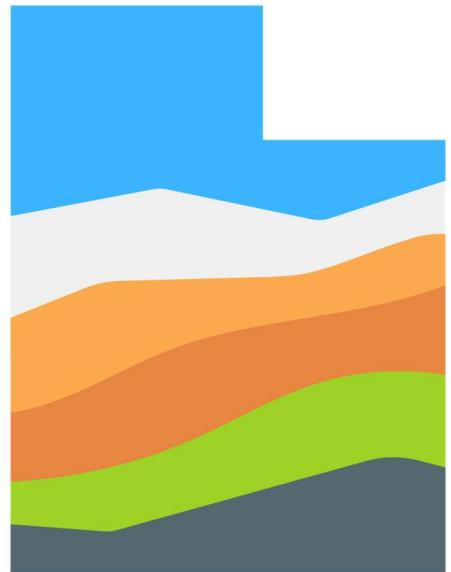


Agenda

March 21, 2024



**TRUST
LANDS**
ADMINISTRATION



Board of Trustees Meeting Agenda

102 Tower – 6th Floor Boardroom
102 South 200 East
Salt Lake City, Utah 84111

Thursday, March 21, 2024
9:00 a.m.

- 1. Welcome**
- 2. Approval of February 15, 2024 Minutes**
- 3. Confirmation of Upcoming Meeting Dates**

April 18, 2024 – Regular Meeting
May 16, 2024 – Regular Meeting
June 19-20, 2024 – TOUR (Beaver Canyon Projects, Beaver County) + Regular Meeting
July 18, 2024 – NO MEETING (New board member orientation)
August 15, 2024 – Regular Meeting (New board chair)

- 4. Trust Lands Funds in Action** by Marla Kennedy, Director of Communications and Governmental Affairs, Trust Lands Administration

- 5. Public Comments**

Trust Lands welcomes comments from the county advisory committee, the public, and other interested parties. The board sets aside 15 minutes at each board meeting to hear from anyone wishing to speak. Each presenter is allowed one opportunity and has up to three (3) minutes for remarks. Any member of the public participating electronically who desires to comment shall use the "raise hand" feature during the Zoom meeting. The public comment segment of the board meeting is not the time for a question-and-answer discussion. Trust Lands staff is available for dialogue outside of board meetings.

- 6. Chair Report** by Dave Donegan, Chair of the Board of the Trust Lands Administration
- 7. Director Report** by Michelle McConkie, Executive Director of the Trust Lands Administration
 - a. Legislative Update
- 8. Advocate Report** by Kim Christy, Director and Jessie Stuart, Assistant Director of the Land Trusts Protection & Advocacy Office
- 9. Action Items**
 - a. Proposed 2024/2025 Grazing Assessment Rates by Chris Fausett, Managing Director (SLC) of Surface Resources

- b. Proposed Agreement to Issue Non-Competitive Multi-Commodity Exploration with Option to Lease (ML 90039 OBA) with **Utah Energy Minerals LLC**, Grand & San Juan Counties (2,480.18 acres) by Tyler Wiseman, Geoscientist / Lease Manager (SLC) and Stephanie Barber-Renteria, Managing Director (SLC) of Energy & Minerals
- c. Proposed Agreement to Issue Willow Creek Leases (ML 54430 OBA), (ML 54431 OBA), and (ML 54432 OBA) with **Mustang Fuel Corporation**, Uintah County (+/- 1,921.04 acres) by Chanse Rinderknecht, Geologist / Lease Manager (Vernal) and Stephanie Barber-Renteria, Managing Director (SLC) of Energy & Minerals
- d. Proposed Agreement to Reduce Coal Lease Royalty Rate (ML 51191 OBA) with **Fossil Rock Resources LLC (Wolverine Fuels)**, Emery County (8,203.87 acres) by Andy Bedingfield, Assistant Managing Director (SLC) and Stephanie Barber-Renteria, Managing Director (SLC) of Energy & Minerals
- e. Proposed Amendment to a Development Agreement (DEVL 1074) with **Ivory Homes, Ltd**, Eagle Mountain Overland Project, Utah County by Elise Erler, Assistant Managing Director (SLC) of Real Estate Development
- f. Proposed Agreement to Issue Oil, Gas, and Associated Hydrocarbon Lease (ML 54438 OBA) with **Anschutz Exploration**, Uintah County (640 acres) by Rachel Boyack, Lease Manager (SLC) and Stephanie Barber-Renteria, Managing Director (SLC) of Energy & Minerals

10. Pursuant to Utah Code Annotated §52-4-204(d), the Board may hold a Closed Strategy Session to discuss the purchase, exchange, or lease of real property, including any form of a water right or water shares, if public discussion of the transaction would:

- (i) Disclose the appraisal or estimated value of the property under consideration; or
- (ii) Prevent the public body from completing the transaction on the best possible terms.

Specifically, the Board may discuss the transactions referred to above as 9e (DEVL 1074) and 9f (ML 54438).

11. Adjourn

Interested parties, including members of the public or representatives of county governments or Utah Tribes, may attend the meeting in person or through the **registration link**: https://utah.gov.zoom.us/webinar/register/WN_GPcpwB6XRgSVoGNUbOxwAw. Those wishing to provide public comment electronically will be asked at the beginning of the period designated for such comment to use the "raise hand" feature at the bottom of the screen within the Zoom meeting so they may be called upon to provide comment.

Please call Lisa Stamps Jones at 801-891-7489 or email lstampsjones@utah.gov any time before 5:00 p.m. on March 20, 2024, with questions.

Items may be heard in any order, at any time, at the Board's discretion.

Please be aware that the public portions of this meeting may be broadcast live over the Internet. Also, please note that an audio recording of the public portions of this meeting, along with any materials presented or distributed in the public portions of this meeting, will be posted on Utah's public notice website. Witnesses with questions, concerns, or handouts should contact staff.

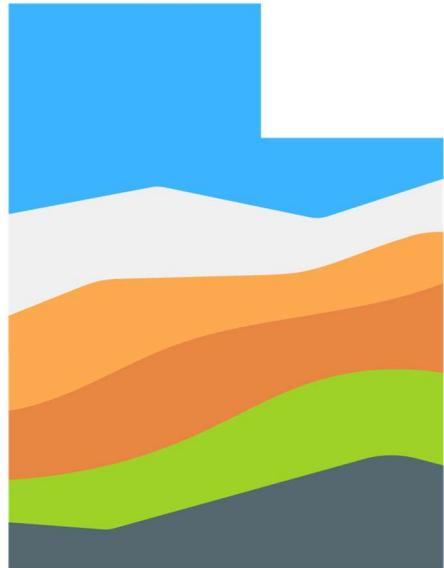
In accordance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for this meeting should contact Lisa Stamps Jones at 801-891-7489, or by email at lstampsjones@utah.gov, at least three (3) days in advance.

I, Lisa Stamps Jones, Trust Lands Administration Board of Trustees Executive Assistant, hereby certify the foregoing agenda was posted on the Utah State Public Notice website, <https://www.utah.gov/pmn/index.html>.

Dated: Tuesday, March 11, 2024.

9a Surface

2024/2025 Grazing Assessment Rates



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

To: Board of Trustees (*Board*)
School and Institutional Trust Lands Administration (*SITLA*)

From: Chris Fausett, Managing Director - Surface
Ron Torgerson, Assistant Managing Director

Re: Proposed 2024/2025 Grazing Assessment Rates

Date: March 6, 2024

Summary

Pursuant to Utah Administrative Code R850-50-500, TLA grazing assessment rates are to be established by the Board and reviewed annually. TLA proposes the 2024/2025 grazing assessment rates set forth below.

The 2024/2025 recommended grazing assessments are:

- Standard Assessment - \$6.84 + \$0.10 weed fee = **\$6.94 per AUM**
- Block Assessment - \$11.97 + \$0.10 weed fee = **\$12.07 per AUM**

Last year's 2023/2024 approved grazing assessments were:

- Standard Assessment - \$6.65 + \$0.10 weed fee = \$6.75 per AUM
- Block Assessment - \$11.66 + \$0.10 weed fee = \$11.76 per AUM

The proposed grazing assessments have been reviewed by the Surface Committee and the agency now seeks approval from the Board.

Key Information and Background

Current Formula:

In March of 2020, the Board approved a grazing assessment formula that is tied to the private market, while recognizing different circumstances. For example, the agency requires its grazing permittees to perform tasks and expend money (non-fee costs) that private landowners do not typically require of their permittees. In comparison, the federal grazing rate on adjacent BLM lands is \$1.35 per AUM.

The formula is a percentage (36% for standard assessment, 63% for block assessment) of the USDA National Agricultural Statistic Service (NASS) private lease rate, averaged over a three-year period. Using a three-year running average helps moderate any dramatic swings in either direction. This formula has been much simpler to follow and implement than the formula in effect prior to 2020 and is tied directly to market rates.

- Standard Assessment – 36% of the (NASS) three-year average private lease rate, Ex. NASS DATA private lease rates for the last three years: $18.50 + 19.00 + 19.50 = 57.00/3 = 19.00 \times 36\% = \textbf{\$6.84/AUM}$

- Block Assessment – 63% of the (NASS) three-year average private lease rate, Ex. NASS DATA private lease rates for the last three years: $18.50 + 19.00 + 19.50 = 57.00/3 = 19.00 \times 63\% = \$11.97/\text{AUM}$

The \$0.10/AUM weed fee is established in state statute (53C-5-104) and is to be used for the payment of costs incurred in controlling noxious weeds, new and invading plant species, insects, and disease infestations on trust lands.

Requested Action

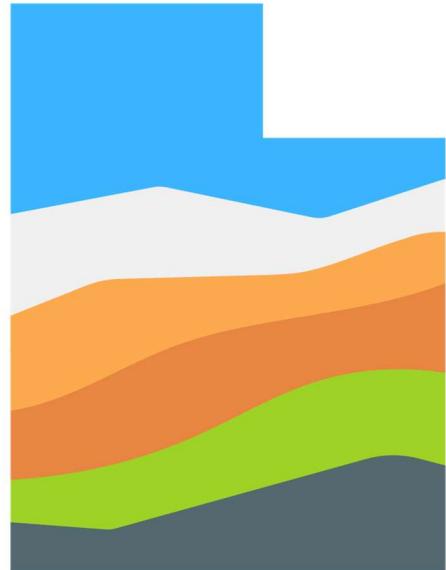
The agency requests that the Board approve the proposed 2024/2025 grazing assessments and offers the following proposed motion:

“Move to approve the grazing assessments for 2024/2025 with the standard assessment being set at \$6.84 per AUM and the block assessment being set at \$11.97 per AUM.”

9b Energy & Minerals

Amendment to Non- Competitive Multi- Commodity Exploration Lease (ML 90039 OBA)

with Utah Energy
Minerals LLC



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 21, 2024

To: Board of Trustees, Utah Trust Lands Administration

From: Stephanie Barber-Renteria, Managing Director, Energy & Minerals
Tyler Wiseman, Geoscientist/Lease Manager

Re: ML 90039-OBA – Exploration Agreement with Option to Lease Non-competitively for Lithium-rich Brines, Potash and Other Mineral Salts, Metalliferous Minerals, and Oil, Gas and Associated Hydrocarbons (including Helium)

Applicant: Utah Energy Minerals LLC
26 S Rio Grande St #2072
Salt Lake City, UT 84101

Lands: T22S, R16E, SLB&M
Section 2: All (559.82 ac)

T24S, R19E, SLB&M
Section 2: All (640.36 ac)

T25S, R20E, SLB&M
Section 36: All (640.00)

T26S, R19E, SLB&M
Section 32: All (640.00)

Acreage: 2,480.18 total acres

Fund: School (100%)

Summary

The Energy & Minerals Team recommends the Board approve this non-competitive multi-commodity exploration agreement with option to lease/other business arrangement ("OBA"), proposed by Utah Energy Minerals LLC ("UEM").

Key Information and Background

On February 19, 2024, UEM submitted a proposal to explore for and have an option to lease lithium-rich brines, potash and other mineral salts, metalliferous minerals, and oil and gas, including helium, within the Northern Paradox Basin in Grand and San Juan Counties.

The applicant has been advised that there is an existing surface lease on 35 acres of land in Section 2, Township 24 East, Range 19 East for a brine processing plant. The agreement will be issued with a no surface occupancy provision for the lands covered by the surface lease.

The Resource: Lithium-rich brines, potash and other mineral salts, metalliferous minerals, and oil, gas and associated hydrocarbons + helium within the Northern Paradox Basin of southeastern Utah.

The Applicant: Utah Energy Minerals LLC, a newly formed Utah entity made up of former Schlumberger executives familiar with the Paradox Basin.

Exploration Agreement: A five (5) year exploration agreement to confirm viability of the resources with an option to lease multiple commodities. The proposed exploration agreement would be a five-year drill-to-earn exploration agreement with the following stipulations:

- Northern Prospect Area #1: (Years 1-3) drill a new well or re-enter an existing well and perform a geochemical test of the target formation in Prospect Area #1 within the first three years of the exploration phase,
- Southern Prospect Area #2: (Years 4-5) drill a new well or re-enter an existing well and perform a geochemical test of the target formation in Prospect Area #2 within the last two years of the exploration phase,
- Submit yearly technical report/Plan of Development while in the exploration phase.
- If all requirements are met during the five (5) year exploration agreement, UEM will have earned an option to lease lithium-rich brines, potash and other mineral salts, metalliferous minerals, and/or oil, gas, and associated hydrocarbons (including helium).

Material Terms of the Leases

Term:

- 10-year primary lease term for lithium-rich brines, potash and other mineral salts, and metalliferous minerals with an annual rental fee of \$9.00 per acre.
- 5-year primary lease term for oil, gas, and associated hydrocarbons (including helium) with an annual rental fee of \$2.00 per acre.
- All leases may be extended beyond their primary term by diligent operations or production in paying quantities.

Royalty:

- Production rate of 5% of the Gross Value of non-fissionable, f.o.b. the mine, of lithium-rich brines, potash and other mineral salts, and metalliferous minerals sold under an arm's length transaction.
- A royalty of 16 2/3% of the proceeds from the sale of all oil, gas, and associated hydrocarbons (including helium).

Payments to Trust Lands Administration:

- \$11.00 per acre annual rental (\$27,281.98 per year) during the exploration agreement period.

Data Reporting Requirements

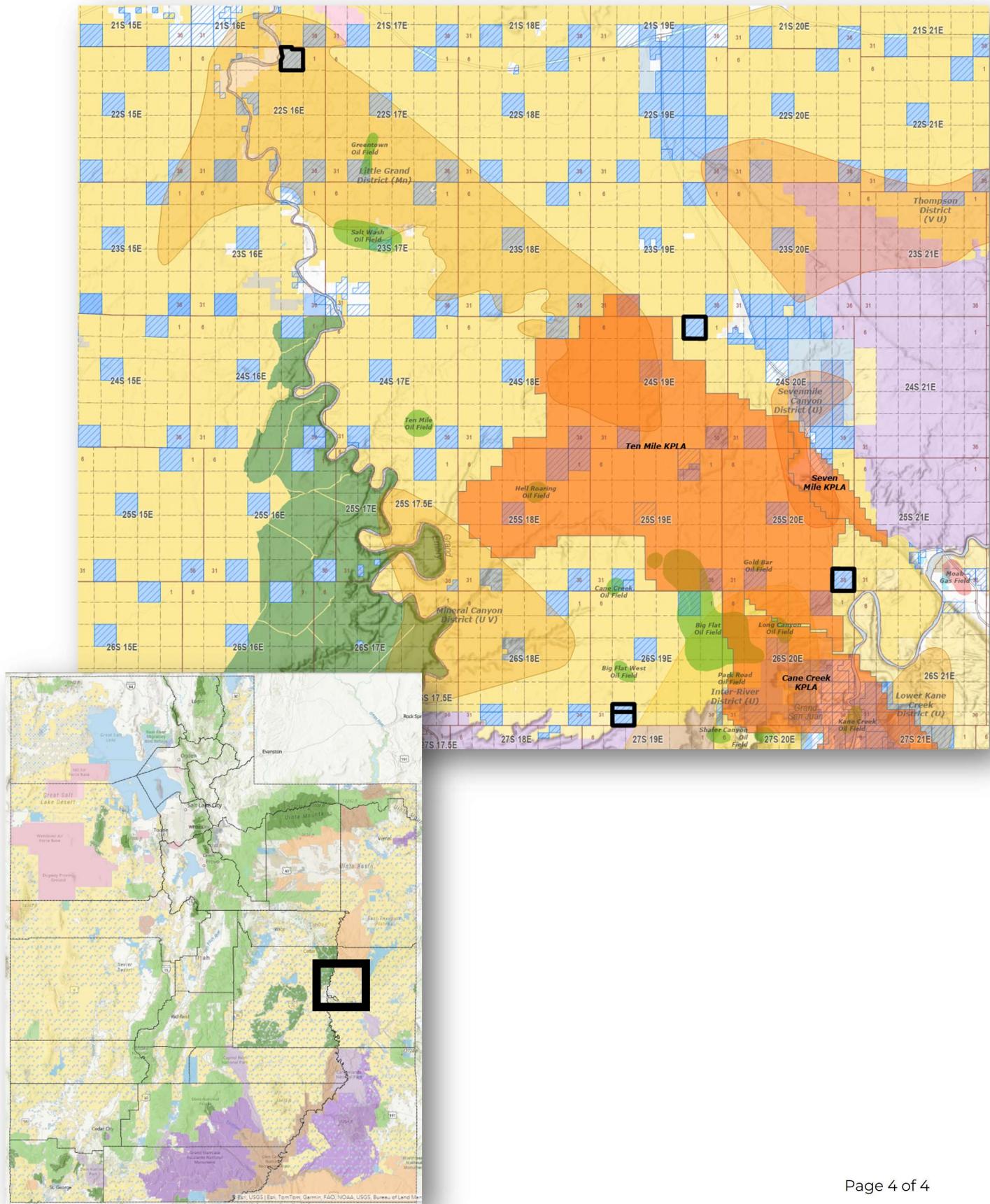
The agency will require all geologic data from exploration activities conducted on the subject lands.

Requested Agency Action

The agency requests the Board approve this (ML 90039-OBA) other business arrangement/exploration agreement with option to lease non-competitively for lithium-rich brines, potash and other mineral salts, metalliferous minerals, and oil, gas, and associated hydrocarbons (including helium) and offers the following proposed motion:

"I move to approve ML 90039-OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."

Appendix A



9c Energy & Minerals

**Agreement to Issue
Willow Creek Leases**

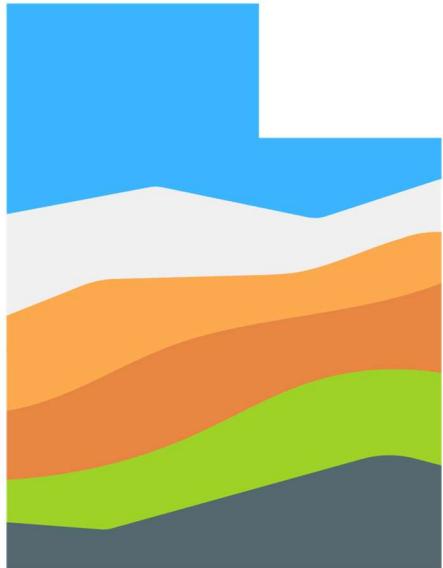
(ML 54430 OBA)

(ML 54431 OBA)

(ML 54432 OBA)

with

**Mustang Fuel
Corporation**



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 6, 2024

To: Board of Trustees, School and Institutional Trust Lands Administration

From: Stephanie Barber-Renteria, Managing Director of Energy & Minerals
Chanse Rinderknecht, Geologist/Lease Manager

Re: Willow Creek OBA ML 54430, ML 54431, and ML 54432 Other Business Arrangement (OBA)
Oil Gas & Associated Hydrocarbons

Applicant: Mustang Fuel Corporation
9800 North Oklahoma Avenue,
Oklahoma City, OK USA 73114

Lands: ML 54430 OBA
12S-20E, Section 32: ALL – approximately 640 acres

ML 54431 OBA
12S-20E, Section 36: All – approximately 640 acres

ML 54432 OBA
13S-20E, Section 2: Lots 1, 2, 3, 4, S2N2, S2 approximately 641.04 acres

Uintah County

Total Acreage: 1,921.04 acres, more or less

Fund: Schools

Summary

The Energy & Minerals Team recommends that the Board approve the Willow Creek OBA and issue to Mustang Fuel Corporation (Mustang) three new Oil Gas & Associated Hydrocarbons Leases on 1,904.21 acres of trust lands located in Uintah County. Pursuant to Utah Code § 53C-2-401(l)(d)(ii), the agency may enter an OBA with Board approval. This action requires Board approval because the proposed lands are not being offered for lease via the competitive lease process.

Key Information and Background

Mustang is the fee owner of approximately 19,200 acres surrounding the TLA sections. Mustang asserts that the TLA sections leased alongside the Mustang fee sections will create a more suitable environment for multi-section horizontal development.

The Resource: Oil Gas & Associated Hydrocarbons

The Applicant: Mustang Fuels Corporation has been a responsible operator in the past and is looking to return the area into production.

Material Terms of the Transaction

Term: The leases will be issued with a five-year primary term

- Mustang asks for a five-year primary term on the leases to allow for the proper planning of multi-section horizontal development and geologic assessment/modeling.

Payments to Trust Lands Administration:

- Mustang will pay a bonus payment of \$25.00/acre (\$48,026.00).
- The royalty rate for the three leases will be 17%.
- Rentals will be \$3.00/acre.

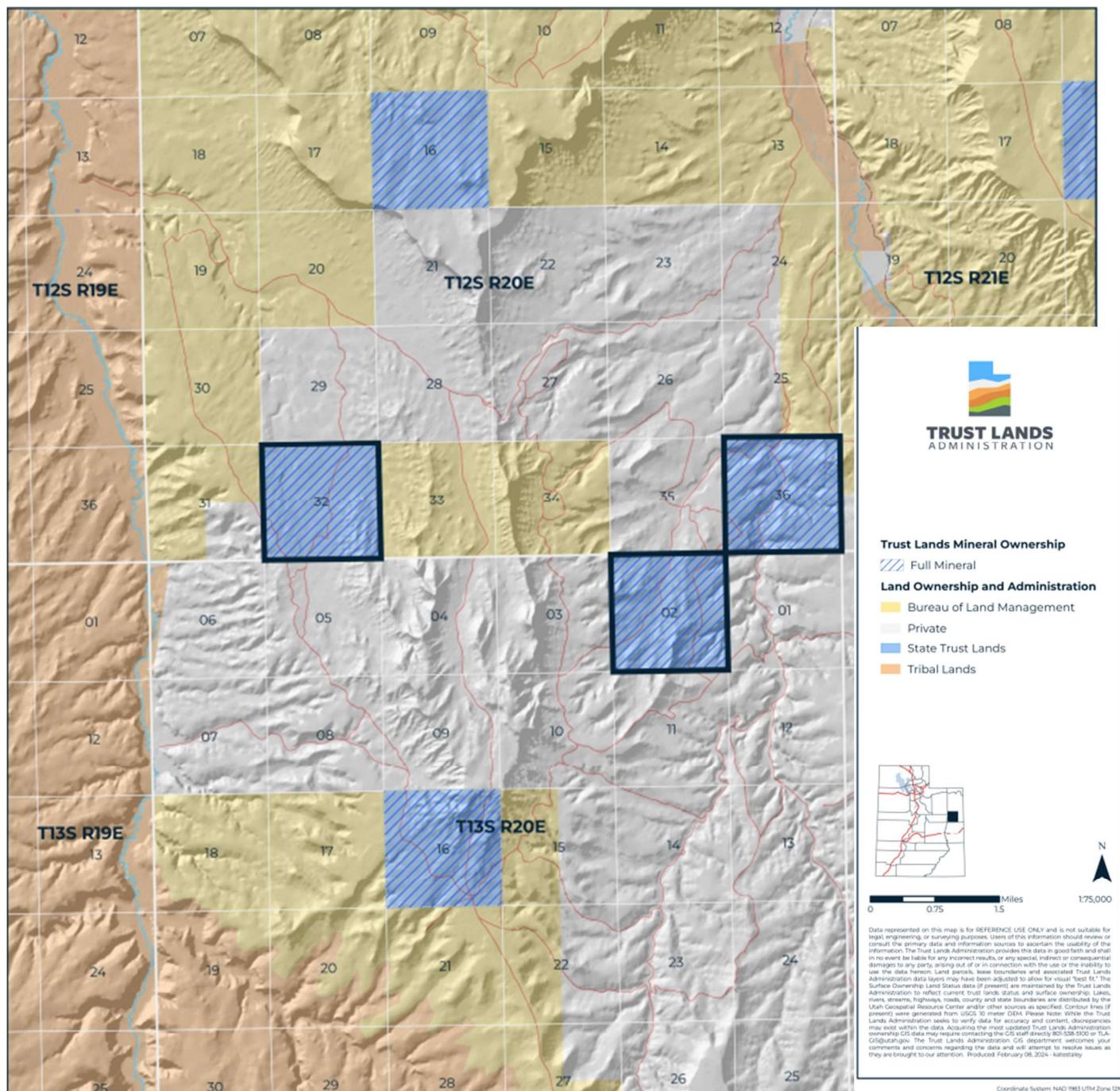
Data Reporting Requirements: The agency will require all geologic data from wells drilled.

Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

"I Move to approve the Willow Creek OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."

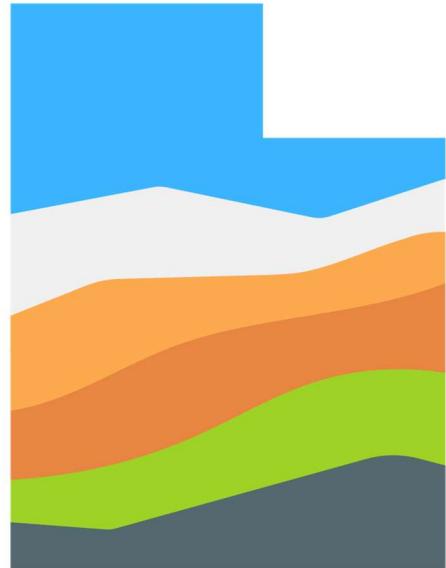
Appendix A Map:



9d Energy & Minerals

Agreement to Reduce Coal Lease Royalty

with Fossil Rock
Resources LLC
(Wolverine Fuels)



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 6, 2024

To: Board of Trustees, School and Institutional Trust Lands Administration

From: Stephanie Barber-Renteria, Managing Director of Energy & Minerals
Andy Bedingfield, Assistant Managing Director, Energy & Minerals

Re: Other Business Arrangement (OBA) ML 51191
Coal Lease Royalty Rate Reduction

Lessee: Fossil Rock Resources LLC (Wolverine Fuels)
1401 North 1st Street, Ste. A
Grand Junction, CO 81501

Lands: **See Map
Emery County**

Acreage: Containing in all 8,203.87 acres

Fund: LEDA – School Fund

Summary

The Energy & Minerals Team recommends that the Board approve this Royalty Rate Reduction (RRR) for ML 51191-OBA. This action requires Board approval because the proposed action is a substantial change to the lease contract.

Key Information and Background

This coal tract, known as the Cottonwood Tract (or Fossil Rock Mine), was exchanged from the federal government to the TLA in the 1998 Grand Staircase Escalante National Monument Exchange. The Tract will revert back to federal ownership once the payment of \$26,012,210 plus accrued interest is paid by the lessee. Of that \$26,012,210, TLA gets 48.5% along with a 3% management fee. The remaining 48.5% goes to the State of Utah and is distributed via the Land Exchange Distribution Account (LEDA). As the interest has been accruing on the account, and the lessee has been paying minimum royalties, the current amount owed to LTA (50%) is \$15,479,584, i.e., the tract will exchange when 2x \$15,479,584 is paid. Interest is accrued monthly based on the 5-Year Treasury Constant Maturity Rate. The lessee has paid approximately \$13MM in minimum royalties that can be deducted from production.

The Cottonwood Tract is a drill-defined tract that will be mined using existing portals at the former Trail Mountain Mine. ML 51191-OBA was leased in 2008 by TLA to PacifiCorp and was subsequently assigned to Fossil Rock Resources. The current mine plan is for a longwall mine, which will be designed for deep cover. The Trail Mountain Mine was operated by Energy West Mining (Pacificorp) and was closed in 2001 due to difficult geologic conditions. The operator will need to re-build many of the surface facilities at the mine portal, including offices, bathhouse, coal handling and stockpile areas.

TLA is required to consult with BLM regarding any substantial lease modifications, including RRR's. The BLM was consulted and submitted a Technical Review on the Royalty Rate Reduction on February 23, 2024. In addition, Pacificorp holds a 4% overriding royalty on all coal produced from the mine.

The Fossil Rock Mine is not operating, and the lessee will need to spend approximately \$150MM to reopen the brownfield mine. The proposed royalty rate reduction will help the capital and economics of the project. If the mine opens, they will need to hire approximately 350 direct mine jobs. The opening of the

mine will also help bolster the coal supply in the Utah market which has been dampened with the closure of the Lila Canyon Mine.

Request: Reduce the royalty from 8% to 5% of gross sales

An annual report would be required to be submitted by the operator to verify its capital expenditure and that difficult geologic conditions are continuing in the manner as described herein. If geologic conditions change for the better, the RRR will not be continued, or will only be applied where applicable.

Justification for RRR:

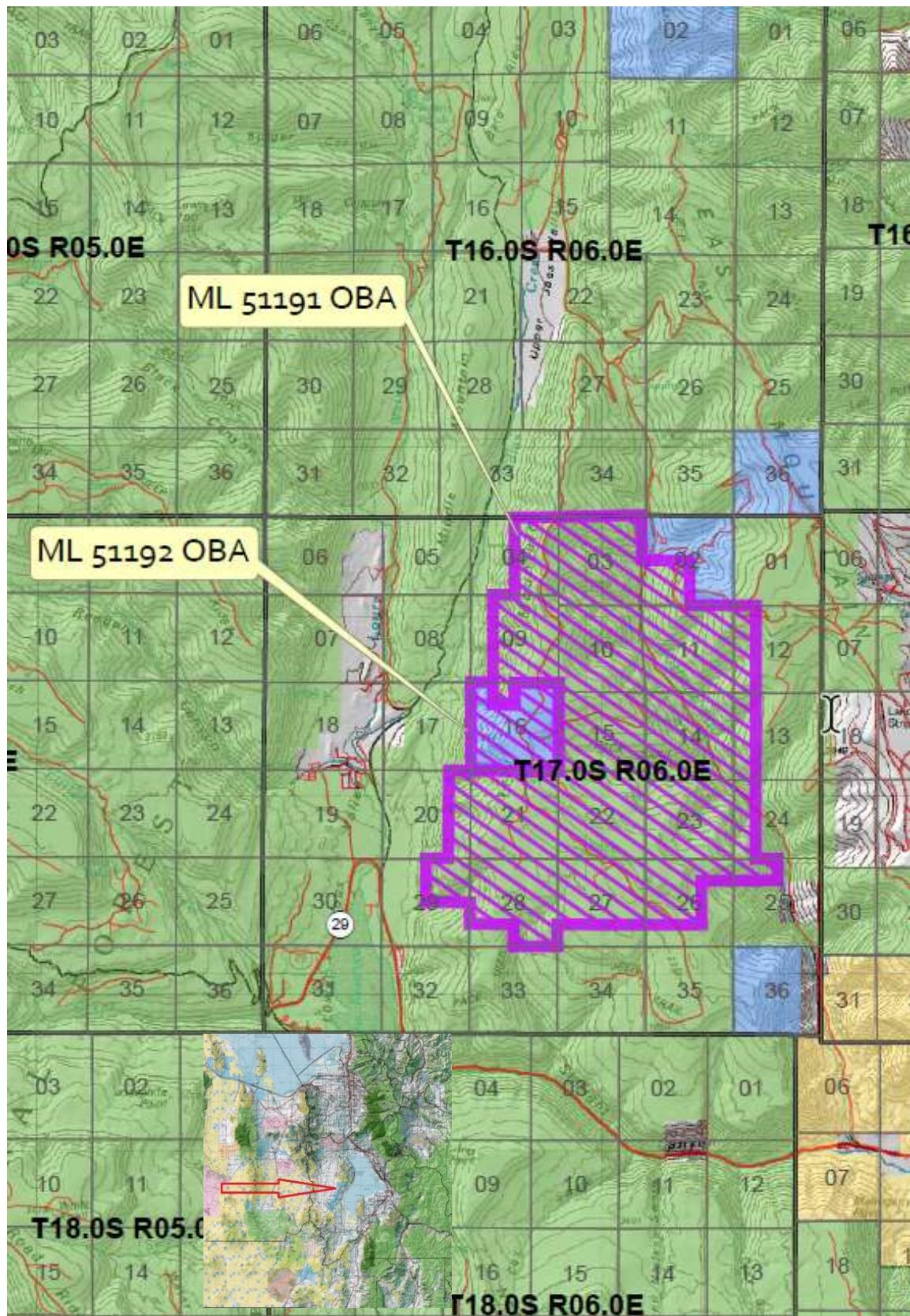
- Depth – The reserve is deep with up to 2,700 feet of cover. This adds significant costs to the mine. Each longwall panel will be barrier-panel-barrier which adds extra continuous miner development and increased costs.
- Geology – The mine has a large number of faults, which can make mining difficult. The Straight Canyon Syncline trends northeast through the center of the mine. Known igneous dikes and dolomitic rock spars are located throughout the mine area. These issues cause ongoing equipment repairs, rebuilds and decreased mining productivity rates.
- Water Inflow – due to the faulting, it is anticipated that up to 4,000 gpm will be encountered in various parts of the mine.
- Without royalty relief, it is highly unlikely that the mine will re-open due to capital constraints and the cost of equipment and infrastructure needed.

Because TLA owns a monetary amount of the coal, granting a royalty rate reduction does not reduce the income to TLA, but rather prolongs that payment. In other words, the date that the mine reverts back to federal ownership will be delayed by approximately 3+ years.

Requested Agency Action

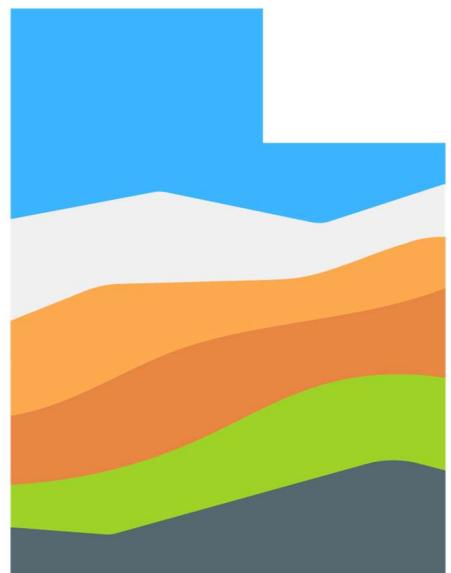
The agency requests that the Board approve the OBA and offers the following proposed motion:

"I Move to approve the Royalty Rate Reduction based on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary."



9e Development Amendment to Development Agreement (DEVL 1074)

with
Ivory Homes, Ltd



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

To: Board of Trustees ("Board")
School and Institutional Trust Lands Administration ("TLA")

From: Elise Erler
Assistant Managing Director, Real Estate Development

Re: Proposed Amendment to a Development Agreement
Overland Project, Eagle Mountain, Utah County ("DEVL 1074")

Developer: Ivory Homes, Ltd. ("Ivory")

Property: Township 5 South, Range 2 West, within Section 36, SLB&M
Township 6 South, Range 2 West, within Sections 1 and 12, SLB&M
Containing approximately 681.49 acres (remaining in TLA ownership)

Beneficiary: Schools

Date: March 21, 2024

SUMMARY

TLA and Ivory entered into DEVL 1074, effective February 1, 2016, for the Overland Project ("Overland") in Eagle Mountain City ("City") (see Figure A). Overland originally contained 1,200 acres of Trust Lands. TLA and Ivory recently negotiated revised terms for proposed compensation on new home sales until the end of 2027 (see Figure C). This revision constitutes a material amendment to a major development transaction and needs Board approval.

The proposed amendment will enable Ivory to construct and sell smaller residential units that target missing segments in Eagle Mountain's real estate market. TLA seeks the Board's approval of the amendment's key terms, pursuant to Rule R850-140-700.

KEY INFORMATION — AMENDMENT OF MAJOR DEVELOPMENT TRANSACTION

Summary of Development Transaction: DEVL 1074 authorized Ivory to master plan, entitlement and develop TLA's Mid-Valley property, provide all offsite and onsite improvements necessary to build approximately 3,800 residential units, including certain amenities, open spaces and trails, and then to sell the residential units to homebuyers. TLA receives a contractually agreed percentage of gross revenues from each sale.

Development To Date: Ivory has constructed and sold most of the residential units platted in Overland's Village 1 and the first units in Village 2; these units are single family homes of different sizes. The City has approved Overland's Village 2 concept plan (see Figure B), and approved plats for about 15% of that plan. Village 2 includes Desert Sky Elementary School, which opened in August 2023. Every Overland home is constructed under contract with a home buyer as Ivory has not built "spec" homes in Overland. Through February 2024, TLA has received more than \$11.7 million from 545 sales in Villages 1-2, primarily larger single-family homes as well as several institutional lots (school and church sites).

Culinary Water: TLA banked 750+ acre-feet of water rights with the City for use in the future development of TLA's remaining lands within the City, totaling more than 1,800 acres, and pre-paid the City in 2009 for 1,000 acre-feet of the City's interest in Central Utah Water Conservancy District (aka non-Federal CWP) water. To date, TLA has not used these culinary water sources for Overland. DEVL 1074 provides a culinary-water credit to Ivory for its cost of acquiring culinary water from the City. TLA's contractual allowance increases each fiscal year; the current allowance is less than the cost that the City charges developers, including Ivory.

The attributable allowance is deducted from the gross sales price at closing; therefore, TLA's "gross revenue" is net of the water allowance and TLA's closing costs.

Summary of Proposed Amendment: Most residential units in the City are larger single-family homes. Ivory sees a market opportunity in Village 2 for more affordable¹ housing, primarily townhomes and smaller single-family homes, to attract those buyers seeking to purchase smaller homes along the Wasatch Front. As part of "penciling" the cost of building smaller homes, these residential units need to be located on smaller lots to lower each unit's land cost. Unfortunately, Eagle Mountain does not reduce its impact fees in proportion to smaller lot sizes and that appears to penalize townhomes.

The concept plan for Overland's Village 2 anticipates more dwelling units on smaller lots (Cottage, Garden and Townhomes) than homes on larger lots (Estate and Collection). With the smaller-lot products planned in Village 2, there are more residential lots per acre than with larger single-family home products. Even though Ivory makes more money on each larger single-family home, Ivory plans to build smaller-lot homes for several reasons: neighborhood variety, affordability and, most important, increased sales velocity and absorption. These criteria benefit the Overland project and TLA.

As another part of "penciling" the cost of building smaller homes, Ivory proposes to compensate TLA with a lower percent of gross revenue for each townhome and small single-family home type compared to the previously agreed higher percentages for larger single-family homes. The original percentage for the current period was 8% of gross revenue for any home. The proposed amendment has percentages of 7% of gross revenue for small homes (Cottage and Garden), and 6% for townhomes (Townhomes). The proposed percentages are shown in Figure C.

Under the terms of the proposed amendment, TLA will receive payment for increased home sales as demand for smaller homes on smaller lots should be higher than demand for traditional $\frac{1}{4}$ -acre lots with larger homes in the current climate of high-interest mortgage rates. Maintaining absorption on this project is important as Overland home sales need to continue a robust momentum in this drive-until-you-can-afford-it location, even with the proposed lower percentages. TLA and Ivory have tentatively agreed to a reduction, through the end of 2027, in the small-lot-with-home percentages paid to TLA so that Ivory can build and sell smaller, more affordable housing.

Additional Information: None.

Staff Conflicts of Interest: None.

Subordination of Trust Assets: None; the surface estate will be developed and then sold.

REQUESTED ACTION BY BOARD OF TRUSTEES

Approve the recommended percentages shown in Figure C, through the end of 2027, as key terms in the proposed amendment to DEVL 1074, pursuant to Rule R850-140-700.

¹The term "affordable" means less expensive. It does not refer to the "Affordable" housing term used in Federal, State and local regulations, which restrict prices and/or rents to typically lower-income ranges.

Figure A
Depiction of Overland Project

Blue: TLA ownership shown in blue; conveyed TLA land (sold lots, school and church sites, clubhouse and HOA lands) shown in orange.

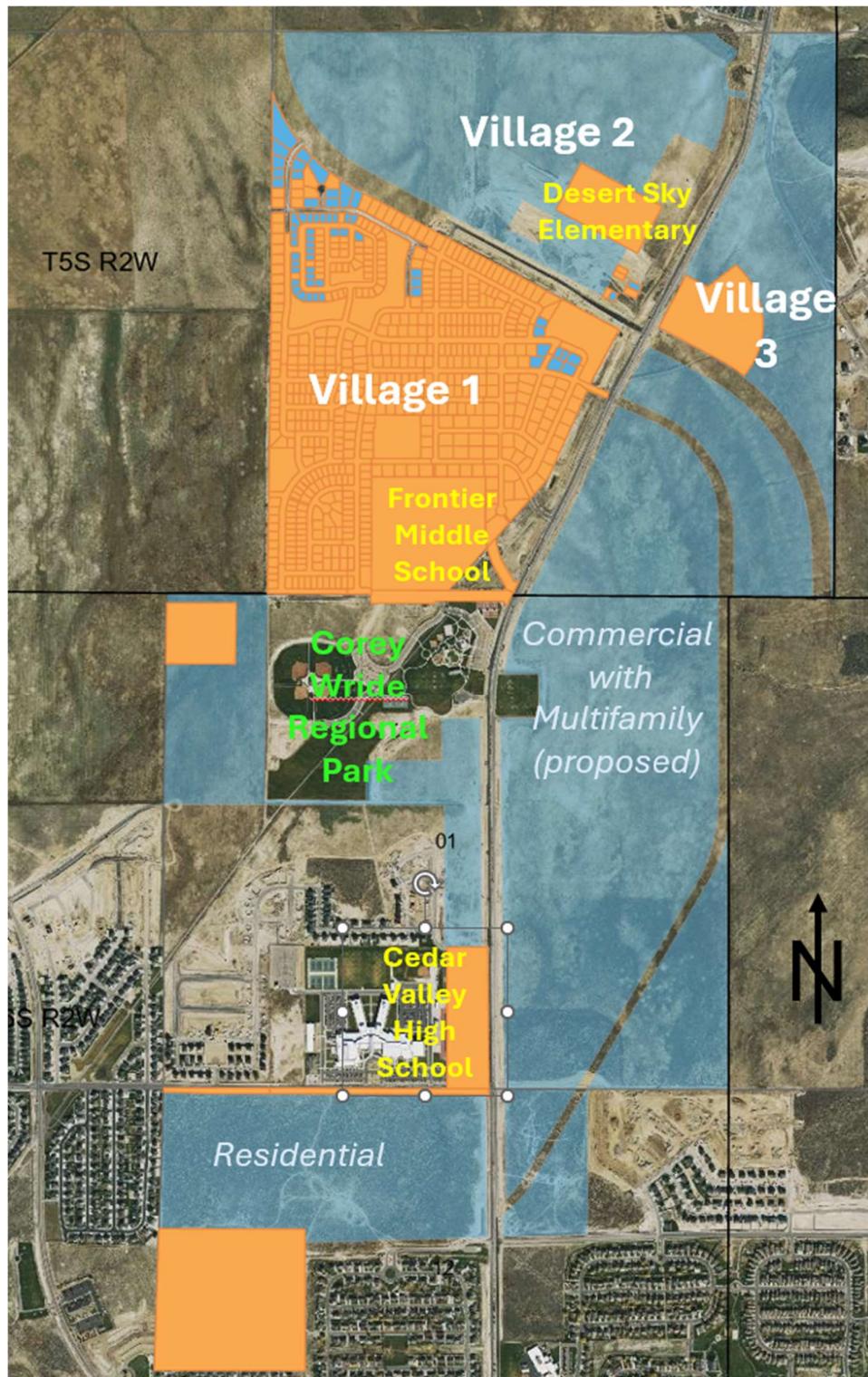
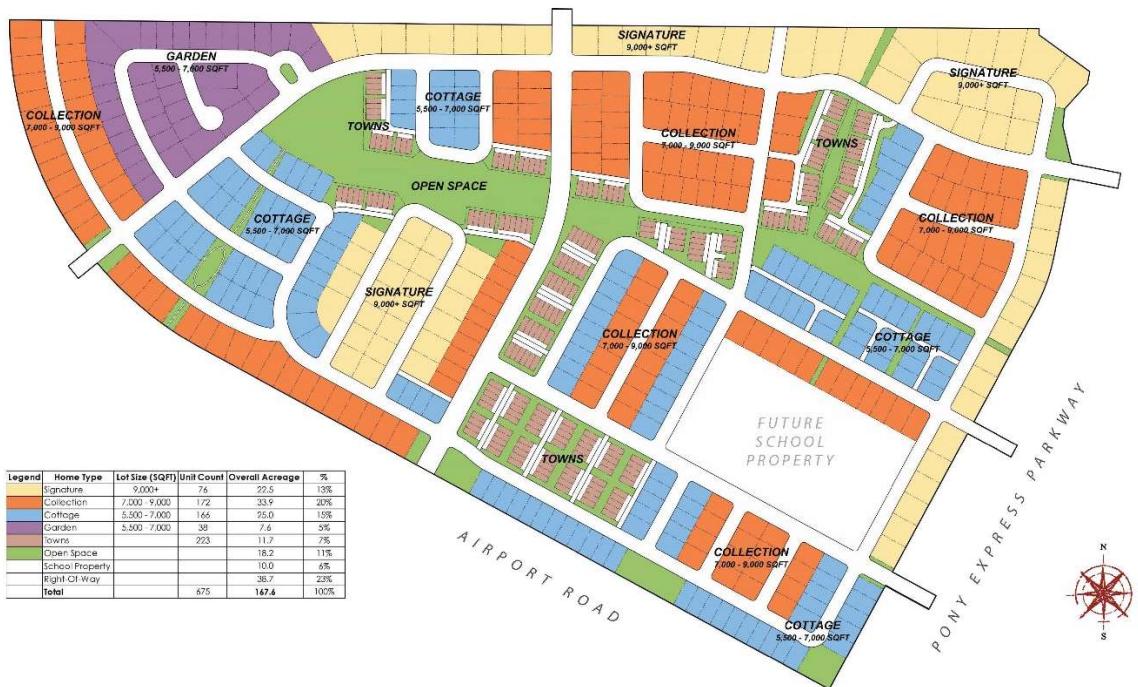


Figure B
Concept Plan for Overland Village 2

Desert Sky Elementary is located
on the "Future School Property" site



OVERLAND VILLAGE 2 product overview

06/19/2023



Figure C

Residential Unit Payment Schedule: Current Contract vs. Proposed Amendment

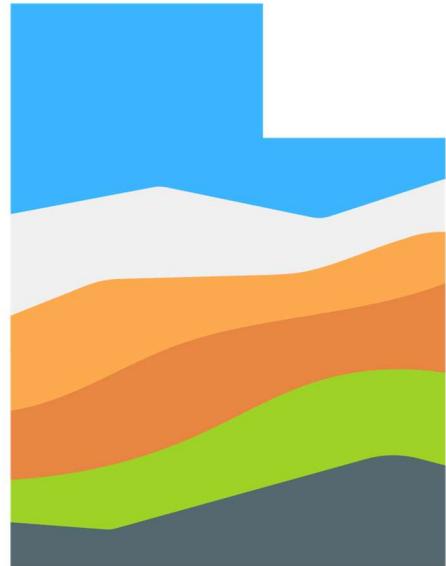
<u>Residential Unit Type</u>	<u>Lot Size</u>
• Signature and Collection	>6,999 sq ft
• Cottage and Garden	5,500–6,999 sq ft
• Townhomes	<5,500 sq ft

RESIDENTIAL UNIT PAYMENT SCHEDULE		
Certificate of Occupancy Date (for a constructed residential unit)	% OF GROSS SALES PRICE	
	Current Contract (all residential unit types)	Proposed Amendment (all residential unit types and lots except as noted)
Effective Date through September 30, 2020	4%	4%
October 1, 2020 through June 30, 2023	6%	6%
July 1, 2023 through March 31, 2024	8%	8%
April 1, 2024 through December 31, 2027	8%	8%: Lots greater than 6,999 sq ft 7%: Lots 5,500 to 6,999 sq ft 6%: Lots less than 5,500 sq ft
October 1, 2027 through June 30, 2030	10%	10%
Remainder of Lease Term	12%	12%

9f Energy & Minerals

**Agreement to Issue Oil,
Gas, and Associated
Hydrocarbons Lease
(ML 54438 OBA)**

**with
Anschutz
Exploration**



**TRUST
LANDS**
ADMINISTRATION

BOARD MEMORANDUM

Date: March 5, 2024

To: Board of Trustees, School and Institutional Trust Lands Administration

From: Stephanie Barber-Renteria, Managing Director of Energy & Minerals
Rachel Boyack, Lease Manager

Re: ML 54438 OBA
Oil, Gas, and Associated Hydrocarbons Lease

Applicant: Anschutz Exploration Company
555 17th Street, Suite 2400
Denver, Colorado 80202

Lands: T. 11 S., R. 23 E., SLM Sec 32: ALL
Uintah County
See Appendix A

Acreage: 640.00 acres, more or less

Fund: Schools

Summary

The Energy & Minerals Team recommends that the Board approve the ML 54438 Other Business Arrangement (OBA) and agree to issue an Oil, Gas and Associated Hydrocarbons lease on 640 acres of land located in Uintah County. Pursuant to Utah Code § 53C-2-401(1)(d)(ii), the agency may enter an OBA with Board approval. This action requires Board approval because the agency is agreeing to issue leases outside the competitive lease process.

Key Information and Background

Anschutz Exploration Corporation (Anschutz) has formed several federal exploratory units through the Bureau of Land Management to explore deep formations in the area. It has already drilled an initial unit obligation well for the nearby Tarn (Deep) Unit, and the company plans to expand its exploration area.

The Resource: Oil, Gas, and Associated Hydrocarbons.

The Applicant: Anschutz Exploration Corporation

Material Terms of the Transaction

Term: This lease will be issued with a three-year primary term and an obligation to commit the lease to any unit formed in the area.

Royalty: A 1/6th royalty rate

Payments to Trust Lands Administration:

Anschutz will pay a bonus of \$57,600 (\$90.00/acre) and an annual rental of \$2.00/acre.

Work/Expenditure Requirements: Anschutz is currently in the process of surveying two potential pad sites for horizontal wellbores that it plans to drill into the proposed leased lands. Permits are expected to be filed in the next 2-3 months for a well into said section, which is currently on the 2025 Anschutz Drilling Schedule, pending approval of this OBA proposal, permit approvals, and analysis of production results from the wells drilled in 2024.

Data Reporting Requirements: The agency will require all geologic data from seismic and wells drilled.

Requested Agency Action

The agency requests that the Board approve the OBA and offers the following proposed motion:

"I move to approve the ML 54438 OBA on the terms set forth in the Board Memorandum and to have the agency take all further actions necessary to finalize the transaction."

Appendix A:

