



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Assistant Director/Oil & Gas

Jon M. Huntsman, Jr.  
Governor

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July 10, 2006

**FAXED TO 202-586-1472 - HARD COPY TO FOLLOW**

Office of Electricity Delivery and Energy Reliability  
Room 8H-033  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Re: Preliminary Draft Map of Potential Energy  
Corridors on Federal Lands

Gentlemen:

I am the Assistant Director/Oil & Gas for the School and Institutional Trust Lands Administration ("TLA"). This is the quasi-independent agency organized under the Utah Constitution in the mid-1990s that is charged with managing the lands granted to schools at Utah's statehood plus the quantity grants given to the eleven other Utah beneficiaries.

Oil, gas and other hard mineral development is very important to TLA and provides about 60-75% of the annual revenue to the permanent school trust fund. Oil and gas in this state has a deliverability problem which causes sometimes deep deductions in price. Our pipeline infrastructure is minimal and inadequate for the amount of energy reserves given Utah. The largest deposits currently known are located in the northeast quadrant of the state centered around the Uintah Basin.

The largest gas reserves in the area out of the Greater Natural Buttes area in the central part of the basin and south from there to the northern parts of Grand County, do not show any corridor for pipelines and transmission lines. It is very difficult for operators to get product from this area to market. Lines are full and production can be curtailed due to limited space. In addition, Utah has so much wilderness and various layers of proposed wilderness that it is becoming increasingly difficult to move through those various restrictive designations with rights of way.

The operators need marketing options. Our trust fund suffers if drilling and sales are curtailed. The Rockies are held hostage with lower prices, and in particular Utah, because of our take-away capacity. I request that the Department of Energy consider this problem when planning new corridors. Now is the time for the ROW designations as the various offices are creating their new RMPs. As more restrictive ACECs, WSA, ROS designations are put in place, it will become increasingly difficult to get our product whether it is coal, electricity, oil, gas or other commodities to a fair, competitive marketplace.

The federal government gave these lands to the state at statehood to support education. The federal government maintains a responsibility to keep these lands in a usable state to generate revenue and cannot by its actions devalue them. If companies chose to conduct mineral operations elsewhere because of an infrastructure problem in Utah, it devalues our land and hence the mineral contribution to the permanent school fund.

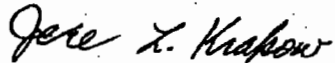
If there is any other information I can provide, please let me know. Thank you.

Yours very truly,

LaVonne J. Garrison  
Assistant Director/Oil & Gas

Thank you for this opportunity to participate in the PEIS process. We look forward to reviewing more detailed maps as the process continues and details are refined.

Sincerely,

A handwritten signature in cursive script that reads "Jere L. Krakow".

Jere L. Krakow  
Superintendent