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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

October 3, 2000

TO: Internal File

FROM: Paul Baker, Reclamation Biologist, Team Lead 

RE: Updated Ownership and Control Information, UtahAmerican Energy, Inc., Horse Canyon Mine, ACT/007/013-LF00B

SUMMARY:

UtahAmerican is proposing to update ownership and control information for the Horse Canyon Mine. UtahAmerican has purchased the coal federal leases and other rights from the Intermountain Power Agency (IPA) and no longer subleases these areas.

The main problem with the amendment is that it still includes references to IPA as if it owned some of the lands. These references are confusing and need to be removed. In addition, it appears Plates I-1 and I-2 need to be updated.

TECHNICAL ANALYSIS:

ADMINISTRATIVE INFORMATION

OWNERSHIP AND CONTROL INFORMATION

Regulatory Reference: R645-301-112

Analysis:

In July 2000, UtahAmerican Energy, Inc., purchased all of Intermountain Power Agency's holdings associated with the Horse Canyon Mine. The application includes updated land ownership information to reflect these changes.

TECHNICAL MEMO

The existing mining and reclamation plan contains ownership and control information for UtahAmerican, including its officers and directors and information about affiliated companies and their coal mining and reclamation operations.

The applicant needs to further update the plan to clearly show the current state of lease and land ownership. In the "General Information" section on page I-8, the application says, "UtahAmerican has subleased the Federal Coal Leases from Intermountain Power Agency." The verb tense of this sentence implies UtahAmerican is still subleasing the federal coal leases from IPA even though the next sentence says UtahAmerican purchased all rights and fee properties from IPA. As discussed below, this same problem is in the right of entry section of the application.

The surface ownership map, Plate I-1, needs to be updated. According to this plate, George K. Porter owns surface land both within and contiguous to the permit area. This information is not consistent with the text of the application or with Plate 4-1 of the Lila Canyon Tract application. The text of the application and Plate 4-1 of the Lila Canyon Tract application show Robert Pepper as owning surface land in the permit area, but this is not shown on Plate I-1. Plates I-1 and 4-1 show different areas of land being owned by Josiah Eardley. Also, the legends for Plates I-1 and I-2 indicate Kaiser Coal Corporation and Kaiser Steel Corporation own surface or subsurface rights in and contiguous to the permit area, and this is apparently outdated.

Appendix 1-2 of the application contains a legal description of the "Permitted Area." This section shows surface and coal ownership information for each area. The legal description in this appendix does not match the information on Plates I-1 and I-2, and this discrepancy should be corrected.

Findings:

Information in the proposal is not adequate to meet the requirements of this section of the regulations. Prior to final approval, the applicant must supply the following information in accordance with:

R645-301-121.100, The applicant needs to update the plan to clearly show the current state of lease and land ownership.

R645-301-112.500, The land ownership information on Plates I-1 and I-2 needs to correspond with information in the text.

R645-300-133.100, The legal description in Appendix 1-2 does not correspond with the information on Plates I-1 and I-2. This discrepancy needs to be corrected.

RIGHT OF ENTRY INFORMATION

Regulatory Reference: R645-301-114

Analysis:

The application says UtahAmerican Energy purchased IPA's interest in the federal leases in July 2000 and that the Bureau of Land Management (BLM) is assigning all rights directly to UtahAmerican Energy. On September 11, 2000, the Division received a letter from the BLM with copies of assignments from IPA to UtahAmerican of six federal leases. A portion of only one of these, SL-066145, is in the permit area. The statement in the application that the BLM is assigning all rights directly to UtahAmerican should be updated to indicate this has been done.

The mining and reclamation plan says UtahAmerican has entered into a lease and sublease with IPA, and copies of portions of the agreement are in the plan. This information should be removed. The application should simply indicate that UtahAmerican has acquired the federal coal leases from IPA and that the transfers have been approved by the BLM.

Findings:

Information in the proposal is not adequate to meet the requirements of this section of the regulations. Prior to final approval, the applicant must supply the following information in accordance with:

R645-301-114, The application should be updated to indicate the BLM has approved the lease transfers from IPA to UtahAmerican. Also, information currently in the plan about UtahAmerican subleasing the leases from IPA should be deleted.

RECOMMENDATIONS:

The application should not be approved until deficiencies identified in this memorandum have been adequately addressed.