JULY 6, 2010

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON JULY 6, 2010, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE MINERAL, SURFACE, FEE WAIVER, AND TRUST ACCOUNTING BUSINESS MATTERS AS INDICATED AND WHICH BECOME EFFECTIVE AT 6:00 P.M. ON JULY 6, 2010.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES 1 TO 3; SURFACE ACTIONS AS LISTED ON PAGES 4 TO 11; ACTIONS CONTAINING FEE WAIVERS AS LISTED ON PAGE 12; AND TRUST ACCOUNTING ACTIONS AS LISTED ON PAGES 12 TO 13.

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 6:00 P.M. ON TUESDAY, JULY 20, 2010. 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
LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

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**M I N E R A L  A C T I O N S**

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**TOTAL ASSIGNMENT – OIL, GAS, AND HYDROCARBON LEASE**

Upon recommendation of Ms. Garrison, the Director approved the assignment of the lease listed below to Gasco Production Company, 8 Inverness Drive East, Suite 100, Englewood, CO 80112-5625, by Petro-Canada Resources (USA) Inc. No override, but subject to previous overrides as reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:
***RECORD TITLE:***
PETRO-CANADA RESOURCES (USA) INC. - 100%

OWNERSHIP AFTER ASSIGNMENT:
***RECORD TITLE:***
GASCO PRODUCTION COMPANY – 100%

….ML 51363 (SCH)….

**INTEREST ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES**

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in and to the leases listed below to III Exploration II LP, 960 Broadway, Suite 500, Boise, ID 83707, by Questar Exploration and Production Company. No override, but subject to previous overrides as reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:
***RECORD TITLE:***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 50%,***
EOG RESOURCES INC. – 50%

OWNERSHIP AFTER ASSIGNMENT:
***RECORD TITLE:***
EOG RESOURCES INC. – 50%,
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 40%,***
***III EXPLORATION II LP – 10%***

….ML 47049 (SCH)….ML 47051 (SCH)…..

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in and to the leases listed below to III Exploration II LP, 960 Broadway, Suite 500, Boise, ID 83707, by Questar Exploration and Production Company. No override, but subject to previous overrides as reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:
***RECORD TITLE:***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 71.875%,***
III EXPLORATION COMPANY – 28.125%

OWNERSHIP AFTER ASSIGNMENT:
***RECORD TITLE:***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 61.875%,***
III EXPLORATION COMPANY – 28.125%,
***III EXPLORATION II LP – 10%***

….ML 47056 (SCH)….ML 47057 (SCH)…..

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

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in and to the lease listed below to III Exploration II LP, 960 Broadway, Suite 500, Boise, ID 83707, by Questar Exploration and Production Company. No override, but subject to previous overrides as reserved. Effective June 1, 2004, the Trust Lands Administration assumes no responsibility in reviewing, collecting, or distributing overriding royalty.

OWNERSHIP BEFORE ASSIGNMENT:
***RECORD TITLE:***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 100%***

OWNERSHIP AFTER ASSIGNMENT:
***RECORD TITLE***:
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 90%,***
***III EXPLORATION II LP – 10%***

….ML 45175 (SCH)….

**OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES**

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in operating rights from surface to the Base of the Green River Formation being the stratigraphic equivalent of 40 feet below the base of the "C" Shoal Marker found at a subsurface depth of 5340 feet as shown on the Electric Log of the Chandler West River Bend 3-12-10-15 Well located in the NW¼ of Sec. 12, T10S, R15E, SLB&M., in and to the leases listed below to III Exploration II LP, 960 Broadway, Suite 500, Boise, ID 83707, by Questar Exploration and Production Company. 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:
QUESTAR EXPLORATION AND PRODUCTION COMPANY – 50%,
EOG RESOURCES INC. – 50%
***OPERATING RIGHTS: SURFACE TO BASE OF GREEN RIVER FORMATION***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 50%,***
EOG RESOURCES INC. – 50%

OWNERSHIP AFTER ASSIGNMENT:
RECORD TITLE:
QUESTAR EXPLORATION AND PRODUCTION COMPANY – 50%,
EOG RESOURCES INC. – 50%
***OPERATING RIGHTS: SURFACE TO BASE OF GREEN RIVER FORMATION***
EOG RESOURCES INC. – 50%,
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 40%,***
***III EXPLORATION II LP – 10%***

….ML 47049 (SCH)….ML 47051 (SCH)….

**OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES (CONTINUED)**

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in operating rights from surface to the Base of the Green River Formation being the stratigraphic equivalent of 40 feet below the base of the "C" Shoal Marker found at a subsurface depth of 5340 feet as shown on the Electric Log of the Chandler West River Bend 3-12-10-15 Well located in the NW¼ of Sec. 12, T10S, R15E, SLB&M., in and to the leases listed below to III Exploration II LP, 960 Broadway, Suite 500, Boise, ID 83707, by Questar Exploration and Production Company. 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:
QUESTAR EXPLORATION AND PRODUCTION COMPANY – 71.875%,
III EXPLORATION COMPANY – 28.125%
***OPERATING RIGHTS: SURFACE TO BASE OF GREEN RIVER FORMATION***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 71.875%,***
III EXPLORATION COMPANY – 28.125%

OWNERSHIP AFTER ASSIGNMENT:
RECORD TITLE:
QUESTAR EXPLORATION AND PRODUCTION COMPANY – 71.875%,
III EXPLORATION COMPANY – 28.125%
***OPERATING RIGHTS: SURFACE TO BASE OF GREEN RIVER FORMATION***
***QUESTAR EXPLORATION AND PRODUCTION COMPANY – 61.875%,***
III EXPLORATION COMPANY – 28.125%,
***III EXPLORATION II LP – 10%***

….ML 47056 (SCH)….ML 47057 (SCH)….ML 45175 (SCH)….

Upon recommendation of Ms. Garrison, the Director approved the assignment of 100% interest in operating rights below the base of the Green River Formation (5380') in and to the leases listed below to Gasco Production Company, ATTN: Mari Johnson, 8 Inverness Drive East, Suite 100, Englewood, CO 80112-5625, by Petro-Canada Resources (USA) Inc. 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:
EOG RESOURCES, INC. – 100%
***OPERATING RIGHTS: BELOW BASE OF GREEN RIVER FORMATION (5380')***
***PETRO-CANADA RESOURCES (USA) INC. - 100%***

OWNERSHIP AFTER ASSIGNMENT:
RECORD TITLE:
EOG RESOURCES, INC. – 100%
***OPERATING RIGHTS: BELOW BASE OF GREEN RIVER FORMATION (5380')***
***GASCO PRODUCTION COMPANY – 100%***

….ML 49391(SCH)….ML 49392 (SCH)….

**ASSIGNMENT OF ORPHAN WELLS AND OPERATING RIGHTS**

Upon recommendation of Ms. Garrison, the Director approved the assignment of the State 16-1 Wellbore (API 43 019 30546) located in the NE¼NE¼ Sec. 16, T20S, R21E, SLB&M., and the Baxter 16-2 Wellbore (API 43 019 30590) located in the SE¼NE¼ Sec. 16, T20S, R21E, SLB&M., Grand County, Utah, including wellbores, all casing or other production equipment appurtenant thereto, and such operating rights as the assignee may exercise in and to the lease listed below to Pride Ventures LLC, P.O. Box 328, Bloomfield, NM 87413, by The School and Institutional Trust Lands Administration.

….ML 48394 (SCH)….

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**S U R F A C E  A C T I O N S**

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## GRAZING PERMITS

### GRAZING PERMIT NO. 20420-00 (PARTIAL NON-USE)

The Parker Mountain Grazing Association, P.O. Box 13, Loa, UT 84747, has requested 9.3% (643.5 AUMs) partial non-use, due to a late spring, on GP 20420-00. Agency staff requested that livestock be kept off the allotment for one week due to the late spring and lack of forage. Three members of the association also agreed to run reduced numbers to provide for needed range rest. The 2010/2011 grazing bill will be reduced to $43,970.85 ($43,259.55 grazing assessment, $691.30 weed fee, and $20.00 non-use fee). Piute and Wayne Counties. School Fund.

Upon recommendation of Mr. Ron Torgerson, the Director approved the partial non-use for GP 20420-00.

### GRAZING PERMIT NO. 23190 (PARTIAL NON-USE)

Paria Valley Livestock, LLC, P.O. Box 1167, Page, AZ 86040, has requested 50% non-use (57 AUMs), due to lack of forage, on GP 23190 during the 2010-2011 grazing season. Agency staff has verified this non-use request. The $20.00 non-use fee has been paid along with rental and weed fees for the remaining AUMs. Kane County. School Fund.

Upon recommendation of Mr. Ron Torgerson, the Director approved the partial non-use for GP 23190.

## RANGE IMPROVEMENT PROJECTS

### RANGE IMPROVEMENT PROJECT NO. RIP 357

APPLICANT'S NAME AND ADDRESS:
Division of Forestry, Fire and State Lands
1594 West North Temple
Salt Lake City, Utah 84114

LEGAL DESCRIPTION OF LANDS DIRECTLY AFFECTED:
T5S, R2W, SLB&M
Section 18: E½NW¼, Lot 1 & 2, SE¼ (within)
Section 19: E½ (within)
Section 30: Lot 3, 4, NE¼NW¼ (within)
Section 31: Lots 1 & 2 (within)

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

COUNTY: Utah FUND: School

**RANGE IMPROVEMENT PROJECT NO. RIP 357 (CONTINUED)**

REQUESTED/PROPOSED ACTION:

The applicant proposes to construct a 3.75 mile long "fuels break." The lower portion (about 1.5 miles) of the fuels break will consist of mechanically removing juniper trees with saws or heavy equipment. These sites will be treated with chemical to reduce cheatgrass, and then the entire site will be seeded with desirable grass and forb species. This lower portion of the fuels break will follow the proposed development plan set forth by the Agency's Development Group. The upper portion will be chemically treated then seeded with desirable forbs.

RELEVANT FACTUAL BACKGROUND:

The applicant submitted a proposal for this range improvement project on May 5, 2009.

The proposed project was submitted to the Resource Development Coordinating Committee ("RDCC") for review. RDCC responded with comments from the Division of Air Quality stating that Air Quality Rules in R307-309 (fugitive dust) need to be complied with during construction of the project. The applicant has committed to comply with all air quality rules.

The Agency's staff cultural specialist cleared the site and determined that it is okay to proceed.

A search of Agency records was made to determine the status of the area involved. The grazing permittees of record are GP 21492-00 (Rial Berry), who is a cooperator of the project and will rest his portion of the project for two years; GP 22155-08 (Neven Southwick), GP 22822-01 (Cedar Valley Farms), and GP 21822-08 (Sherwin Allred) have no objections to the project. There is one mineral lease (ML 50597) within the project area but it will not be impacted by the project.

Project cost on trust lands is valued at $120,000. Because the applicant is not the permittee of record, the project will not be eligible for amortization. Note: The life of the project (the benefit) is 10 years.

EVALUATION OF THE FACTS:

This range improvement is in compliance with R850-50-1100(5)(a) and (b). The project does enhance the value of the resources pursuant to R850-50-1100(5)(c).

Upon recommendation of Mr. Chamberlain, the Director approved Range Improvement Project No. 357. This summary will constitute the Record of Decision.

**EASEMENTS**

**EASEMENT NO. 1554 (APPROVAL)**

APPLICANT'S NAME AND ADDRESS:

Wolverine Operating Company of Utah, LLC
1140 N. Centennial Park Drive
Richfield, Utah 84701

LEGAL DESCRIPTION:

Township 17 South, Range 1 East, SLB&M
Section 32: NW¼NW¼ (within)

A 60 foot wide easement, being 30 feet on either side of the following described centerline:

**EASEMENT NO. 1554 (APPROVAL) (CONTINUED)**

Beginning at a point located S 00°14'11" W along the west line of Section 32, T17S, R1E, SLB&M, 1050.88 feet from the Northwest Corner of said Section 32; thence around a 500.00 foot radius curve to the right, 85.66 feet (chord bears N 47°01'47" E 85.55 feet); thence N 51°56'15" E 58.85 feet; thence around a 250.00 foot radius curve to the left, 65.22 feet (chord bears N 44°27'52" E 65.03 feet); thence N 36°59'28" E 173.15 feet; thence around a 150.00 foot radius curve to the left, 80.29 feet (chord bears N 21°39'28" E 79.33 feet); thence N 06°19'28" E 10.15 feet; thence around a 150.00 foot radius curve to the right, 109.54 feet (chord bears N 27°14'43" E 107.12 feet); thence N 48°09'58" E 10.82 feet; thence around a 150.00 foot radius curve to the left, 74.48 feet (chord bears N 33°56'29" E 73.72 feet); thence N 19°43'00" E 56.47 feet to the point of termination, said point of termination being located S 40°29'09" E 619.23 feet from the northwest corner of said Section 32.

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

COUNTY: Sanpete ACRES: 1.00 FUND: School

PROPOSED ACTION:

The applicant has requested a non-exclusive easement to construct, operate, repair, and maintain an access road. The proposed access road will be new construction and will be used to provide access to the Rough Canyon 30-1 Well pad. The well pad is being constructed on trust land surface and will be used to directionally drill into federal minerals. The well pad is currently being reviewed under Special Use Lease No. 1680. The proposed easement corridor is 724.63 feet long and 60 feet wide, containing 1.00 acre. The requested term of the easement is 30 years.

RELEVANT FACTUAL BACKGROUND:

The subject "Application to Purchase an Easement" was received on March 1, 2010. It was submitted for the Agency review on March 3, 2010, and was accepted by the Director on March 18, 2010.

The proposed easement was sent to the Resource Development Coordinating Committee ("RDCC"), the Six County Association of Governments, and the Sanpete County Commission for review on March 8, 2010. The following comments were received from the RDCC:

Division of Air Quality:

*"The proposed project is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that will be generated during the excavation of the roadway for the project and possibly the pad (based on pad size). These rules apply to construction activities that disturb an area greater than ¼ acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover, or windbreaks. A copy of the rules may be found at: www.rules.utah.gov/publicat/code/r307/r307.htm.*

*"The proposed well drilling project may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah 84116, for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality rules.*

**EASEMENT NO. 1554 (APPROVAL) (CONTINUED)**

*"The Utah Division of Air Quality ("DAQ") encourages the use of Best Management Processes in protecting air quality in Utah. We recommend emission standards for stationary reciprocating internal combustion engines. These standards are 2 g/bhp-hr for engines less than 300 HP and 1 g/bhp-hr for engines over 300 HP. DAQ encourages the Trust Lands Administration to impose these emission standards as lease conditions for all new and relocated engines, and as conditions for approval for all new applications for permits to drill."*

The project area has been surveyed for cultural resources by Western Land Services (#U-09-LW-0763b,s).

EVALUATION OF FACTS:
The comments submitted through the RDCC have been evaluated and the Agency's response was as follows:

Division of Air Quality:

*"The applicant has been informed of the comments submitted by the Utah Division of Air Quality. Furthermore, our lease agreement requires that the Lessee comply with the provisions of all Federal, State, County, and Municipal laws, ordinances, and regulations which are applicable to the subject tract and operations covered by the lease."*

The applicant has been notified of the comments received from the RDCC.

The Agency's Archaeology staff has reviewed the cultural resource documents submitted in support of the proposed lease and has granted cultural resource clearance for the project with a finding of "No Historic Properties."

Upon recommendation of Mr. Chris Fausett, the Director approved the applicant's request for a non-exclusive easement. The term of the easement will be for 30 years beginning July 1, 2010, and expiring June 30, 2040. The application fee of $750.00 and the easement rental assessment of $658.75 have been submitted. Pursuant to R850-40-1800, an administrative fee will be assessed every three years throughout the term of the easement, with the first payment being due January 1, 2013.

**EASEMENT NO. 1556 (APPROVAL)**

APPLICANT'S NAME AND ADDRESS:
Emily Dawn Jones
717 Moran Ave.
Salem, Virginia 24153

LEGAL DESCRIPTION:
Township 8 South, Range 2 West, SLB&M
Section 26: Lot 8 (within)

**Parcel 1 – Subsurface Easement**

A parcel of land, situated in the northwest quarter of Section 26, Township 8 South, Range 2 West, S.L.B.&M., Utah County, Utah; being more particularly described as follows:

**EASEMENT NO. 1556 (APPROVAL) (CONTINUED)**

Commencing at the Northwest Corner of Section 26, T8S, R2W, S.L.B.&M., a found 1917 U.S.G.L.O. brass cap, thence South 59°05'25" East a distance of 2455.21 feet to a point on a perpetual gravesite easement, said point being the true point of beginning:

Said perpetual gravesite easement is a 100 foot diameter sphere with a 50 foot radius around said point of beginning, at an elevation of 5,250 feet.

The total cross-sectional area of the Parcel 1 perpetual gravesite easement across the State of Utah School and Institutional Trust Lands, as described above, is 7,850 sq. ft. or 0.18 acre more or less.

**Parcel 2 – Surface Easement**

A parcel of land, situated in the northwest quarter of Section 26, Township 8 South, Range 2 West, S.L.B.&M., Utah County, Utah; being more particularly described as follows:

Commencing at the northwest corner of Section 26, T8S, R2W, S.L.B.&M., a found 1917 U.S.G.L.O. brass cap, thence South 58°02'49" East a distance of 2199.61 feet to the northwest corner of the perpetual gravesite easement parcel, said point being the true point of beginning of said parcel, thence along the said easement boundary line the following (4) four courses:

1. North 89°40'44" East a distance of 82.08 feet;
2. South 16°16'20" East a distance of 119.49 feet;
3. South 89°40'19" West a distance of 82.07 feet;
4. North 16°15'58" West a distance of 119.49 feet to the point of beginning.

The total area of the Parcel 2 perpetual gravesite easement across the State of Utah School and Institutional Trust Lands, as described above, is 9,249 sq. ft. or 0.22 acre more or less.

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

COUNTY: Utah ACRES: 0.40 FUND: School

PROPOSED ACTION:

The applicant has requested an exclusive easement located within Section 26, T8S, R2W, in Utah County. The purpose of the easement will be a gravesite and memorial site for John Edward Jones, who died in the Nutty Putty Cave on November 25, 2009. It has been determined that the remains of Mr. Jones cannot be safely removed from the cave and that, therefore, the cave will become his final resting place. A Director's Order was issued on December 3, 2009, permanently closing the cave and the cave was subsequently sealed. This easement will consist of two parcels. Parcel 1 will be a subsurface easement surrounding the remains of Mr. Jones. Parcel 2 will be a surface easement located around the cave entrance and will serve as a memorial site for Mr. Jones. The proposed easement parcels contain a total of 0.40 acre. The requested term of the easement is perpetuity.

RELEVANT FACTUAL BACKGROUND:

The subject "Application to Purchase an Easement" was submitted for the Agency review on March 23, 2010, and was accepted by the Director on March 30, 2010.

The proposed easement was exempt from review by the Resource Development Coordinating Committee ("RDCC") since it will not involve any new ground disturbance.

**EASEMENT NO. 1556 (APPROVAL) (CONTINUED)**

EVALUATION OF FACTS:

The Agency's Archaeology staff has reviewed the proposed easement and has determined that a cultural resources survey will not be required since the easement will not involve any new ground disturbance.

Upon recommendation of Mr. Chris Fausett, the Director approved the applicant's request for an exclusive easement. The term of the easement will be perpetual beginning July 1, 2010. The application fee of $750.00 and the easement rental assessment of $200.00 have been submitted. The administrative fee required pursuant to R850-40-1800 has been paid in a one-time payment of $1,000.00.

**SPECIAL USE LEASE AGREEMENTS**

**SPECIAL USE LEASE AGREEMENT NO. 1680 (APPROVAL)**

APPLICANT'S NAME AND ADDRESS:
Wolverine Operating Company of Utah, LLC
1140 N. Centennial Park Drive
Richfield, Utah 84701

| | | | |
|---|---|---|---|
| APPLICATION TYPE: Industrial | | FIRST YEAR RENTAL: | $7,500.00 |
| TERMS: 30 years | | APPLICATION FEE: | $ 250.00 |
| BEGINNING DATE: July 1, 2010 | | PROCESSING FEE: | $ 700.00 |
| ENDING DATE: June 30, 2040 | | ADVERTISING FEE: | $ 147.00 |
| NEXT REVIEW DATE: July 1, 2015 | | TOTAL SUBMITTED: | $8,597.00 |

LEGAL DESCRIPTION:
Township 17 South, Range 1 East, SLB&M
Section 32: NW¼NW¼ (within)

Beginning at a point 218.23 feet South and 209.67 feet East of the Northwest Corner of Section 32, T17S, R1E, SLB&M; thence N 54°59'39" E 316.07 ft; thence S 88°24'15" E 173.91 ft; thence S 47°58'46" E 231.28 ft; thence S 32°43'30" W 214.49 ft; thence S 65°47'31" W 458.42 ft; thence N 57°09'56" W 138.96 ft; thence N 9°40'28" E 275.34 ft to the point of beginning. Containing 4.937 acres.

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

COUNTY: Sanpete ACRES: 4.937 FUND: School

PROPOSED ACTION:

The applicant proposes to construct, operate, repair, and maintain a well pad site (Rough Canyon Federal 30-1). The well will be directionally drilled from the trust land surface estate into the adjacent federal land located in Section 30, Township 17 South, Range 1 East, SLB&M. Due to the rough terrain in the area, the trust land surface was the only suitable location the applicant could find to locate the well pad. The pipe will not be perforated, and no oil, gas, or hydrocarbons will be removed while passing through the subsurface of Section 32. Therefore, as the production from this well will not be associated with the Agency's mineral lease in Section 32, the well pad requires a special use lease agreement. An access road to the well pad is currently being reviewed by the Agency under Easement No. 1554. The lease footprint will contain 4.937 acres. The lease term will be 30 years.

**SPECIAL USE LEASE AGREEMENT NO. 1680 (APPROVAL) (CONTINUED)**

RELEVANT FACTUAL BACKGROUND:

The subject lease application was received on March 3, 2010. It was submitted for the Agency review on March 3, 2010, and was accepted by the Director on March 18, 2010.

The proposed lease was sent to the Resource Development Coordinating Committee ("RDCC"), the Six County Association of Governments, and the Sanpete County Commission for review and comment on March 8, 2010. The following comments were received from the RDCC:

Division of Air Quality:

*"The proposed project is subject to R307-205-5: Fugitive Dust, of the Utah Air Quality Rules, due to the fugitive dust that will be generated during the excavation of the roadway for the project and possibly the pad (based on pad size). These rules apply to construction activities that disturb an area greater than ¼ acre in size. A permit, known as an Approval Order, is not required from the Executive Secretary of the Air Quality Board, but steps need to be taken to minimize fugitive dust, such as watering and/or chemical stabilization, providing vegetative or synthetic cover, or windbreaks. A copy of the rules may be found at: www.rules.utah.gov/publicat/code/r307/r307.htm.*

*"The proposed well drilling project may require a permit, known as an Approval Order, from the Executive Secretary of the Air Quality Board. If any compressor or pump stations are constructed at the site, a permit application, known as a Notice of Intent (NOI), should be submitted to the Executive Secretary at the Utah Division of Air Quality at 150 N. 1950 West, Salt Lake City, Utah, 84116, for review according to R307-401: Permit: Notice of Intent and Approval Order, of the Utah Air Quality rules.*

*"The Utah Division of Air Quality ("DAQ") encourages the use of Best Management Processes in protecting air quality in Utah. We recommend emission standards for stationary reciprocating internal combustion engines. These standards are 2 g/bhp-hr for engines less than 300 HP and 1 g/bhp-hr for engines over 300 HP. DAQ encourages the Trust Lands Administration to impose these emission standards as lease conditions for all new and relocated engines, and as conditions for approval for all new applications for permits to drill."*

The project area has been surveyed for cultural resources by Western Land Services (#U-09-LW-0763b,s).

EVALUATION OF FACTS:

The comments submitted through the RDCC have been evaluated and the Agency's response was as follows:

Division of Air Quality:

*"The applicant has been informed of the comments submitted by the Utah Division of Air Quality. Furthermore, our lease agreement requires that that the Lessee comply with the provisions of all Federal, State, County, and Municipal laws, ordinances, and regulations which are applicable to the subject tract and operations covered by the lease."*

The applicant has been notified of the comments received from the RDCC.

The Agency's Archaeology staff has reviewed the cultural resource documents submitted in support of the proposed lease and has granted cultural resource clearance for the project with a finding of "No Historic Properties."

**SPECIAL USE LEASE AGREEMENT NO. 1680 (APPROVAL) (CONTINUED)**

Competing applications were solicited pursuant to R850-30-500(2) and no competing applications were received. The proposed annual rental of $7,500.00 meets the fair market value requirement of R850-30-400(1). The lease will have a clause providing for escalation of the annual rental at the end of each five-year period utilizing the approved index.

This action qualifies as an exclusion to the narrative Record of Decision process because it does not warrant the time and expense necessary to complete a full narrative record. Therefore, this summary will constitute the Record of Decision.

Upon recommendation of Mr. Chris Fausett, the Director approved the issuance of Special Use Lease No. 1680 for a term of 30 years. The $250.00 application fee, $700.00 processing fee, $147.00 advertising fee, and first year's rental of $7,500.00 have been paid. Pursuant to R850-30-400(5), the lease will have a five-year rental review, with the first review date being July 1, 2015.

**SPECIAL USE LEASE AGREEMENT NO. 1579 - ASSIGNMENT (APPROVAL)**

WIBLUE, INC., Attn. Nathan Foster, 456 Clarkson Street, Denver, CO 80128, has requested that 100% of the interest in the above-referenced special use lease agreement be officially assigned to SBA Towers II, LLC, a Florida Limited Liability Company, 5900 Broken Sound Parkway, NW, Boca Raton, Florida 33487, which is registered to do business in the State of Utah.

The lessee has submitted the required $250.00 lease assignment fee along with the signed and notarized assignment forms.

All other requirements of R850-30-900 have been reviewed. Pursuant to R850-30-900(5)(a), staff reviewed the current lease form. The lease form, issued in 2008, is still considered acceptable and includes provisions for insurance and bonding which will be required of the new lessee. The lease is a 25-year lease with a beginning date of July 1, 2008, and an expiration date of June 30, 2033.

County: Sanpete Fund: School

Upon recommendation of Mr. Gary Bagley, the Director approved the assignment of SULA 1579.

**SALES**

**PRE SALE NO. 8456 (CANCELLATION AND REFUND OF APPRAISAL DEPOSIT)**

The above-numbered sale application, applied for by the Utah National Parks Council, 748 North 1340 West, Orem, UT 84057, is to be canceled. The Trust Lands Administration has determined that it is not in the best interest of the Trust Beneficiary to sell this land at this time. A notice was sent to the applicant informing them of this action and no comments were received. **The appraisal deposit of $4,800.00 should be refunded to the Utah National Parks Council, 748 North, 1340 West, Orem, UT 84057.**

Upon recommendation of Mr. Brown, the Director approved the cancellation of PS 8456 and the refund of the appraisal deposit.

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## ACTIONS CONTAINING FEE WAIVERS

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**SPECIAL USE LEASE AGREEMENT NO. 1164 (WAIVER OF LATE FEE AND REFUND OF LATE FEE)**

SULA 1164 is issued to Tower Asset Sub, LLC, c/o American Tower Corporation, Attn. Land Management, 10 Presidential Way, Woburn, MA 01801. The lessee has requested that the late fees of $864.00 assessed on the annual payment on this lease be waived and that **a refund of $864.00 be processed.**

The three-year review date for this lease was June 1, 2010. A review of the lease resulted in a decision to increase the rental amounts as allowable under the lease. The review was submitted and approved on the Director's Minutes of May 24, 2010. The lessee was notified that it had until June 7, 2010, to file a consistency review of the action. The certified notice of the review, as evidenced by return mail, was received by the lessee on June 7, 2010. The notice was delayed due to Agency action.

The lessee responded that it had the checks for the anticipated payment already processed to be submitted timely, but the increased rental amount was problematic to have ready by June 1, 2010, because of the lessee's internal review required and associated check processing procedure. Because of the short notice of the increase, the lessee was not able to submit the full amount until June 9, 2010, and was assessed a late fee of $864.00. Further discussion, including provisions in the lease to provide for late fees and time restrictions, resulted in the lessee eventually paying the late fee under protest on June 23, 2010, and requesting an appeal protesting the late fee unless it was waived. After further review with legal counsel, staff and legal counsel recommended to the Director that, because of the late notification letter regarding the review and the rental increase, and since the review appeal period extended beyond the June 1, 2010, lease payment date, it would be in the Beneficiary's best interest to waive the late fee as requested by the lessee. The cost of staff and legal time involved in an appeal would exceed any benefit of the late fee. The lessee has been a valued client for many years and has previously made timely payments on this lease. The lessee also asked that the amount be refunded rather than credited toward future payments.

Upon recommendation of Mr. Gary Bagley, the Director approved the waiver of the late fee of $864.00 and **the refund of the late fee of $864.00 on SULA 1164.** Iron County. School Fund.

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## TRUST ACCOUNTING ACTIONS

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**CANCELED MINERAL LEASE – RETURNED CHECK**

The following mineral lease was not paid on or before the cancellation date of 6/14/2010. The lessee was given 30 days following receipt of the return check to submit replacement funds. A certified notice was mailed.

| LEASE # | LESSEE NAME | BENE | COUNTY | TYPE |
|---|---|---|---|---|
| ML 51804 | David McMullin | SCH | BEAV | MM |

Upon recommendation of Mr. Gritzmacher, Budget Manager, the Director approved the cancellation of the above-listed mineral lease for non-payment.

**INTEREST RATES**

Following are the current and past year prime rates:

CURRENT YEAR: 3.25%
ONE YEAR AGO: 3.25%