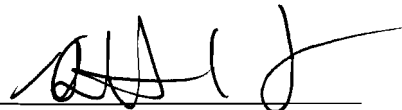


JUNE 28, 2010

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON JUNE 28, 2010, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE MINERAL, SURFACE, DEVELOPMENT, FEE WAIVER, AND TRUST ACCOUNTING BUSINESS MATTERS AS INDICATED AND WHICH BECAME EFFECTIVE AT 6:00 P.M. ON JUNE 28, 2010.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES 1 TO 4; SURFACE ACTIONS AS LISTED ON PAGES 5 TO 10; DEVELOPMENT ACTIONS AS LISTED ON PAGES 11 TO 13; ACTIONS CONTAINING FEE WAIVERS AS LISTED ON PAGE 13; AND TRUST ACCOUNTING ACTIONS 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, JULY 12, 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

MINERAL ACTIONS

MATERIALS PERMIT NO. 461 - REJECTED

MATERIALS PERMIT NO. 465 - REJECTED

The following Materials Permits were rejected for failure to submit a competitive bid offer on or before June 7, 2010. No permit was issued for the affected lands.

APPLICANTS:

MATERIALS PERMIT NO. 461

NELCO CONTRACTORS

P.O. BOX 282

PRICE, UT 84501

MATERIALS PERMIT NO. 465

NIELSON CONSTRUCTION

825 NORTH LOOP ROAD

P.O. BOX 620

HUNTINGTON, UT 84528

AFFECTED LANDS:

Township 16 South, Range 13 East, SLB&M.

SEC. 16: E $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

COUNTY: EMERY

ACRES: 140.0±

FUND: SCH

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

Upon recommendation of Mr. Harden, the Director approved the rejection of MP 461 and MP 465.

APPROVAL OF COAL LEASE ML 51744-OBA; WEST RIDGE RESOURCES, INC.

On May 13, 2010, the Board of Trustees approved the issuance of Coal Lease ML 51744-OBA, "Leasing of the West Ridge Deep Coal Parcel to West Ridge Resources, Inc.", on its consent calendar. This lease was negotiated as an Other Business Arrangement in the best interest of the Trust because of the applicant's unique land position to best develop the coal resources within the described lands in conjunction with its West Ridge Mine. The negotiated lease agreement contains generic coal leasing terms and conditions in common use by the Trust Lands Administration and covers all of the lands described below in the Book Cliffs Coal Field.

The primary term of the lease is ten (10) years commencing June 1, 2010, and the lease terms and conditions are subject to readjustment by the Director at the end of each ten (10) year period. The annual lease rental is \$3 per acre and the royalty rate is 8% on underground mined coal and 12.5% on surface mined coal. The total leasing bonus agreed upon with the lessee is \$44,696.20 or 30.6 cents per recoverable ton, payable in one lump sum. Additionally, the lessee agrees to pay additional bonus at said rate per ton on all tonnage mined in excess of 146,066 tons from the lands within the lease.

APPROVAL OF COAL LEASE ML 51744-OBA; WEST RIDGE RESOURCES, INC. (CONTINUED)

The lease has been duly executed and returned by the lessee, along with payment of the initial bonus and first year annual rentals of \$1,440. The lease administrator has had this item checked by the GIS Group.

<u>ML 51744-OBA</u>	<u>T13S, R13E, SLB&M.</u>	Carbon
West Ridge Resources, Inc.	SEC. 36: N½, SE¼	480.00 acres
P.O. Box 910		
East Carbon, UT 84520		

FUND: SCH

Upon recommendation of Mr. Blake, the Director approved the above-listed lease.

TOTAL ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of the leases listed below to Robert L. Bayless, Producer LLC, 621 17th Street, Suite 2300, Denver, CO 80293, 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:

ROBERT L. BAYLESS, PRODUCER LLC – 100%

...ML 51388 (SCH)...ML 51389 (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 Twilight Resources, LLC, 1411 East 840 North, Orem, UT 84097, by Fidelity Exploration & 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:

**FIDELITY EXPLORATION & PRODUCTION
COMPANY – 50%,
TWILIGHT RESOURCES, LLC – 50%**

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

TWILIGHT RESOURCES, LLC – 100%

...ML 50640 (SCH)...ML 50641 (SCH)...**ML 50642** (SCH: 283.26; NS: 40.00; RES: 192.75)...
 ...ML 50647 (SCH)...ML 50648 (SCH)...ML 50649 (SCH)...ML 50650 (SCH)...ML 50654 (SCH)...
 ...ML 50658 (SCH)...**ML 50820** (DEAF: 88.39; NS: 44.04)...ML 50822 (SCH)...ML 50824 (SCH)...
 ...ML 50825 (SCH)...**ML 50826** (SCH: 640.00; RES: 80.00)...ML 50827 (SCH)...
 ...**ML 51234** (SCH: 240.00; RES: 40.00)....

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

Upon recommendation of Ms. Garrison, the Director approved the assignment of 15% interest in and to the lease listed below to Patara Oil & Gas LLC, Three Allen Center, 333 Clay Street, Suite 3960, Houston, TX 77002, by Encana Oil & Gas (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. (**REFUND: \$50.08** – Overpayment of filing fees to: Encana Oil & Gas (USA) Inc., ATTN: Hillary Jo Lyles, 370 17th Street, Suite 1700, Denver, CO 80202).

OWNERSHIP BEFORE ASSIGNMENT:

RECORD TITLE:

MSC EXPLORATION LP – 85%,
ENCANA OIL & GAS (USA) INC. – 15%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

MSC EXPLORATION LP – 85%,
PATARA OIL & GAS LLC – 15%

....ML 47575 (SCH)....

Upon recommendation of Ms. Garrison, the Director approved the assignment of 15% interest in and to the lease listed below to Patara Oil & Gas LLC, Three Allen Center, 333 Clay Street, Suite 3960, Houston, TX 77002, by Encana Oil & Gas (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:

NAE, LLC – 85%,
ENCANA OIL & GAS (USA) INC. – 15%

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

NAE, LLC – 85%,
PATARA OIL & GAS LLC – 15%

....ML 47805 (SCH)....

OPERATING RIGHTS ASSIGNMENTS – OIL, GAS, AND HYDROCARBON LEASES

Upon recommendation of Ms. Garrison, the Director approved the assignment of 70.794% interest in operating rights from surface of earth to the top of the Paradox Salt Formation in part of lands: E½ Sec. 16, T30S, R25E, SLB&M., 320.00 acres, in and to the lease listed below to Patara Oil & Gas LLC, Three Allen Center, 333 Clay Street, Suite 3960, Houston, TX 77002, by Encana Oil & Gas 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:

(Ownership is reflective before assignments of June 14, 2010, were approved.**)**

RECORD TITLE:

ENCANA OIL & GAS LLC – 100%
**OPERATING RIGHTS: FROM SURFACE TO
TOP OF PARADOX SALT FORMATION
T30S, R25E, SLB&M. 320.00 ACRES
SEC. 16: E½
ENCANA OIL & GAS LLC – 70.794%,
CABOT OIL & GAS CORPORATION – 29.206%**

OWNERSHIP AFTER ASSIGNMENT:

RECORD TITLE:

ENCANA OIL & GAS LLC – 100%
**OPERATING RIGHTS: FROM SURFACE TO
TOP OF PARADOX SALT FORMATION
T30S, R25E, SLB&M. 320.00 ACRES
SEC. 16: E½
PATARA OIL & GAS LLC – 70.794%,
CABOT OIL & GAS CORPORATION – 29.206%**

....ML 48961 (SCH)....

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

Upon recommendation of Ms. Garrison, the Director approved the assignment of 100% interest in operating rights from all depths below the top of the Paradox Salt Formation in part of lands: E½ Sec. 16, T30S, R25E, SLB&M., 320.00 acres, in and to the lease listed below to Patara Oil & Gas LLC, Three Allen Center, 333 Clay Street, Suite 3960, Houston, TX 77002, by Encana Oil & Gas 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:

(Ownership is reflective before assignments of June 14, 2010, were approved.**)**

RECORD TITLE:

ENCANA OIL & GAS LLC – 100%

OPERATING RIGHTS: FROM SURFACE TO
TOP OF PARADOX SALT FORMATION

T30S, R25E, SLB&M. 320.00 ACRES

SEC. 16: E½

**PATARA OIL & GAS LLC – 70.794%,
CABOT OIL & GAS CORPORATION – 29.206%**

OWNERSHIP AFTER ASSIGNMENT:**RECORD TITLE:**

ENCANA OIL & GAS LLC – 100%

OPERATING RIGHTS: FROM SURFACE TO
TOP OF PARADOX SALT FORMATION

T30S, R25E, SLB&M. 320.00 ACRES

SEC. 16: E½

**PATARA OIL & GAS LLC – 70.794%,
CABOT OIL & GAS CORPORATION – 29.206%**

***ALL DEPTHS BELOW TOP OF PARADOX SALT
FORMATION***

T30S, R25E, SLB&M. 320.00 ACRES

SEC. 16: E½

PATARA OIL & GAS LLC – 100%

...ML 48961 (SCH)....

CORRECTION OF DIRECTOR'S MINUTES OF JUNE 14, 2010, – ML 48961 – OIL, GAS, AND HYDROCARBON

The Director, on June 14, 2010, approved the 100% record title and 100% operating rights assignment of the above-numbered lease to Patara Oil & Gas LLC by Encana Oil & Gas (USA) Inc. It has come to our attention that the assignment covering the above-numbered lease should have only been approved as 100% record title assignment and not 100% operating rights assignment.

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

CORRECTION OF DIRECTOR'S MINUTES OF JUNE 21, 2010, – ML 51832-OIL, GAS, AND HYDROCARBON (SCH)

The Director on June 21, 2010, approved the assignment of the above-numbered lease to Blue Tip Castlegate, Inc. by Pioneer Natural Resources USA Inc. This lease number, **ML 51832**, was listed in error. The correct lease number is **ML 51382**.

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

SURFACE ACTIONS

RIGHTS OF ENTRY

RIGHT OF ENTRY NO. 5295 (APPLICATION CANCELLATION)

Right of Entry Application No. 5295 was submitted on March 3, 2008, by Tidewater Oil & Gas Company LLC, 110 16th Street, Suite # 405, Denver, Colorado 80202, for a seismic survey associated with its mineral lease in Grand and San Juan Counties. After the application was accepted, the Agency realized that a right of entry permit was not necessary because the lessee was entitled to do the seismic survey under its mineral permit. The seismic work has been completed and the Agency is canceling this application to clean up its old files. A \$50.00 processing fee and a \$50.00 application fee were receipted with the application. The application and processing fees will be forfeited to the Agency. Grand and San Juan Counties. School Fund.

Upon recommendation of Mr. Bryan Torgerson, the Director approved the application cancellation and fee forfeiture for Right of Entry Application No. 5295.

RIGHT OF ENTRY NO. 5378 (YEAR-END USE ASSESSMENT – BONUS PAYMENT)

Granny Gear Productions, P.O. Box 189, Davis, West Virginia, 26260, has submitted \$4,015.39 for its end-of-year gross receipts user assessment. This amount represents a 40% fee reduction due to the amount of time actually spent on trust lands for its race. San Juan County. School Fund.

This item was submitted by Mr. Bryan Torgerson for record-keeping purposes.

RIGHT OF ENTRY NO. 5485

On June 21, 2010, Mr. Bryan Torgerson, Trust Lands Resource Specialist, pursuant to R850-41-200, and in accordance with direction and delegation of authority, approved the request of Native Pictures, 3360 Wrightview Place, Studio City, California, 91604, to occupy the following described trust land located within San Juan County for commercial filming:

T27S, R20E, SLB&M
Sec. 16: Within

The assessment for this right of entry is \$695.00 plus a \$50.00 application fee and a \$50.00 processing fee, totaling \$795.00. Beginning date: June 27, 2010. Expiration date: June 28, 2010. San Juan County. School Fund.

This item was submitted by Mr. Bryan Torgerson for record-keeping purposes.

SPECIAL USE LEASE AGREEMENTS**SPECIAL USE LEASE AGREEMENT NO. 1637 (WITHDRAWAL OF APPLICATION)**

Special Use Lease Agreement Application No. 1673 was submitted on January 15, 2009, by Tevita Sitake, 515 North 150 East, Springville, Utah 84532, for a commercial lease west of Eagle Mountain in T7S, R4W, Sec 16. The lessee has since requested the withdrawal of the application while he pursues acquiring the necessary water rights for his proposed uses. No fees were received with the application. Tooele County. School Fund.

Upon recommendation of Mr. Bryan Torgerson, the Director approved the withdrawal of SULA 1637.

SPECIAL USE LEASE AGREEMENT NO. 1030 (FIVE-YEAR REVIEW)

SULA 1030 is an industrial special use lease, in the name of Questar Pipeline Company, Attn: Daryn Christensen, 1140 West 200 South, P.O. Box 45360, Salt Lake City, Utah, 84145-0360. The lease site is located in Carbon County. School Fund.

1. ANNUAL BASE RENTAL:

The five-year lease rental review date for this industrial lease is July 1, 2010. The authorized use of the subject parcel is for a natural gas metering station and an access road.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of the subject property has been estimated to be approximately \$500.00/acre with a total value of \$115.00.

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 \$800.00 per year to \$900.00 per year, effective July 1, 2010. A certified notice was sent to inform the lessee of this action. No response was received from the lessee.

Annual Base Rental: \$900.00

Acres in lease: 0.23

Rental per acre: \$3,913.04

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:

The lessee has provided proof of adequate insurance coverage. The lease allows for an initial reclamation bond to be required by the Agency. A reclamation bond in the amount of \$5,000.00 is currently in place. There is no provision in the lease allowing for any additional bonding.

5. WATER RIGHTS AND WELLS:

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

SPECIAL USE LEASE AGREEMENT NO. 1030 (FIVE-YEAR REVIEW) (CONTINUED)

6. ENVIRONMENTAL COMPLIANCE:

This lease was inspected and reviewed for environmental compliance on June 8, 2010, 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 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 July 1, 2015.

Upon recommendation of Mr. Chris Fausett, the Director approved the five-year review for SULA 1030.

SPECIAL USE LEASE AGREEMENT NO. 1035 (FIVE-YEAR REVIEW)

SULA 1035 is an industrial special use lease, in the name of Westport Field Services, 1368 S. 1200 E., Vernal, Utah, 84078. The lease site is located in Uintah County. School Fund.

1. ANNUAL BASE RENTAL:

The five-year lease rental review date for this industrial lease is July 1, 2010. The authorized use of the subject parcel is for a natural gas metering station.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of the subject property has been estimated to be approximately \$500.00/acre with a total value of \$65.00.

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 \$800.00 per year to \$900.00 per year, effective July 1, 2010. A certified notice was sent informing the lessee of this action. No response has been received from the lessee.

Annual Base Rental: \$900.00

Acres in lease: 0.13

Rental per acre: 6,923.08

2. DUE DILIGENCE AND PROPER USE:

The development allowed by the lease has occurred, however the metering station has now been removed from the premises and the site is no longer needed by the lessee. The lessee has requested to relinquish this lease. It is recommended that the lease be kept in force until the relinquishment has been processed.

3. PROPER USE:

The leased premises are not currently being used by the lessee, as the metering station equipment authorized by the lease has been removed. The site has been reclaimed.

SPECIAL USE LEASE AGREEMENT NO. 1035 (FIVE-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 any time during the lease at the discretion of the Agency. There is currently a \$5,000.00 reclamation bond in place. An inspection of the subject property revealed nothing which indicated the need for any additional bond.

5. WATER RIGHTS AND WELLS:

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

6. ENVIRONMENTAL COMPLIANCE:

This lease was inspected and reviewed for environmental compliance on June 15, 2010, and has been rated as low risk. There is no evidence of underground or above ground petroleum storage tanks, stained soil, 55 gallon drums or containers of any size, unauthorized uses, or solid waste on the premises. The site appears clean and orderly. The metering station equipment has been removed from the site and the site has been reclaimed. The Environmental Site Inspection Form is in the file.

7. GIS REVIEW:

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

8. NEXT ASSESSMENT DATE:

The next assessment date will be July 1, 2015.

Upon recommendation of Mr. Chris Fausett, the Director approved the five-year review for SULA 1035.

SPECIAL USE LEASE AGREEMENT NO. 1040 (FIVE-YEAR REVIEW)

SULA 1040 is an industrial special use lease, in the name of Questar Pipeline Company, Attn: Daryn Christensen, 1140 West 200 South, P.O. Box 45360, Salt Lake City, Utah, 84145-0360. The lease site is located in Carbon County School Fund.

1. ANNUAL BASE RENTAL:

The five-year lease rental review date for this industrial lease is July 1, 2010. The authorized use of the subject parcel is for a natural gas regulating station, gas pipeline, and an access road.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of the subject property has been estimated to be approximately \$8,000.00/acre with a total value of \$6,240.00.

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 \$1,600.00 per year to \$1,790.00 per year, effective July 1, 2010. A certified notice was sent informing the lessee of this action. No response was received from the lessee.

Annual Base Rental: \$1,790.00

Acres in lease: 0.78

Rental per acre: \$2,294.87

SPECIAL USE LEASE AGREEMENT NO. 1040 (FIVE-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 an initial reclamation bond to be required by the Agency. A reclamation bond in the amount of \$5,000.00 is currently in place. There is no provision in the lease allowing for any additional bonding.

5. WATER RIGHTS AND WELLS:

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

6. ENVIRONMENTAL COMPLIANCE:

This lease was inspected and reviewed for environmental compliance on June 8, 2010, and has been rated as medium risk. There is one above ground storage tank on the site which is used for the storage of liquids separated from the natural gas at this regulating station. The storage tank has appropriate secondary containment. There is no evidence of any other underground or above ground petroleum storage tanks, stained soil, 55 gallon drums or containers of any size, 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. An error has been discovered in the legal description which will be corrected by an amendment to the lease agreement.

8. NEXT ASSESSMENT DATE:

The next assessment date will be July 1, 2015.

Upon recommendation of Mr. Chris Fausett, the Director approved the five-year review for SULA 1040.

SPECIAL USE LEASE AGREEMENT NO. 1287 (FIVE-YEAR REVIEW)

SULA 1287 is an industrial special use lease, in the name of Questar Pipeline Company, Attn: Daryn Christensen, 1140 West 200 South, P.O. Box 45360, Salt Lake City, Utah, 84145-0360. The lease site is located in Carbon County School Fund.

1. ANNUAL BASE RENTAL:

The five-year lease rental review date for this industrial lease is July 1, 2010. The authorized use of the subject parcel is for a natural gas metering station.

CPI Based Review

After a preliminary analysis pursuant to Board policy, the value of the subject property has been estimated to be approximately \$500.00/acre with a total value of \$5.00.

SPECIAL USE LEASE AGREEMENT NO. 1287 (FIVE-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 \$600.00 per year to \$670.00 per year, effective July 1, 2010. A certified notice was sent informing the lessee of this action. No response was received from the lessee.

Annual Base Rental: \$670.00

Acres in lease: 0.01

Rental per acre: \$67,000.00

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 any time during the lease at the discretion of the Agency. A \$5,000.00 reclamation bond is currently in place for this lease. An inspection of the subject property revealed nothing which indicated a need for any additional bonding.

5. **WATER RIGHTS AND WELLS:**

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

6. **ENVIRONMENTAL COMPLIANCE:**

This lease was inspected and reviewed for environmental compliance on June 8, 2010, and has been rated as low risk. There is no evidence of underground or above ground petroleum storage tanks, stained soil, 55 gallon drums or containers of any size, 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 July 1, 2015.

Upon recommendation of Mr. Chris Fausett, the Director approved the five-year review for SULA 1287.

DEVELOPMENT ACTIONS

FIRST AMENDMENT TO AMENDED AND RESTATED DEVELOPMENT LEASE AGREEMENT - DEVL 754 AND REFUND OF OVERPAYMENT

AGREEMENT NO.: 754
 PROJECT: Hidden Valley
 PROJECT MANAGER: Douglas O. Buchi
 PROJECT CODE: HIDVL 002 00
 FUND: School
 COUNTY: Washington
 EXECUTION DATE: June 17, 2010
 DATE OF AMENDMENT: January 1, 2010 (effective date of amendment)
 AMENDED EXPIRATION DATE: December 31, 2018

LESSEE:
 IVORY SOUTHERN, LLC
 A Utah Limited Liability Company
 978 East Woodoak Lane
 Salt Lake City, UT 84117

This amendment extends the expiration date by two years, provides for a reduction of the payment to the Trust of \$5,000 for lots sold during calendar year 2010 for up to 30 lots, and reduces the minimum sales price for certain homes, to reflect current market conditions in Washington County. The payment reduction goes into effect on January 1, 2010. Since that date, nine lot sales have closed, which are eligible for the \$5,000 reduction. These amounts need to be reimbursed to Lessee, as shown in the table below (land sale revenue).

The amended and restated lease dated January 1, 2009, discontinued the \$100 per lot processing fee. However, the Lessee has continued to pay this fee for the 27 lot sales that have occurred since that date, and these fees too need to be reimbursed, as also shown in the table below (fees on land sale).

Finally, the Lessee has sold several homes at a price under the established minimum price and has compensated the Trust based on this lower price. For these lots, the Trust will be compensated based on the minimum price and the Lessee will pay the difference as show in the table below (land sale revenue).

Subdivision	Lot	Additional payment	Refund Processing fee	Refund Payment Reduction	Total
SUBD 12 Estate Phase 1	4		\$ 100.00	\$ 5,000.00	
SUBD 12 Estate Phase 1	8		\$ 100.00	\$ 5,000.00	
SUBD 12 Estate Phase 1	19		\$ 100.00		
SUBD 12 Estate Phase 1	22		\$ 100.00		
SUBD 12 Estate Phase 1	47		\$ 100.00		
SUBD 12 Estate Phase 1	54	\$1,100.00	\$ 100.00		

FIRST AMENDMENT TO AMENDED AND RESTATED DEVELOPMENT LEASE AGREEMENT - DEVL 754 AND REFUND OF OVERPAYMENT (CONTINUED)

Subdivision	Lot	Additional payment	Refund Processing fee	Refund Payment Reduction	Total
SUBD 13 Villas	3		\$ 100.00		
SUBD 13 Villas	5	\$2,744.28	\$ 100.00		
SUBD 13 Villas	8		\$ 100.00		
SUBD 13 Villas	9	\$ 50.00	\$ 100.00		
SUBD 14 Casitas	53	\$ 199.20	\$ 100.00		
SUBD 14 Casitas	54	\$1,000.00	\$ 100.00		
SUBD 14 Casitas	55		\$ 100.00		
SUBD 14 Casitas	56		\$ 100.00		
SUBD 14 Casitas	57		\$ 100.00	\$ 5,000.00	
SUBD 14 Casitas	58		\$ 100.00		
SUBD 14 Casitas	97		\$ 100.00	\$ 5,000.00	
SUBD 14 Casitas	98		\$ 100.00	\$ 5,000.00	
SUBD 14 Casitas	99		\$ 100.00	\$ 5,000.00	
SUBD 14 Casitas	107		\$ 100.00		
SUBD 14 Casitas	109		\$ 100.00		
SUBD 14 Casitas	112		\$ 100.00		
SUBD 15 Estates Phase 2	58		\$ 100.00	\$ 5,000.00	
SUBD 15 Estates Phase 2	59		\$ 100.00	\$ 5,000.00	
SUBD 15 Estates Phase 2	69	\$1,111.00	\$ 100.00		
SUBD 15 Estates Phase 2	79		\$ 100.00		
SUBD 18 Estates Phase 2	157		\$ 100.00	\$ 5,000.00	
		\$6,204.48	\$2,700.00	\$45,000.00	\$41,495.52

Upon recommendation of Douglas O. Buchi, the Director approved the amendment and a refund of \$41,495.52 to the Lessee.

RESURVEY - EAGLE MOUNTAIN PONY EXPRESS PROPERTY

THE FOLLOWING PROPERTY HAS BEEN RESURVEYED, THE TRUST'S LAND RECORDS ARE ADJUSTED TO REFLECT THE MORE RECENT SURVEY.

BENEFICIARY: SCH
PROJECT: Eagle Mountain Pony Express
PROJECT CODE: EGLMT 002 00
PROJECT MANAGER: Elise Erler
LOCAL SURVEY MAP NO.: 104

The property described below has been surveyed by the BLM twice in the nineteenth century and has been described as a portion of a standard 640 acre section both times. A recent modern survey shows the acreage of the E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of the section described below to contain 151.00 acres rather than 160 acres. By Patent No. 19737, 10 acres have been conveyed. The remaining acreage is 141.00. The Trust's records will be adjusted to reflect this.

RESURVEY - EAGLE MOUNTAIN PONY EXPRESS PROPERTY (CONTINUED)

LEGAL DESCRIPTION BASED ON BLM SURVEY (Dated September 25, 1856, and July 26, 1890):

Township 6 South, Range 2 West, SLB&M

Section 11: E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$, containing 160 acres more or less.

NEW LEGAL DESCRIPTION BASED ON SURVEYED DESCRIPTION BY H&H ENGINEERING AND SURVEYING, INC., DATED JUNE 2, 2010:

Township 6 South, Range 2 West, SLB&M

Section 11: E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$, containing 151.00 acres more or less.

Upon recommendation of Alexa Wilson, the Director accepted the above described resurvey dated June 2, 2010.

CORRECTION -ACQUISITION OF A WATER RIGHT (81-943)

IN THE DIRECTOR'S MINUTES OF JUNE 21, 2010, PAGE 75, THE **WATER RIGHT NUMBER AND THE DEED TYPE** WAS REPORTED INCORRECTLY AND HAS BEEN CORRECTED AS SHOWN BELOW IN BOLD:

SunCor Development Company has conveyed Water Right **81-943** to the Trust by **Water Right Deed No. 81-943**, dated May 21, 2010. This water right is for a flow of 0.012 cubic feet per second. Point of diversion is within the Coral Canyon project area (Sections 5 and 6 of Township 42 South, Range 14 West, SLB&M).

Upon recommendation of Alexa Wilson, the Director approved the above correction.

ACTIONS CONTAINING FEE WAIVERS

NONE

TRUST ACCOUNTING ACTIONS

CANCELED MINERAL LEASES

The following mineral leases were not paid on or before the cancellation date of 6/10/2010. Certified notices were mailed.

<u>LEASE #</u>	<u>LESSEE NAME</u>	<u>BENE</u>	<u>COUNTY</u>	<u>TYPE</u>
ML 47553	Ansbro Petroleum Company	SCH	UTAH	OGH
ML 50312	Homeland Uranium Inc.	SCH	SANJ	MM
ML 50783	American Nuclear Fuels II LLC	SCH	KANE	MM
ML 51313-MP	Scott Seiter	SCH	TOOL	MMP
ML 51579	Baer, Anthony	SCH	DUCH	MM

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

CANCELED TIMBER APPLICATIONS

The following timber applications were not paid on or before the cancellation date of 6/10/2010. Certified notices were mailed.

<u>LEASE #</u>	<u>LESSEE NAME</u>	<u>BENE</u>	<u>COUNTY</u>	<u>TYPE</u>
TA 839	Stevenson Intermountain Seed, Inc.	SCH	GARF	SFP
		SCH	IRON	SFP
		SCH	BEAV	SFP
TA 840	Central Utah Seed	SCH	SANJ	SFP

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

INTEREST RATES

Following are the current and past year prime rates:

CURRENT YEAR: 3.25%
ONE YEAR AGO: 3.25%