



# Board of County Commissioners Agenda Request

**3A**  
Agenda Item #

**Requested Meeting Date:** November 14, 2023

**Title of Item:** American Peat Technology amendments to peat leases

<input checked="" type="checkbox"/> REGULAR AGENDA	<b>Action Requested:</b>	<input type="checkbox"/> Direction Requested
<input type="checkbox"/> CONSENT AGENDA	<input checked="" type="checkbox"/> Approve/Deny Motion	<input type="checkbox"/> Discussion Item
<input type="checkbox"/> INFORMATION ONLY	<input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Hold Public Hearing*
	<i>*provide copy of hearing notice that was published</i>	

<b>Submitted by:</b> Dennis (DJ) Thompson	<b>Department:</b> Land
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<b>Presenter (Name and Title):</b> Dennis (DJ) Thompson	<b>Estimated Time Needed:</b> NA
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**Summary of Issue:**  
See attached memo.

**Alternatives, Options, Effects on Others/Comments:**

**Recommended Action/Motion:**  
Motion to approve amendments to peat leases MLPN200002 and MLPN200003 with American Peat Technology, LLC

**Financial Impact:**  
 Is there a cost associated with this request?  Yes  No  
 What is the total cost, with tax and shipping? \$  
 Is this budgeted?  Yes  No *Please Explain:*

Legally binding agreements must have County Attorney approval prior to submission.



## AITKIN COUNTY LAND DEPARTMENT

502 Minnesota Ave N.  
Aitkin, MN 56431

acl@co.aitkin.mn.us  
phone: 218-927-7364

# MEMO

TO: Aitkin County Commissioners  
FROM: Dennis (DJ) Thompson, Land Commissioner  
DATE: November 14, 2023  
RE: Amendments to peat leases

American Peat Technology, LLC currently has two leases with Aitkin County for the extraction of peat. One lease is in Spencer and Kimberly Township and the other lease spans across Idun, Pliny, and Seavey Township. Both leases include County Tax Forfeited land and Con Con land. American Peat Technology would like to amend both leases.

For Peat Lease MLPN200002 (Spencer and Kimberly Township), the only change would be to extend the deadline to secure the necessary permits to mine from December 31, 2025 to December 31, 2026. The amount of land being leased will remain unchanged at 638.43 acres.

For Peat Lease MLPN200003 (Idun, Pliny, and Seavey Township), American Peat Technology would like to extend the deadline to secure the necessary permits to mine from December 31, 2025 to December 31, 2026 and reduce the number of acres being leased. 927.95 acres of Con Con land and 1230 acres of County Tax Forfeited land will be dropped from the lease, leaving a total 1480 acres being leased, all of which is County Tax Forfeited land.

American Peat Technology currently pays \$9.9052 per acre for their leased lands. They do not pay a production fee at this time as they are not currently mining peat in these areas.

Aitkin County will see a reduction in revenue due to the removal of land from lease MLPN200003. Accounts being affected will vary depending on what type of land it is, Con Con versus tax forfeited. Revenue generated from the Con Con lands, including leases, is split equally between the County and the State. Mineral and peat lease revenue generated off tax forfeited land is split as follows: 2/9ths goes to the city or town, 3/9ths goes to the county, and the remaining 4/9ths goes to the school district. The state's Mineral Management Account receives 20% of all revenue generated off all lands from mineral and peat leases. The County's share from this lease (Con Con and tax forfeited) that will be lost is less than \$9,000 per year.

I recommend approving the amendments to the peat leases.

**m** DEPARTMENT OF  
NATURAL RESOURCES

Minnesota Department of Natural Resources  
Division of Lands and Minerals  
1525 Third Ave. E.  
Hibbing, MN 55746

August 22, 2023

Kirk Peysar, Auditor  
Aitkin County Auditor's Office  
307 2nd St NW, Room 121  
Aitkin, MN 56431  
[kirk.peysar@co.aitkin.mn.us](mailto:kirk.peysar@co.aitkin.mn.us)

Re: Amendment to State Peat Lease Nos. MLPN200002, MLPN200003  
American Peat Technology, LLC

Dear Mr. Peysar:

Please be advised that American Peat Technology, LLC has requested lands be removed from State Peat Lease No. MLPN200003, dated March 2, 2018. The State is proposing an additional amendment to State Peat Lease Nos. MLPN200002 and MLPN200003 to extend the deadline to secure necessary permits. State Peat Lease Nos. MLPN200002 and MLPN200003 are governed by a February 6, 2017 joint powers agreement, as amended on January 5, 2018, wherein the state is to administer the lease for the harvesting of peat from county-administered tax-forfeited lands.

American Peat Technology, LLC requested that lands be removed from State Peat Lease No. MLPN200003 because they were not needed for their peat harvesting operation. A total of 2,157.95 acres of tax-forfeited lands will be removed through this lease amendment. The decrease in acreage in tax-forfeited lands to be leased will result in reduced lease revenues distributed to Aitkin County.

Upon review of MLPN200002 and MLPN200003, it was identified that American Peat Technology, LLC had not yet secured the required state and federal permits as required by the leases (Paragraph 21). As such, pursuant to the terms of the lease agreements, a later date for obtaining the required permits is proposed for American Peat Technology, LLC's consideration. The lease amendments provide American Peat Technology, LLC a new deadline of December 31, 2026 to secure necessary permits.

Pursuant to the joint powers agreement, any amendment to Peat Lease Nos. MLPN200002 and MLPN200003 regarding the tax-forfeited parcels must be approved by the county auditor. Please review the proposed changes and return your written response (approval or disapproval) to my attention. An e-mail reply to me will be sufficient.

The draft amendments are attached for your reference. We request your written approval of these proposed changes as soon as possible.

If you have any questions about the lease amendments, please contact me at [shanda.fisher@state.mn.us](mailto:shanda.fisher@state.mn.us).

Sincerely,

**Shanda L. Fisher**

Digitally signed by Shanda L.

Fisher

Date: 2023.08.22 16:12:52 -05'00'

Shanda L. Fisher  
Attorney  
[shanda.fisher@state.mn.us](mailto:shanda.fisher@state.mn.us)

cc: Joe Henderson, Director, Lands and Minerals Division  
Susan Damon, Assistant Director, Lands and Minerals Division  
Dennis (DJ) Thompson, Aitkin County Land Commissioner

STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LANDS AND MINERALS

AMENDMENT TO PEAT LEASE NO. MLPN200002  
PURSUANT TO  
MINNESOTA STATUTES 2022, SECTIONS  
92.50; 282.04, SUBD. 1; AND 471.59.

**Lease No. MLPN200002**

This amendment is made this \_\_\_ day of \_\_\_\_\_, 2023, by and between the State of Minnesota, under the authority and subject to the provisions of Minnesota Statutes 2022, Sections 92.50, 282.04, subd. 1, and 471.59, and acting by and through its Commissioner of Natural Resources, for itself and for the County of Aitkin pursuant to the Joint Powers Agreement dated February 6, 2017, and as amended, hereinafter called the State, and

American Peat Technology, LLC  
36203 350<sup>th</sup> Avenue  
Aitkin, Minnesota, 56431, a Minnesota limited liability company,

hereinafter called the Lessee WITNESSETH:

The Lessee currently holds State Peat Lease No. MLPN200002, hereinafter referred to as the "Lease," that remains in effect.

NOW, THEREFORE, in consideration of the premises and agreements herein contained, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. Paragraph 21 of the Lease is amended to read as follows:

If the Lessee fails to obtain the required state and federal permits to harvest peat from the leased premises by December 31, 2026, the state may, at its option cancel this lease in the manner hereinafter provided. If the Lessee fails to obtain the required state and federal permits by such date and the state chooses not to cancel this lease, such other later date for obtaining the required permits shall be mutually agreed to between the state and Lessee.

All other terms and conditions of the lease remain in effect.

*[The remainder of this page intentionally left blank. Signature page to follow]*

IN TESTIMONY WHEREOF, The state by and through its Commissioner of Natural Resources, has caused this instrument to be executed, and the lessee has hereto set its hand, the day and year first above written.

Signed in Presence of:

STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_

\_\_\_\_\_

Joe Henderson, Director  
Division of Lands and Minerals

As to State

STATE OF MINNESOTA        )  
  ) SS  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2023, by Joe Henderson, Director, Division of Lands and Minerals, Department of Natural Resources, on behalf of the State of Minnesota.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LANDS AND MINERALS

AMENDMENT TO PEAT LEASE NO. MLPN200003  
PURSUANT TO  
MINNESOTA STATUTES 2022, SECTIONS  
92.50; 282.04, SUBD. 1; AND 471.59.

Lease No. MLPN200003

This amendment, made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between the State of Minnesota, under the authority and subject to the provisions of Minnesota Statutes 2022, Sections 92.50, 282.04, subd. 1, and 471.59, and acting by and through its Commissioner of Natural Resources, for itself and for the County of Aitkin pursuant to the Joint Powers Agreement dated February 6, 2017, and as amended, hereinafter called the State, and

American Peat Technology, LLC  
36203 350<sup>th</sup> Avenue  
Aitkin, Minnesota, 56431, a Minnesota limited liability company,

hereinafter called the Lessee, WITNESSETH:

The Lessee currently holds State Peat Lease No. MLPN200003, hereinafter referred to as the "Lease," that remains in effect.

The Lessee has requested certain lands be removed from the Lease.

NOW, THEREFORE, in consideration of the premises and agreements herein contained, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. The description of the "leased premises" in Paragraph 1 of the Lease is amended to read as follows:

South Half-section (S1/2) in Section Thirteen (13);  
Southeast Quarter (SE1/4) in Section Fourteen (14);  
North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), and North Half-section of Southeast Quarter (N1/2-SE1/4) in Section Twenty-three (23);  
North Half-section (N1/2), North Half of Southwest Quarter (N1/2-SW1/4), North Half of Southeast Quarter (N1/2-SE1/4), and Southeast Quarter of Southeast Quarter (SE1/4-SE1/4) in Section Twenty-four (24);  
all in Township Forty-four (44) North, Range Twenty-four (24) West of the Fourth Principal Meridian, containing 1,480.00 acres, more or less, hereinafter referred to as the "tax-forfeited lands".

2. Paragraph 21 of the Lease is amended to read as follows:

If the Lessee fails to obtain the required state and federal permits to harvest peat from the leased premises by December 31, 2026, the state may, at its option cancel this lease in the manner hereinafter provided. If the Lessee fails to obtain the required state and federal permits by such date and the state chooses not to cancel this lease, such other later date for obtaining the required permits shall be mutually agreed to between the state and Lessee.

All other terms and conditions of the lease remain in effect.

*[The remainder of this page intentionally left blank. Signature page to follow]*

IN TESTIMONY WHEREOF, the state by and through its Commissioner of Natural Resources, has caused this instrument to be executed, and the lessee has hereto set its hand, the day and year first above written.

Signed in Presence of:

STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_

\_\_\_\_\_

Joe Henderson, Director  
Division of Lands and Minerals

As to State

STATE OF MINNESOTA        )  
  ) SS  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by Joe Henderson, Director, Division of Lands and Minerals, Department of Natural Resources, on behalf of the State of Minnesota.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

