

**GAO**

**Briefing Report to the Chairman,  
Subcommittee on National Parks and  
Public Lands, Committee on Interior  
and Insular Affairs, House of  
Representatives**

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December 1991

# **FEDERAL LANDS**

## **Status of Land Transactions Under Four Federal Acts**



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Resources, Community, and  
Economic Development Division

B-246424

December 3, 1991

The Honorable Bruce F. Vento  
Chairman, Subcommittee on National Parks  
and Public Lands  
Committee on Interior and Insular Affairs  
House of Representatives

Dear Mr. Chairman:

On April 11, 1991, you requested that we review the status of certain federal land transactions authorized under five acts. Specifically, you asked that we provide information on (1) actions taken to complete the land transactions and (2) the use and development of the lands transferred out of federal ownership.

Information on the status of land transactions authorized under one of the five acts--the Arizona-Idaho Conservation Act of 1988 (P.L. 100-696)--was the subject of a separate report.<sup>1</sup> We subsequently briefed your staff on the results of our work on the transactions authorized by the other four acts. As requested, this briefing report presents our final detailed findings and observations on the status of the federal land transactions and the current uses and development of land transferred out of federal ownership. The four acts are

- the El Malpais National Monument and National Conservation Area Act (P.L. 100-225);
- the Nevada-Florida Land Exchange Authorization Act of 1988 (P.L. 100-275);
- the Apex Project, Nevada Land Transfer and Authorization Act of 1989 (P.L. 101-67); and
- the Targhee National Forest Land Exchange Act (P.L. 100-488).

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<sup>1</sup>Land Exchange: Phoenix Indian School Development Plan Adversely Affects Property Value (GAO/GGD-91-111, July 25, 1991).

In summary, we found that the land transactions authorized in three of the four acts have been completed. These were the land transactions under the El Malpais National Monument and National Conservation Area Act in New Mexico (see sec. 1), the Nevada-Florida Land Exchange Authorization Act of 1988 (see sec. 2), and the Apex Project, Nevada Land Transfer and Authorization Act of 1989 (see sec. 3). Implementation of the land transactions in Idaho and Wyoming authorized under the Targhee National Forest Land Exchange Act has been delayed by a U.S District Court ruling under which the Department of Agriculture's Forest Service will prepare an environmental impact statement prior to completing the exchange. (See sec. 4.) Forest Service officials said that an exchange is still possible; however, much of the private land to have been acquired by the Forest Service has been sold to private parties.

With regard to land transferred out of federal ownership, we found that only some of the land is currently being used and developed either as specified in the acts or as contemplated by the parties involved in the transfers. The land transferred out of federal ownership under the El Malpais National Monument and National Conservation Area Act has consolidated lands owned by the state of New Mexico as contemplated. The state is currently leasing these lands for livestock grazing. However, for the federal land transferred under the Nevada-Florida Land Exchange Authorization Act of 1988, the new employment opportunities that were to have been created through the construction of a rocket motor assembly plant have yet to materialize. The Department of Defense canceled the program the new plant was to support. The private company that acquired the federal land plans to construct another plant on the site that is expected to employ about the same number of people as originally anticipated. Similarly, the federal land transferred under the Apex Project, Nevada Land Transfer and Authorization Act of 1989, has created an isolated area in Nevada for the location of industries that generate hazardous materials, as envisioned. However, while the one company identified in the act has relocated a portion of its operations to the area, no other industries that generate hazardous materials have located in the area.

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In conducting our review, we met with officials of the Department of Agriculture's Forest Service and the Department of the Interior's Bureau of Land Management, Fish

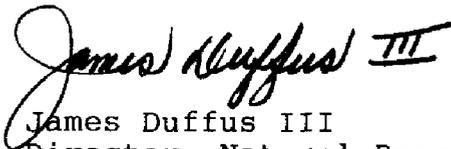
and Wildlife Service, and National Park Service; officials from affected states, counties, and private companies; private landowners; and representatives of various citizen and environmental interest groups. We reviewed files maintained by the federal agency responsible for each land transaction and visited the actual sites. To determine the current use and development of the federal land transferred, we compared the provisions of each act with the information obtained during these meetings, file reviews, and site visits.

Our work was conducted from May to October 1991 in accordance with generally accepted government auditing standards. We discussed the findings and observations contained in this report with officials of the Forest Service, Bureau of Land Management, Fish and Wildlife Service, and National Park Service. These officials generally agreed with the facts as presented, and we incorporated their comments where appropriate. However, as agreed with your office, we did not obtain written agency comments.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this briefing report until 30 days from the date of this letter. At that time we will send copies to the Secretaries of the Interior and Agriculture and make copies available to others upon request.

Please contact me at (202) 275-7756 if you or your staff have any questions concerning this briefing report. Other major contributors to this briefing report are listed in appendix I.

Sincerely yours,

A handwritten signature in cursive script that reads "James Duffus III". The signature is written in black ink and is positioned above the typed name and title.

James Duffus III  
Director, Natural Resources  
Management Issues

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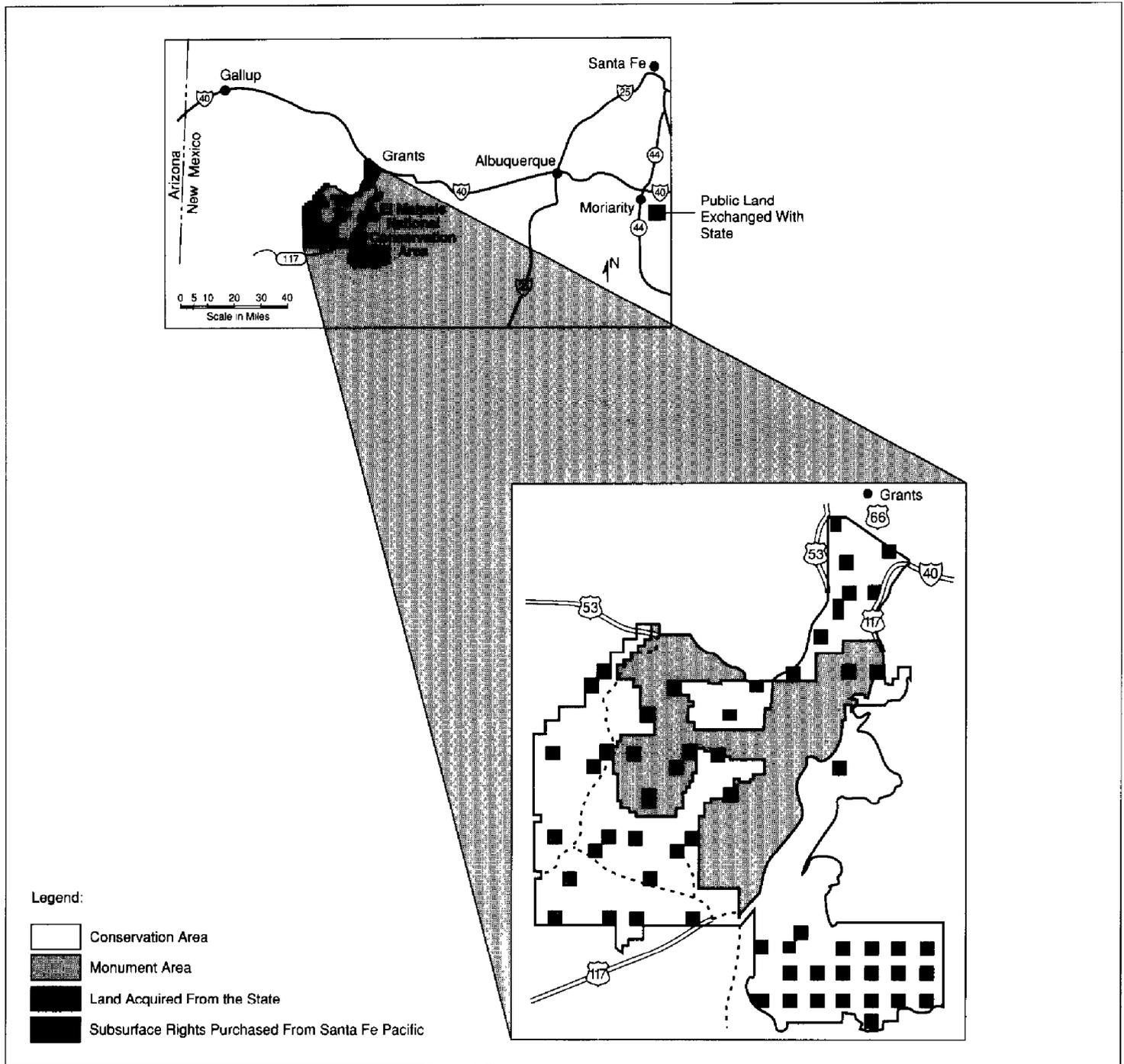
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### ABBREVIATIONS

BLM	Bureau of Land Management
NWR	National Wildlife Refuge
SFWMD	South Florida Water Management District



**Figure 1.1: Land Exchange Between BLM and the State of New Mexico and Subsurface Rights Purchased From Santa Fe Pacific**



Source: Department of the Interior.

## SECTION 1

### THE EL MALPAIS NATIONAL MONUMENT AND NATIONAL CONSERVATION AREA ACT

#### PURPOSE OF THE LAND TRANSACTIONS

Public Law 100-225, the El Malpais National Monument and National Conservation Area Act, was signed on December 31, 1987. The principal purpose of this act was to establish the El Malpais National Monument and National Conservation Area in New Mexico. Sections 503 and 504 of the act authorized the use of land exchanges to establish the monument and conservation areas. Under section 503 the Department of the Interior's Bureau of Land Management (BLM) exchanged about 25,000 surface and subsurface acres of federal land with the state of New Mexico for about 29,000 acres of similar land owned by the state. According to BLM officials, the purpose of the exchange was to improve federal land management within the national monument and national conservation areas by consolidating small, isolated tracts into large, contiguous ones. Section 504 authorized BLM to exchange with the Santa Fe Pacific Minerals Corporation about 15,000 acres of subsurface mineral rights for similar acreage. This exchange would consolidate federal surface and subsurface ownership within the national conservation area. The land transferred by BLM would consolidate lands leased by the state of New Mexico to ranchers for livestock grazing and facilitate the Santa Fe Pacific Minerals Corporation's exploration of minerals outside the national conservation area.

#### STATUS OF THE LAND TRANSACTIONS

Land transactions authorized by the act have been completed. BLM promptly acquired land and subsurface mineral rights from the state and subsurface mineral rights from Santa Fe Pacific.

- The state gave BLM 28,588 surface acres, which included 27,628 acres of subsurface mineral rights in the national monument and national conservation areas. The state land exchanged was school trust land, which the federal government had given to New Mexico when it became a state. In exchange, BLM gave the state 24,721 acres, including subsurface mineral rights, in Torrance County. As shown in figure 1.1, this land is located about 50 miles east of Albuquerque, New Mexico. The BLM-state exchange was completed in 1988.
- BLM offered Santa Fe Pacific various tracts of land with subsurface mineral rights; however, some land that was offered was claimed and purchased by other private parties before Santa Fe Pacific could accept it, or the land offered was not acceptable to Santa Fe Pacific. Therefore,

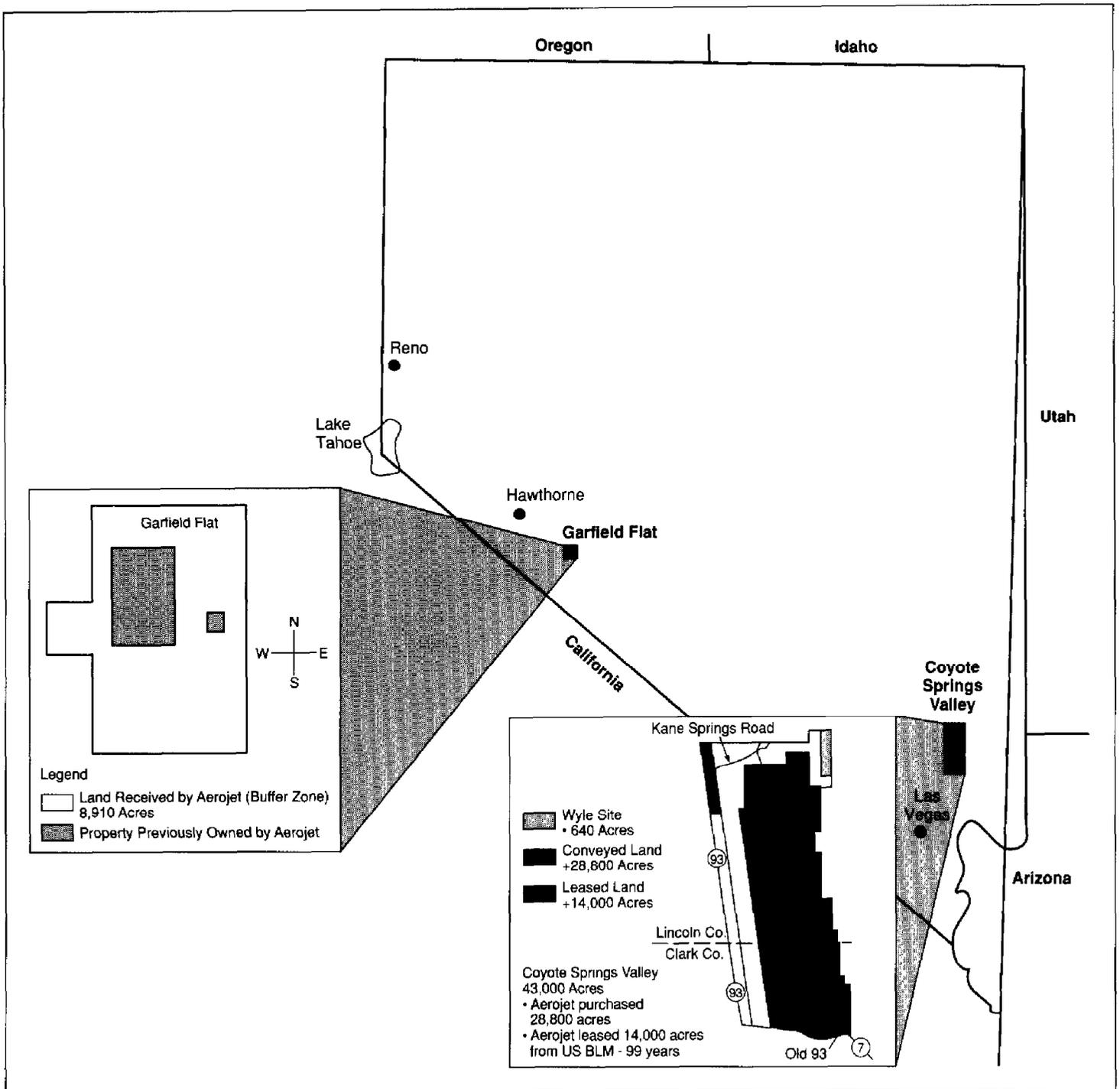
in January 1990 BLM purchased 15,141 acres of subsurface mineral rights, previously acquired by Santa Fe Pacific through railroad land grants, in order to consolidate federal surface and subsurface ownership within the national conservation area.

#### LAND USE AND DEVELOPMENT

Livestock grazing currently permitted on the state land acquired by BLM in the national monument area will be phased out by January 1, 1998. As provided by the act, the state land BLM acquired in the national conservation area will continue to be used for livestock grazing and hunting. Lands in both the monument and conservation areas may continue to be used by Native Americans for religious and cultural purposes. The land transferred to the state will continue to be used primarily for livestock grazing. According to BLM officials, acquisition of Santa Fe Pacific's subsurface mineral rights in the national conservation area will preclude mineral development, thus protecting the natural resources on the surface.

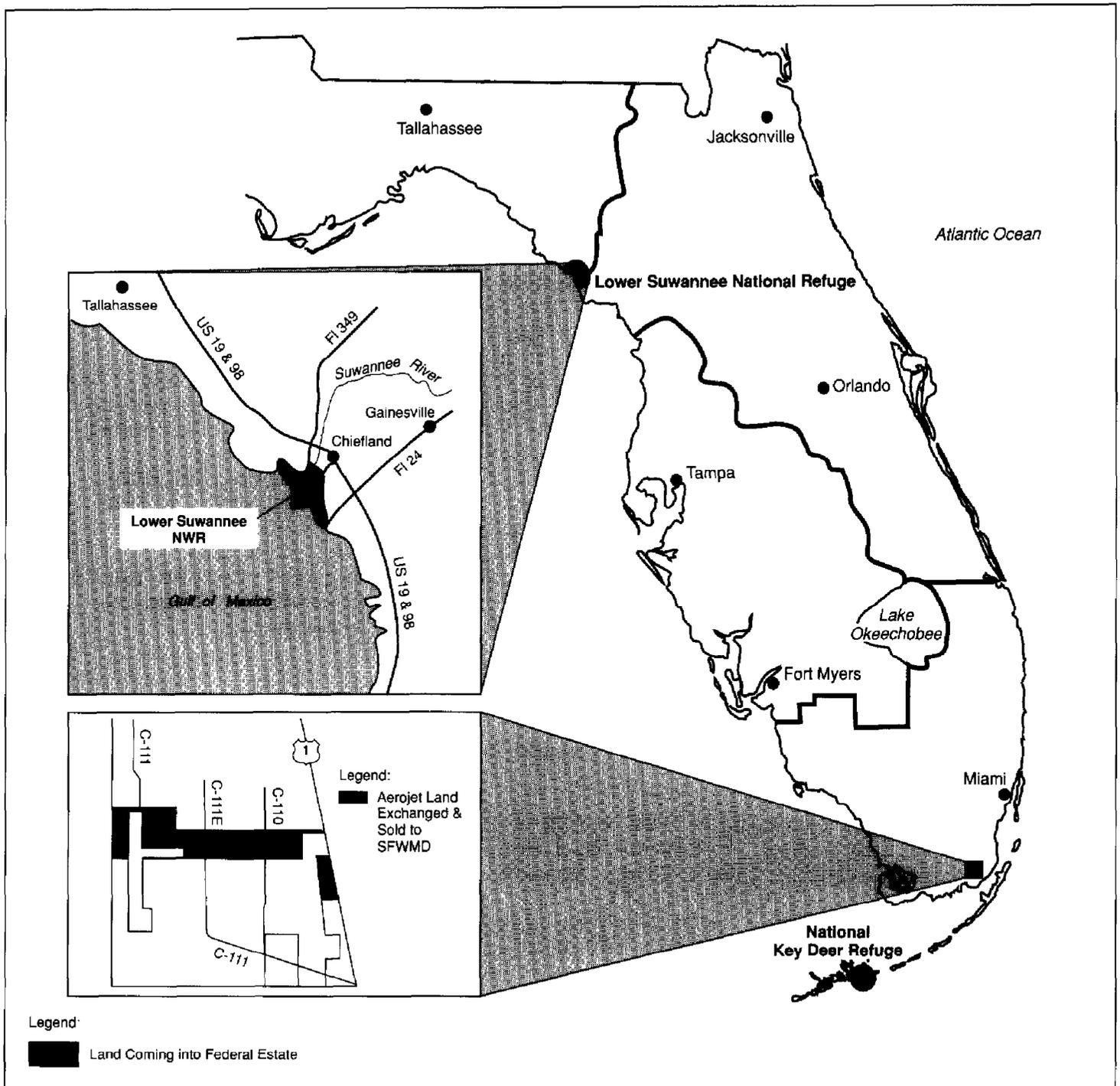


**Figure 2.1: Land Involved in Nevada-Florida Exchange**



Source: GAO presentation derived from agency data.

Figure 2.2: Private land Purchased and Sold by Fish and Wildlife Service Under Nevada-Florida Exchange



Source: GAO presentation derived from agency data.

## SECTION 2

### THE NEVADA-FLORIDA LAND EXCHANGE AUTHORIZATION ACT OF 1988

#### PURPOSE OF THE LAND TRANSACTIONS

Public Law 100-275, the Nevada-Florida Land Exchange Authorization Act, was signed on March 31, 1988. As a result of the act, two existing wildlife refuges in Florida were expanded, and new job opportunities were to be provided in Nevada through the relocation of Aerojet General Corporation's research and development activities in the state.

Aerojet owned land in Florida that the South Florida Water Management District (SFWMD) wanted to acquire for water conservation purposes. Aerojet wanted two parcels of land in Nevada--one in Coyote Springs Valley for construction of a rocket motor assembly plant, with room to expand, and the other at Garfield Flat to be used as a buffer zone around its existing munitions testing range. Interior's Fish and Wildlife Service wanted to acquire private land in Florida within the boundaries of the Lower Suwannee National Wildlife Refuge (NWR) and the National Key Deer Refuge to protect wildlife habitat from private development. The act directed Interior to exchange about 38,800 acres of federal land in Nevada and to lease an additional 14,000 acres of federal land, also in Nevada, for about 4,650 acres of land owned by Aerojet in Florida. The act further directed Interior to sell the 4,650 acres acquired from Aerojet to the South Florida Water Management District and use the proceeds to acquire private land within National Wildlife Refuge System sites in Florida.

#### STATUS OF THE LAND TRANSACTIONS

The land transactions authorized by the act have been completed.

- Aerojet exchanged its 4,650 acres in Florida for Interior's 42,820 acres in Coyote Springs Valley, Nevada, and 10,040 acres in Garfield Flat, Nevada. (See fig. 2.1.)
- Interior then sold Aerojet's 4,650 acres to the South Florida Water Management District for about \$2.7 million and used the proceeds to purchase about 3,400 acres within the Lower Suwannee and Key Deer refuges. (See fig. 2.2.)

#### LAND USE AND DEVELOPMENT

As of August 1991 Aerojet had not begun to develop its Coyote Springs site. Planned construction of a rocket motor assembly plant was abandoned when the Department of Defense canceled the

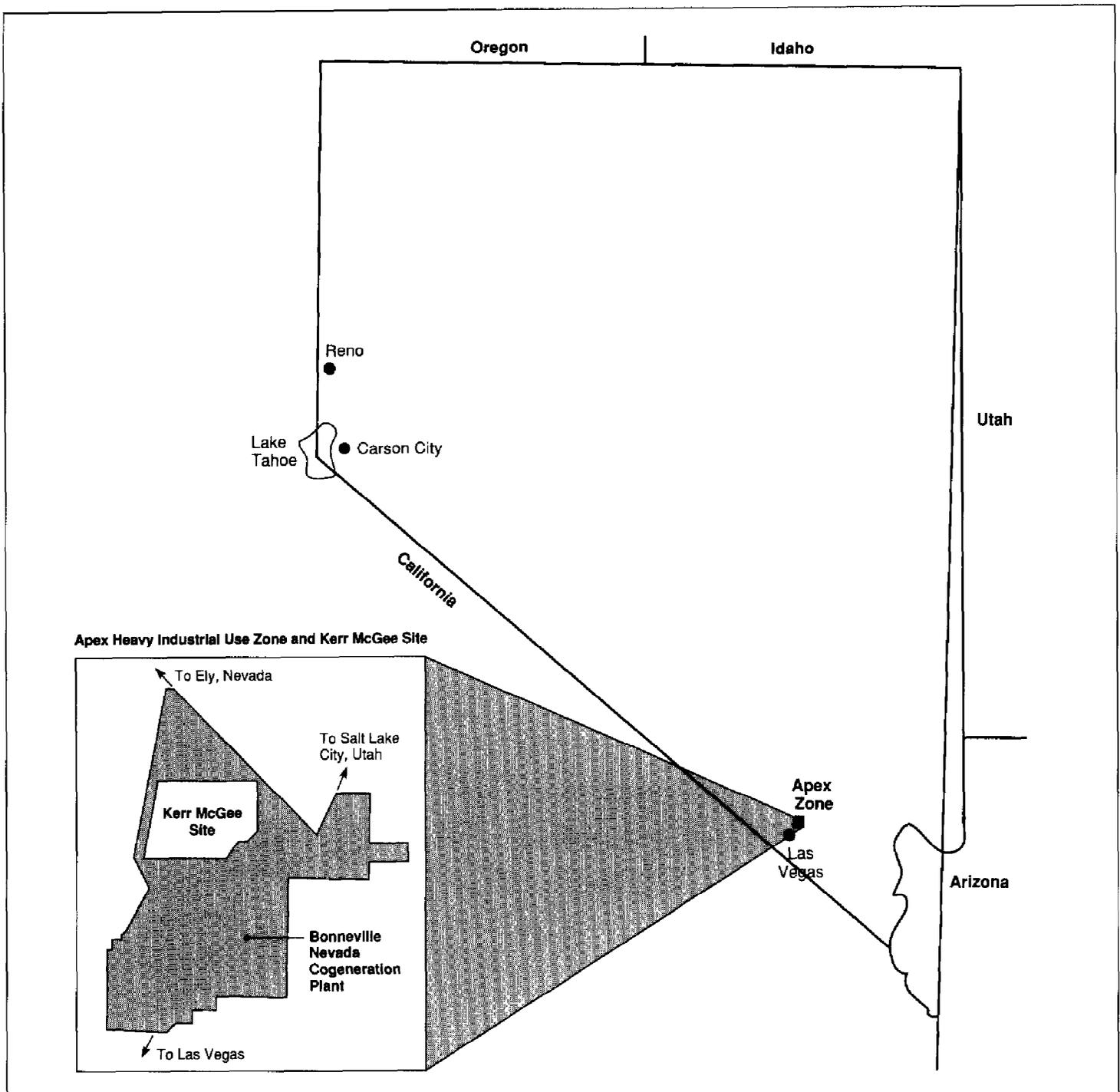
program the plant was intended to support. Aerojet had estimated that such a plant would employ about 200 people.

Aerojet representatives told us that their first construction project at this site will now be a plant to recover chemicals from solid rocket fuel propellant. Aerojet estimates that the facility will disturb 2,760 acres, cost \$26 million to construct, and employ 200 to 220 people. An Aerojet representative said that the project could be completed by 1993.

In May 1990 Aerojet sold about 640 acres of the Coyote Springs land that it had acquired from Interior to Wyle Laboratories to test rocket motors, explosives, propulsion systems, and components. Wyle must obtain both federal and state approval to use the land in this manner.

Aerojet's use of its Garfield Flat land as a buffer zone around its existing munitions testing range has not changed since the early 1980s. Obtaining title to what was previously federal land enables Aerojet to continue its research and development of munitions.

Figure 3.1: Land Involved in Apex Project, Nevada Land Transfer



Source: GAO presentation derived from agency data.

### SECTION 3

#### THE APEX PROJECT, NEVADA LAND TRANSFER AND AUTHORIZATION ACT OF 1989

##### PURPOSE OF THE LAND TRANSACTIONS

Public Law 101-67, the Apex Project, Nevada Land Transfer and Authorization Act, was signed on July 31, 1989. Under the act, BLM sold 3,351 acres of federal land to Clark County, Nevada, for resale to Kerr-McGee as a site for its hazardous facilities. The act established a 10-year period under which Clark County has the option to acquire about 17,600 additional acres of federal land from BLM. Clark County can either sell or lease the acquired land to industries that generate hazardous materials.

The act was prompted by a May 4, 1988, explosion of an ammonium perchlorate (a component of solid rocket fuel) plant near Henderson, Nevada. The explosion resulted in two deaths and an estimated \$75 million in damage to the community. A similar facility, the Kerr-McGee ammonium perchlorate plant, is located about 1 mile from where the explosion occurred. Recognizing that a similar event could occur at Kerr-McGee, the Governor of Nevada recommended locating industries that generate hazardous materials in more remote sites in Clark County, Nevada. This prompted Clark County officials to identify such a site and work toward establishing and promoting a special use area identified as the Apex Heavy-Industry Use Zone.

##### STATUS OF THE LAND TRANSACTIONS

- In October 1989, BLM sold 3,351 acres of federal land to Clark County for the appraised value of \$1.6 million. The county then resold the land to Kerr-McGee. The land became known as the Kerr-McGee site. (See fig. 3.1.) The county also purchased 24 additional acres of federal land in the Apex Zone for resale to the Bonneville Nevada Corporation for construction of a power plant as allowed for in the act.
- As of August 1991 Clark County had 8 years remaining on the option to acquire the balance of about 17,600 acres before the 10-year authorization expires.

##### LAND USE AND DEVELOPMENT

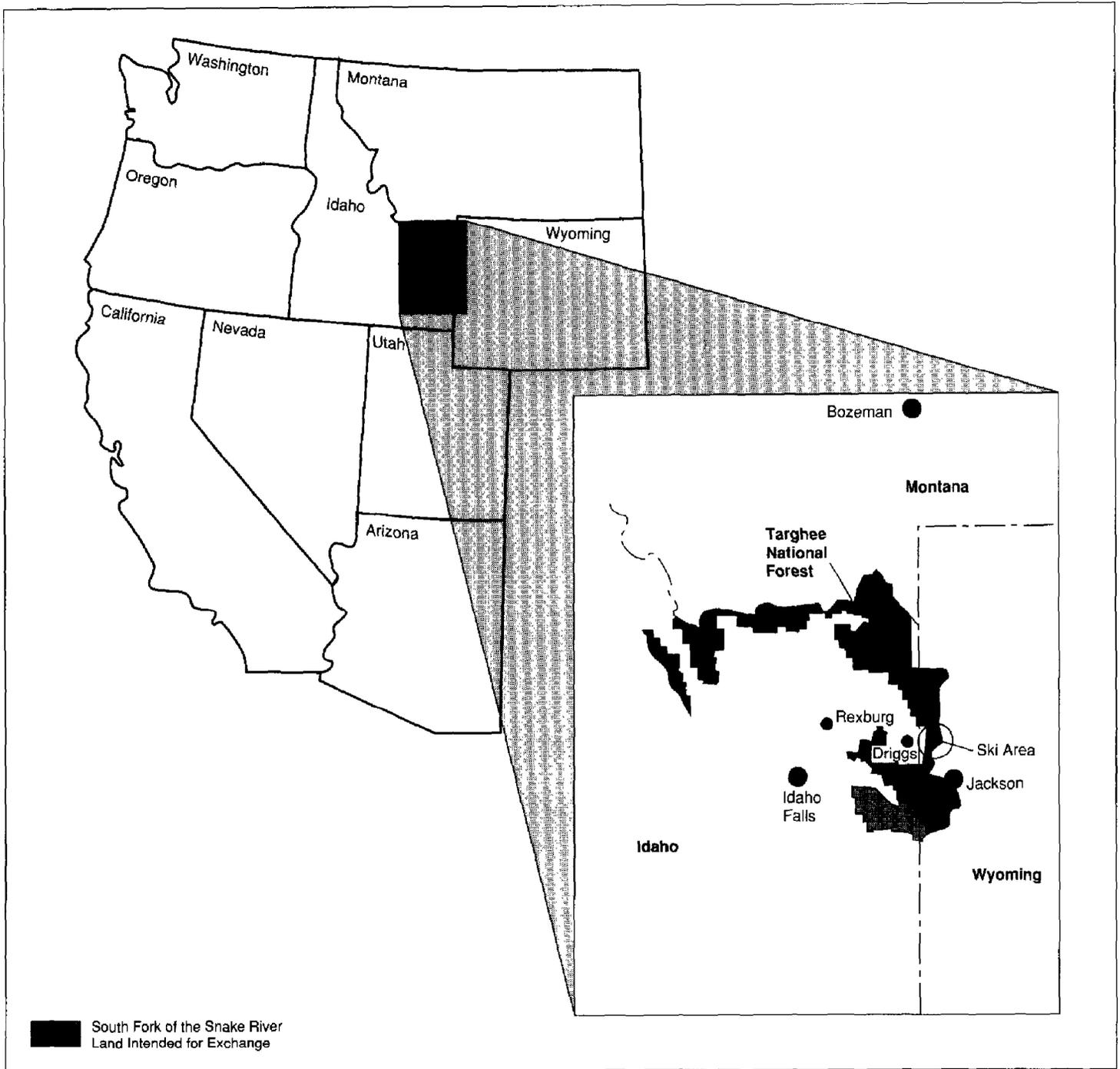
In December 1990 Kerr-McGee completed construction of an ammonium perchlorate mixing and storage facility on the Kerr-McGee site. Although Kerr-McGee's Henderson facilities have been scaled down, no decision has been made by the company to close the ammonium perchlorate production plant and move the total operation to the new site. However, if for any reason the Henderson plant is

closed, the Kerr-McGee site can accommodate a new ammonium perchlorate plant.

According to Clark County officials, the development of the Apex Heavy-Industry Use Zone has not progressed as envisioned, primarily for lack of a dependable supply of water. Kerr-McGee originally planned to relocate its entire Henderson plant to the Apex Zone and had agreed to help Clark County finance the construction of a pipeline to provide a dependable water supply. This pipeline was supposed to supply enough water to develop the entire Apex Zone. When Kerr-McGee scaled back its plans, it no longer needed as much water and withdrew its financial support for the pipeline. To date, the only other development in the Apex Zone is a power plant being built by Bonneville Nevada Corporation on the 24-acre site that it purchased from the county.



Figure 4.1: Targhee National Forest Land Intended for Exchange



Source: GAO presentation derived from agency data.

## SECTION 4

### THE TARGHEE NATIONAL FOREST LAND EXCHANGE ACT

#### PURPOSE OF THE LAND TRANSACTIONS

Public Law 100-488, the Targhee National Forest Land Exchange Act, was signed on October 14, 1988. Under the act the Department of Agriculture's Forest Service was authorized to exchange about 270 acres of federal land at the base of a ski resort in the Wyoming portion of the Targhee National Forest for about 700 acres of private land along the south fork of the Snake River in Idaho. (See fig. 4.1.) The owner of the ski resort was to acquire the private acreage for exchange with the Forest Service. The exchange was to be completed within 9 months after the law was enacted.

#### STATUS OF THE LAND TRANSACTIONS

- Although an agreement to go forward with the exchange was signed by all participants before the 9-month deadline required by the act, the exchange was barred by a July 1989 U.S. District Court injunction under which the Forest Service will prepare an environmental impact statement prior to the exchange.<sup>1</sup> This injunction resulted from a lawsuit brought by a local citizens' group charging a lack of public involvement when the Forest Service prepared the initial environmental assessment for the exchange. As a result of the delay, two of the three parcels of private land that the owner of the ski resort had hoped to acquire and exchange for Forest Service land were sold to other parties.
- The Department of Agriculture's Office of General Counsel told us that the Secretary has the authority to complete the exchange, even though the 9-month deadline has expired. In order to complete the exchange, however, several requirements need to be met, including (1) completing the environmental impact statement (due by May 1992), (2) updating the land surveys, appraisals, and wildlife habitat studies, and (3) the ski resort owner's acquiring land with high recreational or wildlife value that is acceptable to the Forest Service.

#### LAND USE AND DEVELOPMENT

The 270 acres of federal land at the base of the ski resort are currently being leased from the Forest Service and are being used for year-round recreation.

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<sup>1</sup>U.S. District Court for the District of Wyoming, Citizens for Teton Valley, Inc., v. Big Valley Corp. (C89-0170).

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