

SEEP RIDGE OIL SHALE LEASING UNIT SALE ANNOUNCEMENT

The following trust lands are offered for Oil Shale lease by competitive filing with the State of Utah, School and Institutional Trust Lands Administration, in accordance with the provisions of State law and Rules Governing the Management and Use of Trust Lands in Utah. **The offering of these lands for lease of Oil Shale does not constitute a representation by the state that there are deposits of oil shale on the proposed lease parcels.** The lease will be issued using standard lease terms and conditions prescribed by the Trust Lands Administration, including a royalty rate of five per cent (5%), but not less than \$1.00 per bbl. of shale oil produced from the leasehold. The royalty rate may be increased one per cent (1%) annually after the first five years of production until a maximum of twelve and one-half per cent (12.5%) is reached. Annual lease rental is \$1.00 per acre, but not less than \$500.00 regardless of lease acreage. The primary term of the lease is ten (10) years, but the lease may be extended by commercial production of the leased substances or by diligent operations, and payment of an annual minimum royalty. All terms and conditions of the Oil Shale lease, including rentals and royalties, are subject to non-retroactive readjustment by the Director at the end of each ten-year term. **The filing period ends at 6:00 P.M., July 15, 2010.** Each application must include all of the offered acreage and must be on the Competitive Oil Shale Lease Offering Application, copy thereof as attached to this offering. The application must be accompanied by **two** checks – one check for the bonus bid for the leasing unit and one check for the \$30.00 application fee. **The minimum acceptable bonus bid is \$944,280.00.** The lease will be awarded on the basis of the highest Dollar amount bonus bid submitted by a qualified applicant. Qualified applicants must be U.S. citizens, or if a corporation or other business entity must be registered and in active good standing with the Utah Division of Corporations. The bonus bid of the successful high bidder will be applied to the first year annual lease rental. Each application must be submitted in a sealed envelope marked: **“Sealed bid for Seep Ridge Oil Shale Leasing Unit.” Bids to be opened at 10:00 A.M., Monday, July 19, 2010 at the School and Institutional Trust Lands Administration’s office at 675 East 500 South, Suite 500, Salt Lake City, Utah 84102-2818.** No bid will be considered unless it is submitted in the manner prescribed above and is not less than the above minimum acceptable bonus bid amount. In the event of tied qualifying high bids the winner will immediately be determined by the Trust Lands Administration through a public drawing. Bid checks of unsuccessful applicants will be returned to the applicant, but all application fees are forfeited to the Trust Lands Administration. The offered lands totaling **944.28 acres** within the Seep Ridge Oil Shale Leasing Unit are described as follows, all within Uintah County, Utah.

T13S, R22E, SLB&M

**Section 36: E2E2, W2SE4, S2SW4
320.00 acres (SCH Fund)**

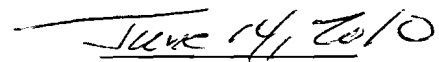
T14S, R22E, SLB&M

**Section 2: Lots 1 thru 4 (aka N2N2), S2N2, S2
624.28 acres (SCH Fund)**

The Director reserves the right to reject any and all bids if it is determined by the Director that such bid or bids are not in the interest of the trust.



Thomas B. Faddies, Assistant Director/HRI Minerals



Posting Date



**State of Utah
School and Institutional
Trust Lands Administration**

675 East 500 South #500
Salt Lake City, UT 84102-2818
Telephone No. (801)538-5100
Fax No. (801)355-0922
Web site: trustlands.utah.gov

Date: _____

COMPETITIVE OIL SHALE LEASE OFFERING APPLICATION

Applicant Name: _____

Address: _____

City: _____

State: _____ **Zip Code:** _____

Phone: _____

OFFICE USE ONLY	
APPLICATION NO. _____	
SCH	_____
MH	_____
NS	_____
SM	_____
UNIV	_____
DEAF	_____
IB	_____
USH	_____
SYDC	_____
RES	_____
PB	_____
USU	_____
OTHER	_____
TOTAL	_____
Checked by: _____	

Applicant hereby applies for a mineral lease on the following described leasing unit as listed on the Lease Offering, situated in Uintah County, State of Utah, for the purpose of mining the following mineral(s) therefrom:
Oil Shale.

Leasing Unit	Section(s)	Twn	Rng	Meridian	Acres
Seep Ridge	36: E2E2, W2SE4, S2SW4	13S	22E	SL	320.00
	2: Lots 1 thru 4 (aka N2N2), S2N2, S2	14S	22E	SL	624.28
				Total	944.28

REQUIREMENTS AND CONDITIONS: 1) One leasing unit per application form; 2) Applicants are required to submit a check in the amount of \$30.00, as a nonrefundable application fee, AND a separate check in the amount of the bonus bid; 3) All application fees are forfeited to the School and Institutional Trust Lands Administration; 4) The Applicant offers a minimum bid, and agrees to pay rentals and royalties as prescribed for the particular Oil Shale mineral leasing unit described above in this application, as contained in the announced offering of this leasing unit; 5) Applicant does hereby bid and deposit with this application a sum of \$ _____ as first years rental and as a bonus amount to secure a lease for the above described lease unit; 6) Bonus bid checks will be returned to unsuccessful applicants.

The successful Applicant must accept a Utah State Mineral Lease for Oil Shale in the form currently offered by the School and Institutional Trust Lands Administration subject to the requirements of the laws of the State of Utah including the rules of the Division of Oil, Gas & Mining and the rules governing the management of the School and Institutional Trust Lands Administration. Failure of funds or failure to execute a lease within 30 days of receipt shall constitute a forfeiture of the bonus bid and termination of the lease agreement. If the applicant is a firm, association or corporation, the date such entity became qualified to do business in the State of Utah was _____.

Applicant's Signature

By: _____
** (Attorney-in-fact) Signature

** Application filed by an attorney-in-fact in behalf of the applicant shall not be accepted unless there is sufficient evidence on file with the Trust Lands Administration that the applicant authorized the attorney-in-fact to apply for and execute the lease in his behalf.

For questions or information call (801) 538-5100.