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State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 28, 2020

Kent Hoffman
Deputy State Director, Minerals and Lands
Bureau of Land Management
440 West 200 South, Suite 500
Salt Lake City, Utah 84101

Subject: Royalty Rate Reduction for Lower O'Connor B Seam 7RT-11RT District
(Federal Coal Leases UTU-44076 and UTU-77114), Canyon Fuel Company,
Skyline Mine, C/007/0005

Dear Mr. Hoffman:

I have reviewed Canyon Fuel Company's application for a Royalty Rate Reduction (RRR) for the Lower O'Connor B Seam 7RT-11RT District (Federal Coal Leases UTU-44076 and UTU-77114) at the Skyline Mine.

I find the request to be reasonable in light of the geologic and engineering challenges to be encountered in mining the remaining panels in these leases and appropriate under 43 CFR 3485.2(c)(1). The fact that this coal would likely not be mined without the RRR means that the state will have a net benefit from granting the reduction, even at the reduced rate. I offer Utah's support in favor of the BLM's proposed action approving the Royalty Rate Reduction.

If you have any questions regarding this matter, please contact Dana Dean at (801) 538-5320.

Sincerely,

John Baza (Jul 28, 2020 11:44 MDT)

John R. Baza, Director
Utah Division of Oil, Gas and Mining

cc: Steve Christensen

