

05/19/92

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FRUITT, GUSHEE & BACHTELL

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Blue Blaze mine file
cc P. G. Luby
D. V. Nelson
PK0/07/020

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**TELECOPIER TRANSMITTAL COVER SHEET
HARRIS/3M 5400 AUTOMATIC TELECOPIER**

DATE: May 19, 1992

4 PAGES, INCLUDING THIS PAGE

FROM: Oliver W. Gushee, Jr.

1191.03 CLIENT/MATTER NUMBER

PLEASE DELIVER TO:

Lowell Braxton
(NAME)

DOG M
(FIRM)

(CITY/STATE)

359-3940
(TELECOPIER NUMBER)

MESSAGE:

Re: Expiration date Federal Coal Lease #SL-063011. Contrary to statement by BLM Adjudicator (beware of the helpful bureaucrat) due diligence expiration date is June 1, 1992 (see Page 3 of attached BLM Decision dated August 1, 1991) Blue Blaze needs approval prior to June 1, 1992.

THE INFORMATION CONTAINED IN THIS COMMUNICATION IS CONFIDENTIAL, MAY BE PROTECTED BY THE ATTORNEY-CLIENT PRIVILEGE OR THE WORK PRODUCT DOCTRINE, MAY CONSTITUTE INSIDE INFORMATION, AND IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE. UNAUTHORIZED USE, DISCLOSURE OR COPYING IS STRICTLY PROHIBITED AND MAY BE UNLAWFUL. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US AT (801) 531-8446.

Attachment 3 COPY



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
324 South State, Suite 301
Salt Lake City, Utah 84111-2303



IN REPLY REFER TO:

3451
SL-063011
(U-942)

AUG 1 1991

Decision received 8/5/91

CERTIFIED MAIL---Return Receipt Requested

	DECISION	
Utah Coal and Chemicals Corp.	:	
245 N. Jimmy Doolittle Road	:	Coal Lease
Salt Lake City, UT 84116-3730	:	SL-063011

Readjustment of Coal Lease SL-063011
Effective November 28, 1991

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 SL-063011 was issued effective November 28, 1941. By notice dated November 20, 1989, Utah Coal and Chemicals Corp. was notified that the terms and conditions of the readjustment would be provided in accordance with the regulations under 43 CFR 3451 no later than 2 years from the date of the notice.

As provided in Section 23 of the lease and in accordance with the regulations under 43 CFR 3451.2, enclosed are the terms and conditions of coal lease SL-063011 effective November 28, 1991.

A lease bond in the amount of \$5,000, conditioned upon compliance with all terms and conditions of the lease, is currently on file in the name of Utah Coal and Chemicals Corp. and is considered to be adequate bond coverage at the present time.

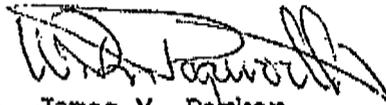
Information concerning diligent development requirements is enclosed with this decision. This information has been determined to be confidential and will not become a part of the record.

Coal lease SL-063011 is hereby readjusted effective November 28, 1991, in accordance with the regulations at 43 CFR 3451.2.

A period of 30 days from receipt of this decision is allowed in which to appeal or relinquish coal lease SL-063011. If no action is taken within the time allowed, Utah Coal and Chemicals Corp. will be deemed to have agreed to the readjusted terms.

Rentals and royalties shall be paid at the readjusted rates as of November 28, 1991, regardless of any administrative or judicial review, pursuant to 43 CFR 3451.2(e).

You have the right of appeal to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations at 43 CFR 4.400. If an appeal is taken, you must follow the procedures outlined in the enclosed Form 1842-1, Information on Taking Appeals to the Board of Land Appeals. The appellant has the burden of showing that the decision appealed from is in error.



For James M. Parker
State Director

2 Enclosures
Coal Lease Readjustment
Form 1842-1

SL-063011

ATTACHMENT

This attachment is enclosed to notify the lessee of Section 7 of the Federal Coal Leasing Amendments Act diligence requirements. This information has been held as confidential by the Bureau.

Coal lease SL-063011 was readjusted effective June 1, 1982 and is readjusted for an additional ten years effective November 28, 1991 as noted on the attached coal lease readjustment form. Coal lease SL-063011 became subject to diligence upon the effective date of the first readjustment, June 1, 1982, and therefore, diligence requirements must be achieved by June 1, 1992.

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The recoverable coal reserves for lease SL-063011 have been established at 2,146,000 tons. In order for the lease to achieve diligence, commercial quantities of 21,460 tons must be produced between June 1, 1982 and June 1, 1992 for the lease to achieve diligence and 21,460 tons must be produced yearly thereafter to maintain continued operations.

These figures are subject to revision as information which affects the recoverable reserve base is received.

If you have any questions, contact Allen Vance, Utah State Office, telephone (801) 539-4040 or Brent Northrup, Moab District Office, (801) 259-6111.