

INTERNATIONAL INSTITUTE OF MINERALS APPRAISERS

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NEWSLETTER

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Vaarwell Friend John B. Gustavson

November 27, 1932 – July 27, 2023

It is with a heavy heart that we share the news of the passing of John Brix Gustavson, founding member of the IIMA, who died July 27, 2023, in Boulder, Colorado, after a long battle with prostate cancer.

John is deeply missed by many because he touched a countless number of people in his lifetime. His kindness, enthusiasm and sharp wit brought encouragement to many who were in his profession, and also far beyond. John's career spanned nearly seven decades, earning a master's degree in chemical engineering from the Technical University of Denmark in 1956, and continuing with numerous projects and advising roles until the time of his death.

John is survived in death by his wife Carole, son Brix and wife Veronica, son Jeff and his wife Jodie, his daughter Chris, six grandchildren (Sophie, Cecily, and Jace Gustavson and Ella, Remy, and Paxton Tolar), and his sister Neel Bacher. Opposite: John at the IIMA 25th meeting anniversary in the Hilton Diamond Suite – Salt Lake City.



A special section of this newsletter is dedicated to stories, and memories from contributing IIMA members to remember John.

2024 IIMA/SME CONFERENCE EVENTS IN Phoenix, AZ

We're excited to share with you some recent updates in the world of mineral appraisal and provide you with all the details for our upcoming 2024 annual conference. Make sure to take a look at the schedule of IIMA events happening between Monday, February 26 and Tuesday, February 27 in Phoenix, Arizona, so you can plan your travel arrangements.

Our schedule this year includes a minerals appraiser mentor/mentee clinic, an evening social, technical sessions, and a business meeting luncheon. Our IIMA Mentor/Mentee Clinic will be the first event of the conference, taking place from 3pm to 5pm on Monday, February 26th at The Arrogant Butcher restaurant. Paul Dudenhas kindly offered to give a presentation related to appraising oil and natural gas.

Also, one of the highlights of the conference is the evening social mixer, where you can relax and enjoy the company of your fellow IIMA members. The mixer will follow the mentor/mentee clinic from 5 – 7pm at the exact same location – The Arrogant Butcher restaurant. Meetings and technical sessions will continue February 27th, so be sure to check out the rest of the newsletter and stay tuned for more information. We look forward to seeing you there!

2023 IIMA/SME CONFERENCE SCHEDULE

Monday, Feb. 26

3 pm – 5 pm

Mentor/Mentee Clinic (with drinks and snacks)

The Arrogant Butcher

2 E Jefferson St #150, Phoenix, AZ 85004

5 pm – 7pm

IIMA Social Event (open bar/appetizers)

The Arrogant Butcher

Tuesday, Feb. 27

9 am - Valuation Sessions I - Case Studies and Methodologies

Phoenix Convention Center: Room 128B

12 pm - IIMA Annual Business Meeting

The Arrogant Butcher

2 E Jefferson St #150, Phoenix, AZ 85004

(Walking distance from Convention Center)

2 pm - Valuation Sessions II - Lessons Learned

Phoenix Convention Center: Room 128B

5 pm – Closure

2024 IIMA/SME MORNING ABSTRACTS

Visualizing a Capital Project Portfolio Based on Technical and Financial Risk Levels

Michael Samis

Mining companies often group projects in their corporate portfolio into exploration pipeline, innovation, operating assets, brownfields, and sub-economic resource categories. However, it is not often recognized that these groupings have characteristic cash flow risk levels allowing for a useful risk-based representation of a corporate project portfolio. This presentation proposes separating project risk into technical and financial risk components and argues that these components can then usefully differentiate the various project categories for decision-making purposes. The resulting framework allows a company's project portfolio to be represented in full rather than in silos.

Case Study: Front Loading Damage Claims Versus Just Compensation in Condemnation

Craig Wood

When mineral-bearing property is taken through condemnation, the perception of market value for the Take often differs between the parties, with appraisals typically conducted to support the finder of facts determination of Just Compensation. This

Case Study discusses the taking of a surface right-of-way over a portion of a large, permitted limestone property, the initial opposing perceptions of value for that take, and how the lost limestone may or may not impact the determination of Just Compensation—defined as the diminution of value of the whole property on a before-take and after-take basis.

Reviewing Mineral Appraisals: Common Errors and Red Flags

Zack Smith

This talk will explore common errors found in mineral appraisals, especially in the context of litigation using examples from oil, natural gas, sand & gravel, limestone, and dolomite properties principally in the eastern United States. The talk takes the perspective of a third-party reviewer with emphasis upon items that could be flagged by non-appraisal and/or non-technical reviewers.

This presentation will identify sales of uneconomic mineral estates and the steps taken to consider the spectrum of uneconomic mineral status: from highly speculative, low probability future production, to improbable, to non-existent; versus the spectrum of buyer demand-side motivation to have the control for the mineral estate. The presentation will discuss uneconomic mineral rights sales and also consider sales of uneconomic surface remnants, sales of easements, and control-related sales.

Valuation of Minerals for Charitable Gift

Greg Scheig

The presenter was contracted to develop an appraisal for a large volume of volcanic ash being gifted to an international charitable organization. This presentation covers the development of the concluded FMV for the client. Time permitting, I will also share some of the problems noted in the previous appraiser's report.

Appraisals of Oil and Gas Interests-When a Few Months Makes a Difference in a Valuation

Betsy Suppes

The Comparable Sales Approach to Fair Market Value appraisals in several Appalachian counties which had historically low active oil and gas interest

buying resulted in surprising results for the appraiser and the interest-owner. Two appraisals yielded increased dollar per acre sales which are not necessarily related to improved commodity prices. Another low-activity county yielded widely differing comparable sales, sometimes within months. While the motivations of sellers and buyers are always for a profit, the time-line for a rate of return can be vastly different.

2023 IIMA/SME AFTERNOON ABSTRACTS

A Deep Dive into Geology Says Otherwise

William Langer

An understanding of the geologic processes and geologic history responsible for potential aggregate resources of an area can be an invaluable tool for understanding the resource. Conventional resource studies of three areas demonstrated the existence of aggregate resources: 1) A potential source of metallurgical gravel occurs just over a mile from a pit where the same gravel is successfully being mined and processed. 2) A potential source of construction sand was observed in drill holes on the same property where it is currently being mined. 3) Widespread surficial sand and acceptable geomorphology indicated the presence of a significant sand deposit. However, in all three of these cases, a deep dive into geology says otherwise.

Trends in Lithium Property Transaction Values

Amy Jacobsen

Robert Cameron

Industry surveys show inflation and geopolitics have overtaken ESG as the biggest concerns, at least in the near term. It also seems that everything EV-linked is perceived to be where the opportunities are for 2023 and the immediate future with battery minerals and base metals being the most likely areas for consolidation. This presentation will look at some recent trends and metrics in lithium property transactions over the last five years.

Asset Appraisal Versus Company Valuations - Part 2

Amy Jacobsen
Robert Cameron

When determining the quantum of damages in legal arbitration cases, there are a number of schools of thought regarding the best approaches and methodologies in reaching a “Fair Market Value” to be used in achieving settlement. In such cases, the line sometimes becomes blurred between valuing the asset for damage and valuing the damage to a company’s share value. This paper further dives into the differences between asset value and share value and how those valuation methodologies were applied in a few recent case studies. This paper also briefly looks at how the concept of ex-ante and ex-post analysis might change the quantum of damage.

Appraisal Review - Insights from the Trenches

Russell Martin

Appraisal review is an essential component of the appraisal process for federally regulated financial institutions and for government entities. This presentation is designed to afford the attendees with an understanding of the review process and to assist valuation practitioners with pointers on how to get through such review process easily and avoid significant revision requests. Such considerations are of significant importance since reviewers are generally operating under a short time frame and problems in the appraisal can hold up the loan or eminent domain process, et al. The presentation will provide an overview of USPAP and bank regulatory requirements which appraisers and reviewer are obliged to comply with. In addition, common pitfalls/shortcomings in appraisal reports shall be covered in detail and with some suggestions as to how to better cover such considerations. This presentation will pertain to general commercial-industrial and special purpose property appraisals as well as to mineral property appraisals.

Resource Evaluation of Construction Aggregate Deposits on Greenfield Sites - Ensuring a Realistic Appraisal

Jackson Partlow

The primary factors for evaluating a mineral deposit include quality/grade, quantity, accessibility, and marketability. According to the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) a mineral resource is a concentration or occurrence of solid material of economic interest in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral resources are subdivided, based on geological confidence, into inferred, indicated and measured categories. A mineral reserve is considered the economically mineable materials of a measured and/or indicated mineral resource. Classification into these categories depends on the types of data available, and the level of confidence to accurately predict continuity of geologic character. In addition, the stage of exploration or development is fundamental to the type of appraisal/valuation utilized. This presentation will discuss the factors for classifying an aggregate mineral deposit on a greenfield site, and methods for this type of appraisal.

Mentor-Mentee Workshop at The Arrogant Butcher

This workshop is an opportunity for all members to dialogue about Certification and other mineral appraisal topics in an informal setting. The event occurs on February 26th from 3pm to 5pm. Attendance is open, just come to The Arrogant Butcher restaurant at 2 E Jefferson Street #150, Phoenix, AZ 85004. Paul Dudenas has kindly offered to give a presentation related to appraising oil and natural gas.

Annual Noon Luncheon Meeting

This important IIMA event serves as our annual forum to vote on member issues. The IIMA Annual Meeting will be at The Arrogant Butcher from 12-2pm on the 27th. The Executive Committee ballot will be:

President: Darwin Werthessen
 VP: Betsy Suppes
 Secretary: Zack Smith
 Treasurer: Charles Howard

Past President will be David Shetler

Menu details will be sent to members via email.

IIMA Casual Social Evening

Don't forget to join us for the IIMA social gathering on Monday night, February 26 from 5 pm to 7 pm. This event is an opportunity for us to look back on the previous year with other minerals appraisers and enjoy a variety of food and drinks. This year our gathering will be held immediately after the Mentor/Mentee Clinic at The Arrogant Butcher. We hope to see you there!

Continuing Education

Here's a quick reminder to acquire your continuing education (CE) credits: The requirement is 30 hours minimum over most recent 3 year period (as voted on in 2011). Also - 1 CE hour is required in ethics each year. It is up to each individual to keep track of their CE so that they can confirm at the annual renewal time that they are in compliance.

In case you missed the IIMA fall conference and USPAP update course, here's a list of several other opportunities to receive the same training in the near future.

Registration Link: [Appraisal Institute Education](#)

| Description | Date | Location |
|---|-----------|---|
| 2024-2025 7-Hour USPAP Update | 1/29/2024 | Online - Northern California AI Chapter |
| 2024-2025 7-Hour USPAP Update | 1/30/2024 | Spokane, WA AI Chapter |
| 2024-2025 7-Hour USPAP Update | 1/30/2024 | Online - Alabama-Mississippi AI Chapter |
| Top 15 Takaways from your Colleague's Legal Misfortunes | 1/31/2024 | Online - AI Hampton Roads Chapter |
| Top 15 Takaways from your Colleague's Legal Misfortunes | 1/31/2024 | Southern New Jersey AI Chapter |
| 2024-2025 7-Hour USPAP Update | 2/1/2024 | Hoosier Road AI Chapter |

More are available through the American Society of Appraisers (ASA), American Society of Farm Managers and Rural Appraisers (ASFMRA) and other appraisal organizations.

PAY YOUR DUES

Did your dues payment get lost in the Holiday shuffle? Take care of it **quickly and easily** online. To do so, log in to your IIMA member account and "make a payment to the institute." Comment that it is your annual dues payment.

Or would you prefer to pay by check? All checks can be made payable to IIMA and sent to the following address:

Charles Howard, P.E.
 Treasurer, IIMA
 Howard Engineering, Inc.
 411 Main Street Suite 210
 Mount Hope, WV 25880

Remembering John B. Gustavson

As we mourn the loss of our dear colleague, John Gustavson, we are reminded of the profound impact he had on our organization. John was not only an exceptional appraiser, but also a kind and compassionate individual and friend. In the wake of his passing, members of our IIMA community have come together to share their memories of John. This collection of anecdotes and experiences serves as a testament to the lasting impression he left on those who were fortunate enough to know him.

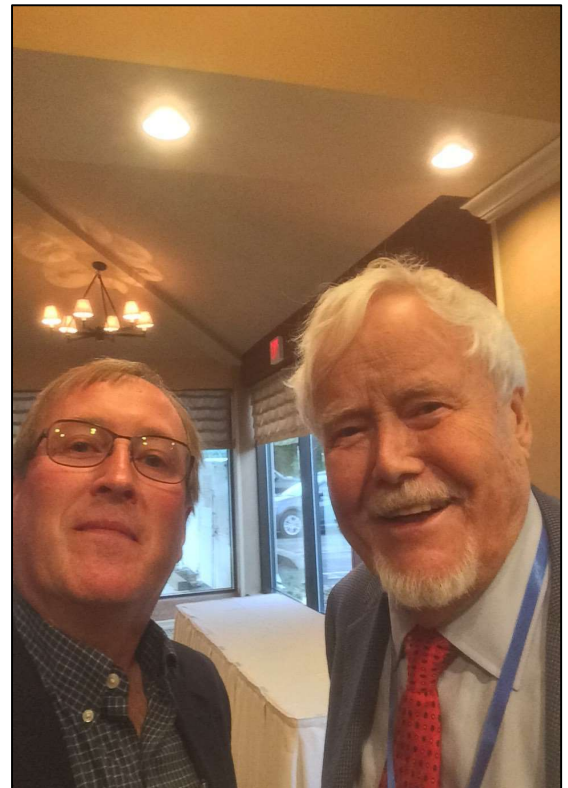
Charles Howard

I believe it was 2002 when I first met John G. while attending the SME conference and mineral valuation sessions. At that time I was not an AIMA member, but I wanted to learn more about the association, get to know the members, and gauge my chances of ever becoming a member. It immediately became clear to me that John was a 'force' in the mineral appraisal arena. It would be several years later, however, that I really came to know him better after first becoming a member in 2008 and then Treasurer in 2012. Since then I came to know John on both on a professional and personal level. It is the latter for which I choose to share my story.

In the spring of 2017, our older son, Will, had just completed his sophomore year of Electrical Engineering at WVU and his close friend had accepted a summer internship at the Westmoreland San Juan Mine in New Mexico. Will drove to NM with his friend with the thought of exploring Colorado for several days before flying home to WV. Specifically, he wanted to go to Denver, but I suggested he go to Boulder instead as it was a college town and he was considering graduate school. Will agreed and began seeking a centrally located motel. Without hesitation, I reached out to John for motel recommendations in Boulder. He responded immediately by saying, "Will can stay with us!" While Will wasn't initially keen on the idea of staying with some guy his dad knew, I convinced him it would be a wonderful opportunity to meet someone unique and interesting. I told him he'd thank me someday. So, the wheels were set in motion for Will to stay several days with John and his wife Carole. As many of you who knew him, John was a gracious host as he picked Will up at the Denver Airport and escorted him to their home in Boulder. John and Carole treated him like one of their own with welcoming open arms. They not only provided food, shelter, and interesting conversations and life stories, they toured him about some of the local sights and even let him borrow their car to explore the area on his own. Will had a wonderful experience with them and returned home thanking me for urging him to stay with John and Carole, just as I predicted he would.

As fate would have it, the following summer Will accepted an internship at NIST in Boulder. Obviously, during this time at NIST he would become even closer with John and Carole and visited with them regularly. Near the end of his internship, my wife Lorna and our younger son, Charley, visited Will and the Gustavsons. During our visit, they had us over to their home and we all went to dinner at John's favorite restaurant. Carole and Lorna hit it off pretty well too. They became friends separated only by 1,500 miles and took weekly online Pilates classes together (along with John!) for many months.

Over the past five or six years, John shared his health journey with me. My last conversation with him was in late June when Lorna and I were in Santa Fe. While resting on a shaded park bench, I



felt the need to call John simply to say hello and ask how he was doing. I'm glad I did. After six or more rings and nearly hanging up, he finally answered. I let him know we were in Santa Fe and we had a very nice ten minute chat. He sounded like his regular self over the phone, but I knew he wasn't. He asked how each of our 'boys' were and was eager to tell me he knew exactly where I was sitting and that there was a great roof top bar nearby which had the "best Margaritas". So, cheers to you John G. and may you RIP. You are missed. The entire Howard family is blessed to have known both you and Carole.

George Tsang

This picture taken with John is the first time we met in Hong Kong. John was my mentor for the certification of IIMA, he introduced Mr. Trevor Ellis to me, both are kind and professional, they helped me a lot in my professional life.



I will remember their support forever. Especially John who taught me a lot of appraisal skills. Thank you and I wish for him to enjoy his peaceful life in heaven.

Dennis Noll

John was instrumental in my ability to become certified as a mineral appraiser. His mentorship was invaluable for so many aspects of the process and I feel that I am a much better appraiser for that experience. In addition to that, his contributions at the SME/IIMA conferences were a continuous source of education. I had the chance to work very closely with John on a large project after I became certified and was delighted to experience his expertise and enthusiasm for solving the problems involved. I join all of his colleagues and friends in acknowledging how much he will be missed.

Darwin Werthessen

Like many mineral appraisers, John Gustavson was my introduction to the profession and my mentor. Throughout the numerous conversations with John, he instilled (or shook from me), the most important characteristic of an appraiser in general, in my opinion; confidence. John always had time for "one last, final question", or a tidbit of information that led to a piece of data or information that would give me confidence in my own opinions. I'll be forever grateful to that intelligent, humorous, and gracious man who asked me what I was going to do with my life when I decided to grow up. Rest easy, JG.

Evan Mudd

I will never forget the witty, precise, and jovial person of John Gustavson. I knew John through the years primarily through attending IIMA meetings and occasionally talking with him on the phone. John and I had something in common, as we were both trained general aviation pilots who liked flying but discovered it was hard to find time for it in our busy schedules. I admired John for being older but still having a sharp mind and a circadian routine to care for his health by exercising every day. Some people called him the energizer bunny. He also deeply cared for his wife and family, as Carol would accompany him on most or all trips that she could. John was always ready to help and mentor others, and he was committed to doing what he knew to be right. His smile was unforgettable, and behind it was a mind that operated with astute pliability – he had the natural talent to understand a big picture yet unfold the scene a layer at a time and take you along with him. I appreciated John incredibly for the years I knew him. He will be greatly missed.

Keven Weller

I worked for John back in the late 80's, a refugee of the mid-80's oil crash in Denver. When I joined the firm, our offices were very humble, almost garage-like in the Flatirons office park that 5757 Central Ave is located in. A few months after I joined, the firm moved to the much more auspicious digs at 5757 to accommodate the growing business. During the peak of the firm's vitality, we occupied almost the entire top floor of the building. Gustavson Associates occupied that location for almost 30 years until 2017.

I remember a meeting we had in about 1988 regarding a lawsuit we were working on that required hiring a refining expert. We had retained a retired professor from the School of Mines who was in his mid to late 70's, and quite bald so looked every bit of 80. We invited him to our offices for a meeting to discuss the case, this was the first time John had met the man. At the time, John was in his mid-50's. He was bragging to the retired professor about how he was able to get a senior discount on his lift ticket at Winter Park since he was now officially a senior citizen. He looked at our septuagenarian friend and said something like "Heck I'll bet you could ski for free!". Embarrassment made me want to crawl under the table but that was John, never afraid to speak his Danish mind.

John was an eternal optimist even in the toughest of times. He was irrepressible. He built Gustavson Associates from a one-man shop into a globally recognized consulting firm. John was a voracious reader. We had a company library that occupied about one thousand square feet with thousands of books and journals on geology, engineering, geophysics, property valuation, law, etc. John even hired a part-time librarian for a time to organize and catalog all the volumes.

The pay scale at Gustavson wasn't quite that of the oil and gas companies down in Denver were paying at the time as the rebound came, but John was generous in so many other ways, and many people wanted to work in Boulder rather than Denver. John helped more than a few of his employees to earn advanced degrees at CU or CSM. Many Gustavson employees travelled tens of thousands of miles internationally to every continent working for John. Some even ended up relocating to international locations permanently.

Matthew Chapman

Thank you for the opportunity to share some kind words about John Gustavson. What a guy!? I looked at John G as a mentor, colleague, and a friend. I miss him and am truly grateful for the time we did share together.

John Gustavson first called me in July 2011. He called to welcome me to the AIMA organization and ensure that I had found a mentor to work with. The conversation was going great until we kept talking, and he came up with an idea, a brilliant idea. His idea was so brilliant, he became very excited about it. I, on the other hand, was not at all enthused by this brilliant idea. The more excited he became, the more apprehensive I got.

His brilliant idea was that he wanted me to give a presentation for the AIMA Valuation Session in the following Winter of 2012. I said to John, "Thank you, But...." I had a slew of excuses not to do it; All valid. I told him I was new to AIMA and being newer to an organization, would prefer to slowly get involved, versus diving right in. He said, that is nonsense. I told him I was newer to mineral appraisal and have a lot to learn. He said, we are all still learning. I told him I am an apprentice and not a mentor. He said, "But you are a MAI, you have a lot to share".

He asked, what mineral appraisals have I done? I told him I recently appraised a vacant property north of Houston. At time of engagement, I had thought it was just vacant land. It was under the ownership of a non-profit and was under contract for sale at time of appraisal and that was the purpose of the appraisal is to determine if the contract price supported fair market value. After internet research on the property, I found out that the property had been subject to an IRS tax court case about 7 to 10 years prior. The IRS challenged the tax donation claimed by the donor to the non-profit and the parties went to court over the matter. As I read the case, it was argued (by both sides) this vacant land has the potential for quarry development and does hold mineral value. The tax case helped give me a framework for developing the appraisal as well as pertinent mineral resource and reserve data requisite to consider in the valuation. The fact that the property was now under contract helped me to have at least one market indicator to a discount rate and by a review of the methodology and data from this court case I was able to uncover current market data using that methodology and develop a market supported appraisal.

John said, "Perfect!!!" He even came up with a name for my talk. "Lessons Learned Lessons Learned From Review of Quarry Valuation and Subsequent Market Sale". Out of excuses, I agreed to give the presentation.

That was my first-time meeting John G. The phone call went from a warm welcoming call from a nice older man with a funny accent to a I won't take no for an answer, hard-pitch call to convince me to get outside my comfort zone. He won. He sold me. And despite my initial hesitations, by the end of the call, I was actually excited to give the talk.

I liked him from Day 1. Looking back, John G getting me to give that talk helped me grow as an appraiser and I greatly appreciate that and I am thankful. I would be remis to not mention, I am thankful to not just him but I am thankful to all my mentors over the years. To all my mentors who have pushed me, supported me, forced me out of my comfort zone, been honest with me, and believed in me, thank you. It's mentors like John G that push a profession forward. And I would be remis to not give thanks to all of them, including John G.

Over the years John G and I enjoyed getting to know each other better, sharing good stories, talking about mineral valuation, talking about scotch, and sometimes talking about mineral valuation over a glass of scotch.

He included me on several mineral appraisal assignments where I got the opportunity to work as his colleague. It was exciting to be on calls with him and to hear his thought process as he turned over every detail of the property and considered all aspects of the appraisal problem. One thing he did which I find unique is that he

included both comparable sales and market data used to support his opinion of value as well as sale and market data omitted and not applicable to the analysis and he explained why he excluded this data. He answered the question yet to be asked and explained the why. I believed he liked being a teacher and to educate the reader in his appraisals.

As a side note, he authored several valuation papers which I have read and I recommend to everyone to take a read if you have time. These papers are on the IIMA website.

John G had incredible passion, enthusiasm, and energy for mineral valuation and I believe we all learned, respected, and appreciated him. He was one of the key founders to the IIMA and we all owe him gratitude for his work and dedication to build and his leadership of this great organization.

John, thank you. You are missed dearly.

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Special thanks to the contributions made. The strength of the IIMA organization is through the commitment, education, and contributions of its members. We are always looking for

articles to enhance our profession and welcome any material that members may provide.

All articles are contributed on a volunteer basis. The views and opinions expressed in any and all articles are those of the authors and do not necessarily reflect those of IIMA or your Newsletter Editor. If any IIMA member would like to professionally add-on to, rebut, or clarify any articles, I will feature such articles in the following newsletter. Thank you!
