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# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

IN REPLY REFER TO:

3487

Moab I LMU (UTU-73335)

U-5287

U-50044

(UT-924)

FEB 21 2003

### DECISION

Consolidation Coal Company	:	Coal Leases
c/o CNX Land Resources Inc.	:	U-5287
Attn: Mr. Rod Ford	:	U-50044
1800 Washington Road	:	
Pittsburgh, PA 15241	:	

### Modification of Logical Mining Unit Approved

On May 27, 1993, Consolidation Coal Company filed a modification to the Moab I Logical Mining Unit (LMU) (sometimes referred to as Emery LMU). This modification added Federal coal lease U-50044 to the LMU and is hereby approved effective May 27, 1993. The effective date of the LMU remains February 14, 1986.

The LMU now contains 5,343.075 acres and is composed of Federal coal leases U-5287 and U-50044 plus fee lands.

The allowed ten years of advance royalty payments for the LMU were exhausted June 30, 2002. Therefore, the LMU must produce in commercial quantities, as stated in the LMU document, or the LMU will fail and the Federal leases will revert to their individual terms and conditions.

Sincerely,

/s/ Joseph J. Incardine

*for* Kent Hoffman  
Deputy State Director  
Lands and Minerals

Enclosure

1. LMU Document (10 pp)

RECEIVED  
*man*  
FEB 25 2003 3/6/03

cc: Consolidation Coal Company, Attn: Mr. Seth McCourt, P.O. Box 527,  
Emery, UT 84522 (w/encl.)  
Consolidation Coal Company, c/o CNX Land Resources, Inc., Attn: Randy Stockdale,  
P.O. Box 639, Sesser, IL 62884-0639 (w/encl.)  
Resource Development Coordinating Committee (w/encl.)  
MMS, Solid Minerals, Box 25165, MS 390B2, Denver, CO 80225-0165 (w/encl.)  
SITLA, (Attn: John Blake) (w/encl.)  
Office of Surface Mining, Western Support Center, 1999 Broadway, Suite 3320,  
Denver, CO 80202-5733 (w/encl.)  
Price Coal Office (Attn: George Tetreault)(w/encl.)



# 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:

3487

Moab I LMU (UTU 73335)

U-5287

U-50044

(UT-923)

NOV 8 2002

CERTIFIED MAIL--Return Receipt Requested

Consolidation Coal Company  
Attn.: Mr. Seth McCourt  
P. O. Box 527  
Emery, Utah 84522

Dear Sirs:

We have completed our review of your application dated 8 March 1993, for the inclusion of Federal Coal Lease U-50044 into the Moab I Logical Mining Unit (LMU). We have determined that it is in conformance with the basic approval criteria as per 43 CFR 3487. This determination is based upon the following:

1. The LMU recoverable reserves are capable of being developed in an efficient, economical and orderly manner, as a unit, with due regard to the conservation of the recoverable coal reserves and other resources. Approval of the LMU will not affect the recovery, sequencing or development schedule of the contained Federal coal reserves with respect to the approved Resource Recovery and Protection Plan (R2P2).

The LMU R2P2 was reviewed in its entirety. On January 20, 1986, the Utah Division of Oil, Gas and Mining (UDOGM) sent out the notification of permit approval.

2. All lands in the LMU are operated by and under the effective control of Consolidation Coal Company.

Federal Coal Lease U-5287

T22S, R6E, SLM Utah  
Sec 19: NESW, NWSE, E2SE, S2NE;

Sec 29: NWNW, E2NW, W2NE, NWSE.  
For a total of 720 acres more or less

Fee Lands

T22S, R6E, SLM Utah  
Sec 19: SESW, SWSE;  
Sec 20: S2NE, SENW, NESW, NWSE;  
Sec 21: S2N2, S2;  
Sec 22: SWSW;  
Sec 27: W2;  
Sec 28: all;  
Sec 29: E2E2, SWNW, SW, SWSE;  
Sec 30: E2, E2W2, Lots 2 and N2 Lot 3;  
Sec 31: all;  
Sec 32: all;  
Sec 33: N2, SW  
For a total of 4,463.075 acres, more or less

Federal Coal Lease U-50044

T22S, R6E, SLM Utah  
Sec 22: SWNW, N2SW, SESW  
For a total of 160 acres more or less

Total LMU Lands:

T22S, R6E, SLM Utah  
Sec 19: S2NE, NESW, N2SE, SESE, SESW, SWSE;  
Sec 20: S2NE, SENW, NESW, NWSE, S2N2, S2;  
Sec 21: S2N2, S2;  
Sec 22: SWSW;  
Sec 27: W2;  
Sec 28: all;  
Sec 29: all;  
Sec 30: E2, E2W2, Lots 2 and N2 Lot 3;  
Sec 31: all;  
Sec 32: all;  
Sec 33: N2, SW  
For a total of 5343.075 acres more or less

3. All lands within the LMU application will be developed and operated as a single operation.
4. All lands within the proposed LMU are contiguous, consisting of the lands described in paragraph 2 above.

5. Mining operations will achieve maximum economic recovery of the Federal Coal reserves within the LMU.
6. No Federal coal leases included in this LMU are included in any other LMU.
7. The LMU application contains 5,343.075 acres and therefore does not exceed the 25,000-acre limit.
8. The anticipated production will increase until it reaches 750,000 tpy. At this rate the estimated 23.1 MM tons will be mined out in approximately 31 years. At the present time this mine is not producing due to marketing conditions. They are in advanced royalty status.

Inasmuch as all the Federal coal leases are subject to lease-specific diligence requirements, the LMU diligent development period began on the effective date of the LMU which was February 14, 1986 and date the most recent Federal coal lease became subject to diligence prior to the LMU application modification. Also, the LMU recoverable reserves are those reserves existing on the Federal coal leases as of the approval of the LMU R2P2. They are as follows:

Diligence Development/Continued Operations:

Lease Number	Tons	Diligence Subject Date
U-50044	877,000	July 1, 1983
U-5287	4,015,000	July 1, 1983
Fee lands	18,235,000	Not Applicable
Total	23,127,000	

Therefore, the recoverable reserves are 23,127,000 tons, and commercial quantities requirements for the LMU are 1 percent of the total reserves, or 231,270 tons annually.

The previous LMU diligence requirement of 222,500 was met in June 1986. Therefore the continued operation requirement will begin on July 1, 1986. The new continued operation requirement will begin on July 1, 1993. The leases have been in advanced royalty status and the LMU will be subject to back advanced royalty payments for the additional lease.

The effective date of the LMU remains as February 14, 1986.

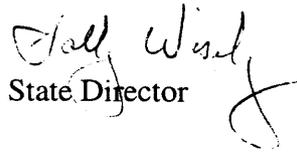
Rental of \$2,640 covering the two Federal coal leases is due July 1, 2003 and July 1<sup>st</sup> of subsequent years.

Enclosed are two copies of the stipulations of approval for your application. If you concur with the stipulations, please sign and date both copies and return one original to this office. Upon

receipt by this office of the signed copy of the attached stipulations, a decision approving the modification of the Moab I LMU effective May 27, 1993, will be issued.

If we do not receive a response from you within 30 days of receipt of this letter, we will assume that you no longer want to have the Moab I LMU modified, and the Federal coal lease U-50044 will remain subject to its individual Federal lease terms. If you have any questions please contact Mr. Stan Perkes at (801) 539-4036.

Sincerely,

  
State Director

Enclosure

2 copies of Stipulations of Approval (2pps each)

bcc: Price Field Office  
Files - UTU-5287 & UTU-50044  
Chron  
Accounts  
UT-923, Sperkes  
WO-300

Sperkes:jc:08/29/02  
Emery/lmuapp

## Moab I Logical Mining Unit

The Mineral Leasing Act (MLA) of February 25, 1920, as amended by the Federal Coal Leasing Amendments Act (FCLAA) of 1976, authorizes the consolidation of coal leases into a logical mining unit (LMU). An LMU is an area of land which the coal resources can be developed in an efficient, economical and orderly manner as a unit with due regard to conservation of coal resources and other resources.

As a result of a modification to an application for an LMU designation filed by Consolidation Coal Company, the Moab I LMU effective date remains February 14, 1986 and provides as follows:

1. **Unit Area:** The area specified on the map attached hereto marked Exhibit A being hereby designated the LMU area, containing 5343.075 acres as described as follows:

### Federal Coal Lease U-5287

T22S, R6E, SLM Utah  
Sec 19: NESW, NWSE, E2SE, S2NE;  
Sec 20: NWSW, S2S2, NESE;  
Sec 29: NWNW, E2NW, W2NE, NWSE.  
For a total of 720 acres more or less.

### Federal Coal Lease U-50044

T22S, R6E, SLM Utah  
Sec 22: SWNW, N2SW, SESW  
For a total of 160 acres more or less

### Private Lands:

#### Fee Lands

T22S, R6E, SLM Utah  
Sec 19: SESW, SWSE;  
Sec 20: S2NE, SENW, NESW, NWSE;  
Sec 21: S2N2, S2;  
Sec 22: SWSW;  
Sec 27: W2;  
Sec 28: all;  
Sec 29: E2E2, SWNW, SW, SWSE;  
Sec 30: E2, E2W2, lot 2, N2 lot 3;  
Sec 31: all;  
Sec 32: all;  
Sec 33: N2, SW

Containing 4,463.075 acres more or less

The LMU includes the following Federal coal leases described in Exhibit B attached:  
U-5287 and U-50044.

**2. Unit Operator:**

Consolidation Coal Company  
Consol Plaza  
1800 Washington Road  
Pittsburgh, PA 15241

**3. Stipulations:** As a consideration to the approval of the LMU, the operator/lessee consents to the following stipulations which make all Federal leases within the LMU subject to uniform requirements of this Resource Recovery and Protection Plan (R2P2), LMU recoverable reserves exhaustion, diligent development, continued operation, maximum economic recovery, advance royalty and royalty reporting periods. As of May 27, 1993 the diligence terms and conditions of the Federal lease are subject to or are superseded by the diligence requirements imposed on the LMU.

- a. **Supervision:** Bureau of Land Management  
Utah State Office  
324 South State Street  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

The Chief, Branch of Solid Minerals located at the above location is responsible for the review and approval of exploration plans and operations, and modifications thereto, prior to the commencement of mining operations within a permit area approved pursuant to the Surface Mining Control and Reclamation Act (SMCRA) of 1977. The Manager is also responsible for review and approval of resource recovery and protection plans and modifications thereto, and is also responsible for inspection and enforcement, including production verification, of such operations and all lands and all coal within the LMU, and for implementing all other applicable provisions of the 43 CFR 3400 rules for the LMU.

- b. **Diligent Development and Continued Operation requirements:** Pursuant to 43 CFR 3480.0-5 (a)(13)(B), the LMU met diligent development in June, 1986. Therefore, the LMU continued operation year started on July 1, 1986. Production on the LMU was achieved as per the following chart.

COY	Start	End	Production (Tons)	Advance Royalty
COY 1	July 1, 1986	June 30, 1987	249,642	
COY2	July 1, 1987	June 30, 1988	446,773	
COY 3	July 1, 1988	June 30, 1989	502,935	

COY 4	July 1, 1989	June 30, 1990	671,073	
COY 5	July 1, 1990	June 30, 1991	0 [391,336]	
COY 6	July 1, 1991	June 30, 1992	0 [223,691]	
COY 7	July 1, 1992	June 30, 1993	0	Paid Year 1 Yes
COY 8	July 1, 1993	June 30, 1994	0	Paid Year 2 Yes
COY 9	July 1, 1994	June 30, 1995	0	Paid Year 3 Yes
COY 10	July 1, 1995	June 30, 1996	0	Paid Year 4 Yes
COY 11	July 1, 1996	June 30, 1997	0	Paid Year 5 Yes
COY 12	July 1, 1997	June 30, 1998	0	Paid Year 6 Yes
COY 13	July 1, 1998	June 30, 1999	0	Paid Year 7 Yes
COY 14	July 1, 1999	June 30, 2000	0	Paid Year 8 Yes
COY 15	July 1, 2000	June 30, 2001	0	Paid Year 9 Yes
COY 16	July 1, 2001	June 30, 2002	0	Paid Year 10 Yes
COY 17	July 1, 2002	June 30, 2003		

[ ] 3 Year rolling Average,

Consolidation Coal Company must mine **231,270** tons from anywhere within the Moab I to achieve continued operations. Every year hereafter Consolidation Coal Company must mine at least 231,270 tons of coal from anywhere in the mine. The LMU must maintain continued operation requirements (mining commercial quantities) or it will fail because the LMU has already paid 10 years of advanced royalty.

c. **Advance Royalty:** The number of years for which advanced royalty may be paid in lieu of continued operation is ten (10). Advance royalty has been paid in lieu of continued operation from July 1, 1992 through June 30, 2002. No advanced royalty will be accepted after that date. The mine must produce the required 231,270 tons of coal prior to June 30, 2003 or the LMU will fail and the leases will revert back to their original terms and conditions.

d. **Reporting Period:** The rental amount for Federal coal leases U-5287 and U-50044 has been paid for the rentals due July 1, 2002. Hereafter, rental for Federal coal leases contained in the LMU will be due, in a lump sum, annually on July 1<sup>st</sup>. Upon approval and for the duration of this LMU, no Federal rentals may be credited against production royalties for any Federal coal lease contained in the LMU, even though the Federal coal lease terms may have allowed for such credits prior to the effective date of the LMU. Royalties for Federal recoverable reserves produced within the LMU will be paid on the appropriate Minerals Management Service (MMS) Production and Operations reports every royalty reporting period. The LMU royalty reporting period will be on a monthly basis beginning with the royalty period after the date that coal is first produced following the effective date of the LMU. If coal is being produced on the effective date of the LMU approval, the first royalty reporting period will begin on the first day of the month following the effective date of the LMU. Since all production within an LMU is credited to the entire LMU, a certified record of all non-Federal LMU coal production must be provided to the Price Office Manager on an annual basis. Progress maps and reports required by 43 CFR 3483.2 will show all Federal and non-Federal production from anywhere within the LMU.

e. **Recoverable Coal reserves Exhaustion:** The 40-year LMU recoverable coal reserves exhaustion period commences the date the coal is first produced from the LMU, following the effective date of LMU approval. If there is production occurring within the LMU on the effective date of LMU approval, the 40-year clock begins on the effective date of LMU approval.

f. **Other:** If the LMU of which Federal coal leases U-50044 and U-5287 which are a part fails for whatever reason, the above-mentioned leases will automatically return to their lease specific terms and conditions.

Consolidation Coal Company

By John Zechwycia  
General Manager

Title

12-11-02  
Date

Bureau of Land Management

By Joe Inula  
Acting DSD

Title

2/21/03  
Date

**Moab I LMU**

**EXHIBIT B**

**FEDERAL LEASE:**

Serial Number: U-50044

Lease Effective Date: July 1, 1983

Lessee: Consolidation Coal Company

**Land Description:**

T22S, R6E, SLM Utah

Sec 22: SWNW, N2SW, SESW

For a total of 160 acres more or less

**FEDERAL LEASE:**

Serial Number: U-5287

Lease Effective Date: July 1, 1970

Lessee: Consolidation Coal Company

**Land Description:**

T22S, R6E, SLM Utah

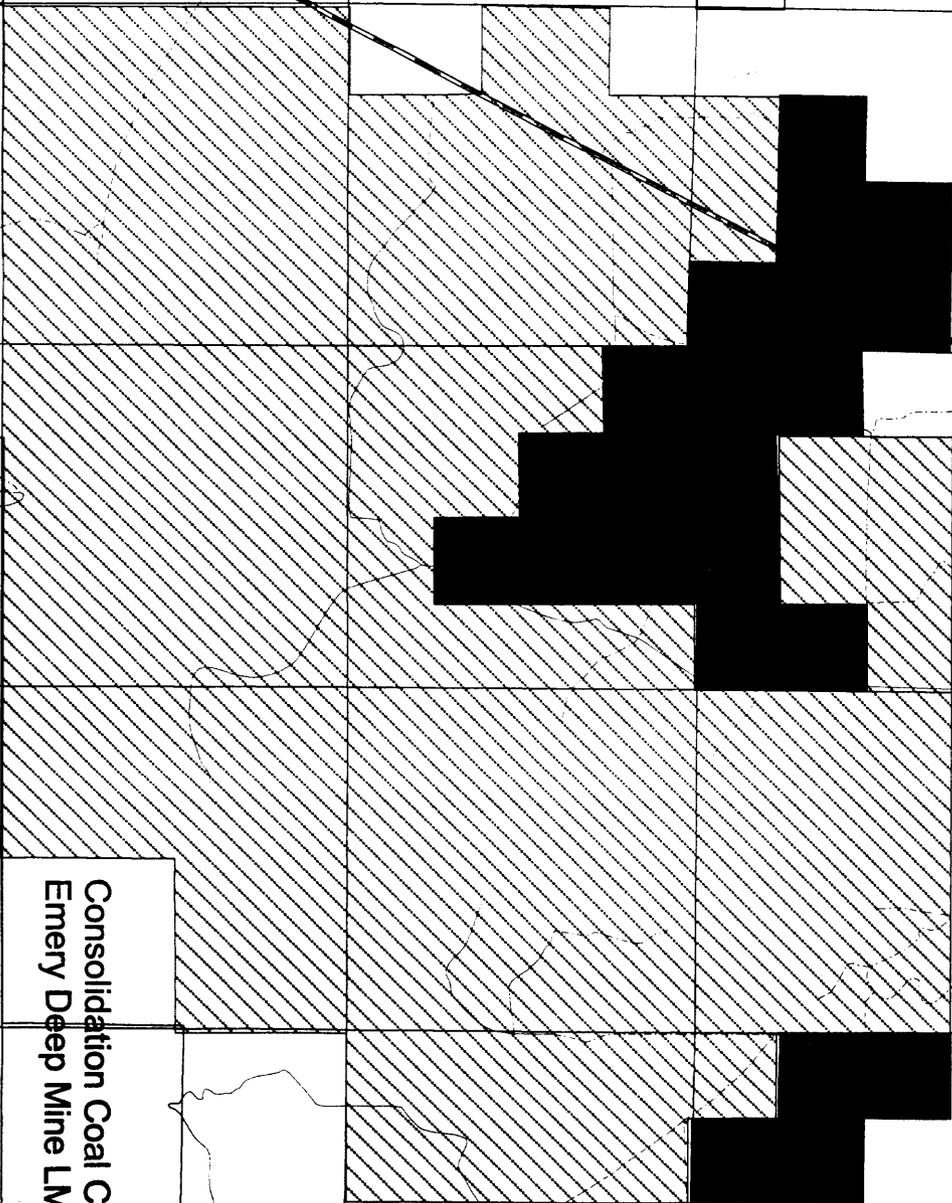
Sec 19: NESW, NWSE, E2SE, S2NE

Sec 20: NWSW, S2S2, NESE

Sec 29: NWNW, E2NW, W2NE, NWSE.

For a total of 720 acres more or less.

Consolidation Coal Company  
Emery Deep Mine LMU



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