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SECRETARY, BOARD OF
OIL, GAS & MINING

January 20, 2011

Mr. Douglas E. Johnson, Chairman
Board of the Utah State Division of Oil Gas and Mining
Department of Natural Resources
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84116

RE: Docket No. 2010-027, Cause No. M/047/0090

Dear Chairman Johnson:

In regards to the above referenced matter I have reviewed some pre-hearing information and proffer this letter in support of Earth Energy Resources, Inc. (Earth Energy) activities conducted towards development of Bituminous/Asphaltic sands on Utah State School and Institutional Trust Lands (SITLA) in the PR Springs Area of Uintah and Grand Counties, Utah.

Earth Energy, beginning in 2005 has held leases on SITLA lands and has worked diligently towards completing exploration, research and permitting work to actively bring these lands into economic production. The SITLA land base in this area of the Book Cliffs is an extensive block acquired by exchanging other mineral rich lands into this block with the intent and knowledge of all parties that the mineral resources on these lands would be developed for the benefit of the beneficiaries. In addition to the Bituminous/Asphaltic sands currently under exploration/development the area contains petroleum deposits, coal, and oil shale, all of which SITLA desires to see exploited.

Earth Energy currently holds 7,835.16 acres of trust lands under lease. Their activities on the land include: completion of a drilling program beginning in 2005 under an approved a Notice of Intent to Conduct Exploration (NOI), which resulted in completion of 25 exploration drill holes in their defined "target zone." To further define the extent of their current defined resource area Earth Energy has been granted conditional approval by DOGM to drill an additional 193 holes. This conditional approval was granted April 20, 2010. SITLA expects that Earth Energy will commence work on this very ambitious program in 2011. In September 2005 DOGM approved a NOI to commence with a small mine operations under S/019/059. This small miner operation was conducted on 4.5 acres in Section 35, T15S, R23E SLB&M. The purpose of this mining test was to determine the continuity of mineralization in the potential mineable horizon and provide material for testing of extraction processes. In addition to the drilling program Earth Energy conducted a resistivity survey of the project area in 2006. Other diligence includes payment to SITLA rentals and advance royalty payments in the amount of $252,412.

On September 21, 2009 DOGM granted conditional approval of a NOI to commence large mining operations to Earth Energy for the PR Spring Mine (M/047/0090). I believe this action taken by DOGM was prudent and the NOI was issued after a long, careful and prudent review of the application. SITLA has reviewed the NOI and is satisfied from the landowner's perspective that the environmental impacts have been properly addressed through the DOGM, DWQ and State of Utah RDCC processes.

SITLA is eager for the development of this mining operation to move forward in order that the mineral wealth of the lands is exploited for the purposes designated by Utah Code.

I thank the Board for the opportunity to submit these comments.

Respectfully Submitted,

Thomas B. Faddies
Assistant Director, Mining Group
School and Institutional Trust Lands Administration

Cc:
DOGM Board Members
Kevin Carter, Director SITLA
John Baza , Director DOGM