


DECEMBER 27, 2011

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON DECEMBER 27, 2011, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE MINERAL, SURFACE, DEVELOPMENT, AND FEE WAIVER BUSINESS MATTERS AS INDICATED AND WHICH BECOME EFFECTIVE AT 5:00 P.M. ON DECEMBER 27, 2011.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES 1 TO 3; SURFACE ACTIONS AS LISTED ON PAGES 4 TO 13; DEVELOPMENT ACTIONS AS LISTED ON PAGES 13 TO 14; ACTIONS CONTAINING FEE WAIVERS AS LISTED ON PAGE 14; AND PERSONNEL ACTIONS AS LISTED ON PAGES 15 TO 16.

THESE MINUTES ARE DEEMED THE FINAL AGENCY ACTION CONCERNING THESE MATTERS AND MAY BE SUBJECT TO REVIEW AND/OR ADJUDICATION PURSUANT TO R850-8 OF THE AGENCY'S RULES. ANY APPEAL OF MATTERS CONTAINED WITHIN THESE MINUTES MUST BE IN WRITING, PURSUANT TO R850-8-1000, AND MUST BE RECEIVED BY THE OFFICE OF THE DIRECTOR BY 5:00 P.M. ON TUESDAY, JANUARY 10, 2012. APPEALS NOT FILED BY THAT TIME WILL NOT BE ACCEPTED AND THE MATTERS WILL BE CONSIDERED UNAPPEALABLE.



KEVIN S. CARTER, DIRECTOR
SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION



LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

MINERAL ACTIONS

METALLIFEROUS MINERALS LEASE APPROVALS

Upon recommendation of Mr. Stokes, the Director approved the Metalliferous Minerals Lease Applications listed below at a minimum annual rental rate of \$500 or \$1 per acre, whichever is greater. The production royalty as provided in the lease form, approved by the Director of the Trust Lands Administration, is eight percent (8%) for fissionable minerals and four percent (4%) for non-fissionable minerals - based on the gross value of the ore. The land status has been examined utilizing both the digital plat books and the business system and the lands were found to be open and available. The applications have been checked for completeness, and found to be in proper order. The lease administrator has had these legal descriptions reviewed by the GIS Group. The business system and digital plat books will be updated to show these lease applications as existing contracts on the lands described below:

<u>ML 52079</u> Newmont USA Limited 1655 Mountain City Highway Elko, NV 89801	<u>T6N, R19W, SLB&M.</u> SEC. 2: LOTS 1(37.67), 2(39.82), 3(39.97), 4(40.13), S½N½, S½ [ALL]	Box Elder 639.59 Acres
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Annual Rental: \$640

FUND: SCH

<u>ML 52080</u> Ash-ley Woods LLC 17 Ward Avenue South Deerfield, MA 01373	<u>T6S, R4W, SLB&M.</u> SEC. 36: ALL	Tooele 640.00 Acres
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Annual Rental: \$640

FUND: SCH

<u>ML 52081</u> Ash-ley Woods LLC 17 Ward Avenue South Deerfield, MA 01373	<u>T5S, R4W, SLB&M.</u> SEC. 28: S½NW¼, NW¼SW¼ SEC. 29: NE¼, N½SE¼, SE¼SE¼ SEC. 32: NE¼, N½SE¼, SW¼SE¼	Tooele 680.00 Acres
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Annual Rental: \$680

FUND: SCH

<u>ML 52082</u> Ash-ley Woods LLC 17 Ward Avenue South Deerfield, MA 01373	<u>T5S, R4W, SLB&M.</u> SEC. 29: W½ SEC. 32: W½	Tooele 640.00 Acres
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Annual Rental: \$640

FUND: SCH

TOTAL ASSIGNMENT – NON-CLASSIFIED MINERALS LEASE

Upon recommendation of Mr. Stokes, the Director approved the assignment of the lease listed below to Azomite Mineral Products, Inc., 27 South Main Street, Nephi, UT 84648, by Peak Minerals - Azomite Inc. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

PEAK MINERALS – AZOMITE INC.-100%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

AZOMITE MINERAL PRODUTCS, INC.-100%

...ML 51148 (SCH)....

TOTAL ASSIGNMENT – METALLIFEROUS MINERALS LEASES

Upon recommendation of Mr. Stokes, the Director approved the assignment of the leases listed below to Columbus Silver (US) Corporation, ATTN: Robert F. Giustra, Suite 307, 475 Howe Street, Vancouver, BC, Canada V6C 2B3, by Cordilleran Exploration Co., LLC. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

CORDILLERAN EXPLORATION CO., LLC-100%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

COLUMBUS SILVER (US) CORPORATION-100%

...ML 50498 (SCH)....ML 50944 (SCH)....

INTEREST ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of 30% interest in part of lands: W½ Sec. 29, T9S, R24E, SLB&M., 320.00 acres, in and to the lease listed below to Shiny One, USA, LLC, c/o Shiny One Limited, Suite 1908, 9 Queen’s Road Central, Hong Kong, by Thurston Energy, LLC. No override, but subject to overriding royalties as previously reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

T9S, R24E, SLB&M. 320.00 ACRES

SEC. 29: W½

SHINY ONE, USA, LLC-70%,

THURSTON ENERGY LLC-30%

T9S, R24E, SLB&M. 320.00 ACRES

SEC. 29: E½

WHITE RIVER ENTERPRISES, LLC-75%,

THERMO COGENERATION PARTNERSHIP L.P.-12.5%,

SEAHAWK ENERGY INC.-12.5%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

T9S, R24E, SLB&M. 320.00 ACRES

SEC. 29: W½

SHINY ONE, USA, LLC-100%

T9S, R24E, SLB&M. 320.00 ACRES

SEC. 29: E½

WHITE RIVER ENTERPRISES, LLC-75%,

THERMO COGENERATION PARTNERSHIP L.P.-12.5%,

SEAHAWK ENERGY INC.-12.5%

...ML 22161 (SCH)....

INTEREST ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES (CONTINUED)

Upon recommendation of Ms. Garrison, the Director approved the assignment of 30% interest in and to the lease listed below to Shiny One, USA, LLC, c/o Shiny One Limited, Suite 1908, 9 Queen's Road Central, Hong Kong, by Thurston Energy, LLC. No override, but subject to overriding royalties as previously reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

SHINY ONE, USA, LLC-70%,
THURSTON ENERGY LLC-30%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

SHINY ONE, USA, LLC-100%

....ML 28042 (SCH)....

REFUND OF OVERPAYMENT – ML 43541 AND ML 43541-A – OIL, GAS, AND HYDRDOCARBON (SCH)

The lessee of the above-numbered parent lease (ML 43541), Regoal Inc., has requested **a refund in the amount of \$6,760.00 for overpayment of rents, royalties, and minimum royalties paid for 2006.** The overpayment has been confirmed with the accounting department.

Upon recommendation of Ms. Garrison, the Director approved the above-listed refund.

CONTRACTION OF THE MULLIGAN UNIT

Kerr-McGee Oil & Gas Onshore, LP, operator of the Mulligan Unit, has furnished this office with evidence that the Bureau of Land Management has approved the automatic contraction of the unit boundary. This eliminates all lands outside the Mulligan Mesaverde Formation Participating Area effective September 22, 2011. The unit area total acreage has decreased from 15,382.14 acres to 160.00 acres.

The only School and Institutional Trust Lands Administration lease in the unit boundary, ML 47212, is contracted out of the unit area with no production. The lease will receive a two-year extension from the date of contraction with an expiration date of September 22, 2013, so long as advance rental and minimum royalty payments are made on the anniversary date.

This item was submitted by Ms. Wells for record-keeping purposes only.

SURFACE ACTIONS

RANGE IMPROVEMENT PROJECTS

RANGE IMPROVEMENT PROJECT NO. 319 (TERMINATION)

The above-referenced range improvement project will be terminated on Agency records because the permittee, Arthur F. Lyman, assigned the grazing permit (GP 22619) attached to this range improvement project to another permittee. The amortization schedule for RIP 319 will be canceled. Wayne County. School Fund.

Upon recommendation of Mr. Ron Torgerson, the Director approved the termination of the above-referenced range improvement project.

RANGE IMPROVEMENT PROJECT NO. 342 (TERMINATION)

The above-referenced range improvement project will be terminated on Agency records because the permittee, Arthur F. Lyman, assigned the grazing permit (GP 22619) attached to this range improvement project to another permittee. The amortization schedule for RIP 342 will be canceled. Wayne County. School Fund.

Upon recommendation of Mr. Ron Torgerson, the Director approved the termination of the above-referenced range improvement project.

EASEMENTS

RIGHT OF WAY NO. 1765 (RELINQUISHMENT)

APPLICANT'S NAME AND ADDRESS:

PacifiCorp dba Rocky Mountain Power
Right of Way Services
1407 West North Temple, Suite 110
Salt Lake City, UT 84116

LEGAL DESCRIPTION:

Township 8 North, Range 2 West, SLB&M
Section 16: (Within)

COUNTY: Box Elder

ACRES: 1.85

FUND: School

On June 25, 1979, Right of Way No. 1765 was approved for Utah Power and Light, predecessor to PacifiCorp dba Rocky Mountain Power, to install and maintain a 345 kV power line for a perpetual term with an administrative fee due every three years. On December 15, 2011, PacifiCorp dba Rocky Mountain Power sent written notification that the power line had been removed, and requested that the right of way be removed from all future billings and that the right of way be relinquished.

Upon recommendation of Mr. Scott Bartlett, the Director terminated Right of Way No. 1765.

SPECIAL USE LEASE AGREEMENTS

SPECIAL USE LEASE AGREEMENT NO. 775 (FIVE-YEAR REVIEW)

SULA 775 is a government special use lease in the name of Grand County Water Conservancy District, P. O. Box 1046, Moab, UT 84532. The lease site is located in Grand County. School Fund.

1. **ANNUAL BASE RENTAL:**

The five-year lease rental review date for this government lease is January 1, 2012. The authorized use of the subject parcel is for a protection zone around a culinary water well.

A recent appraisal has been completed on this property as part of another transaction. This appraisal indicated the value of the subject parcel is \$300,000.00, and, therefore, it is recommended that the annual rental be increased from \$4,400.00 per year to \$9,750.00 per year, effective January 1, 2012. A certified notice was sent informing the lessee of this action. The lessee has concerns regarding this increase, and has requested the lease be amended to reduce the acreage. The Agency is now working with the lessee on the amendment. The lease fee will be reduced proportionate to the decrease in acres.

2. **DUE DILIGENCE AND PROPER USE:**

The development allowed by the lease has occurred. It is recommended that the lease be kept in force.

3. **PROPER USE:**

The leased premises are being used in accordance with the lease agreement.

4. **ADEQUATE INSURANCE AND BOND COVERAGE:**

Insurance coverage is not presently required by the lease agreement. The lease allows for a bond to be required prior to commencement of any construction. As there will be no construction or improvements of any kind on this lease, a bond has not been required. An inspection of the subject property revealed nothing which indicated a need for a bond.

5. **WATER RIGHTS AND WELLS:**

There are no Trust-owned water rights associated with this lease.

6. **ENVIRONMENTAL COMPLIANCE:**

This lease was inspected and reviewed for environment compliance on October 12, 2011, and has been rated as low-risk. There is no evidence of underground or above ground petroleum storage tanks, stained soil, 55-gallon drums/containers of any size, unauthorized uses, or solid waste on the premises. The site appears clean and orderly. The Environmental Site Inspection Form is in the file.

7. **GIS REVIEW:**

The lessee is now working on a new survey and legal description for the reduced acreage, which will be submitted to GIS for review.

8. **NEXT ASSESSMENT DATE:**

The next assessment date will be January 1, 2017.

Upon recommendation of Mr. Lou Brown, the Director approved the five-year review for SULA 775.

SPECIAL USE LEASE AGREEMENT NO. 1505 (FIVE-YEAR REVIEW AND DUE DILIGENCE EXTENSION OF TIME)

SULA 1505 is an industrial special use lease in the name of Anadarko Uintah Midstream, LLC, Attn: Surface Land Department, 1099 18th Street, Suite 1800, Denver, Colorado 80202. The lease site is located in Uintah County. School Fund.

1. **ANNUAL BASE RENTAL:**

The 5-year lease rental review date for this industrial lease is February 1, 2012. The authorized use of the subject parcel is the operation and maintenance of a natural gas compressor station, known as the Love Compressor.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of comparable properties in the area has been estimated to be \$300.00 per acre.

Based on this analysis, it has been determined that an appraisal is not warranted and, therefore, it is recommended that the CPI index be used to adjust the annual rental, which will be increased from \$15,000.00 per year to \$16,690.00 per year, effective February 1, 2012. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$16,690.00

Acres in lease: 21.07

Rental per acre: \$792.12

2. **DUE DILIGENCE AND PROPER USE:**

The development allowed by the lease has not occurred. The lessee has requested a three-year extension of the due diligence period of this lease. Development of their natural gas field has yet to require the construction of this compressor station; however, the lessee expects that it will be required within the next three years. It is recommended that the lease be kept in force, and reviewed for due diligence in three years.

3. **PROPER USE:**

No development has yet occurred on the leased premises.

4. **ADEQUATE INSURANCE AND BOND COVERAGE:**

Lessee has provided proof of adequate insurance coverage. The lease allows for a bond to be required or increased at any time during the term of the lease at the discretion of the Agency. A performance and reclamation bond in the amount of \$5,000.00 is currently in place.

5. **WATER RIGHTS AND WELLS:**

There are no Trust-owned water rights associated with this lease.

6. **ENVIRONMENTAL COMPLIANCE:**

This lease site was inspected on December 20, 2011. This inspection verified that no development has taken place on the site. As development of the site has yet to occur, there are no environmental compliance issues to be discussed at this time.

SPECIAL USE LEASE AGREEMENT NO. 1505 (FIVE-YEAR REVIEW AND DUE DILIGENCE EXTENSION OF TIME) (CONTINUED)

7. GIS REVIEW:
The lease administrator has had the legal description of this lease reviewed by the GIS Group.
8. NEXT ASSESSMENT DATE:
The next assessment date will be February 1, 2017.

Upon recommendation of Mr. Chris Fausett, the Director approved the 3-year extension of the due diligence period and the 5-year review for SULA 1505.

SPECIAL USE LEASE AGREEMENT NO. 1507 (5-YEAR REVIEW)

SULA 1507 is an industrial special use lease in the name of Anadarko Uintah Midstream, LLC, Attn: Surface Land Department, 1099 18th Street, Suite 1800, Denver, Colorado 80202. The lease site is located in Uintah County. School Fund.

1. ANNUAL BASE RENTAL:
The 5-year lease rental review date for this industrial lease is February 1, 2012. The authorized use of the subject parcel is the operation and maintenance of a natural gas compressor station, known as the Diablo Compressor.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of comparable properties in the area has been estimated to be \$300.00 per acre.

Based on this analysis, it has been determined that an appraisal is not warranted and, therefore, it is recommended that the CPI index be used to adjust the annual rental, which will be increased from \$15,000.00 per year to \$16,690.00 per year, effective February 1, 2012. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$16,690.00
Acres in lease: 21.86
Rental per acre: \$763.49

2. DUE DILIGENCE AND PROPER USE:
The development allowed by the lease has occurred. It is recommended that the lease be kept in force.
3. PROPER USE:
The leased premises are being used in accordance with the lease agreement.
4. ADEQUATE INSURANCE AND BOND COVERAGE:
Lessee has provided proof of adequate insurance coverage. The lease allows for a bond to be required or increased at any time during the term of the lease at the discretion of the Agency. A performance and reclamation bond in the amount of \$5,000.00 is currently in place.
5. WATER RIGHTS AND WELLS:
There are no Trust-owned water rights associated with this lease.

SPECIAL USE LEASE AGREEMENT NO. 1507 (5-YEAR REVIEW) (CONTINUED)

6. ENVIRONMENTAL COMPLIANCE:

This lease was inspected and reviewed for environmental compliance on November 21, 2011, and has been rated as medium-risk. There are above ground storage tanks of various sizes for condensate, produced water, lubricating oil, and methanol storage on the site. All tanks appear to be in good working condition, and have proper secondary containment in place. There is no evidence of underground petroleum storage tanks, unauthorized uses, or solid waste on the premises. The site appears clean and orderly, and hazardous materials, if any, are kept in an enclosed area with secondary containment. The Environmental Site Inspection Form is in the file.

7. GIS REVIEW:

The lease administrator has had the legal description of this lease reviewed by the GIS Group.

8. NEXT ASSESSMENT DATE:

The next assessment date will be February 1, 2017.

Upon recommendation of Mr. Chris Fausett, the Director approved the 5-year review for SULA 1507.

SPECIAL USE LEASE AGREEMENT NO. 1508 (5-YEAR REVIEW)

SULA 1508 is an industrial special use lease in the name of Anadarko Uintah Midstream, LLC, Attn: Surface Land Department, 1099 18th Street, Suite 1800, Denver, Colorado 80202. The lease site is located in Uintah County. School Fund.

1. ANNUAL BASE RENTAL:

The 5-year lease rental review date for this industrial lease is February 1, 2012. The authorized use of the subject parcel is the operation and maintenance of a natural gas compressor station, known as the Bitter Creek Compressor.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of comparable properties in the area has been estimated to be \$300.00 per acre.

Based on this analysis, it has been determined that an appraisal is not warranted and, therefore, it is recommended that the CPI index be used to adjust the annual rental, which will be increased from \$15,000.00 per year to \$16,690.00 per year, effective February 1, 2012. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$16,690.00

Acres in lease: 27.15

Rental per acre: \$614.73

2. DUE DILIGENCE AND PROPER USE:

The development allowed by the lease has occurred. It is recommended that the lease be kept in force.

3. PROPER USE:

The leased premises are being used in accordance with the lease agreement.

SPECIAL USE LEASE AGREEMENT NO. 1508 (5-YEAR REVIEW) (CONTINUED)

4. **ADEQUATE INSURANCE AND BOND COVERAGE:**
Lessee has provided proof of adequate insurance coverage. The lease allows for a bond to be required or increased at any time during the term of the lease at the discretion of the Agency. A performance and reclamation bond in the amount of \$5,000.00 is currently in place.
5. **WATER RIGHTS AND WELLS:**
There are no Trust-owned water rights associated with this lease.
6. **ENVIRONMENTAL COMPLIANCE:**
This lease was inspected and reviewed for environmental compliance on November 21, 2011, and has been rated as medium-risk. There are above ground storage tanks of various sizes for condensate, produced water, lubricating oil, and methanol storage on the site. All tanks appear to be in good working condition and have proper secondary containment in place. There is no evidence of underground petroleum storage tanks, unauthorized uses, or solid waste on the premises. The site appears clean and orderly, and hazardous materials, if any, are kept in an enclosed area with secondary containment. The Environmental Site Inspection Form is in the file.
7. **GIS REVIEW:**
The lease administrator has had the legal description of this lease reviewed by the GIS Group.
8. **NEXT ASSESSMENT DATE:**
The next assessment date will be February 1, 2017.

Upon recommendation of Mr. Chris Fausett, the Director approved the 5-year review for SULA 1508.

SPECIAL USE LEASE AGREEMENT NO. 1509 (5-YEAR REVIEW)

SULA 1509 is an industrial special use lease in the name of Anadarko Uintah Midstream, LLC, Attn: Surface Land Department, 1099 18th Street, Suite 1800, Denver, Colorado 80202. The lease site is located in Uintah County. School Fund.

1. **ANNUAL BASE RENTAL:**
The 5-year lease rental review date for this industrial lease is February 1, 2012. The authorized use of the subject parcel is the operation and maintenance of a natural gas compressor station, known as the White River Compressor.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of comparable properties in the area has been estimated to be \$300.00 per acre.

Based on this analysis, it has been determined that an appraisal is not warranted and, therefore, it is recommended that the CPI index be used to adjust the annual rental, which will be increased from \$15,000.00 per year to \$16,690.00 per year, effective February 1, 2012. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$16,690.00
Acres in lease: 20.70
Rental per acre: \$806.28

SPECIAL USE LEASE AGREEMENT NO. 1509 (5-YEAR REVIEW) (CONTINUED)

2. **DUE DILIGENCE AND PROPER USE:**
The development allowed by the lease has occurred. It is recommended that the lease be kept in force.
3. **PROPER USE:**
The leased premises are being used in accordance with the lease agreement.
4. **ADEQUATE INSURANCE AND BOND COVERAGE:**
Lessee has provided proof of adequate insurance coverage. The lease allows for a bond to be required or increased at any time during the term of the lease at the discretion of the Agency. A performance and reclamation bond in the amount of \$5,000.00 is currently in place.
5. **WATER RIGHTS AND WELLS:**
There are no Trust-owned water rights associated with this lease.
6. **ENVIRONMENTAL COMPLIANCE:**
This lease was inspected and reviewed for environmental compliance on November 21, 2011, and has been rated as medium-risk. There are above ground storage tanks of various sizes for condensate, produced water, lubricating oil, and methanol storage on the site. All tanks appear to be in good working condition, and have proper secondary containment in place. There is no evidence of underground petroleum storage tanks, unauthorized uses, or solid waste on the premises. The site appears clean and orderly, and hazardous materials, if any, are kept in an enclosed area with secondary containment. The Environmental Site Inspection Form is in the file.
7. **GIS REVIEW:**
The lease administrator has had the legal description of this lease reviewed by the GIS Group.
8. **NEXT ASSESSMENT DATE:**
The next assessment date will be February 1, 2017.

Upon recommendation of Mr. Chris Fausett, the Director approved the 5-year review for SULA 1509.

SPECIAL USE LEASE AGREEMENT NO. 1514 (5-YEAR REVIEW)

SULA 1514 is an industrial special use lease in the name of Anadarko Uintah Midstream, LLC, Attn: Surface Land Department, 1099 18th Street, Suite 1800, Denver, Colorado 80202. The lease site is located in Uintah County. School Fund.

1. **ANNUAL BASE RENTAL:**
The 5-year lease rental review date for this industrial lease is February 1, 2012. The authorized use of the subject parcel is the operation and maintenance of a natural gas compressor station, known as the Sand Wash Compressor.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of comparable properties in the area has been estimated to be \$300.00 per acre.

SPECIAL USE LEASE AGREEMENT NO. 1514 (5-YEAR REVIEW) (CONTINUED)

Based on this analysis, it has been determined that an appraisal is not warranted and, therefore, it is recommended that the CPI index be used to adjust the annual rental, which will be increased from \$15,000.00 per year to \$16,690.00 per year, effective February 1, 2012. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$16,690.00

Acres in lease: 15.85

Rental per acre: \$1,053.00

2. **DUE DILIGENCE AND PROPER USE:**

The development allowed by the lease has occurred. It is recommended that the lease be kept in force.

3. **PROPER USE:**

The leased premises are being used in accordance with the lease agreement.

4. **ADEQUATE INSURANCE AND BOND COVERAGE:**

Lessee has provided proof of adequate insurance coverage. The lease allows for a bond to be required or increased at any time during the term of lease at the discretion of the Agency. A performance and reclamation bond in the amount of \$5,000.00 is currently in place.

5. **WATER RIGHTS AND WELLS:**

There are no Trust-owned water rights associated with this lease.

6. **ENVIRONMENTAL COMPLIANCE:**

This lease was inspected and reviewed for environmental compliance on November 21, 2011, and has been rated as medium-risk. There are above ground storage tanks of various sizes for condensate, produced water, lubricating oil and methanol storage on the site. All tanks appear to be in good working condition, and have proper secondary containment in place. There is no evidence of underground petroleum storage tanks, unauthorized uses, or solid waste on the premises. The site appears clean and orderly, and hazardous materials, if any, are kept in an enclosed area with secondary containment. The Environmental Site Inspection Form is in the file.

7. **GIS REVIEW:**

The lease administrator has had the legal description of this lease reviewed by the GIS Group.

8. **NEXT ASSESSMENT DATE:**

The next assessment date will be February 1, 2017.

Upon recommendation of Mr. Chris Fausett, the Director approved the 5-year review for SULA 1514.

SPECIAL USE LEASE AGREEMENT NO. 1544 (TERM EXTENSION – RENEWAL OPTION)

The above numbered SULA is issued to U. S. Army Corps of Engineers, 1325 J. Street, Sacramento, CA 95814. This lease was approved on March 23, 2009, for a one year term, with annual renewal options up to five years. This lease will expire its term on February 28, 2012. The applicant has requested, and is exercising the third renewal option on this lease, for an additional one year period. The new expiration date for this lease will be February 28, 2013. There is no fee required, as this is part of the original lease agreement.

The legal description on this lease has been reviewed by the GIS Group.

This item has been submitted by Mr. Lou Brown for record-keeping purposes.

SPECIAL USE LEASE NO. 1162 (RECLAMATION BOND)

On the Director's Minutes of November 14, 2011, the name was changed on this lease from Nextel West Corporation to TowerCo Assets, LLC, 5000 Valleystone Drive, Cary, NC 27519. TowerCo Assets, LLC has submitted Corporate Surety Bond No. 249054 in the amount of \$10,000.00, effective February 23, 2009. The bonding company is RLI Insurance Company, c/o Marsh USA, Inc., 2405 Grand Blvd., Ste. 900, Kansas City, MO 64108. The bond, No. 103968155, previously submitted by Nextel West Corp., in the amount of \$10,000.00 is hereby being released. Millard County School Fund.

Upon recommendation of Ms. Linda Bianchi, the Director accepted the bond submitted for SULA 1162 by TowerCo Assets, LLC, and approved the release of the bond for Nextel West Corporation.

TIMBER SALES

TIMBER SALE NO. 841 (CLOSEOUT)

Western Excelsior Corporation, P.O. Box 659, Mancos, Colorado 81328, has completed this timber sale (Deep Creek), and has requested that it be closed-out. Agency staff has inspected the sale area, and has determined that all requirements have been met. The bonds for this sale are associated with the Long-Term Agreement and, therefore, will not be released.

Upon recommendation of Mr. Adam Robison, the Director approved the closeout of TA 841.

TIMBER SALE NO. 851 (CLOSEOUT)

Western Excelsior Corporation, P.O. Box 659, Mancos, Colorado 81328, has completed this timber sale (Horse Pasture), and has requested that it be closed-out. Agency staff has inspected the sale area, and has determined that all requirements have been met. The bonds for this sale are associated with the Long-Term Agreement and, therefore, will not be released.

Upon recommendation of Mr. Adam Robison, the Director approved the closeout of TA 851.

WATER RIGHTS

WATER RIGHT 09-2698 (CERTIFICATE OF BENEFICIAL USE)

Water Right 09-2698 (Slick Horn Allotment), in the amount of 2.255 acre feet, is located on Polly Mesa in San Juan County on the following described trust land:

Township 39 South, Range 17 East, SLB&M
Section 16: NW¼SE¼

The State Engineer has issued a Certificate of Beneficial Use for this water right, which is the final step in completing its appropriation. The original Certificate is filed in the Title Document Drawer.

This item was submitted by Mr. Richard Wilcox for record-keeping purposes.

DEVELOPMENT ACTIONS

DEVELOPMENT SUBDIVISION SALE

THE FOLLOWING SALE HAS BEEN EXECUTED AND PATENT ISSUED:

SUBD 12.0 Estates at Hidden Valley Phase 1

This transaction has been executed pursuant to Development Lease DEVL 754.

LEGAL DESCRIPTION: (SUBDIVISION)

Section 18, Township 43.0 S, Range 15.0 W, SLBM

PURCHASER:

IVORY SOUTHERN, LLC
3143 SOUTH 840 EAST
SAINT GEORGE, UT 84790

LOT SALE DESCRIPTION:

Desc /	Certificate #	Cert/Sale Dt	Patent #	Patent Dt	Lot Price	Fee	Acreage	Fund	Section
Lot 3	26417-12-3	12/12/11	19989-12-3	01/31/07	\$25,839.00	\$0.00	0.15	SCH	18

The legal description of the lot described above has been reviewed by the GIS Group.

MINERAL RESERVATIONS:

Excepting and reserving all coal and other mineral deposits along with the right for the State or other authorized persons to prospect for, mine, and remove the deposits, provided the State or other authorized persons do not enter upon or use the surface or any part of the premises above a depth of 500 feet below the surface and provided the State or other authorized persons retain all appropriate structural support of the premises.

DEVELOPMENT SUBDIVISION SALE ESTATES AT HIDDEN VALLEY PHASE 1 (CONTINUED)

SURFACE RESERVATIONS:

Subject to the Amended and Restated Master Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Hidden Valley at St. George, as recorded on January 26, 2007, as Entry No. 20070004364, records of Washington County, Utah; also,

Subject to the Amended and Restated Neighborhood Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Estates at Hidden Valley, as recorded on January 26, 2007, as Entry No. 20070004367, records of Washington County, Utah; also,

Subject to an easement across the property for utilities as shown on the recorded plat map; also,

Subject to any valid, existing rights of way of any kind and any right, interest, reservation or exception appearing of record, and subject also to all rights of way for ditches, tunnels, and telephone and transmission lines that have been or may be constructed by the United States as provided by statute.

This item was submitted for record-keeping purposes by Ms. Andrea James.

ACTIONS CONTAINING FEE WAIVERS

NONE

**TERMINATION OF SPECIAL USE LEASE AGREEMENT GMB/LB-001 AND SUBSEQUENT ASSIGNMENT
(CONTINUED)**

The Director begrudgingly acknowledges that Ms. Belnap has met the technical requirements for retirement; however, this was conditioned upon a cultural resources review. SITLA's archaeological staff reviewed Ms. Belnap's application for retirement. Eligible archaeological issues were identified and documented; therefore, cultural resources clearance was granted for the retirement, with a finding of "A Historic Person is Retiring." The Director approved Ms. Belnap's retirement on the condition that the Belnap Family Trust appropriately maintain, coddle, respect, and cater to the "Historic Person" subsequent to her retirement with a provision that SITLA staff may periodically inspect and review the care and treatment Ms. Belnap is receiving.

Upon recommendation, the Director approved the Termination of Special Use Lease Agreement GMB/LB-001 and Subsequent Assignment.