

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

November 3, 1997

In Reply Refer To:

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EMS TRANSMISSION 11/12/98
Instruction Memorandum No. 98-16
Expires: 9/30/99

To: All State Directors

From: Director

Subject: Mineral Materials Appraisal

ISSUE: Consideration of Surface Rights Associated With Sales or Leases in Developing Comparable Sales Data for Fair Market Value Determination

BACKGROUND: During the Alternative Management Control Review (AMCR) of the Mineral Materials program, the AMCR Team observed the following in comparable sales used in a 1991 Statewide appraisal: In some private/State sales, purchasers make separate surface rental payments in addition to royalty payments while in others they include surface rental as part of the royalty payments. The BLM mineral materials disposal contracts include the right to use the surface for stockpiling, crusher, and screening sites and batch plants. As a result of omitting this component, the unit value of Federal sales may be understated.

ACTION NEEDED: All persons conducting mineral materials appraisal should be aware of the distinctions in surface use rights associated with sales in developing comparable sales data in the determination of royalty values. To ensure that Federal sales are accurately appraised for fair market value, the appraisal of unit value for disposal should determine the value of the full rights associated with mineral materials sales contracts, which includes the right to use the surface for processing and stockpiles.

BUDGET IMPLICATIONS: None.

COORDINATION: State and Field Offices.

CONTACT PERSON: Durga Rimal, Solid Minerals Group (WO 320) at (202) 452-0372.

Signed by:

Pat Shea

Director

Authenticated by:

Robert M. Williams

Directives and Records

Group, WO540