

STATE OF UTAH

SCHOOL AND INSTITUTIONAL TRUST
LANDS ADMINISTRATION

UTAH MINE SAFETY COMMISSION
OCTOBER 2007

OVERVIEW

- ❑ SITLA was created by the Utah Legislature in 1994 to manage lands granted by Congress to the State of Utah for the support of public schools and other beneficiary institutions.
- ❑ SITLA is an independent, non-executive agency reporting to a seven member governing Board of Trustees. SITLA replaced the former Division of State Lands & Forestry in managing Utah's trust lands.
- ❑ Asset base includes 3.5 million acres of surface lands, 4.25 million acres of mineral estate, as well as over \$900,000,000 in permanent endowment funds managed by the Utah State Treasurer.
- ❑ Total gross revenue for FY 2007 was \$150,649,447, Appropriated budget was \$8,739,600 and net revenue was \$141,909,847.

SITLA Mineral Group

- ▣ Mineral production -- oil & gas, coal, hard minerals, and sand & gravel -- is the largest source of revenue from state trust lands. Oil & gas is managed separately from coal and other minerals.
- ▣ SITLA has approximately 68 full time employees, of whom 3 are in the minerals/mining group (not including oil & gas).
- ▣ Revenues from solid minerals leasing and royalties in FY 2007 were \$12,000,000:
 - ▣ Coal: \$6,800,000
 - ▣ Sand and Gravel: \$1,200,000
 - ▣ Other Minerals: \$4,000,000

COAL PRODUCTION ON SITLA LANDS

- ▣ Book Cliffs Field:
 - Dugout Mine: (Arch Minerals) full production-longwall operation. Will produce from a combination of Federal and SITLA leases.
 - Westridge Mine: (Andalex/Utah American Energy) also a longwall operation in full production in full production from a combination of SITLA and Federal leases.
 - Wasatch Plateau Field:
 - ▣ Mill Fork Tract: (Energy West) Longwall operation in full production. SITLA lease with reversion to BLM.
 - ▣ Muddy Tract(Arch Minerals) Longwall operation. Land position is at the northern end a series of longwall panels.
 - ▣ Crandall Canyon Mine: (Andalex/Utah American Energy) Mine is in closure process..

UNLEASED SITLA COAL TRACTS

- ▣ Book Cliffs: Willow Creek Parcel
- ▣ Wasatch Plateau: Cottonwood tract
- ▣ Fremont Junction
- ▣ Alton
- ▣ North Horn

SITLA Coal Tracts

- SITLA Coal Tracts Are of Two Types:
 - Original school trust lands, typically in 640 acre sections scattered within federal lands.
 - Larger tracts acquired from the United States in the Grand Staircase-Escalante National Monument Land Exchange.
- Original trust lands have been managed by Utah since statehood.
- Exchange coal tracts will revert to federal ownership when production targets are met; detailed MOU between Utah and federal agencies governs leasing and management. BLM acts as technical/professional consultant to SITLA during leasing and mining of the “exchange tracts.”

SITLA MINERAL LEASING STATUTE AND RULES

- Utah Code Ann. 53C-2-401(1)(d): Coal and other mineral deposits may be leased on a rental and royalty basis.
- Utah Code Ann. 53C-2-402, 403: Director to make rules for mineral leasing.
- Utah Admin. Code R. 850-24-700:
 - Lessee to submit plan of operations jointly to SITLA and UDOGM as regulatory agency. Operations may not commence without UDOGM and SITLA approval.
 - Lessees and operators responsible for compliance with all regulations of UDOGM and federal/state agencies with regulatory jurisdiction.