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*(Orig. C's sent 10-23-02)
(Forward to COM 10-23-02) JH*

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MEMORANDUM

TO: Dr. Jack H. Britt

FROM: Alvin Payne *[Signature]*

DATE: October 22, 2002

RE: State Building Commission Executive Sub-Committee Action:
Oil / Gas Leases in Morgan and Scott Counties

On Monday, October 21, 2002, the State Building Commission Executive Sub-Committee (SBC S/C) considered the University's request to approve a Request for Proposal (RFP) pertaining to oil, gas, and coalbed methane leases in Morgan and Scott Counties. There was extensive interest in this area by multiple State agencies such as the Department of Environment and Conservation, Tennessee Wildlife Resources Agency, and the Department of Correction, etc. All of the agencies were supportive of our initiative and would like to potentially do something similar to that which we propose.

The SBC S/C requested that their staff develop a policy concerning mineral rights, etc. that will be applicable to all State agencies. The members were not supportive of oil and gas leases on State property from an environmental perspective, but they did authorize their staff to proceed in developing a policy. After the policy is developed and hopefully approved by the SBC S/C, we will seek approval to proceed with a RFP. The award of the RFP will probably require SBC S/C approval.

We will be working with the SBC Staff to develop the proposed policy and will certainly keep you informed of any and all progress in this area. Should you have any questions relative to this issue, please do not hesitate to contact me.

/bkw

c: Mr. Philip A. Scheurer
Dr. C. Roland Mote
Mr. Robbi D. Stivers