

Feb  
DD  
Coal

C0070005



## United States Department of the Interior



BUREAU OF LAND MANAGEMENT  
Utah State Office  
440 West 200 South, Suite 500  
Salt Lake City, UT 84101-1345  
<http://www.blm.gov/utah>

In Reply Refer To:  
3400 (UT-9223)

NOV 21 2019

CERTIFIED MAIL – RETURN RECEIPT REQUESTED  
9489 0090 0027 6140 9465 56

Governor Gary R. Herbert  
Governor of Utah  
350 North State Street, Suite 200  
Salt Lake City, Utah 84114

Dear Governor Herbert:

On July 8, 2019, the Bureau of Land Management, Utah State Office, received a Lease by Application from Canyon Fuel Company, LLC. The following described lands have been adjudicated:

**UTU-92226**

T. 14 South, R. 6 East, SLM, Utah

sec. 10, W1/2SE1/4, SE1/4SE1/4.

The areas described contains 120 acres

Emery County  
Manti-La Sal National Forest

This application is to obtain unleased federal coal lands. The surface ownership above the proposed tract is entirely within the Manti-La Sal U.S. Forest Service and contiguous to the Skyline Mine. The mine is operated by Canyon Fuel Company, LLC., see enclosed application.

If you wish to provide comments to the application, please send written comments within 60-days to Stan Perkes, Utah State Office Mining Engineer at the above listed address or email comments to [sperkes@blm.gov](mailto:sperkes@blm.gov).

Sincerely,



Kent Hoffman  
Deputy State Director  
Division of Land and Minerals

Enclosure

cc:  
Price Field Office

Public Lands Policy Coordinating Office  
Attn: Kathleen Clark  
350 North State Street  
5<sup>th</sup> Floor, Suite 5110  
Salt Lake City, Utah 84103

Division of Oil, Gas and Mining  
Attn: John Baza  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84116



Canyon Fuel Company, LLC  
9815 South Monroe St, Suite 203  
Sandy, UT 84070  
(801) 962-9107

July 8, 2019

**VIA CERTIFIED DELIVERY/  
RETURN RECEIPT REQUESTED**

Bureau of Land Management  
Utah State Office  
Attn: Ed Roberson  
440 West 200 South, Suite 500  
Salt Lake City, Utah 84101-1345

Re: Application for Federal Coal Lease - Little Eccles Tract (UTU-92226)

Dear Mr. Roberson,

Canyon Fuel Company, LLC (CFC) submitted an application for a federal coal lease for lands located in Emery County, Utah ("Lease Tract") on June 7, 2019 to your office. Upon further review of the Lease Tract, CFC now desires to revise the acreage and delineation for the Lease Tract. This revision would reduce the Lease Tract identified in the application by 40 acres. CFC respectfully requests this revision be applied to the proposed lease by application.

As shown on Map 1, the lease tract would be reduced by 40 acres from the original application. The revised legal description of the area is:

Township 14 South, Range 6 East, SLB&M  
Section 10: W1/2SE1/4, SE1/4SE1/4

Containing 120 acres, more or less

Surface ownership above the proposed tract is entirely owned by the U.S. Forest Service. Also enclosed is Map 2 showing a confidential preliminary mine plan depicting the Lease Tract. These maps are intended to replace the maps provided in the lease application

If you should have any questions about the revised Lease Tract, please communicate directly with Mr. Ryan Wilson, Canyon Fuel Company, 1401 N 1<sup>st</sup> St., Suite A, Grand Junction, CO 81501. Mr. Wilson's telephone number is 970-852-0110 and his email address is [rwilson@wolverinefuels.com](mailto:rwilson@wolverinefuels.com)

Thank you for your consideration.

Sincerely,

Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC

**BUREAU OF LAND MANAGEMENT  
UTAH STATE OFFICE**

JUL 10 2019

**RECEIVED**

**LEASE BY APPLICATION  
FOR  
LITTLE ECCLES FEDERAL COAL TRACT  
CANYON FUEL COMPANY, LLC  
SKYLINE MINE**

**BY**

**Canyon Fuel Company, LLC**

**June 7, 2019**

**CANYON FUEL COMPANY, LLC  
1401 NORTH 1<sup>st</sup> STREET, STE. A  
GRAND JUNCTION, COLORADO 81501**

United States Department of the Interior  
Bureau of Land Management  
Utah State Office

**Application for Federal Coal Lease  
SKYLINE MINE**

Canyon Fuel Company, LLC ("CFC") hereby submits this Lease by Application for the Little Eccles Federal Coal Tract ("Application") pursuant to the Mineral Leasing Act of 1920, as amended, 30 U.S.C. §201, as implemented by regulation at 43 CFR Subpart 3425, for coal found on public lands which are subject to leasing under the jurisdiction of the Utah State Office of the Bureau of Land Management ("BLM"). The lands subject to this Application are located in Emery County, Utah, adjacent to CFC's existing Skyline Mine and are identified by CFC as the Little Eccles Tract ("Lease Tract").

**Applicant**

Canyon Fuel Company, LLC  
1401 N 1<sup>st</sup> St., Ste A  
Grand Junction, CO 81501

**Qualifications of Applicant**

1. CFC is qualified to apply and bid for, and to hold a federal coal lease as required by 43 CFR §3425.1-3, and 43 CFR Subpart 3472.
2. CFC is a limited liability company organized under the Laws of the State of Delaware, and has its principal business address at 9815 South Monroe St, Suite 203, Sandy, Utah 84070 (43 CFR §3472.1-1(c)). Additional information affirming CFC's legal right to acquire a federal coal lease is found in a separate Statement of Qualifications at **Tab 1** of this Application.
3. CFC affirms, and submits a separate signed statement at **Tab 2** of this Application that its interests, directly and indirectly, in all federal coal leases it holds do not exceed 75,000 acres in any one state or 150,000 acres in all of the United States. A precise enumeration of acreage currently held under federal coal leases will be made, if requested, by CFC at the time of any bid submitted at a lease sale (43 CFR §3472.1-2(a)).
4. CFC is not disqualified from obtaining a federal coal lease because it is a minor, because it is associated with a company or corporation operating a common carrier railroad, or because it has any shareholders who are aliens (43 CFR §3472.1-2(b), (c), and (d)).
5. CFC does not hold at this time any federal coal lease that is not producing coal in commercial quantities except for federal coal leases on which advanced royalties have been paid in lieu of

production with the permission of the authorized officer. A separate certification to this effect is included at **Tab 3** of this Application (43 CFR §3472.1-2(e)).

6. CFC is the sole party in interest to this Application and to any federal coal lease resulting from a lease sale conducted pursuant to this Application. A separate certification to this effect is included at **Tab 4** of this Application (43 CFR §3472.2-1).

### **Lease Tract Land Description**

The Lease Tract is located adjacent to the Skyline Mine and includes an estimated 2.2 million tons of bypass coal reserves. Of these 2.2 million tons, all are contained within the Lower O'Connor A Seam reserve. Other seams, although not quantified, may also be of interest and are included in this application. CFC surveyors have determined the Lease Tract contains approximately 160 acres located in Emery County, Utah more particularly described as follows:

Township 14 South, Range 6 East, SLB&M

Section 10: W1/2SE1/4, SE1/4SE1/4

Section 11: SW1/4SW1/4

(Containing approximately 160 acres, more or less)

The proposed Lease Tract is shown on the map included at **Tab 5** of this Application.

### **Leasing Qualification**

The coal reserves applied for will be mined as part of the existing Skyline Mine that is producing coal on the date of this Application. The subject coal reserves have recently been discovered based on exploration drilling on adjacent private lands. The coal is needed to avoid the bypass of valuable Federal coal reserves and maintain existing production levels at the Skyline Mine. The intended use of the coal is for electric power generation, which is the current use for the coal produced at the Skyline Mine.

### **Preliminary Information**

1. A USGS Quadrangle 7.5 Minute series topographic map equivalent produced at a scale of 1"=2,000' included at **Tab 5** of this Application depicts the Lease Tract and shows the topography, physical features and natural drainage patterns.
2. Maps which depict the location of drill holes and other exploration data are not included with this application, but will be made available to the BLM at the time that a meeting can be scheduled between geologists from CFC and representatives of the BLM. The purpose of this meeting will be to present the collected and analyzed exploration information and to submit the information in a format most usable by the BLM (43 CFR §3425.1-7(a)(1)).

3. CFC and the Skyline Mine do not propose additional coal exploration on the Lease Tract as part of this application. The lease, as proposed in this application, meets data adequacy with information previously collected and analyzed. Exploration activities, to further refine coal occurrence and geologic structure of the Little Eccles Tract reserve, will be submitted separately in the form of an Exploration License. Surface topography is somewhat restrictive for traditional coal exploration methods which limits the number of potential drill sites.
4. CFC will conduct coal mining operations on the lands identified in this application. CFC, through the Skyline Mine, has mined coal in the Wasatch Coal Field of Carbon and Emery Counties, Utah since 1981. Coal extraction is expected to consist of underground longwall mining methods, much like they have for the past 37 years at the Skyline Mine. As such, there will be little to no surface disturbance required. What limited access that will be required is considered casual use for monitoring purposes. Mining of this bypass coal could occur as early as 2024 if this lease is obtained and the appropriate mining and reclamation permits are approved by the state regulatory authority pursuant to the Federal Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. §1201, *et seq* (Surface Mining Act). CFC's plans for the extraction of coal in the proposed lease is a function of the execution of a particular mine plan. Current plans for the Skyline Mine call for the Lower O'Connor B Seam to be mined over the period 2020-2024 and the Lower O'Connor A Seam to be mined in the 2025-2027 time period. If this Lease Tract is acquired, it would enable access to an additional 3.3 million tons of privately-owned coal. The combined Lease Tract with the additional privately-owned coal in the Lower O'Connor A Seam could extend mining to 2034. This scale of production is consistent with Skyline Mine's current mining plan, which will be extended if this proposed bypass coal is added. Further, CFC's coal production to extract the proposed bypass coal will be consistent with the production levels at the Skyline Mine over the last decade and production levels anticipated over the next decade (43 CFR §3425.1-7(b)(2)(ii)).
5. Mining is anticipated to be conducted as a single operation encompassing this proposed Lease Tract and existing federal and private coal leases. The entire coal reserve will likely be combined into the existing Skyline Mine Logical Mining Unit (LMU) following the issuance of a coal lease.
6. The prevailing land use of the acreage contained in this application is wildlife habitat. Surface topography is rugged with Little Eccles Canyon running through the entirety of the Lease Tract. Limited camping, hunting and grazing occur in the proposed lease area. There are no highways or critical structures in this area. A portion of the Lease Tract is located adjacent to Electric Lake. Game trails exist in the area and it is known as elk summer range.
7. CFC does not anticipate any surface drilling on the Lease Tract. If exploration is required, CFC will submit a Federal Coal Exploration License. No construction activities are anticipated which will require excavation or which should create erosion of the soil, pollution to surface or ground waters, harm to fish or wildlife or damage to any other

natural resources. No equipment will be utilized prior to any lease issuance which would result in air or noise pollution or impact the social and infrastructure systems.

8. Mining on the lands included in this Application will replicate the mining undertaken at CFC's Skyline Mine since 1981. Reclamation will be undertaken as needed as part of the mining operation. Should BLM issue a coal lease, CFC will follow all stipulations required by the final lease document (43 CFR §3425.1-7(b)(2)(v)).
9. All surface lands of this application are controlled and managed by the U.S. Forest Service.
10. There are no qualified surface owners of split estate lands associated with this Application. Further, in any case, this provision of the Surface Mining Act does not apply to underground mining.

### **Environmental Analysis**

CFC anticipates the required NEPA analysis will commence in a timely manner after review by BLM and Forest Service (43 CFR §3425.3). CFC plans to execute a Memorandum of Understanding with the Forest Service, BLM and any other necessary parties as part of the NEPA analysis in order to advance the consideration of this application.

Respectfully submitted,

By: 

\_\_\_\_\_  
Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC

**Tab 1**

**STATEMENT OF QUALIFICATIONS**

Pursuant to 43 CFR §3472.2-2(c), Canyon Fuel Company, LLC makes the following declarations in support of its application for a federal coal lease:

1. Canyon Fuel Company, LLC is a limited liability company organized under the Laws of the State of Delaware with its principal offices at 9815 South Monroe St, Suite 203, Sandy, Utah, 84070.
2. Canyon Fuel Company, LLC is authorized to hold leases and other interests in real property, and to conduct all other business authorized generally by Laws of the State of Delaware.
3. The following persons are officers of Canyon Fuel Company, LLC and are authorized to take all actions on behalf of the company as permitted by Delaware law:

Chief Executive Officer- James Grech  
Chief Financial Officer – Marc Maglione  
Chief Administrative Officer and General Counsel – Brian S. Settles

4. All of the issued and outstanding equity interests of Canyon Fuel Company, LLC are owned by Wolverine Fuels Holding, LLC, a Delaware limited liability company, which has its principal business address at 9815 South Monroe St, Suite 203, Sandy, Utah, 84070.

Canyon Fuel Company, LLC

By:   
\_\_\_\_\_  
Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC

**Tab 2**

**SPECIAL LEASING QUALIFICATION - ACREAGE LIMITATION**

Pursuant to 43 CFR §3472.1-2(a), Canyon Fuel Company, LLC certifies that it or other Wolverine Fuels Holding, LLC subsidiaries do not hold federal coal leases the acreage of which exceeds 75,000 acres in any one state, or more than 150,000 acres in total in the United States. Canyon Fuel Company, LLC agrees to provide a precise enumeration of all of its federal coal lease acreage, upon request of the Bureau of Land Management, at the time that it submits any bid at a lease sale to acquire the federal coal described in the application of which this statement is a part.

Canyon Fuel Company, LLC



By: \_\_\_\_\_  
Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC

**Tab 3**

**SPECIAL LEASING QUALIFICATION - DILIGENT DEVELOPMENT**

Canyon Fuel Company, LLC certifies it is not disqualified from being eligible to receive the federal coal lease applied for under this application by reason of having failed to achieve diligent development of any existing federal coal lease it now holds. As required by 43 CFR §3472.1-2(e)(1), Canyon Fuel Company, LLC certifies all federal coal leases it holds have either met the requirement to achieve diligent development and are now in continuing operation, or have been relieved of the requirement to maintain production in commercial quantities by the authorized officer through the payment of advance royalty or having been mined out.

Canyon Fuel Company, LLC

By:   
\_\_\_\_\_  
Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC

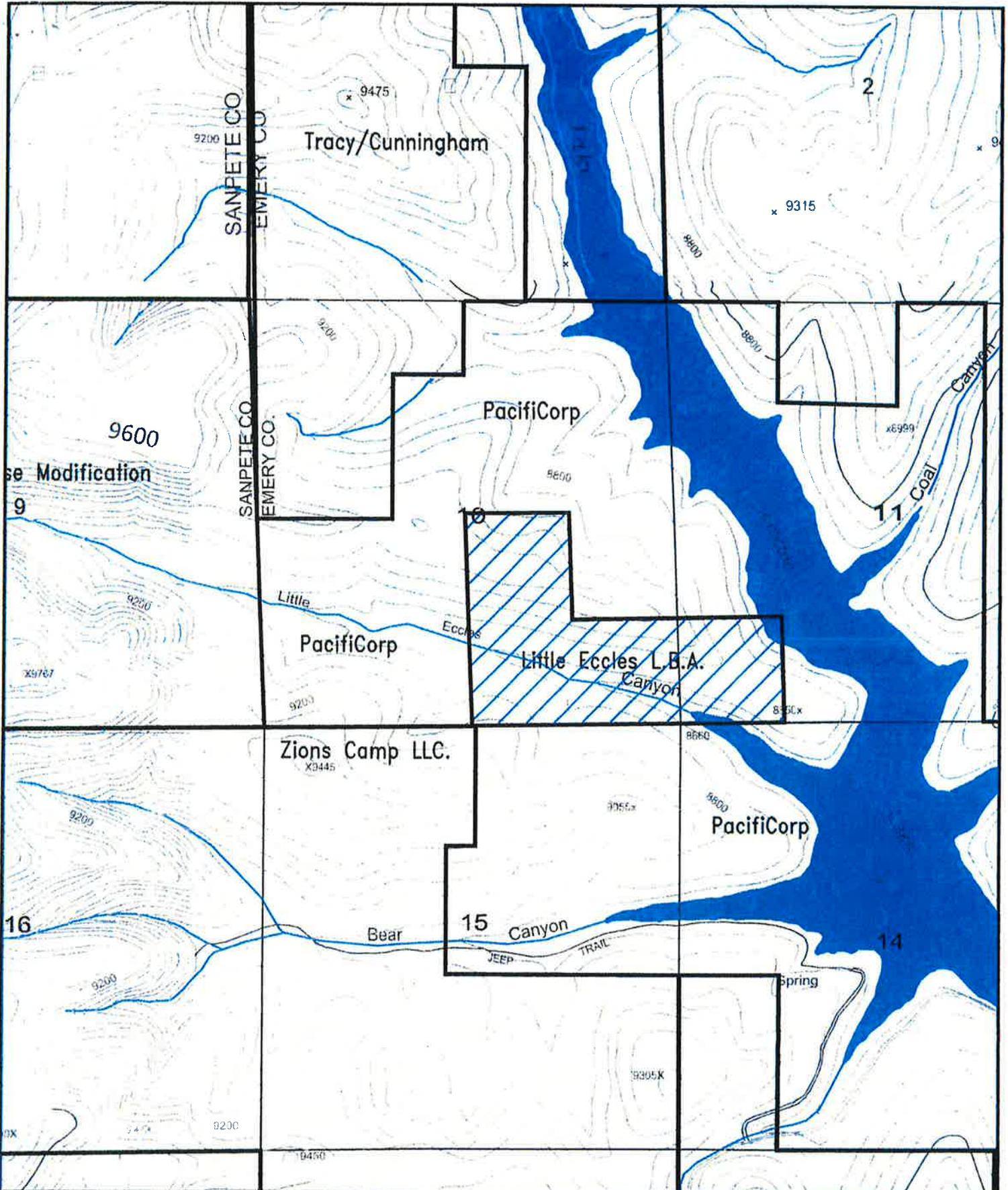
**Tab 4**

**SPECIAL LEASING QUALIFICATION - SOLE PARTY**

Canyon Fuel Company, LLC certifies pursuant to 43 CFR §3472.2-1 that it is the sole party in interest to the federal coal lease sought under the application of which this certification is a part.

Canyon Fuel Company, LLC

By:   
\_\_\_\_\_  
Brian S. Settles  
Chief Administrative Officer  
Canyon Fuel Company, LLC



**Legend**

-  Lease Boundary
-  Lease Application Tract
-  Topography

Map 1  
2019 Little Eccles  
LBA

 Canyon Fuel Company, LLC  
Skyline Mines

DATE: 2/20/219	CK.BY: GGolecki	REVISION:
SCALE: NTS	DR.BY: TEarl	
DWG. NO.:		