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# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

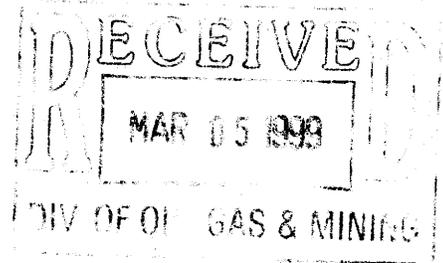
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

In Reply Refer To:

3487  
North Block LMU (UTU-73516)  
SL-066145 et al  
(UT-932)

**MAR 3 1999**

CERTIFIED MAIL--Return Receipt Requested



### DECISION

Lessee:	:	
Intermountain Power Agency	:	Coal Leases:
Department of Water and Power	:	SL-066145
City of Los Angeles	:	SL-066490
111 North Hope Street, Room 1107	:	SL-069291
Los Angeles, CA 90012	:	U-014217
	:	U-014218
Sublessee/Operator:	:	U-0126947
UtahAmerican Energy, Inc.	:	
30799 Pinetree Road	:	
Pepper Pike, Ohio 44123	:	

*ACT/007/013*  
*# 2*  
*Copy Letter to*  
*PAM*

### Logical Mining Unit Approved

The North Block Logical Mining Unit (LMU) filed November 23, 1993, is hereby approved effective January 1, 1994. Although Intermountain Power Agency (IPA) is listed as the LMU operator in the enclosed LMU document, they have, by letter dated February 16, 1999, designated UtahAmerican Energy, Inc. (UEI) as the operator of the LMU. Accordingly UEI will be responsible for paying all rentals, royalties and other fees associated with the property. UEI is the bonded entity on the LMU. IPA requests that all future correspondence, including any notices or billings from the Minerals Management Service, be sent to UEI, with a copy sent to IPA.

The North Block LMU contains 5,544.01 acres and is composed of lands from Federal coal leases SL-066145, SL-066490, SL-069291, U-014217, U-014218 and U-0126947.

This decision may be appealed to the Interior 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 (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (pursuant to regulation 43 CFR 4.21) (58 FR 4939, January 19, 1993) (request) for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellant's success of the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

/S/ Linda S. Colville

*FAL* G. William Lamb  
State Director

Enclosures

1. Form 1842-1
2. LMU Document
3. Letter of February 16, 1999

cc: Resource Development Coordinating Committee (w/encl)  
MMS, Solid Minerals (w/encl)  
OSM, Western Support Center, 1999 Broadway, #3320, Denver, CO 80202-5733 (w/encl)  
Price Coal Office (Attn: Steve Falk) (w/encl)  
Mr. Lowell Braxton, UDOGM (w/encl)  
IPA, 480 E. 6400 S., #200, Murray, UT 84107 (w/encl)  
UtahAmerican Energy Inc., 1382 Scenic View, Price, UT 84501 (w/encl)  
LeBoeuf, Lamb, Leiby & MacRae, Attn: Ronald L. Rencher, 1000 Kearns Bldg.,  
136 S. Main Street, Salt Lake City, UT 84101 (w/encl)

## North Block Logical Mining Unit

The Mineral Leasing Act (MLA) of February 25, 1920, as amended by the Federal Coal Leasing Amendments Act (FCLAA) of 1976, authorizes the consolidation of coal leases into a logical mining unit (LMU). An LMU is an area of land which the coal resources can be developed in an efficient, economical and orderly manner as a unit with due regard to conservation of coal resources and other resources.

As a result of a modification to an application for an LMU designation filed by Intermountain Power Agency (IPA), the North Block LMU is approved effective January 1, 1994, and provides as follows:

1. **Unit Area:** The area specified on the map attached hereto marked Exhibit A being hereby designated the LMU area, containing 5,544.01 acres as described as follows:

Federal Coal Lease SL-066145  
T. 16 S., R. 14 E., SLM, Utah  
Sec. 3, Lots 1-3, 7-11, SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
Sec. 10, E $\frac{1}{2}$ ;  
Sec. 11, W $\frac{1}{2}$ ;  
Sec. 14, NW $\frac{1}{4}$ ;  
Sec. 15, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

Contains 1,404.20 acres.

Federal Coal Lease SL-066490  
T. 16 S., R. 14 E., SLM, Utah  
Sec. 11, E $\frac{1}{2}$ ;  
Sec. 12, W $\frac{1}{2}$ ;  
Sec. 13, W $\frac{1}{2}$ ;  
Sec. 14, E $\frac{1}{2}$ , SW $\frac{1}{4}$ ;  
Sec. 15, E $\frac{1}{2}$  SE $\frac{1}{4}$ ;  
Sec. 22, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ;  
Sec. 23, N $\frac{1}{2}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ;  
Sec. 24, NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
Sec. 26, N $\frac{1}{2}$ NE $\frac{1}{4}$ .

Contains 2,440.00 acres more or less.

Federal Coal Lease U-014218  
T. 16 S., R. 14 E., SLM, Utah  
Sec. 12, E $\frac{1}{2}$ .

Contains 320.00 acres more or less.

Federal Coal Lease U-0126947  
T. 16 S., R. 14 E., SLM, Utah  
Sec. 13, E $\frac{1}{2}$ ;  
Sec. 24, E $\frac{1}{2}$ ;  
Sec. 25, N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

T. 16 S., R. 15 E., SLM, Utah  
 Sec. 19, Lots 3 & 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$ ;  
 Sec. 30, Lots 1 & 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ .

Containing 1,059.81 acres more or less

Federal Coal Lease U-014217  
 T.16 S., R.14 E., SLM, Utah  
 Sec. 25, SW $\frac{1}{4}$ NE $\frac{1}{4}$ .

Containing 40.00 acres more or less.

Federal Coal Lease SL-069291  
 T. 16 S., R. 14 E., SLM, Utah  
 Sec. 24, E $\frac{1}{2}$ SW $\frac{1}{4}$ ;  
 Sec. 25, NW $\frac{1}{4}$ ;  
 Sec. 26, SE $\frac{1}{4}$ NE $\frac{1}{4}$ .

Containing 280.00 acres more or less.

2. **Unit Operator:**

Intermountain Power Agency  
 111 North Hope Street, Room 1107  
 Los Angeles, CA 90012

3. **Stipulations:** As a consideration to the approval of the LMU, the operator/lessee consents to the following stipulations which make all Federal leases within the LMU subject to uniform requirements of this Resource Recovery and Protection Plan (R2P2). LMU recoverable reserves exhaustion, diligent development, continued operation, maximum economic recovery, advance royalty and royalty reporting periods. As of January 1, 1994, the diligence terms and conditions of the Federal lease are subject to or are superseded by the diligence requirements imposed on the LMU.

a. **Supervision:** Bureau of Land Management  
 Price Field Office  
 125 South 600 West  
 P.O. Box 7004  
 Price, Utah 84501

The Price Field Office Manager located at the above location is responsible for the review and approval of exploration plans and operations, and modifications thereto, prior to the commencement of mining operations within a permit area approved pursuant to the Surface Mining Control and Reclamation Act (SMCRA) of 1977. The Manager is also responsible for review and approval of resource recovery and protection plans and modifications thereto, and is also responsible for inspection and enforcement, including production verification, of such operations and all lands and all coal within the LMU, and for implementing all other applicable provisions of the 43 CFR 3400 rules for the LMU.

b. **Diligent Development and Continued Operation requirements:** Pursuant to 43 CFR 3480.0-5 (a)(13)(B), the diligent development period for the LMU began on February 1, 1995. Therefore, the LMU must have production of commercial quantities (1 percent of the total recoverable reserves) by February 1, 2005. IPA must then mine 380,260 tons from anywhere within the North Block LMU to achieve diligent development. The LMU must maintain continued operation requirements (mining commercial quantities) or a request to be allowed to pay advance royalty in lieu of continued operation. This request must be submitted to BLM 30 days prior to the start of the continued operation year. The LMU will be required to maintain production of commercial quantities on an annual basis and the date will be determined by the month after diligence is met.

c. **Advance Royalty:** The number of years for which advanced royalty may be paid in lieu of continued operation is ten (10). Advance royalty may be paid in lieu of continued operation only until February 1, 2015. No advanced royalty paid prior to that date may be credited against production royalty after that date.

d. **Reporting Period:** The rental amount for Federal coal leases is to be prorated to the effective date of the LMU. Thereafter, rental for Federal coal leases contained in the LMU will be due, in a lump sum, annually on the anniversary date of the LMU approval, January 1, 2000. Upon approval and for the duration of this LMU, no Federal rentals may be credited against production royalties for any Federal coal lease contained in the LMU, even though the Federal Coal lease terms may have allowed for such credits prior to the effective date of the LMU.

Royalties for Federal recoverable reserves produced within the LMU will be paid on the appropriate Minerals Management Service (MMS) Production and Operations reports every royalty reporting period. The LMU royalty reporting period will be on a monthly basis beginning with the royalty period after the date that coal is first produced following the effective date of the LMU. If coal is being produced on the effective date of the LMU approval, the first royalty reporting period will begin on the first day of the month following the effective date of the LMU. Since all production within an LMU is credited to the entire LMU, a certified record of all non-Federal LMU coal production must be provided to the Price Office Manager on an annual basis. Progress maps and reports required by 43 CFR 3483.2 will show all Federal and non-Federal production from anywhere within the LMU.

e. **Recoverable Coal reserves Exhaustion:** The 40-year LMU recoverable coal reserves exhaustion period commences the date the coal is first produced from the LMU, following the effective date of LMU approval. If there is production occurring within the LMU on the effective date of LMU approval, the 40-year clock begins on the effective date of LMU approval.

f. **Other:** If the LMU of which Federal coal leases SL-066145, SL-066490, U-014218, U-0126947, U-014217, SL-069291 are a part, fails for whatever reason, the above-mentioned leases terms will automatically revert to the original terms and conditions as if they not been included in an LMU.

g. **Waste Certification:** The lessee shall provide upon abandonment and/or sealing off a mined area and prior to lease termination/relinquishment, certification to the lessor that, based upon a complete search of all the operator's records for the mine and upon their knowledge of past operations, there has been no hazardous substances per (40 CFR 302.4) or used oil as per Utah State Management Rule R-315-15, deposited within the lease, either on the surface or underground, or that all remedial action necessary has been taken to protect human health and the environment with respect to any such substances remaining on the property. The back-up documentation to be provided shall be described by the lessor prior to the first certification and shall include all documentation applicable to the Emergency Planning and Community Right-to-know Act (EPCRA, Public Law 99-499), Title III of the Superfund Amendments and Reauthorization Act of 1986 or equivalent.

h. **Underground Inspection:** All safe and accessible areas shall be inspected prior to being sealed. The lessee shall notify the Authorized Officer in writing 30 days prior to the sealing of any areas in the mine and state the reason for closure. Prior to seals being put into place, the lessee shall inspect the area and document any equipment/machinery, hazardous substances, and used oil that is to be left underground.

The Authorized Officer may participate in this inspection. The purpose of this inspection will be: (1) to provide documentation for compliance with 42 U.S.C. 9620 section 120(h) and State Management Rule R-315-15, and to assure that certification will be meaningful at the time of lease relinquishment, (2) to document the inspection with a mine map showing location of equipment/machinery (model, type of fluid, amount remaining, batteries etc.) that is proposed to be left underground. In addition, these items will be photographed at the lessee's expense and shall be submitted to the Authorized Officer as part of the certification. The abandonment of any equipment/machinery shall be on a case by case basis and shall not be accomplished unless the Authorized Officer has granted a written approval. Any on-lease disposal of non-coal waste must comply with 30 CFR § 817.89.

Intermountain Power Agency.

By Michael A. DePaul  
COAL BUSINESS MANAGER

Title

February 16, 1999

Date

Bureau of Land Management

By /S/ Linda S. Colville  
Title ACTING State Director

MAR 3 1999

Date



RICHARD J. RIORDAN  
Mayor

Commission  
RICK J. CARUSO, *President*  
MARCIA F. VOLPERT, *Vice President*  
KENNETH T. LOMBARD  
JUDY M. MILLER  
DOMINICK W. RUBALCAVA  
IRENE N. KISHI, *Secretary*

S. DAVID FREEMAN, *General Manager*

February 16, 1999

United States Department of the Interior  
Bureau of Land Management - Utah State Office  
324 South State Street, Suite 301  
Salt Lake City, Utah 84111-2303

RECEIVED

FEB 18 1999

Attention: Mr. G. William Lamb, State Director

Bureau of  
Land Management

Gentlemen:

Intermountain Power Agency (IPA)  
South Lease Coal Reserve  
North Block Logical Mining Unit (LMU) Application UTU-73516  
Executed Original Enclosed

Your reply references are as follows:

SL-069291	U-014218	UTU-014217
SL-066490	U-0126947	(UT-930)
SL-066145		

Please find enclosed an executed original of the stipulations of approval of the subject LMU application.

As you are aware, IPA has subleased to UtahAmerican Energy, Inc. (UEI) the Federal Coal Leases contained in the LMU. As sublessee, UEI will be the designated operator of the Federal Coal Leases and the LMU, and will be responsible for paying all rentals, royalties and other fees associated with the property. Likewise, UEI will be responsible for any bonding requirements on the property. As such, IPA requests that all future correspondence, including any notices or billings from the Minerals Management Service, be addressed to UEI (with a copy sent to me) at the following address:

Mr. Hershiel H. Hayden, President  
UtahAmerican Energy, Inc.  
30799 Pinetree Road  
Pepper Pike, Ohio 44123

Water and Power Conservation... a way of life



February 16, 1999

IPA appreciates you and your staff's efforts in processing our application. If you have any comments or questions, please call Mr. William W. Engels of my staff at (213) 367-0289.

Sincerely,



MICHAEL J. NOSANOV  
Coal Business Manager

Enclosure

c: Ronald L. Rencher, Esq. w/Encl.  
LeBoeuf, Lamb, Greene & MacRae  
Mr. Hershiel Hayden, President w/Encl.  
UtahAmerican Energy, Inc.  
Mr. William W. Engels w/Encl.