

SUPREME COURT OF WYOMING

Office of State Lands & Investments v. Mule Shoe Ranch, Inc.

252 P.3d 951 (Wyo. 2011) · No. Nos. S-10-0181, S-10-0182 · Decided April 19, 2011

SUMMARY

The Supreme Court of Wyoming considered whether a holder of an expiring state grazing lease had to match the highest competing bid to exercise its preferential renewal right. The court held that Wyoming law required the lessee to meet the highest bid, provided the competing applicant was qualified, had an actual and necessary use for the land and forage, and submitted a bid meeting the statutory requirements. The court reversed the district court and remanded for entry of an order affirming the Board of Land Commissioners' decision.

CASE DETAILS

COURT	Supreme Court of Wyoming
WRITING FOR THE COURT	Kite, Chief Justice; Kite, C.J.; Golden, J.; Hill, J.; Voigt, J.; Burke, J.
JURISDICTION	Wyoming
DECIDED	April 19, 2011
DOCKET	Nos. S-10-0181, S-10-0182
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeal and cross-appeal from a district court order reversing the Board of Land Commissioners' administrative decision and remanding for an economic analysis of a competing bid.
STANDARD OF REVIEW	The court reviewed the administrative decision as if it came directly from the agency and did not defer to the district court. It reviewed the agency's legal conclusions and statutory and regulatory interpretation de novo, while deferring to the agency's interpretation of its own rules unless clearly erroneous or inconsistent with the plain language of the rules.
PRECEDENTIAL VALUE	precedential
PARTIES	Office of State Lands and Investments, Edward L. Grant, in his official capacity as Director of the Office of State Lands and Investments, Mule Shoe Ranch, Inc. (cross-appellant) v. Mule Shoe Ranch, Inc., Office of State Lands and Investments (cross-appellee), Edward L.

Grant, in his official capacity as Director of the Office of State Lands and Investments (cross-appellee)

TOPICS

judicial review of agency action

administrative law

agency adjudication

statutory interpretation

real estate

PRACTICE AREAS

administrative law

state land leasing

statutory interpretation

real estate

QUESTIONS PRESENTED

1. Whether the district court erred in reversing the Board of Land Commissioners' decision requiring Mule Shoe to meet the highest competing bid to exercise its preferential right to renew the state lease.
2. Whether Wyo. Stat. Ann. § 36-5-105(c), together with § 36-5-101(b) and the Board's rules, imposed an upper constraint on the amount an existing lessee was required to pay to match a competing bid.
3. Whether the district court erred in remanding for an economic analysis of Two Y's bid rather than entering judgment for Mule Shoe.

HOLDINGS

1. Under Wyo. Stat. Ann. § 36-5-105(c), an expiring lessee must meet the highest bid offered by another qualified applicant with actual and necessary use for the land and available forage when the bid satisfies the statute's fair-market-value requirement. Because the parties did not dispute Two Y's qualification or use and Two Y submitted the highest bid, Mule Shoe was required to match that bid to renew the lease.
2. The version of the state leasing statutes in effect in 2007 established a minimum rental value but did not impose a maximum rental, require evaluation of whether a bid was excessively high, or require an additional economic analysis before the Board could accept a higher competing bid.

KEY QUOTATIONS

“That is, the rental had to be based on an economic analysis and in no event could the lease be rented for less than the fair market value for such land as calculated using the Board's formula.” (252 P.3d at 956)

“The statutes and the rule clearly authorized the Board to accept the higher of two competing bids in order to carry out its statutorily prescribed duty to lease state lands in a manner inuring to the greatest benefit of the state land trust beneficiaries.” (252 P.3d at 958)

FACTUAL BACKGROUND

Wyoming leased 5,459.90 acres for grazing and agricultural purposes, and Mule Shoe had operated under the state lease since 1941. When the lease approached expiration, Two Y Ranch submitted a competing bid of \$45,556 annually, or \$28 per animal unit month, while Mule Shoe offered \$8,476.67 annually, or \$5.21 per

animal unit month. The State Lands Office determined that Two Y was qualified and had made the highest bid, and it allowed Mule Shoe to renew only by matching Two Y's bid.

PROCEDURAL HISTORY

Mule Shoe sought to renew a state grazing lease under its preferential right to renew, while Two Y Ranch submitted a higher competing bid. The Office of State Lands and Investments required Mule Shoe to match Two Y's bid. After the Office of Administrative Hearings and the Board of Land Commissioners granted summary judgment to the State Lands Office, the district court reversed and remanded for an economic analysis and fair-market-value determination. The State Lands Office appealed, and Mule Shoe cross-appealed, seeking judgment in its favor rather than a remand.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for entry of an order affirming the Board of Land Commissioners' decision.

CASES CITED

- *Greene v. State ex rel. Wyo. Board of Chiropractic Examiners*, 2009 WY 42, ¶ 9, 204 P.3d 285, 290 (Wyo. 2009)
- *Powder River Basin Resource Council v. Wyo. Dep't of Env'tl. Quality*, 2010 WY 25, ¶ 6, 226 P.3d 809, 813 (Wyo. 2010)
- *Dorr v. Smith, Keller & Associates*, 2010 WY 120, ¶ 11, 238 P.3d 549, 552 (Wyo. 2010)
- *Sorensen v. State Farm Auto. Ins. Co.*, 2010 WY 101, ¶ 13, 234 P.3d 1233, 1237 (Wyo. 2010)
- *Wyo. Med. Center, Inc. v. Wyo. Ins. Guar. Ass'n*, 2010 WY 21, ¶ 19, 225 P.3d 1061, 1066 (Wyo. 2010)
- *Chevron U.S.A., Inc. v. Dep't of Revenue*, 2007 WY 43, ¶ 18, 154 P.3d 331, 337 (Wyo. 2007)
- *Horse Creek Conservation Dist. v. State ex rel. Wyo. Attorney General*, 2009 WY 143, ¶ 36, 221 P.3d 306, 317 (Wyo. 2009)
- *Grommet v. Newman*, 2009 WY 150, ¶ 52, 220 P.3d 795, 815 (Wyo. 2009)
- *Stutzman v. Office of Wyo. State Engineer*, 2006 WY 30, ¶ 16, 130 P.3d 470, 475 (Wyo. 2006)
- *Kerrigan v. Miller*, 53 Wyo. 441, 454, 84 P.2d 724, 729 (Wyo. 1938)
- *Frolander v. Ilsley*, 72 Wyo. 342, 365, 264 P.2d 790, 799 (Wyo. 1953)