td>
</tr>
</tbody>
</table>

TWO HUNDRED SIXTY NINE THOUSAND U.S. DOLLARS

1 Six of the sales analyzed indicate the “opinion of value” should be rounded to the nearest $1,000.00
Falls Ranch Limited Partnership is aware the deeded land is valued $33,000.00 higher than the State Trust Land and is willing to exchange all of the land in question, acre for acre, with no additional money expended by the State to fully equalize values.

The appraisals, including comparable sales information, maps, photographs and related information are available in the Office of State Lands and Investments (Office) for review.

INCOME GENERATING POTENTIAL, INDIVIDUALLY AND IN COMBINATION WITH OTHER STATE TRUST LANDS

Income Generating Potential:

The exchange would benefit the Board’s short term objectives by allowing the state to acquire more productive agricultural property in exchange for less productive property that has been encumbered by the applicant’s residence. The revenue from a grazing lease would presumably be improved by the exchange.

The current grazing lease generates 35 AUM’s. At today’s AUM rate of $4.80, the 2013 rental is $168.00. The projected grazing values for the Falls Ranch Land are approximately 61 AUM's. At today's AUM rate of $4.80, the 2013 rental would be $292.80.

Anticipated Appreciation of the Parcel as a Real Estate Asset:

The deeded parcel has been appraised at a higher value than the state parcel and would therefore immediately add value to the Trust Land portfolio. Future appreciation of both parcels of land value is an unknown. Appreciation rates are influenced by several factors including current market conditions, the economy, interest rates, inventory levels, and amenities within the specific property. Appreciated land value under current market conditions is inherently speculative and would only be realized on a future sale.

MANAGEABILITY OF THE PARCEL, INDIVIDUALLY AND IN COMBINATION WITH OTHER STATE TRUST LANDS

The exchange may improve manageability of the land due to the topography of land patterns and road access. It would block State Trust Land into a more consolidated pattern, and would divest the State from property that has been encumbered by a permanent residence.

A map is attached as Exhibit “B”.

2 Six of the sales analyzed indicate the “opinion of value” should be rounded to the nearest $1,000.00
EXISTENCE AND IMPORTANCE OF ANY WILDLIFE HABITAT AND WILDLIFE-ORIENTED RECREATIONAL OPPORTUNITIES LOCATED ON THE PARCEL

The exchange may improve public recreational opportunities in regards to hunting and fishing.

In a letter dated January 14, 2013, the Wyoming Game and Fish Department (WGFD) provided the following comments:

**Terrestrial Considerations:**
While the 125 acres of State lands proposed to become private are legally accessible, the State would acquire 120 acres of accessible contiguous lands in T32N, R78W, Section 25 including approximately 0.7 linear miles of stream access and riparian habitat along Smith Creek. Said lands to be acquired could provide public opportunity for fishing and mule deer, white-tailed deer, and turkey hunting. The proposed exchange may therefore benefit hunters and anglers as long as public access is allowed on lands to be acquired by the State. Within this exchange, a portion of the land along Smith Creek to be acquired by the State is currently irrigated and cultivated for native hay production. Although the State Board of Land Commissioners’ rules (Section 3, Chapter 13) do not extend hunting and fishing privileges to cultivated croplands, the Department recommends the Board grant such privileges on said lands to be acquired to ensure hunting and fishing opportunities are not diminished as a result of this exchange. However, the Department understands the need to preclude vehicle and foot traffic on cultivated lands to adequately protect growing crops. To this end, the Department recommends foot traffic is allowed on cultivated areas outside of the summer growing/haying season. In addition, the Department recommends no new roads be permitted on newly acquired State parcels to preserve the existing agricultural and wildlife values of said lands. Summer fishing and spring turkey hunting (foot) access along Smith Creek could be reasonably accommodated even during the growing season without undue disturbance to cultivated lands. Fall big game hunting access could also be accommodated on cultivated areas as fields will be dormant. Currently, adjacent State-owned lands upstream (to the southwest) from the aforementioned parcel are also cultivated for native hay within the same hayfield, and no hunting and fishing access restrictions have been in place.

All lands within this proposed land exchange are located in the Natrona Sage-grouse Core Area as defined by the State of Wyoming Greater Sage-Grouse Core Area Protection Executive Order 2011-5. Statewide core areas have been designated as such for containing suitable sage-grouse habitat; habitat that is important to the lifecycle of local sage-grouse populations (e.g., breeding, nesting, brood rearing, wintering). Maintaining suitable sage-grouse habitat in core area, within the guidelines outlined in Executive Order 2011-5, is vital to the efficacy of the core population area strategy and preventing a listing under the Endangered Species Act. The proposed land exchange will likely have no
significant impact on sage-grouse as no surface disturbance is being proposed at this time. The proposed land exchange is also located in mule deer crucial winter yearlong range and pronghorn winter-yearlong range. These parcels thus provide important habitat for wintering big game. Again, the proposed land exchange will likely have no significant impact to wintering big game as no surface disturbance is being proposed at this time.

**Aquatic Considerations:**
The proposed land exchange involves approximately 400 feet of Beaver Creek currently on State lands and 3,600 feet of Smith Creek on private land. Both streams are rated as Yellow Ribbon (supporting between 50-299 pounds of trout per mile). The proposed land exchange would result in net gain of approximately 3,200 feet of stream into State land ownership. Assuming access for anglers is allowed (summer fishing (foot) access along Smith Creek could be accommodated during the growing season) the exchange would provide additional angler benefits.

The entire report from the Department is attached as **Exhibit “C”**.

**NOTE:** The Office intends to manage the acquired portion of the exchange consistent with surrounding State Trust Land and with the Board of Land Commissioners’ Rules and Regulations.

As with many other areas in the state where a fishery flows through State Trust Land and the current surface lessee conducts haying operations adjacent to that fishery, the Office has noticed a symbiotic relationship form. The nature of fishing is inherently done on foot and normally in or extremely close to the stream channel, causing little to no adverse affect to the surrounding agricultural use. The Office believes that fishing can occur throughout the acquired portion of the exchange without going against current Board rules or adversely affecting current agricultural operations.

Pursuant to Board of Land Commissioners Rules and Regulations, no new roads or trails can be built on State Trust Land without prior approval by the Board. Currently, there have been no requests to construct new roads or trails on the acquired portion of the exchange.

**EXISTENCE AND IMPORTANCE OF ANY PUBLIC RECREATIONAL OPPORTUNITIES OR CULTURAL RESOURCES LOCATED ON THE PARCEL**

The Wyoming Department of State Parks and Cultural Resources (SPCR) evaluated the recreational and cultural resource aspects of the parcel and in a letters dated January 2, 2013 and January 14, 2013. The agency had no recommendations. The Department did request, however, that the standard stipulation in the Board of Land Commissioners Rules Chapter 18, Section 3(h) would apply if any mineral development were to occur on the tract.

The entire reports from SPCR are attached as **Exhibit “D”**.
CONCLUSION

This Detailed Analysis has been prepared and has been distributed to the public in accordance with the Board of Land Commissioners’ Rules and Regulations. It is electronically available on the Office’s website as well as hard copy in the Office of State Lands and Investments in Cheyenne, Wyoming. Hard copies are also available for public viewing at the Natrona County Public Library and Natrona County Clerk’s Office in Casper, Wyoming.

As required in the Board’s rules, a public hearing will be conducted in Natrona County during a meeting of the Natrona County Commission. The date, time and location of the public hearing will be advertised on the Office’s website, the Natrona County Commissioners’ website and through any other means of advertisement required by Natrona County Commissioners prior to the hearing.

LIST OF EXHIBITS

“A” Letter & Application from Falls Ranch Limited Partnership

“B” Map

“C” Wyoming Game and Fish Department Comment

“D” State Parks and Cultural Resources Department Comment