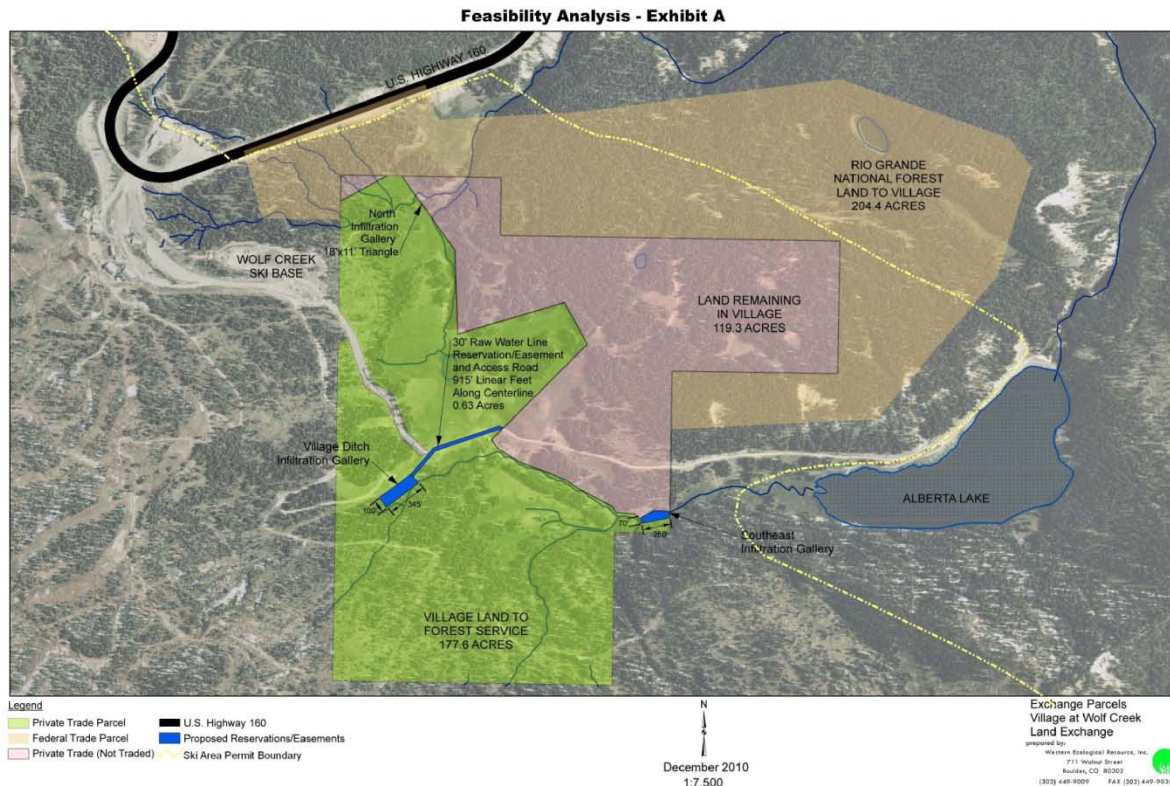


Feasibility Analysis
Village at Wolf Creek Land Exchange Proposal
Rio Grande National Forest
Mineral County, Colorado

Exchange Proposal

The Village at Wolf Creek Land Exchange is a proposed administrative land exchange involving the Leavell-McCombs Joint Venture (“LMJV” or “non-Federal Party”), and the U.S. Forest Service (“Forest Service” or “Federal Party”). The non-Federal Party proposes to exchange a parcel of private land totaling 177.6 acres to the United States in exchange for National Forest System land totaling 204.4 acres. The Federal parcel and the non-Federal parcels are located within the Rio Grande National Forest, Mineral County, Colorado. The lands are depicted on the map identified as Exhibit A.

The exchange proposal was originally submitted in June of 2010, and supplemented with clarifications and additional information on December 30, 2010.



Background

In 1986, a Decision Notice for the Environmental Assessment of the Proposed Wolf Creek Land Exchange, allowed the conveyance of 300 acres of National Forest System (NFS) land below the Wolf Creek Ski Area (WCSA) in exchange for non-Federal lands located within the Saguache Ranger District.

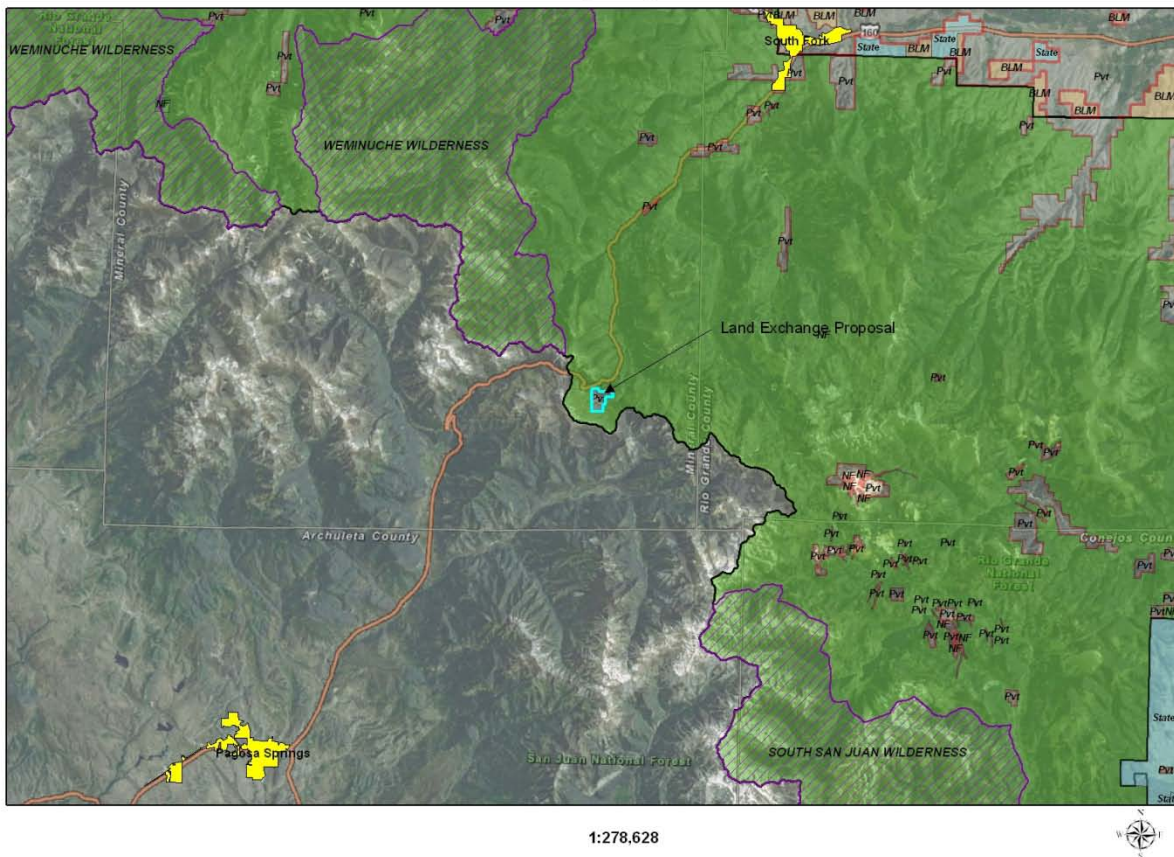
In 2004, the Forest Service initiated an Environmental Impact Statement (EIS) in response to a request for legal access to the property, under the Alaska National Interests Lands Conservation

Act (ANILCA), in order to allow the private landowners the ability to begin development of the Village at Wolf Creek. In March, 2006 a Record of Decision (ROD) was signed, approving transportation and utility corridors across NFS land. In February, 2008, as part of a Settlement Agreement, the ROD was withdrawn.

In September, 2008, the Forest Service initiated a new Environmental Impact Statement (EIS) after receiving a new application for permanent road access from LMJV. During public scoping sessions early in the project analysis in November, 2008, the project was placed on indefinite hold pending new information and potentially a new application.

The proponent, LMJV has made this current land exchange proposal as an alternative to an ANILCA grant, as the Federal parcel abuts Highway 160. As part of the exchange proposal, they have submitted an application for an easement, with the request that an easement grant be considered as the No Action alternative in the land exchange analysis. While the Forest is not adverse to including this as an alternative, it likely is not appropriate as the No Action alternative.

Vicinity Map



Proposed Non-Federal Lands to be Conveyed to the United States (surface and mineral estates):

Township 37, North, Range 2 East, N.M.P.M., Mineral County, Colorado.

Sections 8 and 9; a portion of Tract 37: Totaling approximately 177.6 acres.

The non-Federal parcel is located approximately 20 miles southwest of South Fork and 25 miles northeast of Pagosa Springs in Mineral County, Colorado. Situated south of U.S. Highway 160, less than one mile east of the continental divide at Wolf Creek Pass, the non-Federal Parcel is a portion of the larger 302 acre parcel (Tract 37) conveyed to LMJV through Forest Service land exchange in 1986. This proposal calls for conveying the non-Federal lands subject to a reservation for three water infiltration galleries. The three galleries are 0.003 acres, 0.40 acres and 0.79 acres. The largest is also supported by a 0.63 acre access and utility corridor. The total acreage of proposed reservations is 1.823 acres. Specific reservation language will have to be developed prior to appraisals, but it is believed that the uses are relatively benign and will not affect future surface management by the Forest Service. As required the reservation will be subject to the Secretary's regulations.

Both parcels are located at approximately 10,300 feet and are comprised of wooded areas that include aspen, spruce and fir forest, open meadows and wetlands. The non-Federal Parcel adjoins National Forest System lands on three sides and is adjacent to the Wolf Creek Ski Area (WCSA) which operates under a special use permit from the Forest Service. The actual permit map depicts the non-Federal parcel within the permit boundary, but the special use authorization does not affect the private lands.

Proposed Federal Lands to be Conveyed by the United States to the non-Federal Party (surface and mineral estates):

Township 37 North, Range 2 East, N.M.P.M., Mineral County, Colorado
Sections 3, 4, 5, 8, 9, and 10: A portion thereof totaling approximately 204.4 acres.

The Federal Parcel lies north and east of the non-Federal Parcel with the remaining portion of the non-Federal Party's land separating the two. It abuts U.S. Highway 160 to the northwest and other federal lands to the east and south. A portion of it lies within the ski area permit boundary.

The proposal also includes an easement to be granted by the United States, if necessary, for any improvements needed for construction of a highway interchange which may fall outside of the current CDOT easement for Highway 160. At this time, the need for such an easement is not known, as the design of a grade-separated interchange has not been completed. The environmental analysis will include the exchange proposal as well as any and all portions of land outside the exchange proposal that may be impacted by the grade separated interchange. A grade separated interchange design that is sufficient to handle maximum potential Village buildout will be designed and approved as part of the ensuing analysis.

As an alternative, the proponent has asked for commitment by the United States to add such additional easement area, if needed, to the existing CDOT easement. This approach would simplify the exchange process as the effects should be considered as part of any NEPA analysis.

Proposed Use of Federal Parcel:

The Federal lands would be developed in conjunction with the non-Federal Party's private land as The Village at Wolf Creek. At full build-out this resort may include a projected total of 1,711

residences, 221,100 square feet of commercial ancillary infrastructure such as roads, central water treatment and storage, wastewater treatment and disposal, a possible energy generation plant and distribution system, a phone, data and cable television center, as well as restaurants and shops.

The LMJV previously received approval from Mineral County for a development on the parcel. That approval was subsequently vacated based on a District Court ruling that approval could not occur absent legal access to the property. The Federal exchange parcel adjoins US Highway 160 from which legal and physical access can be obtained. It is likely that development approvals could once again be obtained from Mineral County.

The exchange proposal identifies a level of development reduced from that which was originally proposed. Further, it proposes a phased scheme, consistent with expansion of the WCSA. LMJC would specifically seek phased approvals from Mineral County. LMJV has proposed including this approach as part of the ATI and has agreed that if the exchange is approved to bind themselves to this approach in an exchange agreement.

Equalization of Values

See the equalization discussion within the valuation consultation section below. If the federal lands exceed the value of the non-Federal lands, the proponent would make a cash equalization payment as necessary to meet the requirements of FLPMA. No additional non-Federal lands are identified for potential inclusion. Based on advice from the Forest Service, LMJV has added additional Federal land into the proposal.

Property appraisals will be obtained early in the analysis process in order to retain the ability to analyze any potential land reconfigurations.

Exchange Processing

The Agreement to Initiate identifies an implementation schedule with assignment of responsibilities for the exchange. It also shows disposition of the various encumbrances. Upon approval of this Feasibility Analysis and prior to executing the ATI, the Forest shall reach agreement with LMJV on realistic timelines and specific cost sharing responsibilities. The proponent will be responsible for the majority of costs, including funding for a NEPA contractor, and Forest Service review and oversight.

Forest Plan Compliance

The Land and Resource Management Plan (“Forest Plan”) for the Rio Grande National Forest was revised in 1996. The Forest Plan provides guidance for all resource management activities on the Rio Grande National Forest including Forest-wide Guidelines relating to landowner adjustments. The pertinent guidelines from “Section 6 Landownership and Special Uses” are listed below with an explanation of how this land exchange proposal complies with the Forest Plan.

Real Estate – Land Adjustments

Guideline 1. When there are opportunities to acquire or convey non-Federal lands by purchase or exchange, where lands are valuable for National Forest System purposes, the Forest Service should consider whether:

- The conveyance or acquisition would reduce Forest Service administrative costs and improve management efficiency. This includes reducing miles of landline boundaries and numbers of corners, special uses, title claims, rights-of-way grants and easements, and other factors which decrease administrative costs and improve management efficiency.

Exchange Proposal: This proposal would increase landline boundaries and the numbers of corners. The administration of landline boundaries would become more complicated, with additional corners and a further intertwining of Federal and non-Federal lands.

Wolf Creek Ski Corporation presently owns approximately 12.5 acres bounded by the proposed non-Federal parcel. They have agreed to make all but 2.66 acres (A-Way Trail parcel) available to LMJV for inclusion in the exchange. The configuration of the Federal parcel, when combined with the private land to be retained by LMJV will be less efficient and more complex than the current Federal/non-Federal configuration.

There is currently a portion of the Alberta lift located on the non-Federal parcel. The proposal currently calls for the relinquishment of that easement so the entire Alberta Lift infrastructure would be incorporated into the ski area permit.

The non-Federal parcel would be subject to a reservation for three water infiltration galleries and an access/utility corridor serving one of them. LMJV has decreed water rights in conjunction with the proposed reservation. There are several other easements currently in place between LMJV and the ski area. LMJV has agreed to offer the land free of those easements with WCSA agreeing in writing to relinquish them prior to closing. The need to provide LMJV an access easement under ANILCA would be eliminated with approval of the land exchange proposal.

- The conveyance or acquisition would reduce conflicts between Forest Service and private-landowner objectives, especially when conflicts are adversely impacting National Forest System management.

Exchange Proposal: This proposal has the potential to increase certain conflicts between the Forest Service and the private landowners because of the increased complexity of the landlines. This would most likely be in the form of encroachments and development of social trails on to the forest. It is not anticipated that these would be substantially greater than if the existing parcel were developed.

Guideline 2. Opportunities to acquire nonfederal lands by purchase or exchange, where lands are valuable for National Forest System purposes, should be considered when involving:

- Lands with important characteristics that would enhance National Forest purposes, including access thereto.

Exchange Proposal: The Federal and non-Federal parcels have similar characteristics. The United States would acquire 47 acres (27 acres net) of wetlands. This may be somewhat offset by loss of a pond located on the Federal land. The United States would also acquire approximately 8500 linear feet of perennial stream. The acquired lands will contribute to developed National Forest recreation, by inclusion into the ski area. The exchange would provide more skiable terrain; Visual resources will be enhanced by allowing Village developments be located further away from ski area activities and partially hidden by trees.

- Lands that will improve administration and reduce trespass.

Exchange Proposal: As identified above the complicated, irregular boundary may have the potential to increase trespass and make boundary management more complicated.

- Lands that will add significantly to available National Forest goods and services.

Exchange Proposal: The non-Federal lands would provide additional skiable terrain under Forest Service administration.

- Lands that, if acquired, would reduce conflict between Forest Service and private-landowner objectives.

Exchange Proposal: It is anticipated that acquisition of the non-Federal lands has the potential to reduce conflict between private and Forest Service objectives. Specifically, much of the concern over the Village at Wolf Creek, has been its proximity to and encroachment into the current ski operation and it's affect on the ski area character. Under the exchange, much of the development will be displaced farther away from the ski area. Further, the reduced densities and staged development in the proposal should reduce direct impacts to the ski area operation while improving the visual quality.

Guideline 3. Opportunities to convey lands should be considered when involving:

- Important or unique resources (such as wetlands, floodplains, essential big-game winter range, Threatened or Endangered species habitat, and important historical or heritage resources) that may be conveyed when resource loss is mitigated or offset by acquisition of resource values on nonfederal lands.

Exchange Proposal: Both the Federal and non-Federal parcels contain wetlands and habitat for the listed species Canada lynx. It appears the Forest Service would lose approximately 20 acres of wetlands, but gain 47 acres of wetlands, for a net increase of 27 acres of wetlands. A small pond would be conveyed with the Federal land.

- Lands in developed areas that have lost or are losing their National Forest character.

Exchange Proposal: The Federal lands proposed for conveyance do not fall in this category.

- Lands that would contribute to community growth, development and economic prosperity.

Exchange Proposal: The Federal lands proposed for conveyance do not fall in this category.

Management Area Prescriptions

The Federal lands fall under two management-area prescriptions: 5.13 - Forest Products (Forest Plan, IV-27 to 28) which emphasizes the production of commercial wood products; and 8.22 - Ski-based Resorts: existing/potential (Forest Plan, IV-35 to 36) which emphasizes existing or potential use as ski-based resort sites. The Forest Plan contains no specific direction regarding acquisitions and disposals within the prescription areas.

The following Forest Plan appendices are pertinent to this proposal. Only those points not addressed above are included below.

From USF&WS Biological Opinion, Table 2. Crosswalk between the Lynx Conservation Assessment and Strategy (LCAS) and Rio Grande National Forest Forest Plan direction.

Land Ownership	
Programmatic Planning - Objectives	
1. Retain lands in key linkage areas in public ownership.	Real Estate-Land Adjustments Guideline 3
Programmatic Planning - Standards	
1. Identify key linkage areas by management jurisdiction(s) in management plans and prescriptions.	Linkage areas are identified.
Programmatic Planning – Guidelines	
1. In land adjustment programs, identify key linkage areas.	Linkage areas are identified.
Project Planning – Standards	
1. Develop and implement specific management prescriptions to protect/enhance key linkage areas.	Linkage area Forest Plans are to be developed in consultation with FWS.
2. Evaluate proposed land exchanges, land sales, and special use permits for effect on key linkage areas.	No Forest Plan Guidance.

FOREST PLAN - APPENDIX B.

Key National and Regional Policies. Convey lands only if:

- Flood hazards on and downstream from conveyed lands are not increased.
Exchange Proposal: It is not anticipated that flood hazards on and downstream from conveyed lands would be increased. However, a review would be completed as part of the environmental analysis.
- Natural and beneficial values of acquired wetlands equal or exceed those of conveyed wetlands.
Exchange Proposal: Acquired wetlands would equal or exceed those conveyed.
- Natural water regimes in wetlands downstream from conveyed lands are not disrupted.
Exchange Proposal: Unknown - would need to address this through the environmental analysis.

- d. Lands have been evaluated for the presence of hazardous materials and known hazardous materials have been removed.

Exchange Proposal: As part of the environmental analysis, both the Federal and non-Federal parcels will be evaluated for the presence, storage or disposal of hazardous substances and petroleum products. The non-Federal parcel will be evaluated under the All Appropriate Inquiry protocols.

It is known that petroleum contamination, originating from the Colorado Department of Transportation (CDOT) maintenance yard on National Forest System land within the ski area permit boundary has impacted the groundwater of the alluvial aquifer along the North Fork of Pass Creek on the Federal parcel. This underground plume was first identified in September 1989 and mitigation efforts are on-going. Monitoring well data collected in 2009 indicate the contamination may extend onto the Federal parcel that would be transferred to private ownership. To date the compliance edge of the contamination has not been determined; specifically, the total size of the contamination has not been mapped. LMJV has agreed to hold the United States harmless through patent language.

- e. Lands do not contain habitat identified by US Fish and Wildlife Service as necessary for recovery of federally listed threatened and endangered species.

Exchange proposal: The Federal lands contain habitat identified by US Fish and Wildlife Service as necessary for recovery of a Federally listed threatened and endangered species, Canada lynx. Similar habitat is located on the non-Federal parcel.

- f. Lands do not contain unique resource characteristics.

Exchange proposal: The lands are unique in that they are a part of identified lynx habitat on both Federal and non-Federal properties; there are wetlands on both the Federal and non-Federal properties, and there is a small, unnamed pond on the Federal property.

FOREST PLAN APPENDIX E - Land Adjustment Strategy

The types of lands the Forest Service would like to acquire are:

- (1) Lands within Congressionally designated areas.
- (2) Lands with water frontage, wetlands, and associated riparian ecosystems.
- (3) Lands having Endangered or Threatened species habitat
- (4) Lands having unique historical or heritage (cultural) resources.
- (5) Lands primarily of value for outdoor-recreation purposes and lands needed for aesthetic protection.
- (6) Lands that ensure access to public lands and resources.
- (7) Key tracts that will promote effective resource management.
- (8) Lands that will consolidate ownership and reduce miles of property lines and corners to maintain.
- (9) Lands that maintain or stabilize the economies of local governments.

Conversely, these types of lands are suitable for disposal:

- (1) Lands that states, counties, cities, or other federal agencies can use to serve a greater public purpose.
- (2) Small parcels intermingled with mineral or homestead patents.
- (3) Lands suitable for development by the private sector, if development (residential, agricultural, industrial, recreational, etc.) is in the public interest.
- (4) Parcels isolated from other National Forest System lands.
- (5) Lands occupied by substantial structural improvements for which there is no greater need.
- (6) Lands in developed areas that are losing National Forest character.

Exchange proposal:

The types of lands the Forest Service would like to acquire are:

(3) Lands having Endangered or Threatened species habitat. Both parcels are a part of existing Canada lynx habitat. There would be no net gain of habitat. Impacts to lynx would be addressed in the environmental analysis.

(5) Lands primarily of value for outdoor-recreation purposes and lands needed for aesthetic protection; The lands acquired would provide additional public alpine skiable terrain.

Conversely, those types of lands suitable for disposal in the Land Adjustment Strategy include:

(3) Lands suitable for development by the private sector, if development (residential, agricultural, industrial, recreational, etc.) is in the public interest;

Exchange Proposal: None identified.

Resources Affected by the Proposal

Threatened and Endangered Species – Threatened, endangered, and sensitive plant and animal species and their habitat will be addressed in a Biological Assessment and Evaluation. Recent resource inventories in the area indicate that further analysis would be needed in evaluating the affect on Canada lynx.

Cultural Resources – Past surveys in this area have not revealed any sites eligible for inclusion on the National Register. A cultural resource report will be submitted to the Colorado State Historic Preservation Office and tribal Historic Preservation Offices for review and concurrence.

Wetlands and Floodplains – The hydrology in the proposed area is complex. Further review and survey is required to determine whether conveyance of the Federal parcels is consistent with Executive Orders 11988 and 11990.

Hazardous Substances – As described above, petroleum contamination originating from a CDOT maintenance yard has impacted the groundwater of the alluvial aquifer along the North Fork of Pass Creek, possibly affecting the Federal parcel. Additional work will be necessary to establish whether it affects the lands proposed for conveyance to the United States. The proponent has proposed to take the parcel subject to any potential contamination and to hold harmless the United States. The size of the contamination will be defined as part of the environmental

analysis. After the compliance edge of the contamination is defined on the ground, the State of Colorado Department of Labor and Employment, Division of Oil and Public Safety (which regulates the contamination clean-up) will be consulted to determine that the existing Corrective Action Plan is adequate, and will be adequate, if the land ownership pattern changes and the Village begins using their water infiltration galleries

Recreation – The proposal would affect skiable terrain within the special use permit area. Development of the parcel into the Village at Wolf Creek would increase the recreational use in the surrounding Rio Grande and San Juan National Forests, especially along the continental divide and into the Weminuche wilderness.

Preliminary Title Evidence

The preliminary title evidence shows that the non-Federal lands include several encumbrances. The proponent initially addressed all the items included in the preliminary title commitment in a letter dated September 21, 2010, in an effort to evaluate them and identify a proposed disposition. The Forest Service Regional Office is currently working with LMJV's representative to evaluate all encumbrances to determine their consistency with Department of Justice Standards and will be working with the Forest to evaluate those that cannot be released, to determine what effect, if any, they might have on future management of the lands. There was an initial concern that over several of the more significant encumbrances are held by WCSA, and LMJV's ability to actually deliver title clear of such. WCSA has agreed that those encumbrances will be released prior to closing, so that LMJV can convey title as proposed.

The existing 302 acre non-Federal parcel is currently encumbered by a scenic easement, held by the United States. As part of the environmental analysis, the desirability of imposing a similar easement on the Federal parcel will be evaluated.

Acres and Legal Description Verification

The non-Federal and Federal parcels will require an on the ground survey to establish the proposed boundaries. At the appropriate time, a Federal cadastral survey will be required to appropriately describe and accurately quantify the Federal parcel. Likewise the non-Federal parcel will require a State of Colorado survey provided by licensed surveyor. GIS data is adequate at this time to initiate any analysis. It may become necessary to obtain partial surveys during the process, if needed to address precise site specific issues.

Federal Land Status

The Federal land status report is included as Exhibit B. It indicates that all surface subsurface estates have public domain status. It also indicates that all Federal lands are included in the withdrawal for the Wolf Creek Ski Area. BLM records indicate no mining claims are present.

A search of the SUDS data base identified that the Federal lands are encumbered by the following special use permits or easements:

1. Permit for a fiber optic line issued to Centurytel of Colorado, Inc dba Centurytel.
Proposed disposition: At closing, LMJV will be required to grant a replacement easement of like terms.
2. Permit for a powerline issued to San Luis Valley Rural Electric. Proposed disposition: At closing, LMJV will be required to grant a replacement easement of like terms.
3. Permit issued to Wolf Creek Ski Corporation for a winter recreation resort. Proposed disposition: At closing, the permit will be amended to delete any portions of the permit being conveyed into non-Federal ownership and to add lands coming into Federal ownership.
4. Colorado Department of Transportation Highway 160 Right of Way easement. Proposed disposition: The Federal parcel will be conveyed 'Subject to' the existing, or project modified easement.

Water Rights Analysis

Federal Parcel:

No water rights are associated with the Federal Parcel.

Non-Federal Land Exchange Parcel:

On the exchange parcel, water rights are held. Filing for these water rights was completed in District Court, Water Division 3, State of Colorado, Case No 87CW7. The decree for this case is dated May 30, 1991.

Water rights held by the proponent of the exchange are shown in the following table:

Water Right Name	Adjudication Date	Type
North Infiltration Gallery	12/31/1987	Conditional
South Infiltration Gallery	12/31/1987	Conditional
Village Ditch	12/31/1987	Conditional

Table 1: Leavell-McCombs Water Rights

Leavell-McCombs Joint Venture is the owner of the water rights noted above. In addition, five appropriative rights of exchange and the augmentation plan associated with these water rights are co-owned by Leavell-McCombs Joint Venture and Wolf Creek Ski Corporation. A map showing the location of these diversion points is included in Exhibit A.

PDF copies of the decree and subsequent findings of diligence are on file.

1. Current Status, quality and quantity of the non-federal water rights:

The conditional water rights shown in Table 1 were originally adjudicated in Case No. 87CW07. Diligence on these conditional water rights was granted in Case Nos. 97CW08

and 06CW04. The 06CW04 decree was entered October, 2008. Diligence will be due again October, 2014.

Communication with Division 3 Engineers, affirmed that there are no current open cases in the Division 3 Water Court that would affect the status of these conditional water rights and there is no action by the Division of Water Resources to place the water rights on the 2010 abandonment list.

LMJV has proposed a reservation in the conveyance to the United States, sufficient to exercise these water rights. It is believed that exercise of these water rights will not significantly affect future management by the Forest Service, if the exchange is completed. The effects of inclusion of such a reservation will be evaluated through the environmental analysis.

Additional effort may also be required to assess with certainty that no additional water rights affect the non-Federal parcel.

2. Report alternative uses of the water as if it were in the ownership of the United States.

No action to acquire these water rights is contemplated.

3. Determine the actions necessary to effectively transfer, utilize, and preserve ownership of these rights by the United States.

No action to acquire these water rights is contemplated.

4. Determine the contributory value of the water rights.

The water rights are not offered as a condition of the potential land exchange.

5. Estimate the costs associated with the use and management of the water rights if they are acquired by the United States.

No action to acquire these water rights is contemplated.

WATER RIGHTS SUMMARY

Conditional water rights are held by the proponent, but are not proposed to be part of the exchange. One of the diversion points, the "Village Ditch", will be on the land acquired by the United States. Two others, the North and South Galleries, are on the boundary line between proposed Forest lands and private land and their exact location with regard to the land to be acquired by the RGNF needs further clarification.

By keeping the water right/diversion point on the lands to be exchanged to the United States (Village Ditch), the use of that right will require establishment of a conveyance system for the water across Forest lands to potential storage facilities that have been proposed. In addition to direct surface disturbance to Forest land related to installation of this system, the use of the water

right is a key component to the proposed Wolf Creek development and would enable that project to continue forward.

Valuation Consultation

The proponent was operating under the assumption that the per acre value of the Federal and non-Federal values was approximately equal when they submitted an equal acreage exchange. They based this upon a summary appraisal report completed by a licensed appraiser, which drew that conclusion. An informal consultation with the Regional Appraiser casts doubt on that conclusion. It was his belief that the Federal parcel has the potential to be worth less than the non-Federal parcel, given the entitlements currently attached to the property (subject to obtaining legal access) and current availability to the market. This would indicate the need to either increase the size of the Federal parcel or decrease the size of the non-Federal parcel in order to equalize values.

The non-Federal parcel is currently configured in such a way as to maximize the amount of wetlands and perennial stream coming to the United States. Decreasing the size of the parcel would decrease resource benefits associated with the exchange, but could also have the effect of improving landlines.

In general, the Forest is not interested in increasing the size of the Federal parcel in order to equalize values. Adding additional Federal acreage could have any of the following effects: 1) Negative perceptions of the exchange based on the acreage imbalance, 2) Increased visual impacts, if additional land is added adjacent to Highway 160, 3) Increased recreational impacts if additional land is added to the Alberta Lake side.

Therefore, the proposal currently negotiated is to leave both parcels in their originally proposed configurations (as modified by the 12/30/10 supplement). Both the Forest and the proponent are willing to advance this exchange, knowing that appraised values may require a change or modification of this current proposal.

Right-of-Way Reservations and Easements

The non-Federal Parcel would be conveyed to the United States subject to reservations of certain easements for water intakes and water transmission lines. The points of diversion in Decree 87CW7 via the Village Ditch are located and installed on the non-Federal parcel with previous approval from Colorado Water Court and the U.S. Corps of Engineers. LMJV would retain reservations for access and use of said approved and installed water diversions.

At this time, the United States is not proposing any reservations on the land proposed for exchange.

Potential Issues, Concerns and Support

The proponent's proposed use of the Federal parcel and retained private lands has, in the past, been the focus of intense scrutiny. The issues now, as then, would not be directly tied to the exchange but to the subsequent development of the property. This is a controversial proposal and it will be followed by interested parties. High density development has been opposed at Wolf Creek ever since the first land exchange was proposed back in the early 1980's.

Potential issues: impacts to recreational experiences associated with WCSA, the surrounding NFS lands and the Weminuche Wilderness; impacts upon lynx; wetlands impacts, social and economic impacts of the development and the size and type of interchange needed for access to US Highway 160; power sources; water quality and quantity.

The proponent has provided letters from Archuleta County, Mineral County, Rio Grande County, Town of Del Norte, and the City of Monte Vista indicating these entities would support an exchange, with varying caveats. The primary concern voiced a full NEPA review must occur if the exchange is pursued further.

Public Interest Determination

Based upon the above information, the proposed Wolf Creek Land Exchange may be in the public interest and merits additional evaluation. The merits include:

- Moves much of the private development farther away from the ski area, thus potentially reducing some of the expressed conflicts which previously surfaced as part of the environmental analysis for the easement grant.
- Development approvals would be staged and directly tied to increased development at the ski area (as specified in the 12/30/10 proposal supplement) thus potentially reducing some of the expressed conflicts relating to the scale of the private development and its affect on the character of the ski area.
- WCSA appears to support the proposed exchange, in contrast to the development plan previously approved by Mineral County.
- It provides for a net gain of approximately 27 acres of wetlands and 8500 linear feet of perennial stream..
- It increases skiable alpine terrain.
- A grade separated interchange off Highway 160 will be built for access that will accommodate traffic volumes at full buildout, and so will not need to be revised/revisited for future phases. This location and design will be agreed to by the proponent, CDOT and the USFS (including WCSA as FS permittee) prior to the completion of the exchange analysis.

Recommendation

It is my belief that the merits of completing an exchange must be evaluated in contrast to the grant of an easement for access to the property. The owner has a right of access under ANILCA and that LMJV has every intention of securing access to the property either through land exchange or direct easement grant.

Based on the above analysis, and when weighed against the proponent's existing ANILCA access right and subsequent request for a road easement, this exchange appears in the public interest. It is my opinion that this proposal is technically feasible, and an Agreement to Initiate should be entered into. It is my belief that the tangible physical resources to be acquired, when accompanied by the intangible benefits of reduced, staged and partially relocated development, make this exchange worth moving forward on. If faced with the alternative of an easement grant, the Forest Service would receive none of these benefits.

Dan Dallas
Rio Grande National Forest
Forest Supervisor

Date

Concurred with:

Randall Karstaedt
Director of Physical Resources
Region 2
US Forest Service

Date

**PRELIMINARY STATUS REPORT
FEDERAL SELECTED LAND**

PROPONENT Village at Wolf Creek Exchange
 SERIAL NO. _____
 FOREST Rio Grande National Forest

Legal Description	Acres	In/ Out	Surface Status	Sub-Sur Status	Acq. Date/Auth	Remarks
T. 37 N., R. 2 E., NMPM Mineral County, Colorado						
Secs. 3, 4, 5, 8, 9, and 10: A portion thereof	204.40*	IN	PD	PD	6-3-1905/3-3-1891	See Notes 1 - 5
TOTAL ACREAGE:	204.40*					

NOTES:

*Parcel will need to be surveyed prior to exchange.

BLM Index to Unpatented Mining Claims Report is silent regarding the above-selected lands.

The SUDS Report depicting additional SUPs that may or may not affect the above-selected lands will need to be generated at the forest level.

1. Withdrawal issued 1-17-1969 for U.S. Highway 160 Roadside Zone, PLO 4579, BLM Serial #C-0123127. A strip of land 200 ft. wide each side of centerline through Secs. 3, 4, 5, 8. Withdrawal appears to be north of proposed exchange area.

2. Wolf Creek Ski Area permitted boundary within sections 4, 5, 7, 8, 9, 10, 16 and 17. The permit was issued on 01/16/1997, and the area is automatically withdrawn from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral and geothermal leasing, pursuant to P.L. 104-333, Sec. 701(j), (16 U.S.C. 497c).

3. Highway Easement Deed issued to State Department of Highways dated 4/7/1987, for Highway Project No. FC 160-2(21), Wolf Creek Pass East, Parcel No. 1, within Sec. 4.

4. Highway Easement Deed issued to State Department of Highways dated 10/25/1988, for Highway Project No. FC 160-2(21), Wolf Creek Pass East, Parcel No. 1 Rev., within Sec. 4.

5. Highway Easement Deed issued to State Department of Highways dated 7/21/2009, for Highway Project No. NRH 298-J, Wolf Creek Pass, Parcel No. 1, within Secs. 5 and 6.

Prepared by /s/ Valerie B. Hunt _____ Date 01/18/2011

