

0026

PLATEAU MINING COMPANY

A Subsidiary of Getty Mining Company
P.O. Drawer PMC Price, Utah 84501
Telephone (801) 637-2875

File
ACT/007/006
Route
Copy to Wayne
for info then
file

JIM

AUG 09 1982

July 23, 1982

Mr. Roland G. Robison
State Director
Bureau of Land Management
Utah State Office
136 East South Temple
Salt Lake City, Utah 84111

RECEIVED
JUL 27 1982

**DIVISION OF
OIL, GAS & MINING**

RE: Lease Modification of Federal Coal Lease U 13097

Dear Mr. Robison;

Pursuant to 43 CFR 3432 - Lease Modification, Plateau Mining Company would like to modify Federal Coal Lease U 13097 to include an additional 160 acres contiguous to those contained in Federal Lease U 13097.

The tract being applied for is an isolated area bound on the east by Federal Coal Lease SL 031286, on the South by Federal Coal Lease U 13097, on the North by a proposed modification of Federal Coal Lease SL 031286, and on the west by a large graben area, the extent of which is unknown. We anticipate having advanced to the eastern boundary of this tract by January 1, 1983.

We feel this tract meets the criteria for lease modifications as outlined in 43 CFR 3432.2 and have enclosed a detailed application as outlined in 43 CFR 3432.1.

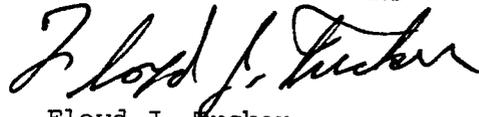
We are enclosing a check in the amount of \$250.00, the processing fee for this modification application as required by 43 CFR 3473.2-1.

July 23, 1982
(continued)

Your immediate processing of this application would be greatly appreciated since we will be at the boundary of the tract being applied for by January 1, 1983.

Respectfully Yours,

PLATEAU MINING COMPANY



Floyd J. Tucker

Vice President/General Manager

FJT/sd

Enclosures

cc: J. D. Spaulding - Getty w/enclosures
J. Spiecha - Getty w/enclosures
B. Snyder - Plateau
M. Dmitrich - Plateau w/enclosures
R. Christensen - U.S.F.S. (Price) w/enclosures
J. Smith - D.O.G.M. (SLC) w/enclosures
J. Rosner - Plateau
J. Mercier - Getty
S. Rigby - Plateau w/enclosures
J. Moffitt - M.M.S. (SLC) w/enclosures
R. Dawes - O.S.M. (Denver) w/enclosures

GENERAL INFORMATION

for

LEASE MODIFICATION

FEDERAL COAL LEASE U 13097

Legal Description

The tract for which this application is being made is described as:

Salt Lake Base and Meridian, Utah,
Township 15 South, Range 7 East,
Section 11, SE 1/4 SE 1/4;
Section 14, NE 1/4 NE 1/4, S 1/2 NE 1/4.
Contains 160 acres more or less.

Refer to Location Map (Map No.1).

Need

This lease modification for which we are applying will serve a three-fold purpose.

First, as can be observed by examining Map No. 2, Plateau Mining Company's Federal Coal Leases SL 031286 and U 13097 are joined only by one common corner, and in order to access FCL U 13097, Plateau must secure rights to additional land in the vicinity of the common corner.

Secondly, the acquisition of this tract would allow Plateau to explore and further delineate the extent of the graben area.

Thirdly, the acquisition of this tract would allow Plateau to recover any coal reserves that the tract may contain.

Coal Deposits

The coal deposits in the vicinity of the tract for which application is being made lie under approximately 1500 feet of overburden. The only environmentally and economically acceptable recovery of these deposits is with underground mining techniques. The logical mining sequence of any reserves contained within

the tract would be the continuation of Plateau's present headings as shown on Map No. 2; the actual quantity of reserves contained within the tract, however, is unknown due to the unknown extent of the graben.

During the 1981 field season, Getty Mining Company drilled several holes, from the surface, in the vicinity of the graben in an effort to delineate its extent. Some new information was garnered from this drilling program; however, more information is required. Additional exploration work (seismic surveys, etc.) is planned for the 1982 field season. This additional work should provide much more information as to the extent of the graben.

No Competitive Interest

The tract for which we are applying is bound on the north by a proposed modification to Plateau's FCL SL 031286, on the east by Plateau's FCL SL 031286, on the south by Plateau's FCL U 13097, and on the west by a large graben structure, the extent of which is not clearly defined. Due to the isolation and small size of this parcel, it would not be economically practical for an operator other than Plateau to mine the reserves, if any, within this tract.

The graben structure isolates this parcel from the "Castle Valley Ridge" tract; therefore, it would not be feasible to mine this parcel from the "Castle Valley Ridge" tract since to do so would require expensive rock tunneling to gain access. This is an expense which could not be economically justified by such a small amount of reserves.

Further, competitive interest in this acreage was not made evident during, or since, the time period allotted under Coal Exploration Licensing Regulations.

Fair Market Value

Due to the unknown extent of the graben, the reserves contained within the tract are of unknown quantity. Therefore, a fair market royalty on the coal actually mined from the tract would be appropriate for both the United States

and Plateau Mining Company.

Advantage to the United States

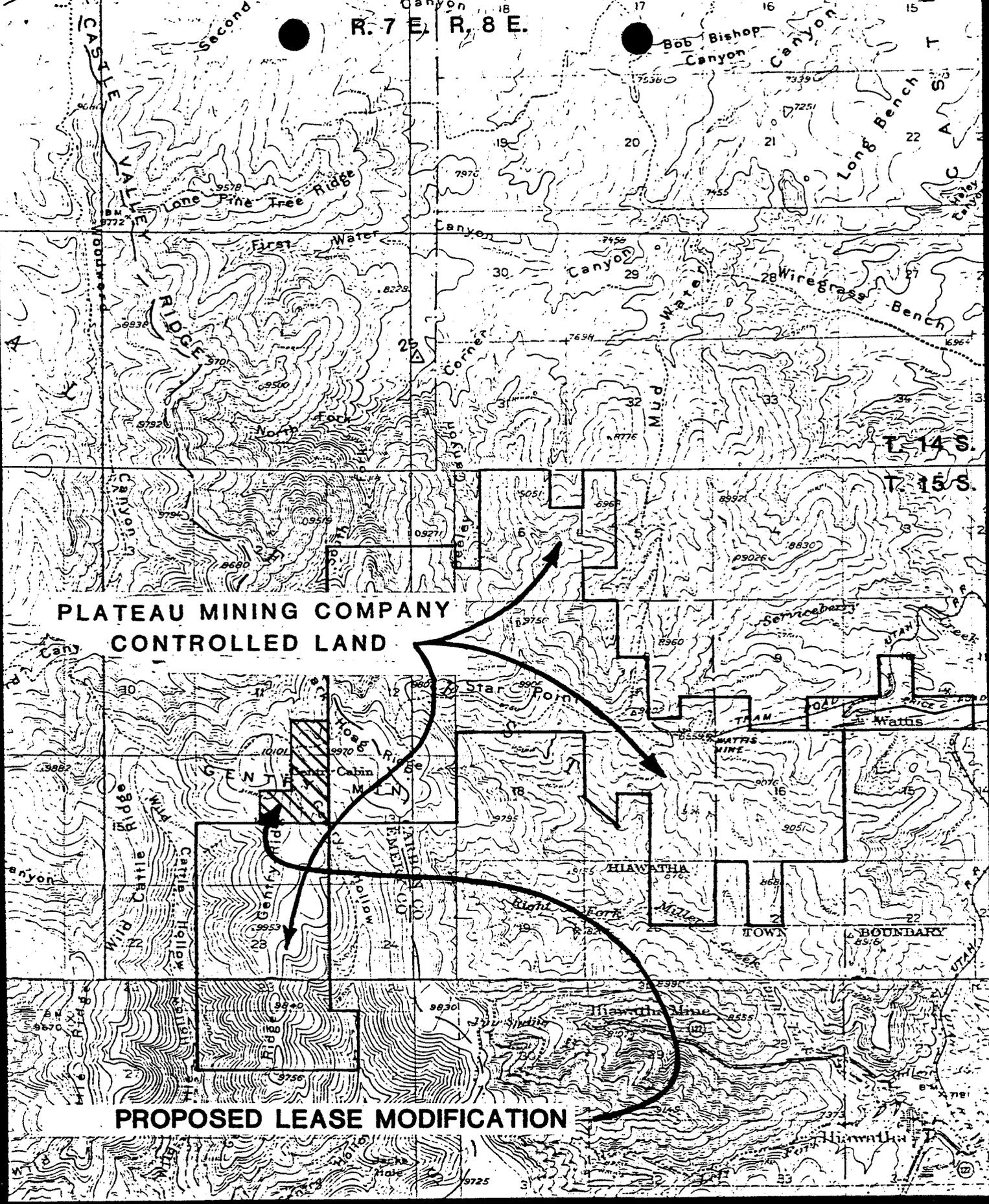
The advantages to the United States of granting this lease modification are many. However, the two most obvious advantages are:

- (1) Access to the reserves contained within FCL U 13097 would be assured, and
- (2) Recovery of any reserves which might be contained within the modification tract itself would be assured.

Summary

Plateau Mining Company feels that the request for this lease modification is justified as has been expressed. Should this modification request be rejected, recovery of the coal, if any, in this tract as well as that within FCL U 13097 would be jeopardized, and those reserves could very well be lost forever.

R. 7 E. R. 8 E.



LOCATION MAP
(FROM HIAWATHA & WATTIS 15' QUADRANGLES)