

**ARIZONA STATE LAND DEPARTMENT  
1616 WEST ADAMS STREET  
PHOENIX, ARIZONA 85007**

**PUBLIC AUCTION SALE NO. 53-119697**

Pursuant to A.R.S. Title 37, notice is hereby given that the State of Arizona through its Arizona State Land Department ("ASLD"), will sell at Public Auction to the highest and best bidder at 11:00 a.m. on Monday, January 6, 2020, at the Cortez Street entrance of the Yavapai County Courthouse, Prescott, Arizona, trust lands situated in Yavapai County to wit:

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**TOWNSHIP 14 NORTH, RANGE 8 WEST, G&SRM, YAVAPAI COUNTY, ARIZONA**

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- PARCEL: LOTS 3 & 4; S2NW; SW, SECTION 01, CONTAINING 319.787 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 4; S2N2; S2, SECTION 02, CONTAINING 640.700 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 4; S2N2; S2, SECTION 03, CONTAINING 641.400 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 4; S2N2, SECTION 04, CONTAINING 322.200 ACRES, MORE OR LESS
- PARCEL: S2, SECTION 04, CONTAINING 320.000 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 4; S2N2; S2, SECTION 05, CONTAINING 640.900 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 7; S2NE; SENW; E2SW; SE, SECTION 06, CONTAINING 620.600 ACRES, MORE OR LESS
- PARCEL: LOTS 1 THRU 4; E2W2; E2; EXCEPT 0.25 ACRES LYING IN N2NESW, SECTION 07, CONTAINING 620.900 ACRES, MORE OR LESS
- PARCEL: ALL, SECTION 08, CONTAINING 641.800 ACRES, MORE OR LESS
- PARCEL: ALL, SECTION 09, CONTAINING 643.300 ACRES, MORE OR LESS
- PARCEL: ALL, SECTION 10, CONTAINING 639.000 ACRES, MORE OR LESS
- PARCEL: ALL, SECTION 11, CONTAINING 636.900 ACRES, MORE OR LESS
- PARCEL: W2, SECTION 12, CONTAINING 318.800 ACRES, MORE OR LESS
- PARCEL: N2, SECTION 14, CONTAINING 320.000 ACRES, MORE OR LESS
- PARCEL: NE, SECTION 15, CONTAINING 160.600 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 17, CONTAINING 638.000 ACRES, MORE OR LESS

PARCEL: LOTS 1 THRU 4; E2; E2W2, SECTION 18, CONTAINING 620.400 ACRES, MORE OR LESS

PARCEL: LOTS 1 THRU 4; E2; E2W2, SECTION 19, CONTAINING 622.400 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 20, CONTAINING 640.300 ACRES, MORE OR LESS

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**TOWNSHIP 14.5 NORTH, RANGE 8 WEST, G&SRM, YAVAPAI COUNTY, ARIZONA**

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PARCEL: LOTS 3 & 4; E2; E2SW, SECTION 31, CONTAINING 468.191 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 32, CONTAINING 637.200 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 33, CONTAINING 635.200 ACRES, MORE OR LESS

PARCEL: E2, SECTION 34, CONTAINING 318.100 ACRES, MORE OR LESS

PARCEL: W2, SECTION 34, CONTAINING 318.100 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 35, CONTAINING 638.242 ACRES, MORE OR LESS

PARCEL: SW, SECTION 36, CONTAINING 159.500 ACRES, MORE OR LESS

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**TOWNSHIP 14 NORTH, RANGE 9 WEST, G&SRM, YAVAPAI COUNTY, ARIZONA**

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PARCEL: LOTS 1 & 2; S2NE; S2, SECTION 01, CONTAINING 479.100 ACRES, MORE OR LESS

PARCEL: SESE EXCEPT 95-98648, SECTION 11, CONTAINING 38.600 ACRES, MORE OR LESS

PARCEL: S2S2, SECTION 12, CONTAINING 160.300 ACRES, MORE OR LESS

PARCEL: N2; N2S2, SECTION 12, CONTAINING 480.536 ACRES, MORE OR LESS

PARCEL: ALL EXCEPT NWNW AND 95-98648, SECTION 13, CONTAINING 602.000 ACRES, MORE OR LESS

PARCEL: LOT 2; LOTS 4 THRU 7; NENW; S2SW, SECTION 20, CONTAINING 279.100 ACRES, MORE OR LESS

PARCEL: N2; SE EXCEPT 95-98648, SECTION 24, CONTAINING 479.800 ACRES, MORE OR LESS

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**TOWNSHIP 15 NORTH, RANGE 9 WEST, G&SRM, YAVAPAI COUNTY, ARIZONA**

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PARCEL: NE; E2NW; N2NWNW; N2S2NWNW; N2NESW; N2N2SE, SECTION 27,  
CONTAINING 330.478 ACRES, MORE OR LESS

PARCEL: ALL, SECTION 36, CONTAINING 638.135 ACRES, MORE OR LESS

TOTAL ACRES CONTAINING 16,670.569 ACRES, MORE OR LESS.

LOCATION: NORTH OF STATE ROUTE 96, EAST OF BAGDAD, ARIZONA

**BENEFICIARIES: PERMANENT COMMON SCHOOLS  
MINERS HOSPITAL FOR DISABLED MINERS  
PERMANENT COMMON SCHOOLS (INDEMNITY SELECTIONS)**

**PROPERTY INFORMATION:**

(A) The complete legal description of Land Sale No. 53-119697 (the "Sale Parcel") is available in its respective file.

(B) The Sale Parcel has been appraised at \$13,578,000.00 ("Appraised Value"). The appraised value of the improvements is \$112,403.00. The owners of the improvements are Edgar Kellis, undivided 50% interest; Gilbert H. Kellis, undivided 25% interest; and Bert W. Kellis, undivided 25% interest. A complete list of the improvements is available for viewing at ASLD.

(C) The complete file associated with the above-described Sale Parcel is open to public inspection at the ASLD, 1616 West Adams Street, Phoenix, Arizona, from 8:00 a.m. to 4:30 p.m., exclusive of holidays and weekends. Please direct any questions regarding this Public Auction to the Real Estate Division of ASLD at (602) 542-3000. This auction notice is available on the ASLD's web site at [www.azland.gov](http://www.azland.gov).

**BIDDING INFORMATION:**

(A) Prior to the date of auction, a prospective bidder shall perform his/her own due diligence including, without limitation, researching the records of local jurisdictions, all ASLD files pertinent to the auction and the Sale Parcel, including, without limitation, ASLD File No. 53-119697, and files of all other public agencies regarding the Sale Parcel.

(B) Prior to the start of bidding, a prospective bidder shall sign an affidavit agreeing that: they have undertaken due diligence in preparation for the auction; they are purchasing the Sale Parcel solely upon the basis of their own due diligence and investigation of the Sale Parcel and not on the basis of any representation, express or implied, written or oral, made by ASLD or its agents or employees, except as set forth in writing herein; their representative is authorized to bid and bind the bidder; and they are purchasing the Sale Parcel AS IS.

(C) Prior to the start of bidding, a prospective bidder must show ASLD's representative a **Cashier's Check** made payable to "Arizona State Land Department" in the amount specified under Terms of Sale Paragraph (F) below. If the prospective bidder is not the applicant, the amount of Cashier's Check shall be \$6,049,612.39. If the prospective bidder is the owner of improvements, the amount of Cashier's Check shall be \$6,038,372.09. If the prospective bidder is the applicant, the amount of Cashier's Check shall be \$1,832,912.39.

(D) A prospective bidder who has complied with Paragraphs (A) through (C) above shall be deemed a "Registered Bidder" and may bid at the auction. ASLD shall only consider bids by Registered Bidders.

(E) The bidding will begin at the Appraised Value of \$13,578,000.00. A bid for less than the Appraised Value of the Sale Parcel will not be considered. Additional bidding must be made in minimum increments of \$100,000.00. Bidding will be conducted orally.

(F) The time of sale shall be deemed to be the time of declaration of the highest and best bid (the "Time of Sale"). A Registered Bidder whose bid is declared the highest and best bid shall be deemed the "Successful Bidder". The amount of the highest and best bid shall be deemed the "Sale Price".

(G) To comply with A.R.S. § 37-240(B), ASLD shall require that the Successful Bidder must be authorized to transact business in the State of Arizona no later than ten (10) business days after the date of the auction.

(H) Pursuant to A.R.S. § 37-241(C), in the event of forfeiture by the Successful Bidder, the ASLD Commissioner may declare that the bid placed before the final bid accepted is the highest bid, and that bidder has five (5) days after notification by ASLD to pay by cashier's check all amounts due under Terms of Sale Paragraph (F) below.

(I) Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the ADA Coordinator, at (602) 542-2629. Requests should be made as early as possible to allow time to arrange the accommodation.

**TERMS OF SALE:**

(A) The Sale Parcel shall be purchased in an "AS-IS" condition "WITH ALL FAULTS", with no representation or warranty being made by ASLD of any type or nature. ASLD makes no warranty as to the following: (a) the physical condition or any other aspect of the Sale Parcel, including, but not limited to, the uses to which the Sale Parcel may be put, the ability to construct additional improvements or modify existing improvements on any portion of the Sale Parcel or the ability to obtain building permits for any portion of the Sale Parcel, the conformity of the Sale Parcel to past, current or future applicable landscaping, parking, zoning or building code requirements, the existence of soil instability, past soil repairs, soil additions or conditions of soil fill, susceptibility to landslides, sufficiency of undershoring, water retention characteristics of the Sale Parcel, drainage onto or off of the Sale Parcel, the location of the Sale Parcel either wholly or partially in a flood plain or a flood hazard boundary or similar area, or any other matter affecting the stability or integrity of the Sale Parcel or any improvements constituting the Sale Parcel; or (b) the sufficiency of the Sale Parcel for purchaser's purposes or as to its continued operating conditions or usefulness. All implied warranties, including, without limitation, **WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE**, are hereby expressly disclaimed.

(B) The Sale Parcel is sold subject to existing reservations, easements and rights of way.

(C) ASLD does not represent or warrant that access exists over lands which may intervene respectively between the Sale Parcel and the nearest public roadway.

**(D)** Pursuant to A.R.S. § 37-231, the State of Arizona or its predecessor in title, reserve and retain all rights and all forms of access to all oil, gas, minerals, hydrocarbon substances and gaseous substances or any other material which is essential to the production of fissionable materials as provided by the rules and regulations of ASLD and the laws of Arizona.

**(E)** Immediately following the Time of Sale, the Successful Bidder must sign an affidavit which states without limitation that he/she is the Successful Bidder and the amount of the Sale Price.

**(F)** Immediately following the Time of Sale, the Successful Bidder shall pay the following to ASLD by a cashier's check:

- 1) 10% of the Appraised Value of the Sale Parcel, which is \$1,357,800.00;
- 2) A Selling and Administrative Fee of 3% of the Appraised Value of the Sale Parcel, which is \$407,340.00;
- 3) 10% of the appraised value of the improvements, which is \$11,240.30;
- 4) A Selling and Administrative Fee of 3% of the appraised value of the improvements, which is \$3,372.09;
- 5) Estimated Reimbursable Legal Advertising Costs of \$5,000.00;
- 6) Reimbursable Appraisal Fee to ASLD of \$52,960.00;
- 7) Estimated Reimbursable Costs and Expenses of \$4,211,700.00, a portion of which amount may be refunded to the Successful Bidder if the Successful Bidder is not the applicant and the Actual Reimbursable Costs and Expenses are lower; and
- 8) A Patent Fee of \$200.00.

The total amount due at the Time of Sale is \$6,049,612.39 (less \$11,240.30 if the Successful Bidder is the owner of the improvements, for a total amount due of \$6,038,372.09, OR less \$4,216,700.00 if the Successful bidder is the applicant, for a total amount due of \$1,832,912.39).

**(G)** Within thirty (30) days after the date of auction the successful bidder must pay:

- 1) The full balance of the Sale Price;
- 2) A Selling and Administrative Fee of 3% of the Sale Price, less the amount paid under Terms of Sale Paragraph (F)(2) above;
- 3) The full balance of the amount owed for the improvements, less the amount paid under (F)(3) above. If the successful bidder is the owner of the improvements no payment for the improvements is due; and
- 4) The actual Legal Advertising Costs, less the amount paid under Terms of Sale Paragraph (F)(5) above.

**(H)** The Successful Bidder will be required to deposit with ASLD within thirty (30) days after the date of auction, a cash bond in the amount of \$500,000.00, to secure Successful Bidder's compliance with and performance of its obligations under the Patent Conditions regarding the Archaeology Requirements, as more specifically described in Enforcement Mechanisms under Additional Condition(s) below. Deposit of the cash bond will be a condition to the Successful Bidder's receipt of a Patent.

**(I)** If the Successful Bidder fails to complete all payments as stated in this auction notice, the Successful Bidder shall forfeit all amounts paid, which amounts shall be deemed rent for the Sale Parcel pursuant to A.R.S. § 37-241(C)(1).

**ADDITIONAL CONDITION(S):**

(A) The Patent for the Sale Parcel shall include the following conditions and restrictions:

Fifty-seven (57) archeological sites determined to be eligible for listing on the Arizona Register of Historic Places and eight (8) archaeological sites whose eligibility is unevaluated (collectively, the "Sites"), as identified in the approved *Historic Properties Treatment Plan for 65 sites on State Trust Land Proposed for Acquisition by Freeport-McMoRan Bagdad Inc., East of Bagdad, Yavapai County, Arizona*, dated October 16, 2019 (the "Plan") are located on the Sale Parcel.

Thirty (30) of the Sites will be impacted by the proposed use of the Sale Parcel as a tailings storage facility. Thirty-five (35) of the Sites can be avoided by the ground disturbance associated with the construction and operation of the proposed tailings storage facility. The Sites are listed in a table with information on their eligibility status and whether they can be avoided by the proposed ground disturbance in Exhibit "C" to this Patent.

The Plan provides approved mitigation treatment measures for all sixty-five (65) sites. The Plan also includes approved Site avoidance and monitoring measures to preserve those Sites that can be avoided by the proposed ground disturbance.

No use of the Sale Parcel for the placement of fill materials (such as, but not limited to, mine tailings), the construction of infrastructure, or other commercial purposes which include ground disturbance (regardless of the nature of activities proposed by the Patentee) shall occur within 30.48 meters (100 feet) of the boundaries of any of the Sites until the State Historic Preservation Office ("SHPO") has confirmed that mitigation of these Sites has been completed in accordance with the Plan, and the Arizona State Land Department ("ASLD") has confirmed that it has complied with its statutory obligations under A.R.S. § 41-861 *et seq.*

Patentee shall consult with SHPO, ASLD and the Arizona State Museum ("ASM") (collectively, the "Consulting Parties"), prior to implementation of the Plan, as said Plan may be modified by any federal, state or local government requirement. In the event Patentee requires a Section 404 Clean Water Act Permit ("404 Permit") for its use of the Sale Parcel, the Corps will also be included as one of the Consulting Parties.

Patentee shall complete mitigation of the Sites in accordance with the Plan within forty-eight (48) months following issuance of the Patent. The time for completion of mitigation may be extended if any delay in completing mitigation is caused by delay in obtaining any required government approval(s) and Patentee is pursuing such approval(s) with reasonable diligence.

Patentee shall conduct inspections and Site monitoring and shall comply with the Archaeology Requirements set forth below, as approved by the Consulting Parties, until mitigation is completed.

The cash bond, in the amount of \$500,000.00 (the "Bond"), deposited with ASLD by the Patentee, is to secure Patentee's compliance with and performance of its obligations under these Patent Conditions, as more specifically described in Enforcement Mechanisms below.

**Archaeology Requirements.** Until mitigation of the Sites in accordance with the Plan is completed by Patentee:

1. Any changes to the Plan requested by any federal, state or local government must be reviewed and approved in writing by the Consulting Parties;
2. Patentee shall retain an archaeological consultant holding a valid Arizona Antiquities Act (AAA) Blanket Permit (the "Consultant") to perform the monitoring;
3. Patentee's Consultant will coordinate with ASM to determine the need for a Project-Specific Permit for monitoring the Sites;
4. During construction all Sites that have not been subject to completed mitigation treatments shall be monitored quarterly pursuant to the protocols specified in the Plan. Following construction and during operations all Sites that have not been subject to completed mitigation treatments shall have appropriate avoidance measures implemented and be monitored biennially pursuant to the protocols specified in the Plan;
5. Should monitoring efforts identify any damage or adverse effect to the Site(s), including that resulting from natural processes (e.g., erosion), protocols specified in the Plan for notification, assessment, consultation, and mitigation will be followed;
6. Should human remains or funerary objects be identified, the Repatriation Coordinator at ASM shall be notified immediately; the Consulting Parties shall also be immediately notified. The disposition of the remains shall be addressed according to the provisions of the ASM Burial Agreement identified in the Plan;
7. Upon completion of the mitigation measures for the Sites, the Consulting Parties shall have the opportunity to review and comment on a preliminary data recovery report to determine the adequacy of the mitigation and compliance with the Plan;
8. Upon completion of mitigation measures for the Sites in accordance with the Plan or any approved amendment thereto, as evidenced by final approval of the data recovery report by the Consulting Parties, these Patent Conditions shall be deemed satisfied and the Bond shall be released.
9. Curation: All artifacts, samples, records, photographs, and maps generated during data recovery at the subject sites shall be curated at ASM unless another curation facility has been identified and approved. The Patentee is responsible for these costs.

**Enforcement Mechanisms.**

1. If Patentee fails to: (i) diligently pursue mitigation of the Sites in accordance with the Plan and Patentee's failure continues after thirty (30) days' written notice from ASLD to Patentee; or (ii) comply with the Archaeology Requirements set forth above, and Patentee's failure continues after thirty (30) days' written notice from ASLD to Patentee; or (iii) complete mitigation of the Sites in accordance with the Plan within forty-eight (48) months following issuance of the Patent; then ASLD reserves the right

for ASLD or its consultant/designee to enter upon the Sale Parcel at any time to inspect, monitor, perform, and complete the mitigation in accordance with the Plan. In such case, ASLD shall apply part or all of the proceeds of the Bond to cover ASLD's administrative costs associated with procuring services of an archaeological consultant to perform inspection, monitoring, and mitigation; ASLD's oversight and management thereof; and the consultant's fee for said services.

2. Patentee shall indemnify and hold ASLD harmless from all costs incurred by ASLD associated with inspection, monitoring and mitigation (including consultant fees for services), from damage to the Sale Parcel and/or cultural resources, from any damages arising from Patentee's and ASLD's Consultant's presence and activity on the Sale Parcel, from actions against ASLD arising from claims associated with timing or failure to mitigate or to protect the cultural resources prior to mitigation, or actions brought by ASLD to enforce the Patent conditions, including but not limited to the payment of reasonable attorneys' fees from any action arising out of the Patentee's failure to fulfill these conditions. Patentee's indemnification obligations hereunder shall not be limited by the amount of the Bond.
3. ASLD shall have recourse to all legal remedies to enforce these Patent Conditions.

**(B)** The Patent for the Sale Parcel shall include the following conditions and restrictions:

"Permitted Uses" on the Sale Parcel are: (i) all encumbrances of record as of the date of the Patent as disclosed on the ALTA survey (Hoskin-Ryan Consultants Inc., February 2018); (ii) uses associated with the construction, operation, maintenance and closure of a mine; (iii) mitigation for the environmental impacts caused by operation of a mine, which mitigation must be authorized and approved by an appropriate governmental entity; and (iv) grazing.

Following the date of the Patent, the Patentee, its successors, and assigns may use the Sale Parcel for any use that is not a Permitted Use subject to (i) prior notification to ASLD in writing of the change in use and (ii) payment to ASLD of an amount equal to a "Use Change Surcharge" for the acres that will change use, which Use Change Surcharge is calculated by multiplying: the number of acres that will change use, times (x) 0.25, times (x) the Sale Price at auction, increased by the rate of inflation from the date of the Patent as calculated by the United States Consumer Price Index for All Urban Consumers (CPI-U); U.S. City Average; all items, not seasonally adjusted, 1982-1984=100 reference base, divided by (÷) 16,670.569 (the total number of acres auctioned).

If Patentee, its successors, or assigns uses any portion of the Sale Parcel for any use that is not a Permitted Use after the date of the Patent without appropriate notification and payment to ASLD of the Use Change Surcharge then, subject to the right to assert in a court of competent jurisdiction that the use is a Permitted Use, Patentee, its successors, or assigns will pay a liquidated damages payment to ASLD in an amount equal to two times the Use Change Surcharge as calculated above for the failure to comply with the restrictions of this Patent.

**BROKER INFORMATION:**

In the event the Successful Bidder has retained the services of a real estate broker, the Successful Bidder shall be solely responsible for compensating that broker.



**GENERAL INFORMATION:**

ASLD may cancel this auction in whole or in part at any time prior to the acceptance of a final bid.

A protest to this sale must be filed within 30 days after the first day of publication of this announcement and in accordance with A.R.S. § 37-301.

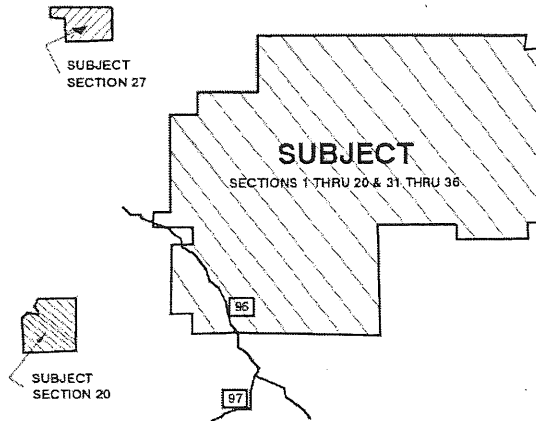
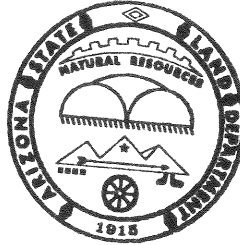
**THE TERMS AND CONDITIONS CONTAINED WITHIN THIS AUCTION NOTICE SHALL SURVIVE THE DELIVERY OF THE PATENT FOR THE SALE PARCEL.**

*Lisa A. Atkins*

Lisa A. Atkins  
State Land Commissioner

*25 Oct 19*

Date



**Disclaimer:** This map is designed for general overview purposes only. Unless otherwise stated all depictions are approximate. Prospective bidders should review all information in ASLD's records relating to the Sale Parcel and seek technical or legal advice as needed to assure the understanding of all legal descriptions, plat maps, surveys, and other documents relevant to the Sale Parcel. Contact ASLD, Real Estate Division at (602) 542-3000 for additional information.