

**Statement of  
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Bureau of Land Management  
Department of the Interior  
Senate Energy & Natural Resources Committee  
Subcommittee on Public Lands, Forests, and Mining  
S. 27, Hill Creek Cultural Preservation and Energy Development Act  
April 25, 2013**

Thank you for inviting the Department of the Interior to testify on S. 27, the Hill Creek Cultural Preservation and Energy Development Act. The Department supports the goals of S. 27, and we could support the bill if amended as discussed below. The Department recognizes that we have a unique trust responsibility to the Ute Tribe; and therefore we are committed to finding an equitable solution.

**Background**

In 1948, Congress, through P.L. 80-440, extended the boundary of the Uintah and Ouray Reservation by approximately 900 square miles to include what is generally known as the “Hill Creek Extension.” The Act transferred the Federal surface estate to the Tribe, while the mineral estate in those parts of the area affected by then existing withdrawals was reserved to the Federal government. Furthermore, that Act as amended in 1955 (P.L. 84-263), authorized the State of Utah to relinquish state sections for the benefit of the Tribe and subsequently select Federal lands (including the mineral interest in land) of equal value outside of the Hill Creek Extension area.

The State of Utah’s School and Institutional Trust Land Administration (SITLA) holds the mineral interest in about 28 square miles (approximately 18,000 acres) within the southern portion of the Hill Creek Extension in Grand County, while the surface ownership is held in trust for the Tribe. The Tribe would like to obtain the mineral estate underlying tribal lands in the Grand County portion of the Hill Creek Extension in order to prevent development on lands that have special significance to the Tribe. However, the Tribe does not object to development of other mineral estate, retained by the Federal government, within the Hill Creek Extension in Uintah County.

SITLA proposed to relinquish their mineral estate within the Hill Creek Extension in Grand County in exchange for similar acreage of Federal mineral estate in Uintah County, also within the Hill Creek Extension. However, the 1955 law specified that the selection by the state should take place “outside of the area hereby withdrawn,” and therefore outside of the Hill Creek Extension.

**S. 27**

S. 27 proposes to amend the 1948 and 1955 Acts to permit relinquishment of mineral estate in exchange for similar acreage of Federal mineral estate within the Hill Creek Extension. The legislation further provides that the transaction should be on an acre-for-acre basis and establishes a limited overriding interest for both the United States and SITLA in the lands exchanged.

The Department has no objection to allowing for the selection by SITLA of mineral estate within the Hill Creek Extension and supports that provision of the legislation. However, the 1948 and 1955 laws as well as FLPMA require that these transfers be of equal value. The per-acre value of mineral estate can vary dramatically from one acre to another, and this area of Utah has significant oil and gas resources.

The legislation proposes to address any difference in parcel value by reserving for each conveying party a financial interest in the mineral estate being transferred. However, as written, the overriding interest fails to acknowledge the potential change in value of the federal minerals. The royalty rate specified for the financial interest is the royalty rate in effect today, and fails to account for the possibility of a changed royalty rate in the future. We believe that the overriding interest should be based on the Federal royalty rate at the time the lease or permit is issued. The Department would also like the opportunity to work on other technical amendments with the Sponsor and the Committee.

**Conclusion**

Thank you for the opportunity to testify. The Department would welcome the opportunity to resolve these issues for the benefit of the Ute Indian Tribe and protect land that has special significance in a manner that also protects the fiduciary interest of the Federal government.