

**PURPOSE OF THE APPRAISAL:** To make sure landowners are offered Fair Market Value (FMV) for their land interests. All appraisal methods used by the Department of the Interior are in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Land Buy Back Program for Tribal Nations

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS

Exhibit A - Purchasable Interests Inventory (PII) **DETAIL**

Date: 02/22/2014  
Page: 1 of 1

Offer Number: 100  
Deed ID 345 400000001

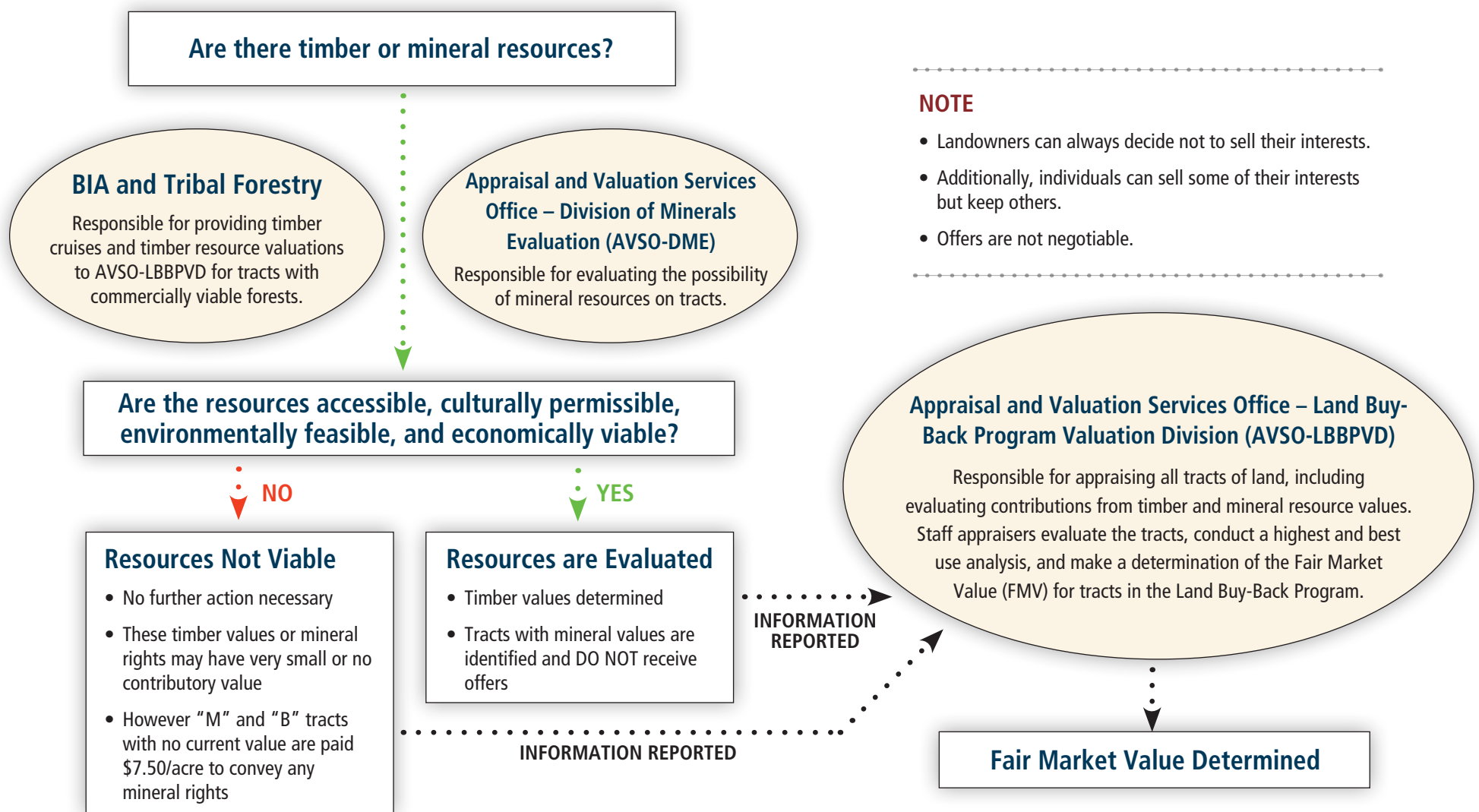
Grantor ID: 344U000000  
Grantor Name: DOE, JOHN

Item	Tract ID	Tract Name	Tract Acreage	Owner Interest	Interest Value	Scholarship <sup>1</sup> Contribution	Tract Appraisal Date
1	345 M 0000	BEAR FOLLOWS	320.000	.0003819444	\$95.49	\$10.00	11/19/2013
	State County	Sec Twn Rng	Meridian	Legal Description	Resource		
	SD TODD	6 035.00N 031.00W	Sixth Principal	E	Minerals Only		
2	345 0001	FAST RUNNER	320.000	.0023437500	\$468.75	\$10.00	11/19/2013
	State County	Sec Twn Rng	Meridian	Legal Description	Resource		
	SD TODD	9 036.00N 032.00W	Sixth Principal	W	Surface Only		
3	345 0002	SALLY BLUE SHIELD	160.000	.0333333334	\$6,373.33	\$318.67	11/19/2013
	State County	Sec Twn Rng	Meridian	Legal Description	Resource		
	SD TRIPP	20 102.00N 078.00W	Fifth Principal	NE	Both (Mineral and Surface)		

## APPRAISED VALUE

To determine the value of the entire allotment, divide your interest value by your fractional ownership interest (Example: \$0.92 divided by .000381944 equals approx. \$2,400).

- "M" MINERAL TRACT**  
Mineral rights only (for example oil, gravel, coal)
- "S" SURFACE TRACT**  
Surface rights only (land)
- "B" COMBINED TRACT**  
Both mineral and surface rights



## NOTE

- Landowners can always decide not to sell their interests.
- Additionally, individuals can sell some of their interests but keep others.
- Offers are not negotiable.

## Land, Resource Valuation, and Appraisal Basics

An appraisal is the act or process of developing an opinion of value. Value estimates for the Land Buy-Back Program are performed by a licensed appraiser. A determination of value is developed and reported by the appraiser, and includes research covering many factors including:

- Location,
- Local market prices and sales patterns,
- Condition of the tract — access, electricity, leases, etc.,
- Land use controls or restrictions,
- The presence of timber/mineral resources, and
- Water and air resources are considered in determining FMV.

The appraiser compares recent local real estate sales to see how they align or differ from the tract and makes adjustments to compensate for those differences before reconciling a final opinion of value.

When there are commercial timber resources or mineral rights associated with the tract, AVSO-LBBPVD will conduct an appraisal to determine the FMV for each tract of land that meets the criteria for purchase by the Program. The value of timber and mineral estates will be incorporated. The value of specific fractional interests will be based on the interest's proportion to the whole tract.

AVSO-LBBPVD will value a tract as though it is not fractionated (single owner), is vacant, and is in fee status.

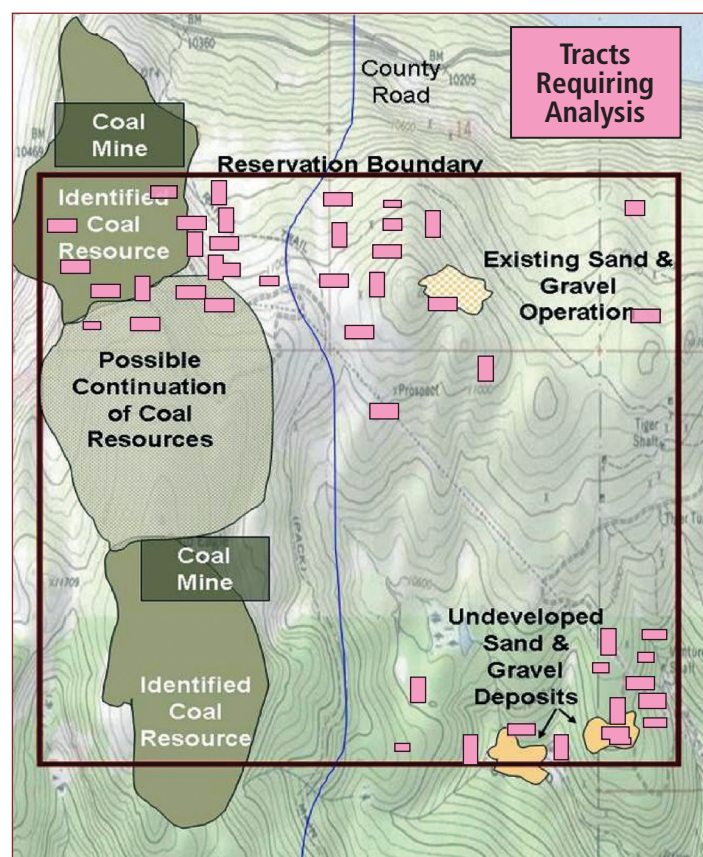
Staff appraisers will also determine the highest and best use of the tract. Important things to know about your appraisal report:

- As of the approved date, the appraisal report states the opinion of the FMV,
- Changes may have occurred in the market or to the tract since the approval date of the appraisal, and
- Appraisals will be used to prepare offers to purchase individual interests in various trust or restricted fee Indian lands.

The Land Buy-Back Program will use mass appraisal methodology in the determination of FMV. The breadth, scale, limited funding, and fixed life span of the Land Buy-Back Program necessitates use of mass appraisal methodology. Mass appraisals will result in greater consistency in valuation and provide an individual tract value based on its unique characteristics. In many highly-fractionated Indian ownership areas, it is common to have agricultural properties that are similar in use and have active/consistent markets for comparable sales data.



## Understanding Minerals and the Mineral Valuation Process



**FIGURE 1.** Hypothetical reservation-wide view of mineral deposits and the relationship to tracts requiring analysis.

The Appraisal and Valuation Services Office - Division of Minerals Evaluation (AVSO-DME), within the Department of the Interior, will evaluate the existence of economically viable mineral deposits within each reservation. AVSO-DME's professional geologists, mineral economists, and engineers extensively review the known geology of a location to determine if mineral deposits are known to exist, evaluate mining activity in the area of the tract, identify markets for known minerals, and determine whether extraction of the minerals can be completed cost effectively. Most tracts will not have mineral deposits with current economic value; where tracts are identified and associated with mineral deposits that may have current economic value, those tracts are typically set aside because further analysis would be required to determine the value of the minerals.

The AVSO-DME's reservation/area-wide methodology:

- assembles minerals data from appropriate sources
- creates a digital/geographic information system (GIS) master template view of known mineral deposits
- allows simultaneous analysis (at the individual tract level) of numerous tracts
- allows each individual tract to be placed over the master template which helps to see where mineral deposits may occur in relation to the tract being valued (see Figure 1)

The analysis varies in length and complexity and will be as simple or as complex as the circumstances dictate, with the level of detail increasing as the potential for a viable mineral deposit increases. For each analysis, essential background research of the area is conducted to determine the geologic terrain involved, the permissibility for development, and the market situation. Depending upon this outcome, site-specific analysis may be conducted.

### MINERAL DECISION

- Please note that if there are no minerals present or if there are no profitable markets for the existing minerals, the rights associated with a tract may have very small or no contributory value.
- For situations where AVSO-DME determines there is no mineral deposit or economic value, an Administrative Payment of \$7.50 per acre will be offered to landowners.
- The Administrative Payment is not based on the value of any minerals, but is instead intended as payment to compensate the owner for conveying their mineral rights.
- Tracts with current economic mineral value will not be included in the Offer Packet, because further analysis would be necessary to determine the value of the minerals.
- **Surface and mineral estates on "B" (combined) tracts cannot be split during a Buy-Back transaction (landowner cannot sell surface rights and retain the mineral rights).**

## Common Definitions for Land Valuation

**FAIR MARKET VALUATION (FMV)** — A monetary value, stated as an opinion, as of a certain date, of what a property would sell for in an open and competitive market and what a ready, willing, and able buyer might pay for a property in the current market.

**HIGHEST AND BEST USE** — The most probable and legal use of vacant land or an improved property that is physically possible, financially possible and appropriately supportable from the market to yield the highest possible value.

**MASS APPRAISAL** — The process used to value many properties that are similar in use (pasture, dry crop, rural residential, etc.) and have active/consistent markets or comparable sales data. The process uses common data, standardized methods and statistical testing and allows for greater efficiency and consistency in valuations. It provides an individual tract value based on the tract's unique characteristics.

**MINERAL DEPOSIT** — Identifiable geologic occurrence of minerals of a size and concentration that may have potential for economic recovery, now or in the future. Typical minerals may include: oil; gas; coal; sand and gravel.

## Resources

### LAND BUY-BACK PROGRAM

Land Buy-Back Program for Tribal Nations  
[www.doi.gov/buybackprogram](http://www.doi.gov/buybackprogram)

Appraisal Methodologies  
[www.doi.gov/buybackprogram/valuation](http://www.doi.gov/buybackprogram/valuation)

Frequently Asked Questions  
[www.doi.gov/buybackprogram/FAQ](http://www.doi.gov/buybackprogram/FAQ)

### Trust Beneficiary Call Center (TBCC)

1-888-678-6836  
 Hours of Operation: M-F 7:00 am - 6:00 pm  
 Sat. 8:00 am - Noon, Mountain Time

Fiduciary Trust Officer at your agency  
 can be found at:

[www.doi.gov/ost/fto/ftoRegions.cfm#1](http://www.doi.gov/ost/fto/ftoRegions.cfm#1)

### COBELL SETTLEMENT INFORMATION

Indian Trust Settlement  
 P.O. Box 9577,  
 Dublin, OH 43017-4877  
 1-800-961-6109  
[www.cobellsettlement.com](http://www.cobellsettlement.com)  
[www.indiantrust.com](http://www.indiantrust.com)  
[info@IndianTrust.com](mailto:info@IndianTrust.com)

The Indian Land Tenure Foundation (ILTF) is a national, community-based organization focused on American Indian land recovery and management. ILTF's primary aim is to ensure that all reservation and important off-reservation lands are owned and managed by Indian people and Indian nations.

As a community foundation, ILTF relies on funding from private foundations and donations from Indian nations, corporations and individuals to support its programming in Indian Country. Please consider making a donation to the Indian Land Tenure Foundation today.

To learn more about our work and programs and to make a donation, visit our website at: [www.iltf.org](http://www.iltf.org).



**Indian Land Tenure**  
 FOUNDATION

151 East County Road B2  
 Little Canada, MN 55117  
 651-766-8999  
[www.iltf.org](http://www.iltf.org)



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