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# Mineral Royalty Agreements

An Examination of Mineral Production on the Great Salt Lake

Natural Resources, Agriculture, and Environment Interim Committee

October 16, 2024



# Introduction

- Promotion of Public Awareness
- Funding Support
- Creation of a Great Salt Lake Commissioner
- Prioritization of Sovereign Lands Management
- Staff Support





# Utah Division of Forestry, Fire & State Lands



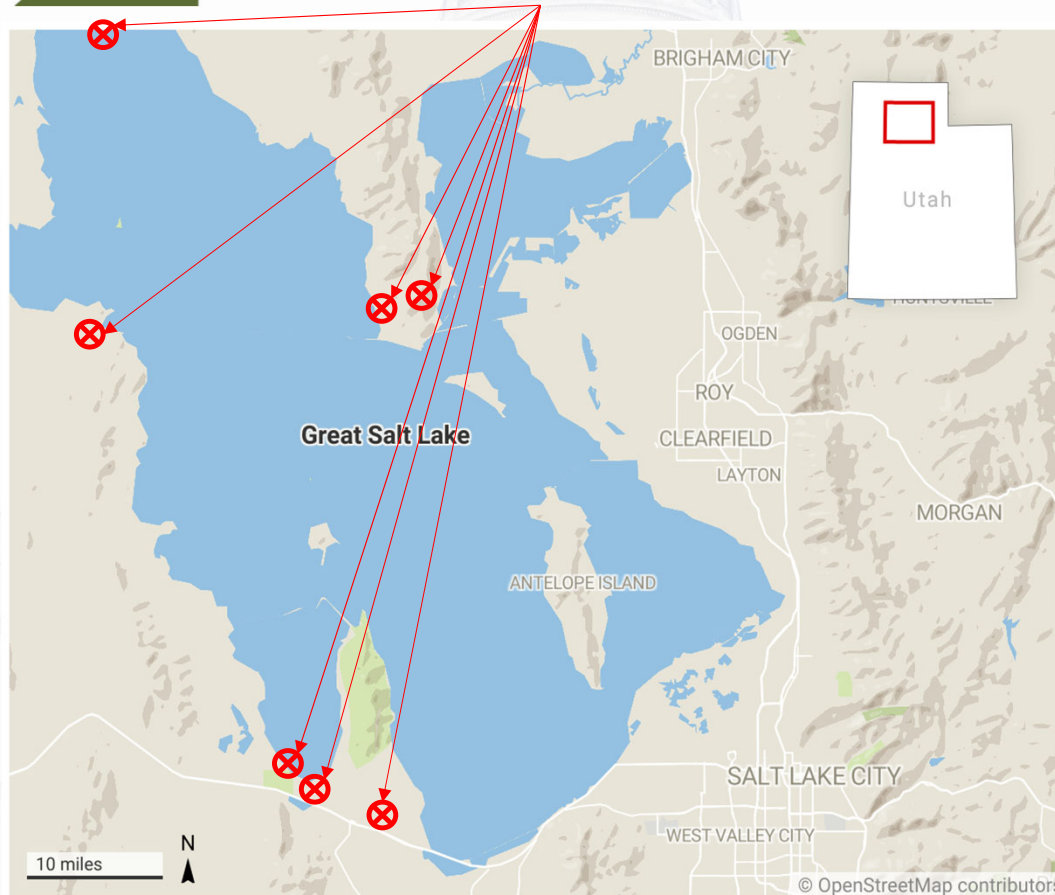
Sodium Chloride



Magnesium Chloride



Potassium Sulfate



Magnesium



Lithium Carbonate





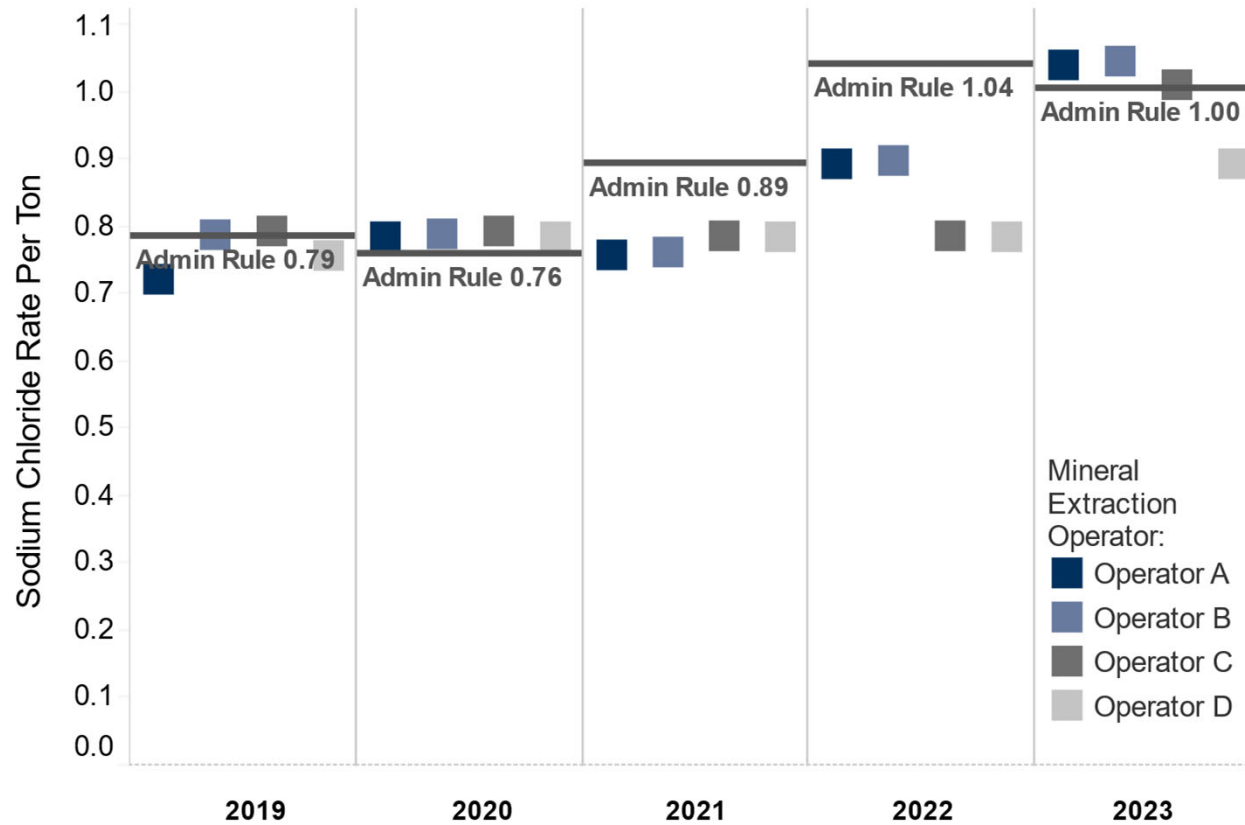
# Chapter 1: Royalty Payments

- **Concern:** Mineral extraction operators do not always follow *Administrative Rule* or royalty rate calculations as outlined in mineral royalty agreements.
- **Recommendation:** The Division should verify royalty calculations to ensure that it is receiving the full value of royalties.





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- **Recommendation:** The Division should verify royalty calculations to ensure that it is receiving the full value of royalties.
- **Recommendation:** The Division should review and implement recommendations from previous internal audit reports.





# Chapter 1: Allowable Deductions

- **Concern:** The Division has historically not provided clear guidance or consistent oversight regarding allowable deductions.
- **Recommendation:** The Division should clearly define and validate allowable deductions.





# Chapter 1: Royalty Payments

- Defining the Point of Valuation
- Ensuring that Division Actions Align with Administrative Rule
- Improving Records Management







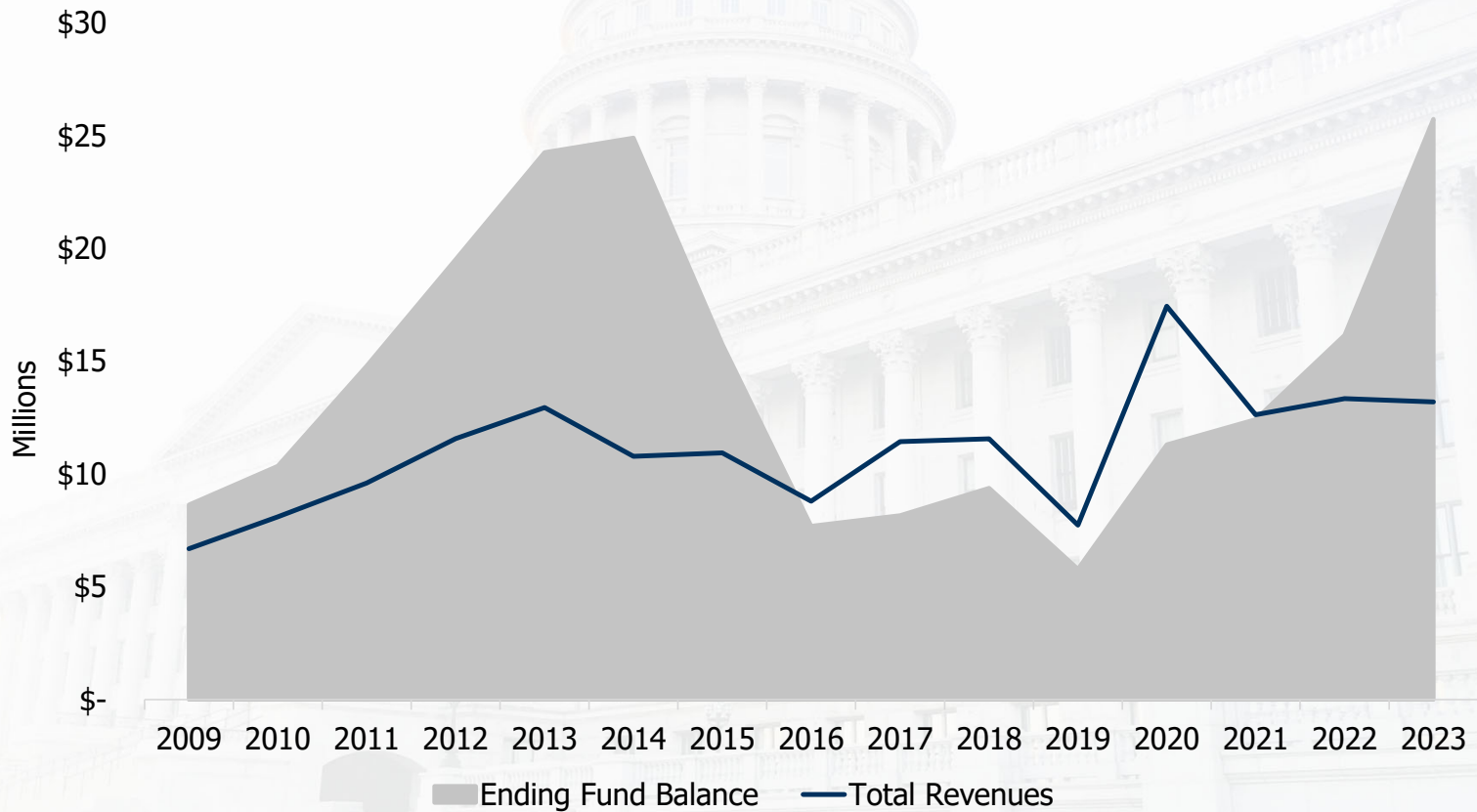
## Chapter 2: Internal Controls

- **Concern:** A Recent Great Salt Lake Mineral Lease Development Project Would have Benefited from Clearer Policies and Procedures.
- **Recommendation:** The Division should conduct a thorough review of statute, Administrative Rule, and mineral lease agreements for the purpose of creating written internal controls.





# Chapter 2: Funding



Questions?



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