

*The Board of Trustees  
of the  
School and Institutional Trust Lands Administration*

*New Policy*                       *Amends Policy No.*     *Repeals Policy No.*

*Policy Statement No. 2006-04*

*Subject: Oil Shale Leasing on Trust Lands*

*The Board of Trustees of the School and Institutional Trust Lands Administration met in open, public session on September 14, 2006, and by majority vote declares the following to be an official policy of the Board:*

The Trust Lands Administration shall continue to make lands with the potential for recovery of kerogen from oil shale available for leasing.

The Administration will work toward consolidation of leases on the blocks of oil shale lands which have high potential for exploitation of the oil shale resource. In order to eliminate potential problems resulting from cross-leasing, the potential for tar sands, coal, and conventional oil and gas production will be evaluated before leasing.

The areas of oil shale land “blocks” are referred to by the following names:

- \*        Magic Circle Block
- \*        TOSCO or Sand Wash Block
- \*        Bonanza Block
- \*        Holliday Block
- \*        Seep Ridge Block

These “blocks” will only be leased with Board approval using the Administration’s “Other Business Arrangement” (OBA) procedures.

With regard to “over-the-counter” leasing, the withdrawal of lands with recognized oil shale potential will continue. Modification of existing leases within the above-referenced blocks will require approval of the Board and use of the OBA procedure.

The Administration will continue to pursue opportunities to increase the value of the oil shale resources through land exchanges and unitization opportunities among federal, tribal, and fee lands.

Director's Finding  
Interpretation and Implementation  
Of  
Board Policy 2006-04 (Oil Shale Leasing on Trust Lands)

At the September, 2006, meeting of the School and Institutional Trust Lands Board of Trustees, Policy 2006-04 was adopted. A review of the published policy, the minutes of the meeting, and the recorded discussion of this item at the Board meeting indicates that it was the intention of the Board to control oil shale leasing on the following oil shale land blocks:

**Magic Circle Block**  
**TOSCO or Sand Wash Block**  
**Bonanza Block**  
**Holliday Block**  
**Seep Ridge Block**

The purpose of this control was to prevent encumbering parcels within the blocks in a manner that would inhibit future oil shale development. It was anticipated that by controlling when lands within these blocks were exposed to the market, tracts of sufficient size could be created to capitalize on the most favorable market conditions.

Due to ambiguity in the adopted policy, it is unclear what surface and mineral rights, beyond oil shale, are affected by the policy. Therefore, the Director finds that the following actions shall be taken by the agency to implement Board Policy 2006-04:

1. Leasing of oil shale on tracts within these blocks will only be conducted pursuant to the Other Business Arrangement provision of 53C-1-303(4)(e).
2. All other mineral leasing on the blocks will require consultation with the Assistant Director – Hard Rock, Coal and Other Minerals prior to offering tracts within these blocks for lease.
3. Issuance or amendment of surface agreements (SULA and Easement) and approval for disposal for any tracts within these blocks require consultation with the Assistant Director – Hard Rock, Coal and Other Minerals prior to accepting applications, or when appropriate, approving a transaction.
4. The Assistant Director – Hard Rock, Coal and Other Minerals shall designate all lands within the blocks listed above with a Predesignation Number, indentifying them as needing special attention prior to leasing or disposal.
5. If the respective Assistant Directors are unable to reach consensus on leasing proposals, the Director will weigh the relative positions and render a formal decision.

  
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Kevin S Carter, Director

27 Nov 2007