



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

In Reply Refer To:  
3452  
SL-029093-046653  
U-058184  
(UT-924)

MAR 4 2002

CERTIFIED MAIL—Return Receipt Requested

### DECISION

*✓ c/007/038*  
*Copy c/007/004*

Lessee:	:	:
Blackhawk Coal Company	:	Coal Lease
555 Office Center Place	:	SL-029093-046653
Gahanna, OH 432305315	:	U-058184
	:	
Sublessee:	:	
Plateau Mining Corporation	:	
847 NW Hwy 191	:	
Helper, UT 84526	:	

### Decisions of February 13, 2002 Requiring Payment of Default Rescinded

Two decisions were issued by this office on February 13, 2002, to the above lessee/sublessee. One decision, concerning Federal coal lease SL-029093-046653, required a payment of \$575,751.40 for advance royalty due. The other decision, concerning Federal coal lease U-058184, required a payment of \$295,472.16 for advance royalty due.

Upon reconsideration, the decisions are hereby rescinded.

*Sally Wisely*  
Sally Wisely  
State Director

- Enclosure:
1. SL-029093-046653 Letter (3 pp)
  2. U-058184 Letter (3 pp)

cc: WO-320 (w/encl.)  
Resource Development Coordinating Committee (w/encl.)  
MMS, Solid Minerals Staff (Attn: Patrick Mulcahy)(w/encl.)  
Price Coal Office (Attn: Steve Falk)(w/encl.)  
Office of the Field Solicitor (w/encl.)  
Ms. Mary Ann Wright, UDOGM, P.O. Box 145801, SLC, UT 84114-5801 (w/encl.)  
SITLA, (Attn: John Blake), 675 E. 500 So., Suite 500, SLC, UT 84102 (w/encl.)  
Plateau Mining Corp., (Attn: C. Corwin Bromley), 94 Inverness Terrace E., Suite 120,  
Englewood, CO 80112-5300 (w/encl.)  
RAG American Coal Holding, Inc., (Attn: Greg A. Walker), 999 Corporate Blvd.,  
Linthicum Heights, MD 21090 (w/encl.)



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FEB 13 2000

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### DECISION

Lessee:	:	
Blackhawk Coal Company	:	
555 Office Center Place	:	Coal Lease
Gahanna, OH 432305315	:	SL-029093-046653
	:	
Sublessee:	:	
Plateau Mining Corporation	:	
847 NW Hwy 191	:	
Helper, UT 84526	:	

### Payment of Default Required

Coal lease SL-029093-046653 was issued effective June 17, 1921, pursuant and subject to the terms and conditions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. § 181-263, and to all regulations of the Department of the Interior.

The coal lease was readjusted effective November 1, 1981, under the provisions of the Federal Coal Leasing Amendments Act of 1976 (FCLAA). At that time it became subject to the diligent development provisions of FCLAA.

On November 7, 1990, a logical mining unit (LMU) application (designated the Meadowlark LMU) was filed in this office. Among the Federal leases included in the application was SL-029093-046653. At that time, the prospective terms and conditions of the LMU (including diligent development and continued operations requirements) superseded but did not replace the terms and conditions of the individual lease.

The Meadowlark LMU application was withdrawn effective July 9, 2001. At that time, Federal coal lease SL-029093-046653 reverted to its individual lease terms and conditions.

Coal lease SL-029093-046653 achieved diligent development of 69,889 tons on March 31, 1982. Therefore, its continued operations years (COY) began April 1, 1982. From April 1, 1982, to March 31, 1987, advance royalty was paid on this lease five times. By the terms and conditions of the lease, advance royalty is only allowed to be paid ten times on a lease. If a lease is not producing in commercial quantities after ten years of advance royalty payments, it becomes subject to cancellation through a judicial process.

The lease produced in greater than commercial quantities for the COY from April 1, 1987 to March 31, 1989. Because of the averaging of production over the next two years, advance royalty was not due until the COY beginning April 1, 1991. At that time, the lease was within the Meadowlark LMU application and advance royalty did not need to be paid.

Now that the lease has reverted to its individual lease terms and conditions, and since production has not occurred on the lease since March 31, 1989, five years of advance royalty payments now come due.

Continued operations required production of 69,889 tons of coal per year, or 349,445 tons over a five year period. Exhibit A depicts the calculations used to arrive at the amount of advance royalty due for this five year period. The sale price per ton is the average sale price for coal mined in Utah for that calendar year. The royalty rate on the lease is 8 percent. Therefore, the amount of advance royalty due is \$575,751.40. This amount does not include interest. If this amount is not paid by the lessee/sublessee within 30 days of receipt of this decision, the bond on this lease will be confiscated, and the lease referred to the Office of the Field Solicitor for the Department of the Interior with a recommendation to refer the lease to a court of competent jurisdiction for reimbursement of the defaulted advance royalty payments, not covered by the bond, and subsequent cancellation of the lease.

*Sally Wisely*  
Sally Wisely  
State Director

Enclosure:

1. Exhibit A (1 p)

cc: WO-320 (w/encl.)  
Resource Development Coordinating Committee (w/encl.)  
MMS, Solid Minerals Staff (Attn: Patrick Mulcahy)(w/encl.)  
Price Coal Office (Attn: Steve Falk)(w/encl.)  
Office of the Field Solicitor (w/encl.)  
Ms. Mary Ann Wright, UDOGM, P.O. Box 145801, SLC, UT 84114-5801 (w/encl.)  
SITLA, (Attn: John Blake), 675 E. 500 So., Suite 500, SLC, UT 84102 (w/encl.)  
Plateau Mining Corp., (Attn: C. Corwin Bromley), 94 Inverness Terrace E., Suite 120,  
Englewood, CO 80112-5300 (w/encl.)  
RAG American Coal Holding, Inc., (Attn: Greg A. Walker), 999 Corporate Blvd.,  
Linthicum Heights, MD 21090 (w/encl.)

**Exhibit A**  
**Advance Royalty Payment Required**

**Coal Lease SL-029093-046653**

Continued Operation Year (COY) Production Requirement: 69,889 Tons (5,824.08 tons/month)

Advance Royalty Due For 5 Years: April 1, 1991 through March 31, 1996.

**COY 6**

April 1, 1991 through December 31, 1991  $(9 \times 5,824 \times \$21.56 \times .08) = \$90,407.12$

January 1, 1992 through March 31, 1992  $[(3 \times 5,824) + 1 \times \$21.83 \times .08] = \$30,514.85$

**Total Advance Royalty Due For COY 6: \$120,927.97**

**COY 7**

April 1, 1992 through December 31, 1992  $(9 \times 5,824 \times \$21.83 \times .08) = \$91,539.30$

January 1, 1993 through March 31, 1993  $[(3 \times 5,824) + 1 \times \$21.17 \times .08] = \$29,592.27$

**Total Advance Royalty Due For COY 7: \$121,131.57**

**COY 8**

April 1, 1993 through December 31, 1993  $(9 \times 5,824 \times \$21.17 \times .08) = \$88,771.74$

January 1, 1994 through March 31, 1994  $[(3 \times 5,824) + 1 \times \$20.07 \times .08] = \$28,054.65$

**Total Advance Royalty Due For COY 8: \$116,826.39**

**COY 9**

April 1, 1994 through December 31, 1994  $(9 \times 5,824 \times \$20.07 \times .08) = \$84,159.13$

January 1, 1995 through March 31, 1995  $[(3 \times 5,824) + 1 \times \$19.11 \times .08] = \$26,712.72$

**Total Advance Royalty Due For COY 9: \$110,871.85**

**COY 10**

April 1, 1995 through December 31, 1995  $(9 \times 5,824 \times \$19.11 \times .08) = \$80,133.58$

January 1, 1996 through March 31, 1996  $[(3 \times 5,824) + 1 \times \$18.50 \times .08] = \$25,860.04$

**Total Advance Royalty Due For COY 10: \$105,993.62**

**Total Advance Royalty Due For COY 6 Through COY 10: \$575,751.40**



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### DECISION

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555 Office Center Place	:	Coal Lease
Gahanna, OH 432305315	:	U-058184
	:	
Sublessee:	:	
Plateau Mining Corporation	:	
847 NW Hwy 191	:	
Helper, UT 84526	:	

### Payment of Default Required

Coal lease U-058184 was issued effective June 17, 1921, pursuant and subject to the terms and conditions of the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. § 181-263, and to all regulations of the Department of the Interior.

The coal lease was readjusted effective November 1, 1981, under the provisions of the Federal Coal Leasing Amendments Act of 1976 (FCLAA). At that time it became subject to the diligent development provisions of FCLAA.

On November 7, 1990, a logical mining unit (LMU) application (designated the Meadowlark LMU) was filed in this office. Federal coal lease U-058184 was **not** included in the application. However, U-058184 was included in an amendment to the Blackhawk LMU filed in this office on November 23, 1998. At that time, the prospective terms and conditions of the LMU (including diligent development and continued operations requirements) superseded but did not replace the terms and conditions of the individual lease.

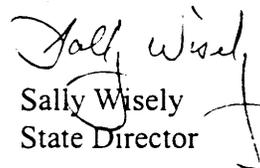
The Meadowlark LMU application was withdrawn effective July 9, 2001. At that time, Federal coal lease U-058184 reverted to its individual lease terms and conditions.

Coal lease U-058184 achieved diligent development of 27,600 tons on December 31, 1981. Therefore, its continued operations years (COY) began January 1, 1982. From January 1, 1982, to December 31, 1989, the lessee fulfilled the COY requirements of the lease. By the terms and conditions of the lease, advance royalty is only allowed to be paid ten times on a lease. If a lease is not producing in commercial quantities after ten years of advance royalty payments, it becomes subject to cancellation through a judicial process.

The lease has not met its COY obligations since January 1, 1990, and there has been no production on the lease since January 1, 1988. From January 1, 1990 through December 31, 1992, advance royalty was paid on lease U-058184 three times. Although advance royalty was to be paid for the five lease years from January 1, 1993 through December 31, 1997, none was. After November 23, 1998, the lease was within the amendment to the Blackhawk LMU application and advance royalty did not need to be paid.

Now that the lease has reverted to its individual lease terms and conditions, and since COY production requirements of the lease have not been satisfied since January 1, 1990, advance royalty payments now are due for the ten lease years from January 1, 1990, through December 31, 1999. Three of those payments have been made. The remaining seven payments are in default.

Continued operations required production of 27,900 tons of coal per year, or 195,300 tons over a seven year period. Exhibit A depicts the calculations used to arrive at the amount of advance royalty due for this seven year period. The sale price per ton is the average sale price for coal mined in Utah for that calendar year. The royalty rate on the lease is 8 percent. Therefore, the amount of advance royalty due is \$295,472.16. This amount does not include interest. If this amount is not paid by the lessee/sublessee within 30 days of receipt of this decision, the bond on this lease will be confiscated, and the lease referred to the Office of the Field Solicitor for the Department of the Interior with a recommendation to refer the lease to a court of competent jurisdiction for reimbursement of the defaulted advance royalty payments, not covered by the bond, and subsequent cancellation of the lease.

  
Sally Wisely  
State Director

Enclosure:

- 1. Exhibit A (1 p)
- cc: WO-320 (w/encl.)
- Resource Development Coordinating Committee (w/encl.)
- MMS, Solid Minerals Staff (Attn: Patrick Mulcahy)(w/encl.)
- Price Coal Office (Attn: Steve Falk)(w/encl.)
- Office of the Field Solicitor (w/encl.)
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- SITLA, (Attn: John Blake), 675 E. 500 So., Suite 500, SLC, UT 84102 (w/encl.)
- Plateau Mining Corp., (Attn: C. Corwin Bromley), 94 Inverness Terrace E., Suite 120, Englewood, CO 80112-5300 (w/encl.)
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**Exhibit A**  
**Advance Royalty Payment Required**

**Coal Lease U-058184**

Continued Operation Year (COY) Production Requirement: 27,900 tons

Advance Royalty Due For 7 Years: January 1, 1993 through December 31, 1999.

**COY 4**

January 1, 1993 through December 31, 1993  $(27,900 \times \$21.17 \times .08) = \$47,251.44$

**COY 5**

January 1, 1994 through December 31, 1994  $(27,900 \times \$20.07 \times .08) = \$44,796.24$

**COY 6**

January 1, 1995 through December 31, 1995  $(27,900 \times \$19.11 \times .08) = \$42,653.52$

**COY 7**

January 1, 1996 through December 31, 1996  $(27,900 \times \$18.50 \times .08) = \$41,292.00$

**COY 8**

January 1, 1997 through December 31, 1997  $(27,900 \times \$18.34 \times .08) = \$40,934.88$

**COY 9**

January 1, 1998 through December 31, 1998  $(27,900 \times \$17.83 \times .08) = \$39,796.56$

**COY 10**

January 1, 1999 through December 31, 1999  $(27,900 \times \$17.36 \times .08) = \$38,747.52$

**Total Advance Royalty Due For COY 4 Through COY 10: \$295,472.16**