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September 18, 2012

Rep. Rebecca D. Lockhart, Chair
Sen. Michael G. Waddoups, Vice-Chair
Legislative Management Committee
Utah State Legislature
350 North State Street
Salt Lake City, Utah 84114

Re: Request for Recommendation of Proposed Hill Creek State-Tribal Land Consolidation

Dear Speaker Lockhart and President Waddoups;

Under the Utah Transfer of State Lands to United States Government Act, Utah Code Ann. §§ 63L-2-201, -202 (the "Transfer Act"), the School and Institutional Trust Lands Administration ("SITLA") is required to obtain legislative approval of transfers of more than 10,000 acres of school and institutional trust lands to the federal government. The Transfer Act provides that when a request for legislative approval is made during the legislative interim, the request is submitted to the Legislative Management Committee, which may then recommend approval or rejection, or alternately recommend to the Governor that he/she call a special session of the Legislature for consideration of the proposal.

On behalf of SITLA, I am submitting for consideration of the Legislative Management Committee a proposal for the consolidation of state school trust, tribal and federal minerals within the Hill Creek Extension of the Uintah and Ouray reservation in Grand and Uintah Counties. The proposed land consolidation involves the transfer of approximately 18,250 acres of school trust mineral estate in the Grand County portion of the reservation to the United States for the benefit of the Ute Tribe, and SITLA's selection of an equal acreage of federal mineral estate in the Uintah County portion of the Hill Creek extension. Although the proposed transaction will not result in any net increase in federal land ownership, it does involve transfer of more than 10,000 acres to the United States, and so requires approval of the Legislative Management Committee or Legislature, as provided in the Transfer Act.

The background of the proposal is as follows:

1. The Hill Creek Extension to the Uintah & Ouray Indian Reservation was created by Congress in 1948 to resolve grazing disputes between Indians and white ranchers on lands within the former Uncompahgre reservation. Because the Hill Creek Extension was given reservation status at a relatively late date, the State of Utah's title to school trust lands had already vested when the Extension was created.

2. A 1955 Congressional amendment (the 1955 Act) allowed the State to relinquish state lands and minerals inside the Extension to the United States for the benefit of the Ute Tribe, and select replacement lands "outside the area so reserved".

3. In 1957, the Utah Legislature authorized the State Land Board to sell the surface of all school trust lands inside the Extension to the Ute Tribe. The sale was consummated the following year, leaving the State with approximately 38,000 acres of severed mineral estate underlying tribal surface lands inside the Extension.

4. In 1966, the Ute Tribe set aside that portion of the Extension lying south of the Uintah-Grand County line as a tribal sacred area and hunting preserve. Approximately 18,250 acres of school trust minerals are located within the area that was set aside.

5. In 2006, the School and Institutional Trust Lands Administration (SITLA) filed an application with BLM under the 1955 Act to relinquish the 18,250 acres of school trust minerals inside the Grand County portion of the Extension, and select an equal acreage of BLM-administered mineral estate underlying the northern part of the Extension. (The mineral estate underlying the Hill Creek Extension is a mix of state, tribal, and BLM minerals).

6. BLM refused to process SITLA's application on the basis that the selected minerals were not "outside the area so reserved" as required by the 1955 Act.

7. At the request of SITLA and the Ute Tribe, the Utah congressional delegation has introduced legislation (designated as H.R. 4027 and S. 3305) that clarifies that BLM-administered minerals in the north part of the Extension are subject to selection by SITLA, and allows selection on an acre-for-acre basis without appraisal.

8. The BLM minerals that will be selected by SITLA after the current legislation is enacted will, by agreement between SITLA and the Tribe, be leased to the Tribe, which in turn will make the lands available to industry. The Ute Tribe supports the legislation because

it will produce revenue for the Tribe and economic development that will benefit tribal members.

9. Under the state Transfer of State Lands to United States Government Act, SITLA is required to obtain approval from the legislature for the transfer of approximately 18,250 acres of school trust mineral estate to the United States for the benefit of the Ute Tribe, in order to permit selections of replacement lands under the 1955 Act. Because the selection of replacement lands by SITLA will be on an acre-for-acre basis, there will be no net increase in federal land ownership.

10. Both the Grand County Council and the Uinah County Commission have formally communicated their support for the proposal to the Utah congressional delegation.

I am happy to communicate this proposal to the Legislative Management Committee for approval in accordance with the Transfer Act. If you have any questions or concerns, please contact me, or SITLA Director Kevin Carter, at 801-538-5101.

Sincerely,

Kevin T. Van Tassell
Senate District 26

Cc: Kevin S. Carter, SITLA