

11-9 29

MICHIGAN NATURAL RESOURCES COMMISSION

John M. Robertson
EXECUTIVE ASSISTANT

October 22, 1979

Memorandum to the Natural Resources Commission

	ACRES	Class	Lot	PROJECT
Acq.				
Exp.	3,931.38	TR		
Initial	TRU			

Exchange Application 33328-X

By - The Cleveland-Cliffs Iron Company, Ishpeming, Michigan \$,571.37 TR

Private Lands Offered - 2,810.73 acres - Escanaba River State Forest 360.00 PM

Entire Frl. Secs. 17, 18, 19, 20, 29, Entire Sec. 30 and NW $\frac{1}{4}$ of NW $\frac{1}{4}$, Sec. 32, T 49 N, R 25 W; that part of NW $\frac{1}{4}$ of NW $\frac{1}{4}$ lying N'ly and W'ly of the Little Garlic River, Sec. 10, S Frl. $\frac{1}{4}$ of Frl. Sec. 13 except that part lying NE of centerline of County Road 550 and NW'ly of a line described as commencing at a point on the centerline of County Road 550 which is 3,919.33 feet south and 3,582.73 feet east of the NW corner of Sec. 13, th. N 43 $^{\circ}$ 00' E to shoreline of Lake Superior, Sec. 13, Entire Sec. 24 and N $\frac{1}{2}$ of Sec. 25, T 49 N, R 26 W - Marquette County
Appraised Value - \$1,833,000.00

State Lands Desired - 8,931.38 acres - Escanaba River State Forest

W Frl. $\frac{1}{4}$, Sec. 4, Entire Frl. Sec. 5, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 6, Undivided 1/4 interest in SE $\frac{1}{4}$ of NE $\frac{1}{4}$, W Frl. $\frac{1}{4}$, E $\frac{1}{4}$ of SE $\frac{1}{4}$, Undivided 1/4 interest in W $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 7, Gov't Lot 1, NW $\frac{1}{4}$ of NE $\frac{1}{4}$, E $\frac{1}{4}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$ of NW $\frac{1}{4}$, S $\frac{1}{2}$, Sec. 8, E $\frac{1}{4}$ of NW $\frac{1}{4}$, NW $\frac{1}{4}$ of NW $\frac{1}{4}$, E $\frac{1}{4}$ of SW $\frac{1}{4}$, Sec. 9, NE $\frac{1}{4}$ of NW $\frac{1}{4}$, NW $\frac{1}{4}$ of NW $\frac{1}{4}$, Sec. 16, NE $\frac{1}{4}$, S $\frac{1}{2}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$, Sec. 17, NE $\frac{1}{4}$ of NE $\frac{1}{4}$, S $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 18, NE $\frac{1}{4}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of NW $\frac{1}{4}$, E $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 20, T 46 N, R 25 W, NW $\frac{1}{4}$ of NW $\frac{1}{4}$, S $\frac{1}{2}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$, Sec. 9, SE $\frac{1}{4}$ of NE $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, Undivided 3/8 interest in S $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 12, NE $\frac{1}{4}$, S $\frac{1}{2}$ of NW $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 13, N $\frac{1}{2}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of NW $\frac{1}{4}$, Sec. 14, SW $\frac{1}{4}$ of NW $\frac{1}{4}$, W $\frac{1}{2}$ of SW $\frac{1}{4}$, Sec. 15, NE $\frac{1}{4}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 16, Undivided 1/2 interest in W Frl. $\frac{1}{4}$ of SW Frl. $\frac{1}{4}$ Undivided 1/2 interest in SE $\frac{1}{4}$ of SW Frl. $\frac{1}{4}$, E $\frac{1}{4}$ of SE $\frac{1}{4}$, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 18, N $\frac{1}{2}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, Undivided 1/2 interest in SE $\frac{1}{4}$ of NE $\frac{1}{4}$, NW $\frac{1}{4}$, Undivided 1/2 interest in SW $\frac{1}{4}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$, Undivided 1/2 interest in E $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 20, N $\frac{1}{2}$ of NE $\frac{1}{4}$, SE $\frac{1}{4}$ of NE $\frac{1}{4}$, Sec. 21, W $\frac{1}{2}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$ except N 2.00 acres, Sec. 27, SW $\frac{1}{4}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 28, NE $\frac{1}{4}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, E $\frac{1}{4}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 29, N $\frac{1}{2}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$ of NE $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$, N $\frac{1}{2}$ of NW $\frac{1}{4}$ of NW $\frac{1}{4}$, Sec. 32, Entire N $\frac{1}{2}$, N $\frac{1}{2}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$, SE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 33, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$, Undivided 3/4 interest in SW $\frac{1}{4}$ of NW $\frac{1}{4}$, 1 acre square in SW corner of SE $\frac{1}{4}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$ of SW $\frac{1}{4}$, Undivided 1/2 interest in NW $\frac{1}{4}$ of SW $\frac{1}{4}$, S $\frac{1}{2}$ of SW $\frac{1}{4}$, Undivided 7/8 interest in NW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 34, T 46 N, R 26 W; NW $\frac{1}{4}$ of NE $\frac{1}{4}$ except E 800 feet, Sec. 16, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, E $\frac{1}{4}$ of NW $\frac{1}{4}$ of SE $\frac{1}{4}$, SE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 23, Undivided 2,221/2,700 interest in N $\frac{1}{2}$ of NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of SW $\frac{1}{4}$, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 24, T 46 N, R 27 W, S $\frac{1}{2}$ of SW $\frac{1}{4}$, SE $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 17, SE $\frac{1}{4}$ of SW $\frac{1}{4}$, S $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 18, NE $\frac{1}{4}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, S Frl. $\frac{1}{4}$ of NW Frl. $\frac{1}{4}$, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 19, E $\frac{1}{4}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, E $\frac{1}{4}$ of SE $\frac{1}{4}$, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 20, E $\frac{1}{4}$ of NE $\frac{1}{4}$, SW $\frac{1}{4}$ of NE $\frac{1}{4}$, W $\frac{1}{2}$ of NW $\frac{1}{4}$, S $\frac{1}{2}$ of SW $\frac{1}{4}$, SE $\frac{1}{4}$, Sec. 21, NW $\frac{1}{4}$ of NE $\frac{1}{4}$, NW $\frac{1}{4}$, W $\frac{1}{2}$ of SW $\frac{1}{4}$, NW $\frac{1}{4}$ of SE $\frac{1}{4}$, Sec. 28, N $\frac{1}{2}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of NW $\frac{1}{4}$, SW $\frac{1}{4}$ of NW $\frac{1}{4}$, SE $\frac{1}{4}$, Sec. 29, E $\frac{1}{4}$ of NE $\frac{1}{4}$, W $\frac{1}{2}$ of SE $\frac{1}{4}$, Sec. 32, W $\frac{1}{2}$ of SW $\frac{1}{4}$, SE $\frac{1}{4}$ of SW $\frac{1}{4}$, Sec. 33, T 47 N, R 25 W - Marquette County
Appraised Value - \$1,293,900.00

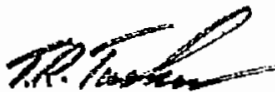
Stipulations by Deeds of Conveyance:

- (a) Both deeds (i.e., the deed from The Cleveland-Cliffs Iron Company to the State of Michigan, and that from the State to the Company) will reserve minerals but not sand and gravel except that deed from CCI will convey all its mineral ownership consisting of the N $\frac{1}{2}$ and SE $\frac{1}{4}$, Sec. 19, T 49 N, R 25 W and N $\frac{1}{2}$ of Sec. 25, T 49 N, R 26 W.
- (b) Continued use of certain existing trail roads lying westerly of County Road 550 is desired by the Company, and its deed will reserve road easement rights for its and general public use, confined to current locations and existing road width.

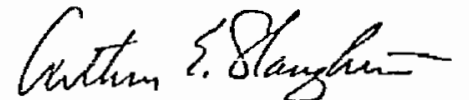
Recommendations:

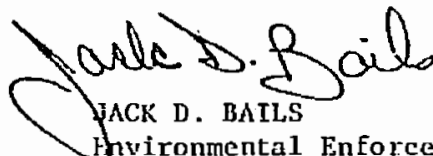
It is recommended that:

- (1) A binding land exchange agreement between the parties in recordable form approved by the Attorney General be entered into concurrently with deed execution. A form of agreement tentatively approved by the Assistant Attorney General is provided in the Commission tabbed notebook and briefly summarized in the following pages.
- (2) This exchange be approved under authority of 1911 PA 193, as amended (page 148, Laws Relating to State Lands, 1966 edition).
- (3) The State Deed reserve aboriginal antiquities under authority of 1929 PA 173, as amended (page 94, Ibid).
- (4) The State Deed reserve minerals (but not sand and gravel) under authority of 1909 PA 280, as amended (page 118, Ibid).
- (5) The State Deed waive rights of ingress and egress to watercourses under authority of Act 280 supra.

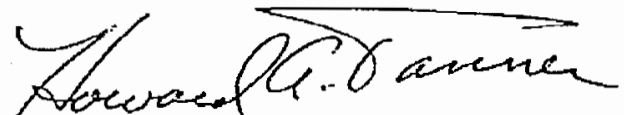

T. R. TUCKER
Lands Division


for H. H. WEBSTER
Forest Management Division


ARTHUR E. SLAUGHTER
Geological Survey Division


JACK D. BAILS
Environmental Enforcement Division

I have analyzed and discussed these recommendations with the Deputy Directors and staff and we concur.


HOWARD A. TANNER
Director

Lane Exchange Agreement:

A binding agreement in recordable form will supplement this exchange transaction, under which both parties stipulate and agree (see tabbed pages of Commissioner's notebook) to certain conditions briefly outlined as follow:

1. Water Management Supply Plan: To be submitted to and approved by Director prior to new mining development requiring additional water.
2. Agreement on a Hydrological Study: Applicant to reimburse DNR for state costs of a study by U. S. Geological Survey on Sand Plains area of Marquette County. Details of methodology and reporting, etc.
3. Agreement on Setback Zones from Principle River Courses: Minimum setback of at least 300 feet between the toe of any tailings basin dike and the edges of the Middle Branch of the Escanaba River, East Branch of the Escanaba River, Goose Lake outlet below Section 36, T 47 N, R 26 W and Green Creek east of Highway M-35.
4. Agreement on Recreational Use: It is agreed that the Company, its successors or assigns, shall permit free recreational use of land received from the State in this exchange unless such lands are required to support active mining operations or are restricted for safety reasons.
5. Agreement on Power Supply: Appropriate notice 4 years in advance of energy requirements for any new mining operation on lands acquired in this exchange.
6. Agreement on Archeological Survey: To be conducted prior to new mining development.
7. Agreement on Reclamation: Affirms Company plans to reclaim former tailings basins consistent with that carried out on the Humboldt Basin by Michigan Technological University; Company to provide reclamation plans and obtain approval from Director prior to new or expanded tailings basins not now under permit or license from the State which would involve land to be acquired by the Company in this exchange; to affirm the Company position that it is not the intent or desire of the Company to use the State condemnation authority provided by the Legislature under 1968 PA 314, and that the Company shall not have legal standing to challenge any rejection of a request to condemn should one be submitted.
8. General Provisions: Notes that all parts of the agreement are subject to any applicable federal or state law, rule or regulation does not limit the right of the regulatory agencies to sue or seek appropriate relief for Company violations of state laws; the State does not prejudice any of its regulatory rights by virtue of the exchange; provision for enforcement of the terms of the agreement.

Background Information:

A comprehensive background information memorandum was submitted to the Commission at its meeting of April 1979. The Commission has since visited the Marquette area and has had the opportunity to inspect some of the subject lands. Separate report is made of the two public meetings conducted by Regional Director Owen Bennett at Marquette in May and June 1979.

The environmental consequences of the exchange have from its inception in 1974 been of major concern to the general public and the Department. Full text of the many safeguard provisions have been refined since the first presentation in conceptual form at the March 1979 meeting and are now summarized on the previous page under "Land Exchange Agreement" with the full text before the Commission in the tabbed notebooks.

No description change has occurred in the previously identified 8,931.38 acres of state-owned land desired by the Company in this exchange. The State Deed will convey title subject to a reservation of minerals but not of sand and gravel rights. The previous appraisal value has a net increase from the previous \$1,284,000.00 to a revised total of \$1,293,000.00 or an increase of less than 1 percent (0.77).

Changes negotiated with the Company have increased its final exchange offer by 23 acres including 10.5 acres and 2,400 feet of frontage on the Little Garlic River together with an additional 12.5 acres and 500 feet of Lake Superior sand beach frontage. The Company further offers an option to an additional 600 feet of Lake Superior frontage should the DNR wish to consider other exchanges. The additional land is valued at \$50,000.00. Net change in the prior appraisal is an increase of \$33,000.00 to a total of \$1,833,000.00. This net change also reflects a value loss after the prior appraisal of \$17,000.00 (133 MBF of timber inadvertently cut by the Company).

The sand and gravel potential of the land on both sides of the exchange has been evaluated by the Geological Survey Division. The Company lands contain one large pit having additional reserves of an estimated 662,200 tons, and unquantified reserves of beach or beach vicinity sand as well as a number of smaller pits of less than 500 tons each. The state-owned land has been the source of less than 500 tons of gravel in the past 10 years (2 permits over this period). Several new reserves were located, principally at potential pits identified as the Powell Lake deposits and the Ragged Hills deposits, having a total quantity of 1,877,727 tons. The current economic value of the sand and gravel is greater for the state reserves by an estimated \$30,000.00, which value is diminished by \$21,100.00 (prior appraisal, surface and timber) or a net advantage of only \$9,900.00.

SUMMARY

	<u>(CCI)</u> <u>Offered Land</u>	<u>(State)</u> <u>Desired Land</u>
Access:	2,810.73	8,931.38
Location:	2½ miles NW of Marquette	17.3 miles SW of Marq.
Lake Superior Frontage:	4.07 miles (21,500 feet)	None
Inland Lake Frontage:	2.3 miles (12,128 feet)	0.3 miles (1,800 ft.)
State Highway Access:	None	M-35
Main County Roads:	550	545; 553
 <u>Land Value:</u>		
March 1979:	\$1,800,000.00	\$1,500,000.00
Timber Removed After Appraisal	(\$17,000.00)	None
Net Value:	<u>\$1,783,000.00</u>	<u>\$1,500,000.00</u>
 <u>Land Description Changes:</u>		
Acres 10.5 (Little Garlic River)	\$ 5,000.00	None
Acres 12.5 (Lake Superior)	<u>45,000.00</u>	
	\$1,833,000.00	
Public Use Reservation	None	(\$ 216,000.00)
	<u>\$1,833,000.00</u>	<u>\$1,284,000.00</u>
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	<u>(CCI)</u>	<u>(State)</u>
Gravel Quantities(Tons):	662,200*	199,021 N. Powell 201,622 S. Powell 1,476,684 Ragged Hills
Lakefront Sand; Several Reserves of less than 500 tons:	Not Quantified	
<hr/>		
Present Worth of Value of State Sand & Gravel in Excess of CCI:		\$ 30,000.00 <u>\$1,314,000.00</u>
Less value of surface before appraisal		(20,100.00) <u>\$1,293,900.00</u>
	Net Value	

* = Contained in existing pit; surface use is factor in current appraisal

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