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State of Utah

DEPARTMENT OF NATURAL RESOURCES

BRIAN C. STEED
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Division Director

June 3, 2019

Kent Hoffman
Deputy State Director, Minerals and Lands
Bureau of Land Management
440 West 200 South, Suite 500
Salt Lake City, Utah 84101

Subject: Royalty Rate Reduction for Federal LMU UTU-073516, (Coal Leases UTSL-066490, UTSL-06291, UTU-014218, UTU-126947), UtahAmerican Energy Inc, Horse Canyon Mine, C/007/0013

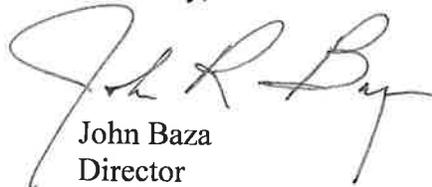
Dear Mr. Hoffman:

I have reviewed UtahAmerican Energy, Inc's application for a Royalty Rate Reduction (RRR) for the Federal LMU UTU-073516, (Coal Leases UTSL-066490, UTSL-06291, UTU-014218, UTU-126947 at the Horse Canyon Mine.

I find the request to be reasonable in light of the geologic and engineering challenges to be encountered in mining the remaining panels in these leases and appropriate under 43 CFR 3485.2(c)(1). The fact that this coal would likely not be mined without the RRR means that the state will have a net benefit from granting the reduction, even at the reduced rate. I offer Utah's support in favor of the BLM's proposed action approving the Royalty Rate Reduction.

If you have any questions regarding this matter, please contact Dana Dean at 801.538.5320.

Sincerely,



John Baza
Director

JRB/DD/vs

cc: Steve Christensen

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