



Agenda



Board of Trustees Meeting Agenda

Thursday, June 16, 2022

9:00 a.m.

SITLA Boardroom, 6th Floor

675 East 500 South, SLC, Utah 84102

1. Welcome

2. Approval of Minutes

May 19, 2022 – Regular Board Meeting

3. Confirmation of Upcoming Meeting Dates

July 10 – 13, 2022 – NASTL – Park City

July 21, 2022 – NO Board Meeting

August 18, 2022 – Board Meeting

September 15, 2022 – Board Meeting

4. SITLA Funds in the Schools by Marla Kennedy, Communications Director

5. Public Comments

SITLA welcomes comments from the public. 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 make a 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. SITLA staff are available for dialogue outside of Board meetings.

6. Chairman’s Report by Don Foot, Chairman of the Board, SITLA

7. Director’s Report by Michelle McConkie, Director, SITLA

8. Advocate’s Report by Jessie Stuart, Land Trusts Protection & Advocacy Office

9. Board Action Items

- a. Consideration of *Make it Happen!* OBA by Wes Adams, Assistant Director, Oil & Gas

- b. Consideration of *Drum Mountains Project* OBA by Tyler Wiseman, Resource Specialist, Mining

10. Notification Items

- a. Minor Development Transaction – Sale of 12.89 acres in Big Water, Kane County, by Kyle Pasley, Assistant Director, Real Estate and Aaron Langston, Deputy Assistant Director, Real Estate – St. George
- b. Minor Development Transaction – Sale of 1.14 acres in Ivins City, Washington County by Kyle Pasley, Assistant Director, Real Estate and Aaron Langston, Deputy Assistant Director, Real Estate – St. George

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://us06web.zoom.us/webinar/register/WN_WV0IQ-chR3GcVnw8PtHYGw. 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 Jones at 801-538-5110 or email lsjones@utah.gov any time before 8:00 a.m. on June 16, 2022 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 Jones at 801-538-5110, or by email at lsjones@utah.gov, at least three (3) days in advance.

I, Lisa Jones, SITLA Board of Trustees' Executive Assistant, hereby certify the foregoing agenda was emailed to the Salt Lake Tribune, was posted on the Utah State Public Notice website, <https://www.utah.gov/pmn/index.html>, SITLA's website at <http://trustlands.utah.gov>, and was posted at SITLA's Offices, 675 East 500 South, Suite 500, SLC, Utah 84102. Posted and dated on Monday, June 6, 2022.



9a

Make it happen!

OBA

BOARD MEMORANDUM

DATE: June 1, 2022

TO: Board of Trustees, Utah School & Institutional Trust Lands Administration (SITLA)

FROM: Wesley Adams, Assistant Director – Oil & Gas

RE: Make it Happen! OBA

LANDS PROPOSED:

T4S-R3S, U.S.M, Duchesne County, UT.

Section 16: NENE

Section 15: N2NW

Containing 120 Acres

(See attached Exhibit A Map)

FUND: School 100%

APPLICANT:

International Petroleum LLC
4834 South Highland Drive, Suite 200
Salt Lake City, Utah 84117

REQUIREMENT:

As provided for under Utah Code Annotated 53C-2-401(1)(d)(ii), which permits the SITLA Board of Trustees to approve “Other Business Arrangements” (OBAs), International Petroleum submitted a proposal to SITLA on April 7, 2022, for Oil, Gas and Associated Hydrocarbons leases.

REVIEW OBA PROPOSAL:

International Petroleum desires to explore for oil, gas and associated hydrocarbons on a SITLA lease, predicated by the stacked fluvial-deltaic channel and offshore bar sandstones of the Green River Formation, commonly known as the Monument Butte concept/ area. The lease request is offsetting numerous legacy vertical wells that have been drilled to date, located near the Duchesne Fault where it is believed that focused deltaic deposits exist, supporting potential horizontal well type volumes of oil. Because of the reasonably proven/ established nature of the offsetting vertical petroleum play, International Petroleum has offered to pay \$1,000/ acre for a paid-up bonus consideration lease with royalty of 16.67% and a primary term of 2-years. In addition, International Petroleum will (i) cause a well to be drilled on the lease, or (ii) include the lease in a drilling unit or (iii) have production within the first 18 months of the lease. Failure to meet these requirements will result in a liquidated damages fee of \$100,000 to SITLA or if International Petroleum chooses, pay an additional \$20,000 (\$120,000 total), which would grant an additional 2-year extension of the lease.

RECOMMENDATION BEFORE THE SITLA BOARD OF TRUSTEES:

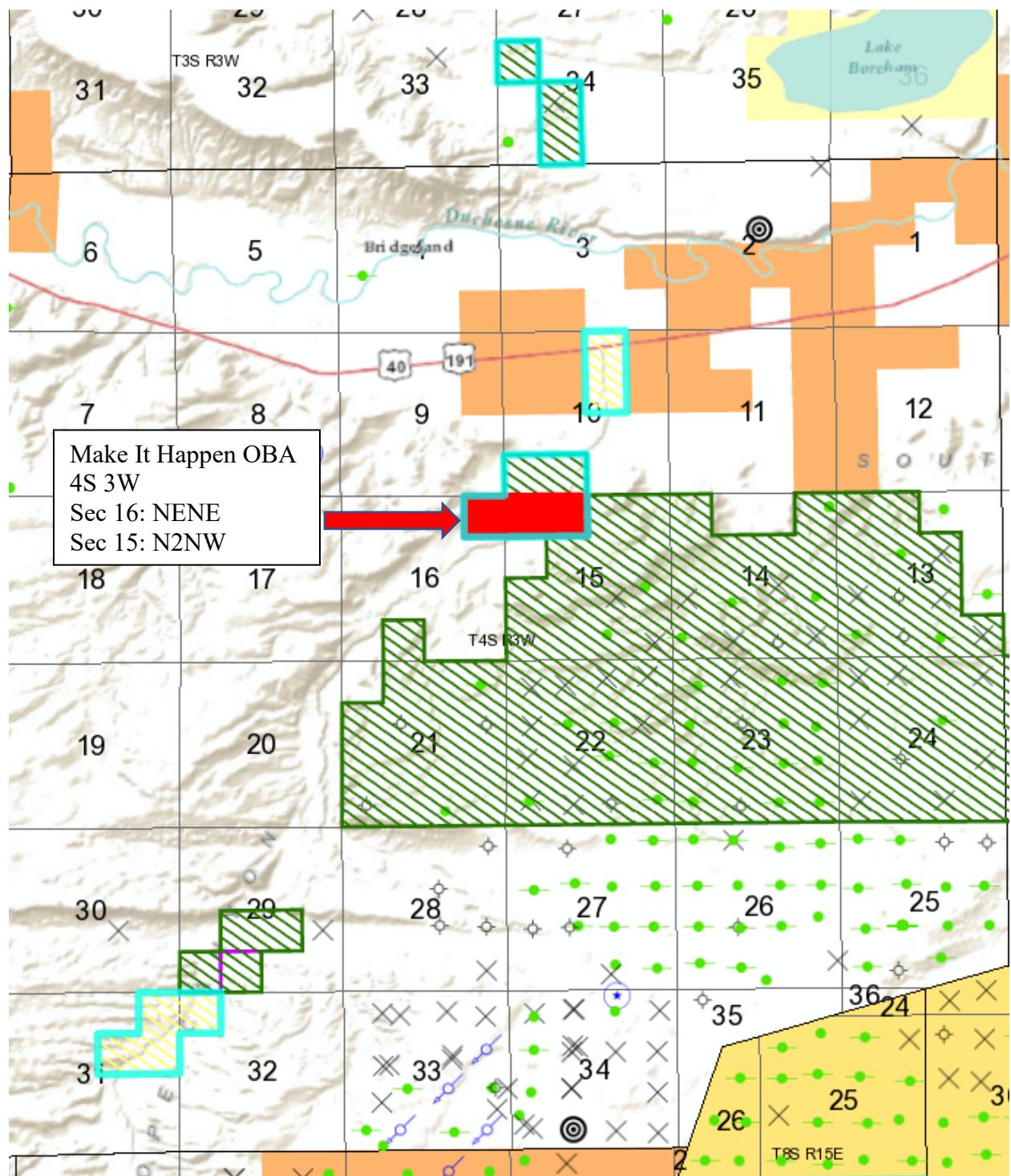
The International Petroleum proposal for OBA was reviewed by the SITLA Board Mineral Committee on May 23, 2022, wherein the committee recommended the terms, as set forth below, be reviewed for approval with the full SITLA Board of Trustees on June 16, 2022.

SITLA's Energy & Minerals Teams reviewed the proposal for oil & gas group management and recommend that the SITLA Board of Trustees grant approval to issue the Make It Happen! OBA, as outlined below:

1. Issue a new lease covering oil, gas and associated hydrocarbons (excluding helium), effective July 1, 2022
 - a. Paid-up bonus of \$1,000/ acre (no rentals during primary term), due by June 30, 2022.,
 - b. Primary term of two (2) years
 - c. Royalty of 17.50% (negotiated up from offer)
 - d. Pugh Clause will be added – releasing any minerals not producing under the lease after primary term, subject DOGM spacing rules or order.
2. International Petroleum will (i) cause a well to be drilled on the lease, or (ii) have the lease included in a newly formed 1,280-acre drilling and spacing unit pursuant to the Utah Division of Oil, Gas and Mining order, (iii) or have production allocated to the lease in the first 18 months of the effective date of the lease (on or before January 1, 2024).
 - a. Failure to meet requirements (i), (ii) or (iii) will result in a liquidated damages payment of \$100,000 to SITLA by International Petroleum.
 - b. International Petroleum will have the option to extend the lease an additional 2 years or until (July 1, 2026) by paying an additional \$20,000 (\$120,000 in total).

Respectfully submitted,

Wes Adams
Assistant Director – Oil & Gas





9b

Drum
Mountains

Project OBA

BOARD MEMORANDUM

DATE: June 16, 2022

TO: Board of Trustees, Utah School & Institutional Trust Lands Administration (SITLA)

FROM: Tom Faddies, Assistant Director/Minerals
Tyler Wiseman, Mineral Resource Specialist

RE: Other Business Arrangement – Non-competitive Lease of Metalliferous Minerals
Proposal, Drum Mountains (Detroit) Project (Au), Millard County, Utah, Valyrian
Resources Corp. (“VRC”). This proposed OBA has been reviewed by the SITLA
Board’s Mining Committee and they have recommended the Board consider it for
approval.

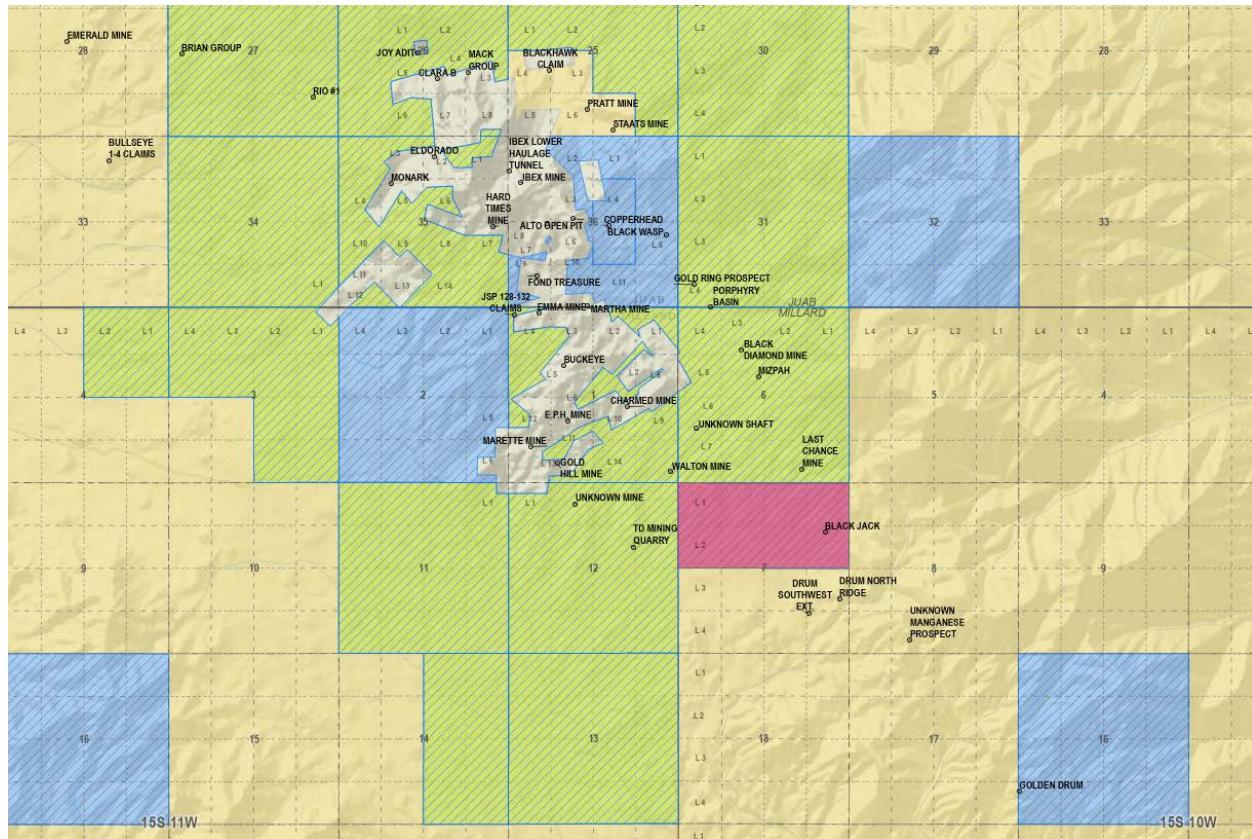
LANDS: T15S, R10W, SLB&M, Millard County
Section 7: N½ (minus mining claims under option to Volantis Resources or
subject to preexisting lease from SITLA)

ACREAGE: 310.00 acres (MOL)

FUND: School (100%)

APPLICANT: Valyrian Resources Corp.
1389 Center Drive, Suite 200
Park City, Utah 84098

As provided for under Utah Code Anno. 53C-2-401(1)(d)(ii), which permits the Board of Trustees to approve “other business arrangements”, Valyrian Resources Corp., on March 8, 2022, submitted a proposal to lease, under the metalliferous minerals lease category, the above-referenced lands to access and develop the precious metal resources located in the Drum Mountains (Detroit) Project area. The reason this action requires Board approval is the proposed lands are not being offered via any competitive lease process, and the applicant is the only logical operator for the site.



LEASE HISTORY: The State of Utah acquired the full mineral and surface estate over the proposed OBA acres (pink) in the southern Drum Mountains area, Millard and Juab Counties, via the Utah Test and Training Range Exchange (green). The adjacent lands have active federal mining claims.

PROPOSAL:

- Work Agreement (\$200,00.00 exploration expenditure)
 - Year 1
 - Detailed surface mapping and sampling
 - Exploration Permit over drum pits
 - \$40,000.00 exploration expenditure
 - Year 2
 - Complete the exploration and mine permitting process
 - Conduct exploration
 - \$60,000.00 exploration expenditure
 - Year 3
 - Analyze data
 - Technical Report / Preliminary Economic Assessment
 - \$100,000.00 exploration expenditure

- Mining Exploration Agreement with Option to Lease
 - 3-year work commitment
 - Annual progress report
 - \$1/acre Exploration Agreement (first 3 years)
- Annual Rental and Production Royalty
 - 10-year lease primary term following completion of work commitments
 - \$2.00/acre per year annual lease rental
 - Royalty, 4% of the gross value of the lease substances (2% royalty if patented mining claims are converted to SITLA Lease)

SITLA's Mining Group recommends that the Board of Trustees grant approval of the proposed Drum Mountains (Detroit) Project OBA.

Respectfully Submitted by:

Tom Faddies, Assistant Director of Minerals
Tyler Wiseman, Mineral Resource Specialist



10a

Big Water sale

12.89-acre lot

Memorandum

TO: Real Estate Committee, School and Institutional Trust Lands Administration

FROM: Aaron Langston, Deputy Assistant Director, P&DG Utah South

DATE: June 16, 2022

RE: *Notice of Minor Development Transaction –Sale of 12.89 acres in Big Water, Kane County, Utah*

BENEFICIARY: Schools

Introduction

A narrow strip of irregularly shaped landlocked land between the back edge of a developed neighborhood in Big Water, Utah, and a deep ravine known as Wahweap Creek has historically been difficult for the Trust to monetize. Over the years, a few of the homeowners have purchased portions of these landlocked lands from the Trust to extend their rear yards. A list of these transactions is shown in the image below (sold parcels shown in pink):



Transaction	Date	Acreage	Sales Price	Price per Acre
C-24983	5/31/2000	0.11	1,200.00	10,909.09
C-26542	3/27/2012	0.58	7,548.00	13,013.79
C-26559	2/4/2013	0.58	7,625.00	13,146.55
C-26857	4/21/2020	0.43	7,500.00	17,441.86
C-26956	6/22/2021	0.7	13,000.00	18,571.43

Recently, a developer submitted an LOI for the remaining 12-19 acres SITLA property bordering the ravine. The offer was \$500 above appraised value (an appraisal had not yet been initiated by the Trust). Accordingly, an RFP was initiated.

The Appraisal

The May 12, 2022 appraisal valued the property at \$20,075 per acre.

The Offers

Many of the surrounding residents submitted competing offers on the same lands in hopes of blocking the proposed future development. Most of them expressed concern regarding the proposed development immediately behind their homes. Their offers are shown below and are depicted in magenta in Exhibit A:

	Applicant	Bordering Parcel	Acreage	Price (p/a)	Purchase Price
1	home owner	B-13-54B	0.62	25,130.00	15,580.60
2	home owner	B-13-54	0.96	26,500.00	25,440.00
3	home owner	B-13-55	1.43	25,000.00	35,750.00
4	home owner	B-13-55B	1.92	23,437.50	45,000.00
5	home owner	B-13-60	4.71	21,231.42	100,000.00
6	home owner	B-13-61-2	3.25	25,130.00	81,672.50
			12.89		303,443.10

Note - The acreage shown above is approximate and will be finalized upon completion of the individual legal descriptions. The offers are tied to the per-acre pricing.

As shown in the table above, the average per acre offer price from the homeowners is \$23,541, with the high being \$26,500 and the low being \$21,231.42. These offers from the homeowners did not include quite as much acreage as that of the developer, but the per-acre price is higher, and any remnant parcels may be monetized in the future.

Once the appraisal was completed, the developer rescinded their offer (not expecting the appraisal to be quite so high). Thus, moving forward with the offers from the homeowners will generate more revenue for the Trust and will eliminate the potential conflict between the surrounding property owners and the developer.

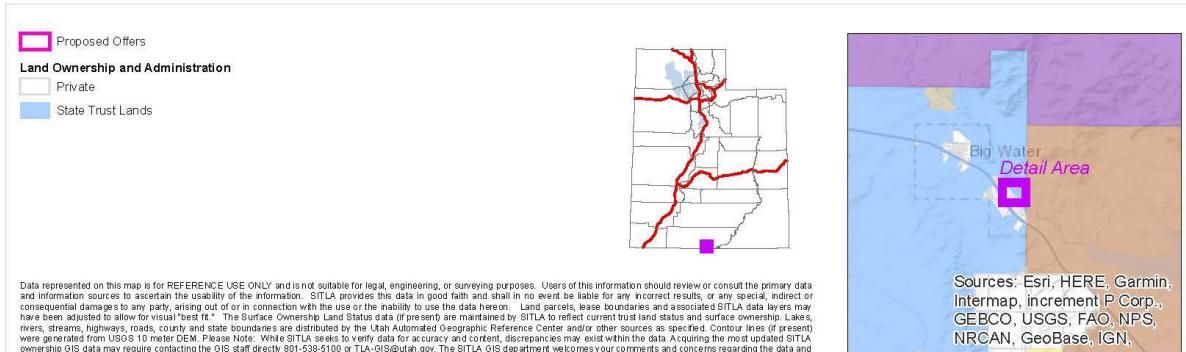
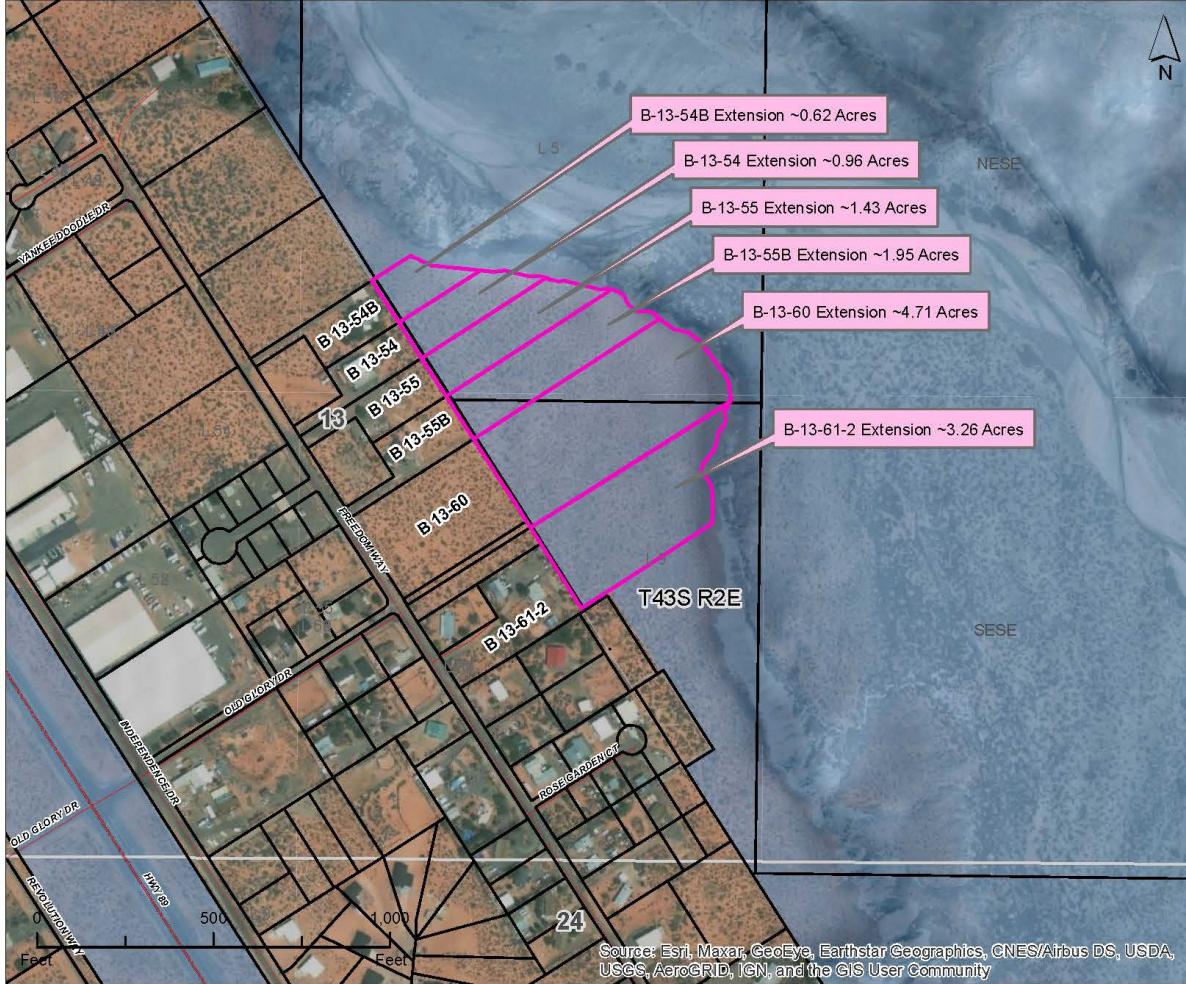
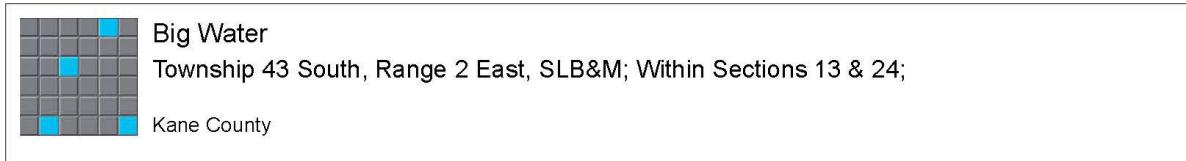
Return to the Trust

The Trust will meet its fiduciary responsibility by selling this property above market value.

This item was reviewed by the Real Estate Committee on May 24, 2022.

Exhibit A

SUBJECT PROPERTY





10b

Ivins City sale

1.14-acre lot

Memorandum

TO: Real Estate Committee, School and Institutional Trust Lands Administration

FROM: Aaron Langston, Deputy Assistant Director, P&DG Utah South

DATE: June 16, 2022

RE: *Notice of Minor Development Transaction –Sale of 1.14 acres in Ivins City*

BENEFICIARY: Schools

Site History

Our records show that PRED 762 was originally issued at statehood on January 4, 1896 as a 279.63-acre easement for US Highway 91 in Washington County, Utah. In July of 2011, the Director conditionally recognized the claims submitted by Washington County indicating the roads included in this predesignation meet the requirements set forth in Board Policy 2006-01 to be conditionally recognized as valid existing rights pursuant to federal law prior to the title of the property vesting in the State of Utah (See pages 18-43 of the Director's Minutes).

As development continues maturing in Ivins, the City of Ivins approached the Trust about the City requirement for property owners to construct a 10' wide multi-use paved path alongside the highway (Ivins City is responsible for the maintenance of Highway 91 from Santa Clara to Shivwits Reservation). Rather than obligating the Trust to pay for and construct the improvements, transfer of ownership to Ivins City was discussed (normally, the entire ROW is dedicated to the governing agency via roadway dedication plat). Receiving a favorable response from the City, an RFP was initiated on the subject lands, which generated no competing offers.

A price of \$2,802 for the subject 1.14 acres along the ROW was negotiated. With the sale of the property, Ivins City will construct and maintain the multi-use paved path. Wherein the subject lands border the Kayenta development (DEVL 1160), the future trail will provide a great amenity for our development that neither our development partner nor the Trust will have to pay for.

Return to the Trust

The Trust will meet its fiduciary responsibility by monetizing the subject lands at market value and avoid the obligation to construct the paved trail.

This item was reviewed by the Real Estate Committee on May 24, 2022.

Exhibit A

SUBJECT PROPERTY

