

[APPENDIX 26-A]

DEPARTMENTAL ORDER APPROVING
REPORT OF COMMISSION FOR
ACQUISITION OF LANDS IN
RESERVOIR AREA

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UNITED STATES DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D. C., October 20, 1931.

The Secretary of the Interior.

SIR: Cecil W. Creel, Harry E. Crain, and Levi W. Syphus were appointed by the department as appraisers to appraise the non-mineral property that will be required for Hoover Reservoir, Boulder Canyon project.

The appraisal report is inclosed in three parts:

(a) The full board appraisal consisting of an appraisal of 48 tracts in which all three appraisers agreed on valuations.

(b) The Crain and Creel appraisal consisting of an appraisal of 218 tracts covering all tracts not included in the full board appraisal in which two appraisers only, Messrs. Crain and Creel, agreed on valuations.

(c) The Syphus or minority appraisal, being an appraisal by Mr. Syphus alone of the tracts not included in the full board appraisal.

There are also inclosed (1) a letter of October 14, 1931, from the Chief Engineer, and (2) a letter of October 7, 1931, from Construction Engineer and District Counsel Alexander commenting upon the appraisal reports.

The construction engineer, district counsel, and Chief Engineer are of the opinion, in which I concur, that where land is appraised at less than \$5 per acre, the offers to purchase should be made on the basis of \$5 per acre. While unimproved desert nonmineral land is practically valueless, it is felt that an offer of \$2.50 per acre (as fixed by the board) would strike the owners as so low as to lead to many condemnation suits, unless the offer were later raised. What award a jury would make in condemnation suits is of course always problematical, but our experience has been that juries generally double or treble the valuation of the Government's appraisers.

In appraising land for which a water right is claimed, the appraisers were faced by the difficulty of ascertaining the area in each holding for which a water right existed. No attempt has been made to ascertain the water right areas, but the appraisal has been made in the alternative, in the one case on the assumption that all of the land for which a water right could reasonably be claimed has a full water right, and in the other case on the assumption that none of the land has a water right. The valuation which the appraisers put on the water can thus be ascertained in connection with each tract, and, when the purchase is made, this value per water-right acre can be applied to the acreage in the holding then determined to have a water right.

The Crain and Creel appraisal of water-right values is \$100 per share for the preferred stock of the Muddy Valley Irrigation Co., \$6 per share for its common stock, and (with some exceptions) \$100 per acre for a full water right not represented by shares of stock.

As shown on page 14 of the Alexander-Young report herewith, if the property is purchased at the appraised values fixed in the reports herewith, the total expenditure will not overrun \$848,553.40.

It is recommended that the full board and Crain-Creel appraisals be approved, including the Crain-Creel appraisals of water-right valuations, except (a) the appraisals of tracts Nos. 99, 115, and 275, as to which reports will be made later; (b) appraisals where unimproved land is valued at less than \$5 per acre, in all which cases it is recommended that offers be authorized as if the land has been appraised at \$5 per acre. It is also recommended that the title required of vendors under this appraisal be fee-simple, except for mineral reservations in State patented land and for existing road, telephone line, and ditch easements. Nevada mineral reservations seem to be unimportant. (Sec. 4155, Nevada Compiled Laws, 1929.) It is also recommended that offers to landowners be authorized in accordance with the approved appraisals modified as above.

Very truly yours,

ELWOOD MEAD, *Commissioner.*

Incl. 88051.

Approved, except as to (b), which should be deleted October 26, 1931.

RAY LYMAN WILBUR,
Secretary.