

JANUARY 25, 2010

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON JANUARY 25, 2010, 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 6:00 P.M. ON JANUARY 25, 2010.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES 1 TO 7; SURFACE ACTIONS AS LISTED ON PAGES 7 TO 13; DEVELOPMENT ACTIONS AS LISTED ON PAGES 13 TO 14; AND ACTIONS CONTAINING FEE WAIVERS AS LISTED ON PAGE 14.

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 MONDAY, FEBRUARY 8, 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, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

MINERAL ACTIONS

MATERIALS PERMIT NO. 454 (APPROVAL)

APPLICANT:

RITE-WAY EXCAVATING, INC.
14869 S. 2200 W.
BLUFFDALE, UT 84065

AFFECTED LANDS:

Township 3 North, Range 18 East, SLB&M.
Section 24: S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$

COUNTY: DAGGETT

ACRES: 30.0±

FUND: SCH

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

PROPOSED ACTION:

Applicant proposes to mine common sand and gravel on the affected lands.

RELEVANT FACTUAL BACKGROUND:

The subject lands have been impacted by historic sand and gravel operations. The affected lands have been pre-designated (PRED 172) for sand and gravel operations. Permittee must contract for, and pay the costs of, a cultural resource survey prior to any surface disturbing activities occurring outside existing pit disturbed areas. The survey report must be received and accepted by the Agency’s Archeologist. This action is exempt from the State of Utah Resource Development Coordinating Committee (“RDCC”) process because it is an ongoing historic use of the lands. The public notice process was completed. No competing applications were received. Applicant has agreed to pay annual rental of \$10 per acre per year. A royalty rate of \$0.54 per cubic yard for material produced from this permit area was set. Applicant has agreed to mine and pay in advance for a minimum of 500 cubic yards of material for each year of the permit term. Applicant requests a permit term of five (5) years. Permit term will end on January 15, 2015.

EVALUATION OF FACTS:

R850-23-200 states that the Trust Lands Administration may issue materials permits or convey profits a prendre or similar interests on trust lands where the Trust Lands Administration deems it consistent with land use plans and Trust responsibilities. Mining of sand and gravel is a historic use of the subject lands and an appropriate use of the lands pursuant to R850-23-200. The royalty rates set for commodities from this site are consistent with royalty rates for other material permit sites on trust lands in Daggett County, Utah. These rates reflect fair market value for the materials and meet the requirements of R850-23-300. The term of the permit is five (5) years which is consistent with the requirements of R850-23-600.

Upon recommendation of Mr. Harden, the Director approved the issuance of Materials Permit No. 454 for a term of five (5) years.

METALLIFEROUS MINERALS LEASE APPROVAL

Upon recommendation of Mr. Stokes, the Director approved the Metalliferous Minerals Lease Application as listed below at a minimum annual rental rate of \$500 per lease 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 plat books and the business system and the lands were found to be open and available. The application has been checked for completeness, and found to be in proper order. The lease administrator has had this legal description reviewed by the GIS Group. The business system and plat books have been updated to show this lease application as an existing contract on the lands described below:

ML 51711

Ronald Schreiber

James Langley

P.O. Box 275

Moapa, NV 89025

T41S, R19W, SLB&M.

SEC. 16: ALL

Washington

640.00 Acres

Annual Rental: \$640

FUND: SCH

APPROVAL OF BITUMINOUS - ASPHALTIC SANDS LEASE ML 51705–OBA (SCH)

On January 7, 2010, pursuant to Utah Code Ann. 53C-2-401(1)(d)(ii), which authorizes the Trust Lands Administration to enter into agreements and other business arrangements for disposal of Trust mineral resources, the Board of the Trust Lands Administration approved the issuance of Bituminous-Asphaltic Sands Lease ML 51705 – OBA to Earth Energy Resources, Inc. Lease terms are as follows:

- The lease will be issued on the Trust Lands Administration's most current Bituminous – Asphaltic Sands lease form, adopted for use on June 22, 2005, and most recently revised August 2009.
- The primary term of the lease will be for ten (10) years, commencing with the effective date of the lease.
- Earth Energy Resources will pay a one-time bonus bid of \$21 per acre, totaling \$32,760 for issuance of the lease. The bonus bid includes the first year annual rental and annual advanced minimum royalty.
- Annual Rental and Annual Advanced Minimum Royalty: Part 5 of the current Bituminous – Asphaltic Sands Lease provides for an annual rental of \$1 per acre, and Part 3.4 of the lease provides for an annual advanced minimum royalty of \$10 per acre, through the ten (10) year primary term of the lease agreement. Annual rental and annual advanced minimum royalties can be deducted from actual production royalties in the year in which they accrue.
- Production Royalties: Part 6.1 of the lease agreement provides for a production royalty on the basis of 8 percent of the market price at the point of shipment from the leased premises of the first marketable product or products produced from the leased substance. The royalty may be increased after the first ten (10) years of production at a rate not in excess of one percent (1%) per annum until a maximum of twelve and one-half percent (12½%) is reached.

APPROVAL OF BITUMINOUS - ASPHALTIC SANDS LEASE ML 51705-OBA (SCH) (CONTINUED)

<u>ML 51705-OBA</u>	<u>T15S, R23E, SLB&M.</u>	Uintah
Earth Energy Resources, Inc.	SEC. 27: NE¼, N½NW¼ SE¼NW¼, S½	1560.00 Ares
Suite 740, 404 – 6 th Avenue SW	SEC. 28: SE¼	
Calgary, Alberta, Canada T2P OR9	SEC. 33: NE¼	
	SEC. 34: ALL	

Upon recommendation of Mr. Stokes, and as approved by the Board of Directors of the School and Institutional Trust Lands Administration, the Director approved the issuance of Bituminous - Asphaltic Sands lease ML 51705-OBA under the terms as presented above.

TOTAL ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of the lease listed below to Fidelity Exploration & Production Company, 1700 Lincoln Street, Suite 2800, Denver, CO 80203, by Samson Resources Company. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:***SAMSON RESOURCES COMPANY – 100%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:***FIDELITY EXPLORATION & PRODUCTION
COMPANY – 100%***

....ML 50108 (SCH)....

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to Kent S. Davis, 58 Toppler Drive, Castle Rock, CO 80108, by Samson Resources Company. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:***SAMSON RESOURCES COMPANY – 100%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:***KENT S. DAVIS – 100%***

....ML 50980 (SCH)....ML 51126 (SCH)....ML 51131 (SCH)....

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to Stone Energy Corporation, 625 E. Kaliste Saloom Road, LaFayette, LA 70508, by Kent S. Davis. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:***KENT S. DAVIS – 100%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:***STONE ENERGY CORP. -100%***

....ML 50980 (SCH)....ML 51126 (SCH)....ML 51131 (SCH)....

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

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to Bill Barrett Corporation, 1099 18th Street, Suite 2300, Denver, CO 80202, by Turner Petroleum Land Services, Inc. No override.

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

***TURNER PETROLEUM LAND SERVICES,
INC. – 100%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

BILL BARRETT CORPORATION – 100%

...ML 51413 (SCH: 434.42; UNIV: 200.00)...ML 51414 (SCH)...ML 51415 (SM: 320.00; UNIV: 276.38)....

...ML 51416 (SCH: 336.67; SM: 320.00)...ML 51417 (SCH)...ML 51418 (SCH)....

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to Wilmington Trust Company, Trustee of the Philip T. Sharples Trust, 1660 Lincoln Street, Suite 3100, Denver, CO 80264, by Samuel Butler III. No override, but subject to 1.5% overriding royalty 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:

SAMUEL BUTLER III – 100%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

***WILMINGTON TRUST COMPANY, TRUSTEE OF
THE PHILIP T. SHARPLES TRUST – 100%***

...ML 51649 (SCH)...ML 51701 (SCH),....

INTEREST ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of 50% interest in and to the leases listed below to EOG Resources, Inc., 600 Seventeenth Street, Suite 1000N, Denver, CO 80202, by Kerr-McGee Oil & Gas Onshore LP. 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:

***EOG RESOURCES INC. – 50%,
KERR-MCGEE OIL & GAS ONSHORE LP – 50%***

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

EOG RESOURCES, INC. – 100%

...ML 3077 (SCH)...ML 3078 (SCH)....

OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of 50% interest in operating rights in and to the leases listed below to EOG Resources, Inc., 600 Seventeenth Street, Suite 1000N, Denver, CO 80202, by Kerr-McGee Oil & Gas Onshore LP. 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:

EOG RESOURCES INC. – 100%

OPERATING RIGHTS:

EOG RESOURCES, INC. – 50%,

KERR-MCGEE OIL & GAS ONSHORE LP – 50%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

EOG RESOURCES, INC. – 100%

OPERATING RIGHTS:

EOG RESOURCES, INC. – 100%

....ML 3077 (SCH)....ML 3078 (SCH)...

Upon recommendation of Ms. Garrison, the Director approved the assignment of 10% interest in operating rights from the surface down to the stratigraphic equivalent of 16,238 feet in and to the lease listed below to White Tiger Limited Partnership, P.O. Box 22066, Denver, CO 80222, by Flying J Oil & Gas, Inc. No override, but subject to 6% overriding royalty 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:

FLYING J OIL & GAS INC. – 100%

OPERATING RIGHTS:

***FROM SURFAE TO STRATIGRAPHIC
EQUIVALENT OF 16,238 FEET***

MIC PETROLEUM, INC. – 56%,

FLYING J OIL & GAS INC. – 31.5%,

WARREN K. KOURT & ASSOC. – 5%,

AMERICAN PETROLEUM DRILLING PROGRAM

1982-1-LTD. – 5%,

BMI/OKLAHOMA 1982-I – 2.5%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

FLYING J OIL & GAS INC. – 100%

OPERATING RIGHTS:

***FROM SURFACE TO STRATIGRAPHIC
EQUIVALENT OF 16,238 FEET***

MIC PETROLEUM, INC. – 56%,

FLYING J OIL & GAS INC. – 21.5%,

WHITE TIGER LIMITED PARTNERSHIP – 10%,

WARREN K. KOURT & ASSOC. – 5%,

AMERICAN PETROLEUM DRILLING PROGRAM

1982-1-LTD. – 5%,

BMI/OKLAHOMA 1982-I – 2.5%

....ML 39760 (SCH)....

SURFACE USE AGREEMENTS – OIL, GAS, AND HYDROCARBON LEASES

Curative Surface Use Agreements for the Division of Wildlife Resources/Gordon Creek Exchange have been prepared and have been partially executed by the lessees of record as listed below:

<u>ML 27506-B</u> (UNIV)	Omimex Petroleum Inc. 2001 Beach Street, Suite 810 Fort Worth, TX 76103	Key Production Company Inc. 1700 Lincoln Street, Suite 2050 Denver, CO 80203
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Both lessees have executed the agreement.

<u>ML 27719-B</u> (UNIV)	Omimex Petroleum Inc. 2001 Beach Street, Suite 810 Fort Worth, TX 76103	Key Production Company Inc. 1700 Lincoln Street, Suite 2050 Denver, CO 80203
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Both lessees have executed the agreement.

<u>ML 27908</u> (UNIV)	Oxy USA WTP LP 6 Desta Drive, Suite 6000 Midland, TX 79705-5505	Omimex Petroleum Inc. 2001 Beach Street, Suite 810 Fort Worth, TX 76103
	Dudley & Associates, LLC 1401 17 th Street, Suite 1000 Denver, CO 80202	Thunderbird Energy Inc. 847 Hamilton Street Vancouver, BC Canada V7B 2R7

Omimex Petroleum, Inc. and Thunderbird Energy Inc. executed the agreement.

<u>ML 27908-B</u> (UNIV)	Midcon Central Exploration C/O Apache Corporation 1700 Lincoln Street, #4900 Denver, CO 80203-4549	Omimex Petroleum Inc. 2001 Beach Street, Suite 810 Fort Worth, TX 76103
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Key Production Company Inc.
1700 Lincoln Street, Suite 2050
Denver, CO 80203

Omimex Petroleum Inc. and Key Production Company Inc. executed the agreement.

<u>ML 46311</u> (UNIV)	Thunderbird Energy Inc. 847 Hamilton Street Vancouver, BC Canada V6B 2R7	Devon Uinta Basin Corporation 20 North Broadway Oklahoma City, OK 73102
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ConocoPhillips P.O. Box 7500 Bartlesville, OK 74005	Dudley & Associates, LLC 1401 17 th Street, Suite 1000 Denver, CO 80202
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Devon Uinta Basin Corporation and Thunderbird Energy Inc. executed the agreement.

SURFACE USE AGREEMENTS – OIL, GAS, AND HYDROCARBON LEASES (CONTINUED)

ML 46537 Thunderbird Energy Inc.
(UNIV: 877.28; 847 Hamilton Street
SCH: 682.08; Vancouver, BC Canada V6B 2R7
RES: 120.00)

Thunderbird Energy Inc. has executed the agreement.

ML 46539 Thunderbird Energy Inc.
(UNIV: 1000.00; 847 Hamilton Street
SCH: 673.27; Vancouver, BC Canada V6B 2R7
RES: 480.00)

Thunderbird Energy Inc. has executed the agreement.

This Agreement was entered into to set forth the terms under which Grantees may utilize the surface estate of Subject Property for Oil, Gas, and Hydrocarbon purposes.

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

SURFACE ACTIONS

RANGE IMPROVEMENT PROJECTS

RANGE IMPROVEMENT PROJECT APPLICATION NO. RIP 320 – (CANCELLATION)

Utah Division of Wildlife Resources, 152 East 100 North, Vernal, Utah 84078, the applicant, has requested that Range Improvement Application Number RIP 320 be canceled. Uintah and Grand Counties. School Fund.

Based on the above information and upon recommendation of Mr. Scott Chamberlain, the Director approved the cancellation of Range Improvement Project Application No. 320.

EASEMENTS

EASEMENT NO. 1280 (PARTIAL ASSIGNMENT)

Milford Wind Corridor Phase I, LLC (the "Assignor"), c/o First Wind Energy, LLC, 179 Lincoln Street, Suite 500, Boston, Massachusetts, 02111, has requested permission to assign partial, undivided interests in Easement No. 1280 to four affiliates as follows:

A 10.20% partial, undivided interest to Milford Wind Corridor Phase II, LLC, c/o First Wind Energy, LLC, 179 Lincoln Street, Suite 500, Boston, Massachusetts, 02111.

A 30% partial, undivided interest to Milford Wind Corridor Phase III, LLC, c/o First Wind Energy, LLC, 179 Lincoln Street, Suite 500, Boston, Massachusetts, 02111.

EASEMENT NO. 1280 (PARTIAL ASSIGNMENT) (CONTINUED)

A 20% partial, undivided interest to Milford Wind Corridor Phase IV, LLC, c/o First Wind Energy, LLC, 179 Lincoln Street, Suite 500, Boston, Massachusetts, 02111.

A 14.80% partial, undivided interest to Milford Wind Corridor Phase V, LLC, c/o First Wind Energy, LLC, 179 Lincoln Street, Suite 500, Boston, Massachusetts, 02111.

This Assignor will retain a 25% partial, undivided interest in the easement.

Easement No. 1280 was issued effective October 15, 2008, for an access road and a high voltage electrical transmission line. The easement was issued for a term of 30 years, expiring on October 14, 2038. Pursuant to Rule R850-40-1600, it has been determined that there is no difference between what was originally paid for the easement and what would be charged for the easement at this time, therefore no additional easement rental payment is required.

An assignment fee of \$250.00 for each partial assignment has been paid for a total assignment fee of \$1,000.00. The expiration date of the easement remains October 14, 2038. Beaver and Millard Counties. School Fund.

Upon recommendation of Mr. Chris Fausett, the Director approved the partial assignment of Easement No. 1280.

EASEMENT NO. 1504 (APPROVAL)**APPLICANT'S NAME AND ADDRESS:**

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

LEGAL DESCRIPTION:

Township 18 South, Range 1 East, SLB&M
Section 31: SW $\frac{1}{4}$ SE $\frac{1}{4}$ (within)

Township 19 South, Range 1 East, SLB&M
Section 5: SW $\frac{1}{4}$ SW $\frac{1}{4}$ (within)
Section 6: Lot 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ (within)
Section 7: NE $\frac{1}{4}$ NE $\frac{1}{4}$ (within)
Section 8: NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ (within)

A 100 foot wide easement for the Nebo - Gunnison #2 46 kV distribution power line, said easement being 50 feet on either side of the following described centerline. The power line itself is the monument that is identified by its physical presence on the land. The following description closely approximates the centerline of the physical monument based on Global Positioning System ("GPS") data:

Beginning at a point on the south line of Section 8, T19S, R1E, SLB&M, said point of beginning being located on the centerline of the existing Nebo - Gunnison #2 46 kV distribution power line and being located east 2,179 feet more or less along said south line from the southwest corner of said Section 8 and thence running N 01°47'31" E 1,400.32 feet more or less; thence N 29°34'10" W 6,672.11 feet more or less; thence N 15°46'55" W 5,030.71 feet more or less to a point on the north line of the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, T18S, R1E, SLB&M.

EASEMENT NO. 1504 (APPROVAL) (CONTINUED)

Total length of centerline is 13,103.14 feet more or less. Containing 30.08 acres more or less.

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

COUNTY: Sanpete

ACRES: 30.08

FUND: School

PROPOSED ACTION:

The applicant has requested a non-exclusive easement to operate, repair, and maintain an existing 46 kV overhead power line located just north of Gunnison in Sanpete County. The power line is known as the Nebo-Gunnison #2 46 kV transmission line. The proposed easement corridor is 13,103.14 feet long and 100 feet wide, containing 30.08 acres. The requested term of the easement is 30 years.

RELEVANT FACTUAL BACKGROUND:

The subject "Application to Purchase an Easement" was received on June 23, 2009. It was submitted for the Agency review on June 25, 2009, and was accepted by the Director on July 10, 2009.

The power line was originally authorized under BLM Right of Way UTU-033540B on January 13, 1960, for a term of 50 years, expiring January 12, 2010. Administration of the BLM right of way grant was transferred to the Trust Lands Administration via an in-lieu selection involving the lands underlying the easement corridor in 1984. At that time, the right of way was assigned the reference number Easement No. 978. As this right of way has recently expired, the applicant is seeking to reauthorize the power line under a new easement agreement with the Trust Lands Administration.

EVALUATION OF FACTS:

The proposed easement was exempt from review by the Resource Development Coordinating Committee ("RDCC") because it is a reauthorization of an existing use and will involve no new ground disturbance.

The Agency's Archaeology staff has reviewed the proposed easement and has determined that, since it is a reauthorization of an existing use with no new ground disturbance, a cultural resources survey would not be required.

RECOMMENDATION:

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 January 13, 2010, and expiring January 12, 2040. The application fee of \$750.00 and the easement rental assessment of \$19,059.11 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 NO. 1167 (FIVE-YEAR REVIEW)**

SULA 1167 is issued to Offshore Marina, Inc., HCR 60 Box 330330, Lake Powell, Utah 84533. The lease parcel is located in Garfield County. School fund.

1. ANNUAL RENTAL:

The five-year review date for this lease is February 1, 2010. The subject property is used for a convenience store, gas station, and boat storage and repair facility. Based on an analysis of the lease rental pursuant to Board policy, it has been determined that an appraisal is not warranted. The CPI adjusted rental is greater than the preliminary market value rental estimate. Therefore, it is recommended that the CPI index be used to adjust the annual rental from \$13,800.00 per year to \$14,170.00 per year. A certified notice was sent to the lessee. No response was received.

New lease fee: \$14,170.00

Acres in lease: 307.3

Rental per acre: \$46.11

2. DUE DILIGENCE:

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

3. PROPER USE:

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

4. ADEQUATE BOND COVERAGE:

A \$30,000.00 reclamation/surety bond issued by the Cincinnati Insurance Company was provided by the lessee.

5. ESTABLISHMENT OF WATER RIGHTS:

The following water rights are associated with this lease:

97-1954 is for 2.79 acre feet and has been certificated.

97-2132 is for 12 acre feet and proof has been submitted.

97-2312 is for 10 acre feet and proof has been submitted.

All of these water rights were filed in the Agency's name.

6. POLLUTION AND SANITATION REGULATIONS:

The lease is in compliance with the pollution, sanitation, and waste provisions of the lease.

7. GIS REVIEW:

The GIS Department has reviewed the legal description associated with this lease and found no errors.

8. NEXT REVIEW:

The next five-year review date is February 1, 2015.

Upon recommendation of Mr. Bryan Torgerson, the Director approved the five-year review for SULA 1167.

SPECIAL USE LEASE AGREEMENT NO. 1291 (THREE-YEAR REVIEW)

SULA 1291 is issued to Timothy A. Crary, P.O. Box 65, La Sal, Utah, 84530. This is a residential lease located in San Juan, County. School Fund.

1. ANNUAL RENTAL AND LEASE ACRES:

The three-year review date for this lease is February 1, 2010. The lease is authorized for a residential home site. Based on an analysis of the lease rental pursuant to Board policy, it has been determined that an appraisal is not warranted. The CPI adjusted rental is greater than the preliminary market value rental estimate. Therefore, it is recommended that the CPI index be used to adjust the annual rental from \$1,360.00 per year to \$1,390.00 per year. A certified notice was sent to the lessee. However, no response was received.

New lease fee: \$1,390.00

Acres in lease: 5.00 acres m/l

Rental per Acre: \$278.00

2. DUE DILIGENCE:

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

3. PROPER USE:

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

4. ADEQUATE BOND COVERAGE:

The lease allows for a bond to be required at any time during the lease at the discretion of the Agency. The property was inspected on January 13, 2010, and there are only minor deficiencies related to scattered construction materials and non-working equipment that are being stored on the property. Agency staff will work with the lessee to remove said items. It appears that there are no deficiencies that would require a bond at this time.

5. ESTABLISHMENT OF WATER RIGHTS:

There are two water-rights associated with this lease, Water Right Numbers 05-1021 & 05-1056. Both rights are in the name of the Trust Lands Administration and both rights are for .015 CFS and include irrigation, stock watering, and domestic use. The water rights are certified.

6. POLLUTION AND SANITATION REGULATIONS:

On January 13, 2010, a site inspection was preformed and there didn't appear to be any violations of any sanitation and pollution regulations as prescribed by any governmental agency having jurisdiction. There didn't appear to be any evidence of underground storage tanks on the premises.

7. GIS REVIEW:

The GIS Department reviewed the legal description for this lease and found no problems with the legal description.

8. NEXT REVIEW:

The next three-year review date is February 1, 2013.

Upon recommendation of Mr. Bryan Torgerson, the Director approved the 3-year lease review for SULA 1291.

SPECIAL USE LEASE NO. 1669 (WITHDRAWAL OF APPLICATION AND REFUND OF FEES)

On November 20, 2009, an application was received from San Arroyo Environmental, LLC, 1089 Genesee Vista Road, Golden, CO 80401, for a special use lease for the purpose of a water disposal injection well. This application was submitted as a competing application to Special Use Lease No. 1654. On January 19, 2010, Trust Lands Administration received written notification that the applicant wishes to withdraw this lease application. Fees have been submitted in the amount of \$811.25. The \$250.00 application fee will be forfeited to Trust Lands Administration. **The remaining \$561.25 will be refunded to the applicant.** Grand County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director approved the withdrawal of SULA 1669 and **the refund of \$561.25 to the applicant.**

SPECIAL USE LEASE AGREEMENT NO. 1359 (RECLAMATION BOND)

Pursuant to Paragraph 23 of the lease agreement, Ambre Energy Technology, LLC, 170 S. Main Street, Ste. 700, Salt Lake City, UT 84101, has submitted a Cash Bond for reclamation in the amount of \$10,000.00. This bond will remain in place until released by Trust Lands Administration.

The lessee has requested release of prior Surety Bond No. 605 effective June 6, 2007, in the amount of \$10,000.00, in the name of Millennium Synfuels, LLC, previously listed as the lessee for this lease. It will be replaced by the cash bond.

Uintah County. School Fund.

Upon recommendation of Mr. Kurt Higgins, the Director accepted the cash bond and approved release of the surety bond currently held for SULA 1359.

TIMBER SALES**TIMBER SALE NO. 655 (FORFEITURE OF BOND)**

Timber Sale No. 655 was sold in July of 1990 by the Division of State Lands & Forestry to Mike Young, P.O. Box 754, Fruitland, Utah 84027. Unfortunately, the only record of this sale is an account card showing a credit of \$1,000.00 which was submitted as a bond. In an effort to close this account, a letter was sent to Mr. Young in June of 2003. No response was received.

In October of 2009, Mr. Young was sent a certified letter notifying him that the \$1,000.00 bond would be forfeited due to his failure to respond to the 2003 letter. Mr. Young responded with a telephone call and he was given instructions on how to get the bond returned. Mr. Young did not comply with the instructions.

On December 22, 2009, a certified letter was sent to Mr. Young informing him that due to his non-compliance with the instructions, the bond would be forfeited on January 4, 2009. Mr. Young did not respond to this letter. Duchesne County. School Fund.

Upon recommendation of Mr. Richard Wilcox, the Director approved the forfeiture of the \$1,000.00 cash bond from TA No. 655.

TIMBER SALE NO. 844 (CORRECTION OF EXPIRATION DATE)

Timber Sale No. 844, issued to Western Excelsior Corporation, P.O. Box 659, Mancos, Colorado 81328, was approved on the Director's Minutes dated December 8, 2009. December 31, 2009, was inadvertently used as the expiration date of this timber sale. The expiration date should be December 31, 2010. San Juan County. Univ Fund.

Upon recommendation of Mr. Richard Wilcox, the Director approved the above-described correction.

DEVELOPMENT ACTIONS

RIGHT OF ENTRY 5417 – GRANITE CONSTRUCTION COMPANY

THE FOLLOWING RIGHT OF ENTRY HAS BEEN EXECUTED:

RIGHT OF ENTRY NO.:	5417
PROJECT:	South Block
PROJECT CODE:	SOBLK 000 00
PROJECT MANAGER:	Brent Bluth
COUNTY:	Washington
FUND:	School
TERM:	Three (3) weeks
ADMINISTRATION FEE:	\$350.00

PERMITTEE:

GRANITE CONSTRUCTION COMPANY
1000 North Warm Springs Road
Salt Lake City, UT 84116

DESCRIPTION OF TRANSACTION:

The Trust Lands Administration has issued a temporary right of entry for the purpose of digging and backfilling up to five (5) test holes to determine whether the native material is suitable for use as construction aggregates. The Permittee agrees to provide copies of any and all official and non-official test results to the grantor within five (5) days of its receipt of such results, and pursuant to its use of the property. Cultural clearance has been concluded for the permitted property.

LEGAL DESCRIPTION:

Township 43 South, Range 15 West, SLB&M
Section 14: Within

The E½ of the NE¼ and;
The SW¼ of the NE¼ of the NE¼ and;
The E½ of the NW¼ of the NE¼ of the NE¼ and;
The NW¼ of the SE¼ of the NE¼ and;
The E½ of the NE¼ of the NE¼ of the SW¼ of the NE¼ and;
The N½ of the SE¼ of the NE¼ of the SW¼ of the NE¼.

Containing a total of 47.50 acres, more or less.

RIGHT OF ENTRY 5417 – GRANITE CONSTRUCTION COMPANY (CONTINUED)

This legal description has been reviewed by the GIS Group.

NUMBER OF ACRES BY COUNTY: 47.50 acres - Washington County

NUMBER OF ACRES BY FUND: 47.50 acres - School

Upon recommendation of Andrea L. James, the Director approved this right of entry.

ACTIONS CONTAINING FEE WAIVERS

NONE