

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

Policy Statement No. 2020-01

Subject: COVID-19 Relief for Oil and Gas Leases

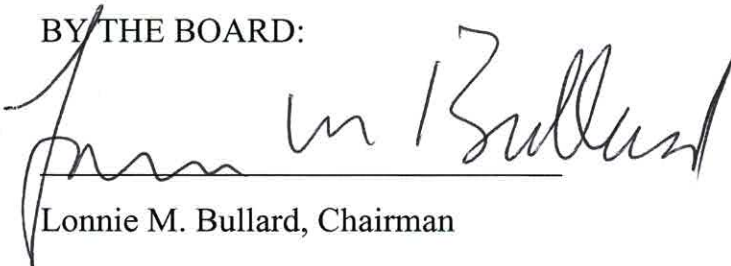
The Board of Trustees of the School and Institutional Trust Lands Administration met in open and public session on May 14, 2020, and by majority vote declares the following to be an official policy of the Board regarding oil and gas lease administration

Due to COVID-19, Utah oil and gas lessees are facing severe economic stress caused by a demand destruction of roughly 30% and 60% drop in oil price. To support lessees with future recovery planning and help secure stronger revenues to the trust, the following terms will be granted on a temporary basis.

POLICY

1. Oil and Gas lessees will be allowed to continuously shut-in oil production for a period of up to 180 days, beginning May 1, 2020. Diligent operations and paying quantities provisions on oil production are waived during the 180 days.
2. Oil and Gas leases in primary term or extended primary term are granted an automatic 180-day extension on normal term expirations.
3. Late fees on rentals and minimum royalty payments are waived for 180 days, beginning May 1, 2020. *This does not relieve lessees of the duty to pay royalty on production timely, nor remove interest due on late royalty payments.*
4. Additional relief will be considered on a case by case basis, upon written request, when economic support can justify the prevention of waste and value in revenue generation during the period of market uncertainty.

BY THE BOARD:



Lonnie M. Bullard, Chairman