

**SCHOOL AND INSTITUTIONAL TRUST
LANDS MANAGEMENT ACT AMENDMENTS**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Keith Grover

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the School and Institutional Trust Lands Management Act to impose restrictions on the leasing of trust lands on which a preexisting federal mining claim exists.

Highlighted Provisions:

This bill:

- ▶ prohibits mineral leasing on trust lands encumbered by a preexisting federal mining claim filed in accordance with state law; and

- ▶ prohibits the issuance of surface leases or user permits for various purposes for trust lands on which the surface rights have been retained by a preexisting federal mining claim filed in accordance with state law.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53C-2-407, as last amended by Chapter 39, Laws of Utah 2005

53C-4-201, as last amended by Chapter 299, Laws of Utah 1995



Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53C-2-407** is amended to read:

53C-2-407. Mineral lease application procedures.

(1) Lands that are not encumbered by a current mineral lease for the same resource, a withdrawal order, a preexisting federal mining claim filed pursuant to Section 53C-2-104, or other rule of the director prohibiting the lease of the lands, may be offered for lease as provided in this section or may, with board approval, be committed to another contractual arrangement under Subsection 53C-2-401(1)(d).

(2) (a) A notice of the land available for leasing shall be posted in the administration's office.

(b) The notice shall:

(i) describe the land;

(ii) indicate what mineral interest in each tract is available for leasing; and

(iii) state the last date, which shall be no less than 15 days after the notice is posted, on which bids may be received.

(3) (a) Applications for the lease of lands filed before the closing date stated in the notice shall be considered to be filed simultaneously.

(b) The applications shall be:

(i) submitted in sealed envelopes; and

(ii) opened in the administration's office at ~~[10:00]~~ 10 a.m. of the first business day following the last day on which bids may be received.

(c) Leases shall be awarded to the highest responsible, qualified bidder, in terms of the bonus paid in addition to the first year's rental, who submitted a bid in the manner required.

(d) In cases of identical bids of successful bidders:

(i) the right to lease shall be determined by drawing or oral auction;

(ii) the determination of whether to award the lease by drawing or oral auction shall be made at the sole discretion of the director; and

(iii) the drawing or oral auction shall be held in public at the administration's office in a manner calculated to optimize the return to the trust land beneficiary.

(4) (a) At the discretion of the director, mineral leases may be offered at an oral public

59 auction.

60 (b) The director may set a minimum bid for a public auction.

61 (5) The director may award a mineral lease without following the competitive bidding
62 procedures specified in Subsections (3) and (4) or conducting an oral public auction, if the
63 mineral lessee waives or relinquishes to the trust a prior mining claim, mineral lease, or other
64 right which in the opinion of the director might otherwise:

65 (a) defeat or encumber the selection of newly acquired land, either for indemnity or
66 other purposes, or the acquisition by the trust of any land; or

67 (b) cloud the title to any of those lands.

68 (6) Following the awarding of a lease to a successful bidder, deposits, except filing
69 fees, made by unsuccessful bidders shall be returned to those bidders.

70 (7) (a) Lands acquired through exchange or indemnity selection from the federal
71 government shall be subject to the vested rights of unpatented mining claimants under the
72 Mining Law of 1872, as amended, and other federal vested rights, both surface and minerals.

73 (b) Subsection (7)(a) does not prevent the director from negotiating the
74 accommodation of vested rights through any method acceptable to the parties.

75 (8) The director may lease lands in the order in which applications are filed if:

76 (a) the director offers trust lands for lease for mineral purposes according to the
77 procedures in Subsections (3) through (6) and the lands are not leased; or

78 (b) a period of time of not less than one year but less than three years has elapsed
79 following:

80 (i) a revocation of a withdrawal; or

81 (ii) the date an existing mineral lease is canceled, relinquished, surrendered, or
82 terminated.

83 Section 2. Section **53C-4-201** is amended to read:

84 **53C-4-201. Surface leases and user permits -- Procedures for issuing leases and**
85 **user permits.**

86 (1) ~~[The]~~ (a) Except as provided in Subsections (1)(b) and (2), the director may issue
87 surface leases and user permits of trust lands for any term consistent with sound and prudent
88 real estate practices.

89 (b) The director may not issue a surface lease or user permit for trust lands on which

90 the surface rights have been retained by a preexisting federal mining claim filed pursuant to
91 Section 53C-2-104.

92 (2) This section does not apply to leases for grazing, oil, gas, and hydrocarbons, or
93 other minerals.

94 (3) (a) (i) Surface leases or user permits may be entered into by negotiation, public
95 auction, or other public competitive bidding process as determined by rules of the director.

96 (ii) Any lease or permit which includes an option to purchase at a future date must be
97 entered into through a public competitive process.

98 (b) Requests for proposals (RFP) on trust lands may be offered by the director after
99 public notice.

Legislative Review Note
as of 12-20-06 2:40 PM

Office of Legislative Research and General Counsel