

0009

Document Information Form

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To: DOGM

From:

Person N/A

Company United States Department of the Interior

Date Sent: N/A

Explanation:

Detailed Statement of Coal Lease Sale Terms
of Lease Offer, and of Coal Lease That
May Be ISSUED as Results of this offer.

cc:

File in:
C/ 007 , 0038 , Internal

Refer to:

- Confidential
- Shelf
- Expandable

Date _____ For additional information

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Utah State Office
P. O. Box 45155
324 South State Street
Salt Lake City, UT 84145-0155

ACT/007/038 #2

**DETAILED STATEMENT OF COAL LEASE SALE TERMS OF LEASE OFFER
AND OF COAL LEASE THAT MAY BE ISSUED AS A RESULT OF THIS OFFER.**

Willow Creek North Tract

UTU-73975

At 1:00 p.m., December 18, 1996, in the Bureau of Land Management Conference Room, 324 South State Street, Suite 302, Salt Lake City, Utah, an authorized officer of the Bureau of Land Management, Utah State Office, will offer certain coal resources in the lands hereinafter described for competitive lease by sealed bid of \$100.00 or more per acre minimum to the qualified bidder of the highest cash amount per acre, or fraction thereof, in accordance with the provisions of the Mineral Leasing Act of 1920, as amended (41 Stat. 437). However, no bid will be accepted for less than fair market value as determined by the authorized officer.

This lease is being offered for sale under the provisions set forth in the regulations for leasing on application at 43 CFR 3425.

COAL OFFERED: The coal resource to be offered consists of all coal recoverable in the following lands located in Carbon County, Utah, approximately 10 miles north of Price, Utah:

- T. 12 S., R. 9 E., SLM, Utah
Sec. 25, lots 1-4, W2E2, W2 (all);
Sec. 26, E2E2.
- T. 12 S., R. 10 E., SLM, Utah
Sec. 28, E2, E2W2, SWNW, W2SW;
Sec. 29, N2N2, S2NW, NWSW, E2SE;
Sec. 30, lots 1-4, NE, E2W2, N2SE, SWSE.

Containing 2,299.40 acres

Three economically recoverable coal beds, the C Sea this tract. The seams are all greater than 6 feet in thickness. There are 25 million tons of recoverable high volatile B bituminous coal.

File in:

- Confidential
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- Expandable

Refer to Record No. 0009 Date _____

In C/ 007, 0038, Internal

For additional information

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 - Sec. 30, lots 1-4, NE, E2W2, N2SE, SWSE.

Containing 2,299.40 acres

Three economically recoverable coal beds, the C Seam, Kenilworth, and D Seams are found in this tract. The seams are all greater than 6 feet in thickness. This tract contains an estimated 25 million tons of recoverable high volatile B bituminous coal.

The estimated coal quality using weighted average of samples on an as-received basis is:

12,776	-	12,889	BTU/lb.;
2.88	-	3.78	Percent Moisture;
.53	-	.57	Percent sulphur;
7.03	-	8.07	Percent ash;
47.02	-	48.48	Percent fixed carbon;
40.36	-	42.03	Percent volatile matter.

(Totals do not equal 100% due to rounding)

RENTAL AND ROYALTY: A lease issued as a result of this offering will provide for payment of an annual rental of \$3.00 per acre and a royalty payable to the United States of 12.5 percent of the value of coal mined by surface methods, and 8 percent of the value of coal mined by underground methods. The value of coal shall be determined in accordance with BLM Manual 3070.

ADVANCE ROYALTY: Upon request by the lessee, the authorized officer, BLM, may accept for a total of no more than 10 years, the payment of advance royalties in lieu of the conditions of continued operation for any particular year consistent with the applicable regulations in 43 CFR 3473 and 43 CFR 3483.

WHEN AND WHERE TO SUBMIT BIDS: Sealed bids must be received by 10:00 a.m. December 18, 1996, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0155. Sealed bids may be hand delivered to the cashier, Utah State Office, 324 South State Street, Suite 400, Salt Lake City, Utah. The cashier will issue a receipt for each hand delivered bid. The envelope used for the sealed bids must be plainly marked that it is not to be opened before the hour and the date of the sale and must show that the bid is for Coal Lease UTU-73975. A company or individual is limited to **one sealed bid**. If a company or individual submits two or more bids for this tract, all of the company's or individual's bids will be rejected. The sealed bids may not be modified or withdrawn unless modification or withdrawal is received before the date, time, and place set for opening of such bids.

SEALED BIDDING REQUIREMENTS: No special form of sealed bid is required, but all bids must show the amount bid per acre, the total amount bid, the amount submitted with the bid, and must be signed by the bidder or a person authorized to act for the bidder. Each sealed bid must be accompanied by the following:

1. A bid deposit of one-fifth of the amount bid in cash, cashier's check, certified check, bank draft, or money order payable to the order of the Bureau of Land Management.
2. A statement over the bidder's own signature as to:
 - (a) The bidder's qualification to hold this lease as required under 43 CFR 3472.
 - (b) The bidder's acreage holding. A lease will not issue to a bidder who holds or controls more than 46,080 acres of Federal coal leases in any one state or 100,000 acres of Federal coal leases in the United States; and
 - (c) Whether or not the bidder is the sole party in interest in the bid as specified in 43 CFR 3472.2-1.
3. A signed statement that the bidder is in compliance with Section 2(a)2(A) of the Mineral Leasing Act of 1920, as amended by Section 3 of the Federal Coal Leasing Amendments Act, effective December 31, 1986.

4. A complete and signed Form 1140-6, Independent Price Determination Certificate, to the effect that the bid was arrived at by the bidder independently and was rendered without collusion with any other bidder.

Bidders are warned against violation of Sec. 1860, Title 18 U.S.C. , prohibiting unlawful combination or intimidation of bidders.

A coal lease issued to an entity determined to be in noncompliance with Section 2(a)2(A) of the Mineral Leasing Act at the time of lease issuance is subject to termination.

BID OPENING: At 1:00 p.m., December 18, 1996, in the Bureau of Land Management Conference Room, 324 South State Street, Suite 302, Salt Lake City, Utah, the authorized officer will open and read the sealed bids. The highest bid will be announced and the successful high bidder will be notified in writing after the authorized officer has made his determination. The Department of the Interior reserves the right to reject any and all bids and also the right to offer the lease to the next highest qualified bidder if the successful bidder fails to obtain the lease for any reason. If any bid is rejected, the deposit associated with the bid will be returned as soon as practical.

If a successful coal lease does not result from this lease sale, the tract or portions thereof will be considered for reoffer by the authorized officer in order of its priority relative to other coal lease applications and other workloads that exist.

CONSULTATION WITH THE ATTORNEY GENERAL: In accordance with the Federal Coal Leasing Amendments Act of 1976, and implementing regulations, 43 CFR 3422.3-4, the successful bidder and prospective lessee will be required to disclose the nature and extent of its coal holdings to the Department of Justice prior to lease issuance. The Department of Justice has devised a reporting form for the submission of this information and **will not accept** the data in any other form. To insure the confidentiality of the information submitted, the successful bidder is required to furnish the data in a separate envelope which has been clearly marked to show its contents. Information on the prospective lessee's noncoal-related land holdings is not required. The lease will not issue until 30 days after this information has been received by the Attorney General or the Attorney General notifies the authorized officer that issuance would not create or maintain a situation inconsistent with the antitrust laws, whichever comes first.

DEFERRED BONUS: Payment of the bonus bid shall be on a deferred basis. One-fifth of the bonus will be payable on the day of the sale. The balance shall be paid in equal installments due and payable on the first four anniversary dates of the lease. If a lease is relinquished or otherwise terminated, the unpaid remainder of the bid shall be immediately payable to the United States.

LEASE ISSUANCE REQUIREMENTS: Prior to the issuance of a lease, the successful bidder will be required to furnish:

1. First year's rental, \$6,900.00
2. Advertising cost of this offering;
3. A lease bond which will cover the deferred bonus bid amount;
4. Four executed copies of the coal lease form; and

5. Information required for antitrust review (see "Consultation with the Attorney General" paragraph).

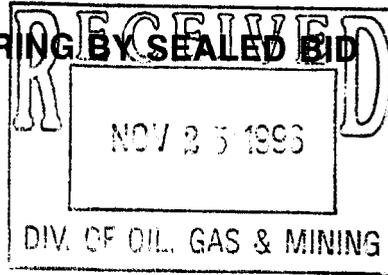
LEASE FORM AND STIPULATIONS: The attention of all prospective bidders is directed to the attached blank copy of the standard coal lease form used by the Bureau of Land Management and the special stipulations which will be included as part of the lease issued for the tract listed in this offering. The form and stipulations may receive further minor modifications prior to lease issuance in order to conform to current Bureau instructions.

Attachments (Sent only to prospective bidders)

- Coal Lease Form
- Stipulations
- Form 1140-6
- Western Federal Coal Lease Form

NOTICE OF COAL LEASE OFFERING BY SEALED BID

UTU-73975



U.S. DEPARTMENT OF THE INTERIOR, Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0155. Notice is hereby given that at 1:00 p.m., December 18, 1996, certain coal resources in lands hereinafter described in Carbon County, Utah, will be offered for competitive lease by sealed bid of \$100.00 per acre or more to the qualified bidder submitting the highest bonus bid in accordance with the provisions of the Mineral Leasing Act of 1920, as amended (41 Stat. 437). **However, no bid will be accepted for less than fair market value as determined by the authorized officer.** A company or individual is limited to **one sealed bid**. If a company or individual submits two or more sealed bids for this tract, all of the company's or individual's bids will be rejected.

This lease is being offered for sale under the provisions set forth in the regulations for Leasing on Application at 43 CFR 3425.

The lease sale will be held in the Bureau of Land Management Conference Room, 324 South State Street, Suite 302, Salt Lake City, Utah, at 1:00 p.m. on December 18, 1996. At that time, the sealed bids will be opened and read. No bids received after 10:00 a.m., December 18, 1996, will be considered.

COAL OFFERED: The coal resource to be offered consists of all coal recoverable in the following lands located in Carbon County, Utah, approximately 10 miles north of Price, Utah:

- T. 12 S., R. 9 E., SLM, Utah
 - Sec. 25, lots 1-4, W2E2, W2 (all);
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RENTAL AND ROYALTY: A lease issued as a result of this offering will provide for payment of an annual rental of \$3.00 per acre or fraction thereof and a royalty payable to the United States of 12.5 percent of the value of coal mined by surface methods, and 8 percent of the value of coal mined by underground methods. The value of coal shall be determined in accordance with BLM Manual 3070.

NOTICE OF AVAILABILITY: Bidding instructions are included in the Detailed Statement of Lease Sale. A copy of the detailed statement and the proposed coal lease are available by mail at the Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0155 or in the Public Room (Room 400), 324 South State Street, Suite 301, Salt Lake City, Utah 84111-2303. All case file documents and written comments submitted by the public on Fair Market Value or royalty rates except those portions identified as proprietary by the commentator and meeting exemptions stated in the Freedom of Information Act, are available for public inspection in the Public Room (room 400) of the Bureau of Land Management.



Douglas M. Koza
Deputy State Director,
Natural Resources