



**United States Department of the Interior**

*C/007/013 Incoming*



BUREAU OF LAND MANAGEMENT  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov>

IN REPLY REFER TO:  
3451  
UTU-0126947  
(UT-9223)

**SEP 09 2011**

**RECEIVED**

**SEP 12 2011**

CERTIFIED MAIL—Return Receipt Requested

**DIV. OF OIL, GAS & MINING**

**DECISION**

UtahAmerican Energy, Inc.	:	Coal Lease
794 N. "C" Canyon Road	:	UTU-0126947
P. O. Box 910	:	
East Carbon, UT 84520-0910	:	

Readjustment of Coal Lease UTU-0126947  
Effective September 27, 2011

The regulations under 43 CFR 3451.1(a)(1) and (2) state:

1. All leases issued prior to August 4, 1976, shall be subject to readjustment at the end of the current 20-year period and at the end of each 10-year period thereafter.
2. Any lease subject to readjustment, which contains a royalty rate less than the minimum royalty prescribed in 43 CFR 3473.3-2 shall be readjusted to conform to the minimum prescribed in that section.

Coal lease UTU-0126947 was issued effective December 1, 1963. By notice dated February 24, 2010, UtahAmerican Energy Inc. was notified that the terms and conditions of the readjustment of coal lease UTU-0126947 would be provided in accordance with the regulations under 43 CFR 3451 no later than September 27, 2011.

As provided in Part I of the lease and in accordance with the regulations under 43 CFR 3451.2, enclosed are the terms and conditions of coal lease UTU-0126947 effective September 27, 2011.

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 on 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/ Juan Palma

Juan Palma  
State Director

Enclosures

1. Form 1842-1 (1 p)
2. Coal Lease Readjustment (10 pp)

cc: Ms. Jill Ptacek, Department of Justice, Antitrust Division, Transportation, Energy and Agriculture Section, 450 5<sup>th</sup> Street, NW, Suite 4100, Washington D.C. 20530 (w/encl.)  
Resource Development Coordinating Committee, ATTN: Mineral Leasing Taskforce, 116 State Capital Building, Salt Lake City, Utah 84114 (w/encl.)  
Mr. John Baza, Director, UDOGM, Box 145801, Salt Lake City, Utah 84114-5801 (w/encl.)  
Price Coal Office (w/encl.)  
ONRR, MRM, Solid Minerals Staff, Attn: Patrick Mulcahy, MS390B2, Box 25165, Denver, CO 80225-0165

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Serial Number UTU-0126947

Lease Date December 1, 1963

**COAL LEASE READJUSTMENT**

**Part I. LEASE RIGHTS GRANTED**

This lease, entered into by and between the United States of America, hereinafter called the lessor, through the Bureau of Land Management, and

UtahAmerican Energy, Inc.  
794 N. "C" Canyon Road  
P. O. Box 910  
East Carbon, UT 84520-0910

hereinafter called lessee, is readjusted, effective September 27, 2011, for a period of 10 years and for so long thereafter as coal is produced in commercial quantities from the leased lands, subject to readjustment of lease terms at the end of each 10 year lease period.

**Sec. 1.** This lease readjustment is subject to the terms and provisions of the:

Mineral Lands Leasing Act of 1920, Act of February 25, 1920, as amended, 41 Stat. 437, 30 U.S.C. 181-287, hereinafter referred to as the Act;

Mineral Leasing Act for Acquired Lands, Act of August 7, 1947, 61 Stat. 913, 30 U.S.C. 351-359;

and to the regulations and formal orders of the Secretary of the Interior which are now or hereafter in force, when not inconsistent with the express and specific provisions herein.

**Sec. 2.** Lessor, in consideration of any rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, hereby grants to lessee the exclusive right and privilege to drill for, mine, extract, remove or otherwise process and dispose of the coal deposits in, upon, or under the following described lands:

T. 16 S., R. 14 E., SLM, UT  
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, UT  
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, together with the right to construct such works, buildings, plants, structures, equipment and appliances and right to use such on-lease rights-of-way which may be necessary and convenient in the exercise of the rights and privileges granted, subject to the conditions herein provided.

## **PART II. TERMS AND CONDITIONS**

**Sec. 1. (a) RENTAL RATE.** Lessee shall pay lessor rental annually and in advance for each acre or fraction thereof during the continuance of the lease at the rate of \$3.00 for each lease year.

**(b) RENTAL CREDITS.** Rental shall not be credited against either production or advance royalties for any year.

**Sec. 2.(a) PRODUCTION ROYALTIES.** The royalty shall be 12½ percent of the value of coal produced by strip or auger mining methods and 8 percent of the value of coal produced by underground mining methods. Royalties are due to lessor the final day of the months succeeding the calendar month in which the royalty obligation accrues.

**(b) ADVANCE ROYALTIES.** Upon request by the lessee, the authorized officer may accept for a total of not more than \*10 years, the payment of advance royalties in lieu of continued operation, consistent with the regulations. The advance royalty shall be based on a percent of the value of a minimum number of tons determined in the manner established by the advance royalty regulations in effect at the time the lessee requests approval to pay advance royalties in lieu of continued operation.

**\*20 years (Public Law109-58)**

**Sec. 3. BONDS.** Lessee shall maintain in the proper office a lease bond in the amount of \$6,000. The authorized officer may require an adjustment in the amount of the bond to reflect changed conditions.

**Sec. 4. DILIGENCE.** This lease is subject to the conditions of diligent development and continued operation, except that these conditions are excused when operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee. The lessor, in the public interest, may suspend the condition of continued operation upon

payment of advance royalties in accordance with the regulations in existence at the time of the suspension. Lessee's failure to produce coal in commercial quantities at the end of 10 years shall terminate the lease. If not submitted already, lessee shall submit an operation and reclamation plan pursuant to Section 7 of the Act not later than 3 years after the effective date of this lease readjustment.

The lessor reserves the power to assent to or order the suspension of the terms and conditions of this lease in accordance with, inter alia, Section 39 of the Mineral Leasing Act, 30 U.S.C. 209.

**Sec. 5. LOGICAL MINING UNIT (LMU).** Either upon approval by the lessor of the lessee's application or at the direction of the lessor, this lease shall become an LMU or part of an LMU, subject to the provisions set forth in the regulations.

The stipulations established in an LMU approval in effect at the time of LMU approval will supersede the relevant inconsistent terms of this lease so long as the lease remains committed to the LMU. If the LMU of which this lease is a part is dissolved, the lease shall then be subject to the lease terms which would have been applied if the lease had not been included in an LMU.

**Sec. 6. DOCUMENTS, EVIDENCE AND INSPECTION.** At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing the amounts and quality of all products removed and sold from the lease, the proceeds therefrom, and the amount used for production purposes or unavoidably lost.

Lessee shall keep open at all times for the inspection of any duly authorized officer of lessor, the leased premises and all surface and underground improvements, works, machinery, ore stockpiles, equipment, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or under the leased lands.

Lessee shall allow lessor access to and copying of documents reasonably necessary to verify lessee compliance with terms and conditions of the lease.

While this lease remains in effect, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

**Sec. 7. DAMAGES TO PROPERTY AND CONDUCT OF OPERATIONS.** Lessee shall comply at its own expense with all reasonable orders of the Secretary, respecting diligent operations, prevention of waste, and protection of other resources.

Lessee shall not conduct exploration operations, other than casual use, without an approved exploration plan. All exploration plans prior to the commencement of mining operations within an approved mining permit area shall be submitted to the authorized officer.

Lessee shall carry on all operations in accordance with approved methods and practices as provided in the operating regulations, having due regard for the prevention of injury to life, health, or property, and prevention of waste, damage or degradation to any land, air, water, cultural, biological, visual, and other resources, including mineral deposits and formations of mineral deposits not leased hereunder, and to other land uses or users. Lessee shall take measures deemed necessary by lessor to accomplish the intent of this lease term.

Such measures may include, but are not limited to, modification to proposed siting or design of facilities, timing of operations, and specification of interim and final reclamation procedures. Lessor reserves to itself the right to lease, sell, or otherwise dispose of the surface or other mineral deposits in the lands and the right to continue existing uses and to authorize future uses upon or in the leased lands, including issuing leases for mineral deposits, not covered hereunder and approving easements or rights-of-way. Lessor shall condition such uses to prevent unnecessary or unreasonable interference with rights of lessee as may be consistent with concepts of multiple use and multiple mineral development.

**Sec. 8. PROTECTION OF DIVERSE INTERESTS, AND EQUAL OPPORTUNITY.**

Lessee shall: pay when due all taxes legally assessed and levied under the laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; restrict the workday to not more than 8 hours in any one day for underground workers, except in emergencies; and take measures necessary to protect the health and safety of the public.

No person under the age of 16 years shall be employed in any mine below the surface. To the extent that laws of the State in which the lands are situated are more restrictive than the provisions in this paragraph, then the State laws apply.

Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and the rules, regulations, and relevant orders of the Secretary of Labor.

Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

### Sec. 9(a) TRANSFERS

- This lease may be transferred in whole or in part to any person, association, or corporation qualified to hold such lease interest.
- This lease may be transferred in whole or in part to another public body, or to a person who will mine the coal on behalf of, and for the use of, the public body or to a person who for the limited purpose of creating a security interest in favor of a lender agrees to be obligated to mine the coal on behalf of the public body.
- This lease may only be transferred in whole or in part to another small business qualified under 13 CFR 121.

Transfers of record title, working or royalty interest must be approved in accordance with the regulations.

**(b) RELINQUISHMENT.** The lessee may relinquish in writing at any time all rights under this lease or any portion thereof as provided in the regulations. Upon lessor's acceptance of the relinquishment, lessee shall be relieved of all future obligations under the lease or the relinquished portion thereof, whichever is applicable.

**Sec. 10. DELIVERY OF PREMISES, REMOVAL OF MACHINERY, EQUIPMENT, ETC.** At such time as all portions of this lease are returned to lessor, lessee shall deliver up to lessor the land leased, underground timbering, and such other supports and structures necessary for the preservation of the mine workings on the leased premises or deposits and place all workings in condition for suspension or abandonment. Within 180 days thereof, lessee shall remove from the premises all other structures, machinery, equipment, tools, and materials that it elects to or as required by the authorized officer. Any such structures, machinery, equipment, tools, and materials remaining on the leased lands

beyond 180 days, or approved extension thereof, shall become the property of the lessor, but lessee shall either remove any or all such property or shall continue to be liable for the cost of removal and disposal in the amount actually incurred by the lessor. If the surface is owned by third parties, lessor shall waive the requirement for removal, provided the third parties do not object to such waiver. Lessee shall, prior to the termination of bond liability or at any other time when required and in accordance with all applicable laws and regulations, reclaim all lands the surface of which has been disturbed, dispose of all debris or solid waste, repair the offsite and onsite damage caused by lessee's activity or activities incidental thereto, and reclaim access roads or trails.

**Sec. 11. PROCEEDINGS IN CASE OF DEFAULT.** If lessee fails to comply with applicable laws, existing regulations, or the terms, conditions and stipulations of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation by the lessor only by judicial proceedings. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time.

**Sec. 12. HEIRS AND SUCCESSORS - INTEREST.** Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors, or assigns of the respective parties hereto.

**Sec. 13. INDEMNIFICATION.** Lessee shall indemnify and hold harmless the United States from any and all claims arising out of the lessee's activities and operations under this lease.

**Sec. 14. SPECIAL STATUTES.** This lease is subject to the Federal Water Pollution Control Act (33 U.S.C. 1151 - 1175); the Clean Air Act (42 U.S.C. 1857 et seq.), and to all other applicable laws pertaining to exploration activities, mining operations and reclamation, including the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.)

**Sec. 15. SPECIAL STIPULATIONS.**

**SEE ATTACHED STIPULATIONS**

**SPECIAL STIPULATIONS FOR UTU-0126947  
COAL LEASE**

1. In accordance with Sec. 523(b) of the "Surface Mining Control and Reclamation Act of 1977," surface mining and reclamation operations conducted on this lease are to conform with the requirements of this act and are subject to compliance with Office of Surface Mining regulations, or as applicable the Utah program approved under the cooperative agreement in accordance with sec. 523(c). The United States Government does not warrant that the entire tract will be susceptible to mining.

2. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a cultural resource inventory and a paleontological appraisal of the areas to be disturbed. These studies shall be conducted by qualified professional cultural resource specialists or qualified paleontologists, as appropriate, and a report prepared itemizing the findings. A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified cultural or paleontological resources.

If cultural resources or paleontological remains (fossils) of significant scientific interest are discovered during operations under this lease, the lessee prior to disturbance shall, immediately bring them to the attention of the Authorized Officer. Paleontological remains of significant scientific interest do not include leaves, ferns, or dinosaur tracks commonly encountered during underground mining operations.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

3. If there is reason to believe that Threatened or Endangered (T&E) species of plants or animals, or migratory bird species of high Federal interest occur in the area, the Lessee shall be required to conduct an intensive field inventory of the area to be disturbed and/or impacted. The inventory shall be conducted by a qualified specialist and a report of findings will be prepared. A plan will be prepared making recommendations for the protection of these species or action necessary to mitigate the disturbance.

The cost of conducting the inventory, preparing reports, and carrying out mitigating measures shall be borne by the lessee.

4. Before undertaking activities that may disturb the surface of previously undisturbed leased lands, the lessee may be required to conduct a paleontological appraisal of the areas to be disturbed. The appraisal shall be conducted by a qualified paleontologist and a report prepared itemizing the findings.

A plan will then be submitted making recommendations for the protection of, or measures to be taken to mitigate impacts for identified paleontological resources.