

Bureau of Land Management
Utah State Office
324 South State, Suite 301
Salt Lake City, Utah 84111-2303

~~3432~~
~~U-0142235~~
~~(U-942)~~
~~ACT/007/008~~
~~copy for skyline file~~
~~S. Linn~~

RECEIVED
JUN 17 1987

JUN 15 1987

3432
U-0142235
(U-942)

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S. Linn

DIVISION OF
OIL, GAS & MINING

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

DECISION

| | | |
|-------------------------------|---|------------|
| Coastal States Energy Company | : | Coal Lease |
| 175 East 400 South | : | U-0142235 |
| Salt Lake City, UT 84111-2301 | : | |

Application for Modification Rejected

On December 24, 1985, Coastal States Energy Company filed an application for modification of coal lease U-0142235 to include the following-described lands in Carbon County, Utah:

T. 13 S., R. 6 E., SLM, Utah
Sec. 11, N $\frac{1}{2}$ S $\frac{1}{2}$.

Containing 160.00 acres

It was determined that the proposed modification met the requirements of 43 CFR 3432.2(a)(1)-(3); and that it would be in the interest of the United States to modify this lease provided certain requirements were met.

Therefore, by decision dated November 16, 1986, Coastal States Energy Company was provided with modified lease forms and stipulations for acceptance and required to "pay rental at \$3 per acre for the additional lands from the lease modification date to the next anniversary date; 2) provide consent of the surety on the present bond to the addition of the modified area; and 3) pay a cash bonus payment of \$2,225.00 per acre, a total of \$356,000, in order that the United States would recover the fair market value of the coal lands to be leased.

By letter dated December 18, 1986, Coastal States Energy Company notified this office that it could not accept the terms and conditions of the modification as set forth in the decision of November 16, 1986. Coastal states that the requested cash bonus of \$2,225.00 per acre is significantly higher than the bonus paid for other federal coal leases and does not represent fair market value of the 160 acre tract.

The regulations in 43 CFR 3432.2(c) require that the United States shall receive the fair market value of the lease of the added lands either by cash payment or adjustment of the royalty applicable to the lands added to the lease by the modification. Therefore, inasmuch as Coastal States Energy Company has refused to meet this requirement, this application for modification of coal lease U-0142235 is hereby rejected.

You have the right to appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR, Part 4, and the enclosed Form 1842-1. If an appeal is taken, your Notice of Appeal must be filed in this office so the case file can be transmitted to the Board. A copy of your Notice of Appeal and of any statement of reasons, written arguments, or briefs must also be served on the Office of the Solicitor as shown on Form 1842-1. It is also requested that you send a copy of any statement of reasons, written arguments or briefs to the office issuing the decision appealed. In taking an appeal, there must be strict compliance with the regulations.

ROBERT LOPEZ

Chief, Minerals
Adjudication Section

Enclosure
Form 1842-1

cc: Coal D.O.
Solid Minerals (U-921)
FS

Resource Development Committee
ATTN: Minerals Leasing Task Force
116 State Capitol Bldg.
Salt Lake City, UT 84114