

C/007/013 Incoming JRB
✓ DD
Coal



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Utah State Office

440 West 200 South, Suite 500

Salt Lake City, UT 84101

<https://www.blm.gov/utah>

IN REPLY REFER TO:

3474

UTU-73516 (LMU)

UTSL-066145

UTSL-066490

UTSL-069291

UTU-014217

UTU-014218

UTU-0126947

UTSL-068754

UTU-78562

(UT-9223)

RECEIVED

APR 10 2017

MAR 29 2017

DIV. OF OIL, GAS & MINING

CERTIFIED MAIL – Return Receipt Requested

91 7199 9991 7037 5221 8395

DECISION

UtahAmerican Energy, Inc.	:	Coal Logical Mining Unit (LMU)
794 N. "C" Canyon Road	:	UTU-73516
P. O. Box 910	:	Coal Leases
East Carbon, UT 84520	:	UTSL-068754 and UTU-78562

Bond Reduction Recommended

Bond Increase Required

UtahAmerican Energy, Inc. currently has on file with the Utah State Office of the Bureau of Land Management a coal lease surety bonds in the amounts of \$212,000 for coal lease UTSL-068754 and \$905,000 for coal lease UTU-78562. The surety for these bonds is Rockwood Casualty Insurance Company. On February 17, 2017 a request was made by UtahAmerican Energy, Inc. to reduce the bond coverage on these two leases.

Regulations at 43 CFR 3504.60 allow for the amount of any bond to be increased/decreased when additional/less coverage is determined to be appropriate. The Utah State Office, in conjunction with the Price Field Office, has made a determination that the bond coverage for these coal lease can be reduced to the amounts stated below:

<u>Lease</u>	<u>Current Bond Amount</u>	<u>Recommended Bond Amount</u>
UTSL-068754	\$212,000	\$10,000
UTU-78562	\$905,000	\$ 8,000

These bond amounts may be decreased by either a rider to the current bond, or by submitting an entirely new bond for the required amount. If you do not agree with the bond amount, you must submit written justification to this office clarifying your position for a different bond amount.

In addition, on November 20, 2012, a LMU bond in the amount of \$152,000, covering the North Block Coal LMU, (Lila Canyon Mine) UTU-73516, including Federal coal leases UTSL-066145, UTSL-066490, UTSL-069291, UTU-014217, UTU-014218, and UTU-0126947, with UtahAmerican Energy,

Inc. as principal, and Rockwood Casualty Insurance Company, as surety, was accepted by this office.

Regulations at 43 CFR 3474.2 allow for the amount of any bond to be increased/decreased when additional/less coverage is determined to be appropriate. In accordance with our letter dated February 28, 2017, the Utah State Office, in conjunction with the Price Field Office, required that your bond for coal LMU UTU-73516 be increased by \$933,000 to a total coverage of \$1,068,000 based on the anticipated three months royalty production requirements and rental requirements for the leases contained in this coal LMU.

This bond amount may be provided by 1) increasing the current bond by filing a rider to the \$1,068,000 amount; 2) submitting an additional new bond in the amount of \$933,000; or 3) submitting an entirely new bond for the whole bond amount of \$1,068,000. Enclosed are forms for submitting a new surety bond or a new treasury note or cash in lieu of bond. If you do not agree with the bond amount, you must submit written justification to this office clarifying your position for a lesser bond amount.

A compliance period of 45 days from the receipt of this decision, as noted in the letter dated February 28, 2017, will be allowed to submit one of the above documents to increase the amount of the LMU bond.

If you have further questions, please contact Bill Buge at (801) 539-4086.



Roger L. Bankert
Chief, Branch of Minerals

Enclosures

1. Surety Bond Form
2. Personal Bond and Power of Attorney Form

cc: State Division of Oil, Gas and Mining
Price Field Office