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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

September 22, 1998

Doug Koza, Deputy State Director, Natural Resources
United States Department of the Interior
Bureau of Land Management
Utah State Office
P. O. Box 45155
Salt Lake City, Utah 84145-0155

Re: Royalty Rate Reduction for Federal Coal Lease SL-031286, Cyprus Plateau Mining, Starpoint Number 2 Mine, ACT/007/006, File #3, Carbon County, Utah

Dear Mr. Koza:

The Division has reviewed the BLM analysis of the royalty rate reduction application for the above-cited mine. We concur that a royalty rate reduction from 8.0 percent to 5.0 percent in this case would be in line with Utah's view of resource conservation and the greatest ultimate recovery of the coal resource.

To afford the operating company the opportunity to successfully mine the lease at a reasonable business profit margin, we further support a retroactive application of the reduced royalty to February 1, 1998. If there are further questions on this position, please contact me or Mary Ann Wright, Associate Director of Mining.

Very truly yours,


for Lowell P. Braxton
Acting Director

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